

Vantage Point

A WEEKLY PUBLICATION FROM THE FUND MANAGERS AND ANALYSTS OF PHILEQUITY MANAGEMENT, INC.

MARKET OUTLOOK: NEUTRAL

SECTOR PICKS: CONSUMER NAMES, STOCKS WHICH BEAT EARNINGS FORECASTS, COMPANIES WHICH DERIVE A LARGE PORTION OF THEIR INCOME FROM FOREIGN SOURCES

TECHNICALS: SUPPORT AT 6500 FOLLOWED BY 6200, RESISTANCE AT 6800 FOLLOWED BY 7000

Now on its 6th straight week, the PSEi's recovery move has brought it above the 6500 resistance level. This was accompanied by the peso's sharp appreciation against the US dollar as it ended the week at 56.75/\$.

As we have said in previous articles, an appreciating peso is one of the catalysts for our stock market. In addition, oil prices have fallen significantly as of late as European countries proposed a higher-than-expected price cap. With less potential disruptions to supply, WTI crude oil price fell below the psychological \$80/barrel level. If oil remains low, then inflation may indeed have peaked in October,

Moreover, we are in the midst of a seasonally strong period for stocks. While we expect some volatility due to rebalancing exercises in the coming weeks, the stock market is likely to remain strong in the near term. We continue to slowly and selectively increase equity exposure, especially as company-specific catalysts are emerging for specific stocks.

Philippine Stock Exchange Index (PSEi) 1-year chart



TRADING STRATEGY



The PSEi broke the 6500 resistance level on net foreign buying. A possible peak in the US dollar and interest rate expectations are a boon for Philippine stock prices and the Philippine peso. We are slowly increasing our equity exposure.