

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

Global markets continue their choppy movement as peaking inflation is countered by recession fears. With volume drying up as we enter the holiday season, we expect a volatile consolidation in the near term.

This will also put a cap on any price appreciation for the Philippine stock market as well. On top of that, TEL lost a whopping 29% over 2 weeks, with 19% lost in just one day. This has a roughly 1 percentage point impact on the PSEi. Fortunately, MVP held a special briefing to allay the fears of investors. This has managed to stem the slide in TEL's stock price.

With a Santa Claus rally no longer in play, we expect the PSEi to end the year in the red - its 3rd straight down year. Still, as corporate earnings are back on a growth trajectory, stocks have become cheaper and cheaper. This should provide a floor for equity prices in the coming year.

Merry Christmas and a Happy New Year!

Philippine Stock Exchange Index (PSEi) 1-year chart



TRADING STRATEGY



Global markets continue to pull back, with the PSEi also being dragged down by TEL's sharp drop. We expect the PSEi to remain in consolidation as recession fears are starting to take centerstage. We remain on hold for now.