



Vantage

MARKET OUTLOOK: CAUTIOUS
STRATEGY: PROPERTY AND BANKING STOCKS

point

Fears of the Fed becoming less dovish were allayed after Powell's testimony to Congress this week. He maintained their stance to "act as appropriate to sustain the expansion", nothing that uncertainties have increased. This practically ensures that a July rate cut is on the table.

This statement from Powell caused the dollar to undo its recent spike, sending the Dow Jones index and S&P 500 to round number milestones of 27,000 and 3,000 respectively. The strength in US stocks and dollar weakness lifted emerging market stocks and currencies, including the PSEi and Philippine peso.

As of this writing, the PSEi is nearly at its highest point for the year despite foreign selling. We are carefully increasing our exposure, especially on our top picks. However, we note that given the steep rise in markets globally, a correction is likely. If the market dips, we will be adding to the portfolio.

Philippine Stock Exchange Index (PSEi) – 1 year chart



TRADING STRATEGY



US equity indices hit new highs as the Fed Chairman Jerome Powell's recent testimony still pointed to more dovishness. This reversed the dollar's spike last week, benefitting emerging markets, including the Philippines. Thus, we have been increasing exposure selectively.



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