

Philequity Corner (February 15, 2010)

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Eye of the Tiger

Kung Hei Fat Choi!

2010 marks the Year of the Metal Tiger. Metal is related to gold and to money. Tiger, on the other hand, is associated with power and authority. In Chinese astrology, it is said that the Metal element and the Tiger zodiac sign are at conflict, which foretells a challenging if not an outright tumultuous year ahead. It is said that the year is characterized by drama, intensity, and change. In ancient history, the Chinese believes that the White Tiger (the color representing metal) is a symbol of jinx.

True enough, throughout its history, Tiger years are associated with turmoil and instability. This is why many Chinese who heed Feng Shui do not favor getting married during the Year of the Tiger.

Tiger Traits

The main traits of a person born under the Year of the Tiger are ferocious, bold, daring, brave, powerful, impulsive, agile, suspicious, and unpredictable. It is believed that marrying a tiger person will encounter difficult times ahead. This is why older generation Chinese do not allow their children to marry a person born in the year of the tiger.

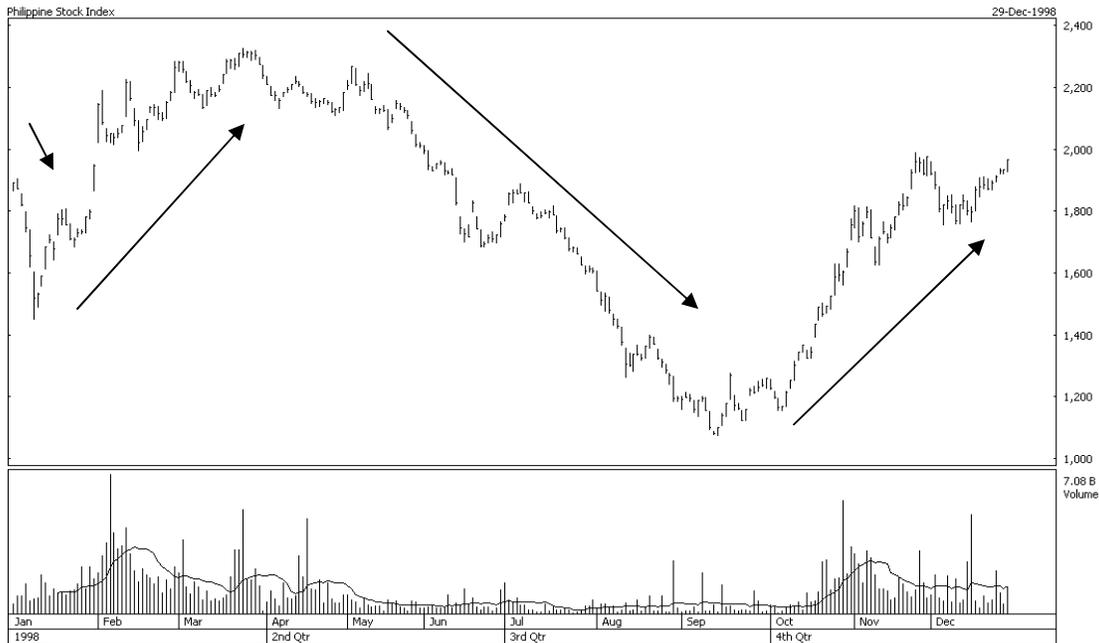
Unpredictable Tiger Year

In terms of outlook, many Feng Shui experts predict 2010 as a challenging year while others see 2010 as a year of change. Indeed, our view does not deviate much from the Feng Shui masters. We said in our Outlook 2010 article (see *Philippine Star* 18 January 2010) that unlike 2009, we see a bumpy road for stocks this year. If there is one thing we can say for sure, we believe that this year will be unpredictable and a tumultuous one, even for stocks. Things will happen quickly and dramatically, so investors need to be nimble.

Drawing Parallels

The last Year of the Tiger was 1998. You may recall that the Philippine economy, during that time, was still reeling from the aftershocks of the Asian Financial Crisis. Coming from a stellar economic performance in 1997, business outlook was at rock bottom levels. GDP contracted by 0.6 percent while the peso weakened to P46 (from a fixed P26 exchange rate) against the US dollar. As far as the stock market was concerned, it experienced major headwinds as uncertainty and volatility persisted. The chart below illustrates the swings of 1998. But despite the ups and downs throughout the year, the PSE Index – as a leading barometer – managed to post a 5.3 percent gain for the year.

PSE Index Performance during the 1998 Year of the Tiger



One may also recall that the last Year of the Tiger was a Presidential election year. Election years typically present uncertainty to investors given the prospect of a change in administration. With an Asian crisis to deal with and a pro-poor economic agenda, the government, headed by deposed Pres. Joseph Estrada who won the election, was generally met with criticisms from the business community. Fortunately for this year's upcoming election, the two Presidentiables leading the surveys are generally acceptable to most Filipinos.

Bear, Bull, Tiger

The Chinese New Year opens with a backdrop of uncertainty. The Chinese government instituted monetary tightening with a hike in banks' reserve requirement. In the Euro zone, Greece's fiscal debt problem raises a red flag across the region. Therefore, it is best to equip one's self with the tiger's greatest attributes: courage and agility. Like we said in past articles, market volatilities present uncertainties but to those who are diligent and agile, these present opportunities as well. Investors should be quick and nimble in making investment decisions. Market dips provide buying opportunities for long-term upside. For those who have cash (from the gains of 2009), courage and agility are the best guiding principles in rough times. At Philequity, our investing clients have benefitted from our investment acumen. Our funds yielded consistent outperforming returns over the years. This is why:

We survived the bear of 2008.

We rode the bull of 2009.

And we aim to tame the Tiger in 2010!

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