

Vantage Point

A WEEKLY PUBLICATION FROM THE FUND MANAGERS AND ANALYSTS OF



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MARKET OUTLOOK: NEUTRAL

STRATEGY: OVERWEIGHT SELECT BANKING STOCKS

TECHNICALS: SUPPORT AT 7500 FOLLOWED BY 7200, RESISTANCE AT 8200

Despite the cancellation of the G20 summit in Chile, recent news flow seems to indicate that the US and China are getting closer to a deal. On top of agricultural purchases, it seems that Trump's promise to grant US companies licenses to purchase products from Huawei seems to be forthcoming. There is also news regarding a potential location for the signing of a Phase One deal.

As history shows though, this deal may be scuttled at the last minute, similar to what happened in May. Current tariffs will also not be lifted. However, this has not deterred investors from bringing US equities to new highs. Both the Nasdaq and S&P 500 hit fresh records last week.

This should lift all markets globally, including the Philippines. While 8000 has proven to be a strong resistance, the US hitting new highs and the peso's sharp appreciation should help the PSEi finally break 8000. Historically, peso strength has led to higher stock prices. Moreover, we are entering a seasonally strong period for the stock market, Halloween to Valentine's.

Philippine Stock Exchange Index (PSEi) – 1 year chart



TRADING STRATEGY



US equities continue their march to new highs while the dollar continues to weaken. We expect other markets to follow the US, including the Philippines. We have been realigning the portfolio as 3Q earnings reports come out