



Vantage *point*

MARKET OUTLOOK: BULLISH
STRATEGY: SELECTIVE BUYING ON PROPERTY,
FINANCIAL SECTORS AND POTENTIAL M&A PLAYS

The US dollar resumed its pullback, dropping by 0.9% last week. With the move, the dollar is now down 2.5% from its recent high. Concerns over weaker than expected inflation in the US and the continued strength of the euro have caused the pullback in the US dollar.

The pullback in the US dollar has provided some respite to the peso, allowing it to stabilize vs. the US dollar. Though the peso is still down 2.2% year-to-date, it posted a 1-month return of 1.9% and a 3-month return of 0.7%. The recent move of the peso has been in consonance with the movement of other Asian currencies.

Though the PSEi remains in consolidation mode, we note that we are about to enter the strongest season of the year for the stock market. Barring any negative shocks or surprises, the Santa Claus rally, the January effect and the timely passage of an undiluted tax reform package may provide the necessary lift for the PSEi to retest or break past its all-time high of 8,605.



TRADING STRATEGY



The PSEi remains in consolidation mode even as the US market makes new highs. With the completion of the 3Q17 earnings season, we continue to focus on buying stocks that beat forecasts as they approach support levels while reducing exposure in those that fail to meet estimates.

