

WITH GOOD GROWTH PROSPECTS

The Philippine stock market ended 2016 down 1.6%. This has proven to be a very volatile year for the PSEi which at one point was up 16.7% before falling 20%.

The Philippine peso also had a dismal year, depreciating by 5.8% against the US dollar after briefly flirting with the 50/\$ level. Foreign inflows also evaporated, with the PSEi seeing nearly PhP 60 billion worth of foreign outflows since mid-August.

Fortunately, statistics held true last month and December ended in the green. However, 2017's first trading day looks guite bleak, nearly losing 100 points in the morning session before closing the day up 21 points or +0.30%. While valuations have become quite reasonable, rising interest rates, dollar strength, as well as political uncertainty here and abroad continue to weigh on equity markets.

Note that Donald Trump's inauguration is on January 20. We will be closely monitoring his policy pronouncements and how they will impact the Philippine economy.





2016 has proven to be a very volatile year and it is likely that 2017 will be a very uncertain one as well. With rising interest rates, a strengthening dollar, as well as political uncertainty here and abroad, we maintain our defensive positioning going into the new year.

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