

# ADVANTAGE POINT

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

## EQUITY OUTLOOK

**Market Outlook:** Neutral  
**Sector Picks:** Index heavyweights. Consumer and property stocks trading at depressed valuations  
**Technicals:** Support at 6000 followed by 5700, Resistance at 6500 followed by 6700  
**Trading Strategy:** With policy predictability being thrown out the window, chaos has overtaken markets. Investors should review their asset allocation and risk exposure to determine their comfort level amidst these turbulent times.

Chaos. This is what is happening in markets and governments. After imposing massive reciprocal tariffs, US President Donald Trump now froze these at 10% for 90 days pending negotiations. So far, the exception is China which is currently engaging in a tariff tit-for-tat.

So after the worst drop for US stocks in 5 years and the most precipitous plunge for Asian stocks since 2008, markets are bouncing back, erasing huge chunks of their losses just a day after Trump's announcement. While it remains to be seen how this will unfold, the worst outcome has been averted. Still, we expect the market to seesaw as negotiations go back and forth.

In a tariff situation, we expect Philippine stocks to perform better than their peers as we have a relative small export industry. However, a flight to safety may also divert flows out of equities and into bonds. Given how small the weight of the Philippines is in global equity indices, we are in danger of being ignored once again.

### Philippine Stock Exchange Index (PSEi) 1-year chart



## BOND OUTLOOK

**Market Outlook:** Neutral  
**Trading Strategy:** Bond yields have come significantly up since Trump has affected markets with his tariffs and retaliation from China and other countries creating a global trade war. 10y USTs have risen to as high as 4.5 with local bonds following. An announcement that a new jumbo 10y bond would be priced at around 6.375 also caused levels to rise. But at these current levels, we think that it may be a good entry point considering that inflation is still low and BSP is still dovish. At these levels we would be neutral but selectively picking up.

Yields have come up considerably, with the 5yr r518 back at 5.95 versus a low of 5.7 a few weeks ago and the 10Y2 now reaching 6.3 versus a low of 6. With the new 10y Jumbo bond predicted to price at 6.375, we think that these are suitable levels to buy and lock in yield pickup, considering that BSP is likely to cut 2 more times this year or more with inflation still very low at 2% levels. With target for BSP key rate to be closer to 5.25, 6.375 would be a decent yield pickup already. Thus, we would be keen to pick up at these levels but not aggressively as there could still be volatility from the US situation.

### PHILIPPINES 10 YEAR GOVERNMENT BOND

PHP BVAL Reference Rates Benchmark Tenors



Tenor	BVAL Rate as of April 11, 2025
1M	5.0908
3M	5.3701
6M	5.6180
1Y	5.7804
3Y	5.8097
5Y	5.9774
10Y	6.2576

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