

VANTAGE POINT

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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: Trump's tariffs are clouding the outlook for economic growth and equity market performance. It is best to stay defensive in the interim.

The Trump tariff saga continues. After a week of turbulence, US President Donald Trump announced that, instead of the gargantuan tariffs he initially presented, tariffs for most countries will be frozen at 10% for 90 days. The exception was China whose tariffs now amount to 145%. China retaliated with tariffs of 125% on US exports, as well as curbs on the export of rare earth metals. They also said that Chinese airlines will cease to take deliveries of Boeing planes. We expect this US-China tit for tat to escalate until such point that one of them experiences extreme pressure.

As such, fears of a recession grew, with many companies scaling back both capex and hiring. This would also cap any upside for equities, especially the cyclical ones. Until such point that there is more clarity on the tariff situation, we expect growth expectations to remain muted.

The silver lining here is that the US dollar has fallen precipitously. As of this writing, the Philippine peso is trading at 56.75/\$. This should raise the floor for Philippine stock prices. Moreover, our reliance on domestic consumption and low exports should shield us from any further escalation in the global trade war.

Philippine Stock Exchange Index (PSEi) 1-year chart



BOND OUTLOOK

Market Outlook: Neutral

Trading Strategy: With so much volatility coming from Trump and the US, we would prefer to stay on the sidelines. However the new 10y jumbo bond issued at 6.375 does provide decent yield pickup compared to the rest of the curve and is very attractive for those willing to increase duration and lock in yield, especially since BSP seems inclined to continue rate cuts with a target of 5% for the year.

Trump has given markets some hope that tariffs may be walked back, especially his blanket tariffs on all nations. A 90 day postponement gives markets some breathing room. However he has increased his attacks on Fed Chair Jerome Powell, threatening US monetary stability and the independence of the Fed. With so much uncertainty and volatility coming from the White House, we would rather wait and see and stay on the sidelines though some levels are starting to look attractive already, especially on the 10y jumbo bond.

PHILIPPINES 10 YEAR GOVERNMENT BOND

PHP BVAL Reference Rates
Benchmark Tenors



Tenor	BVAL Rate as of April 16, 2025
1M	5.2460
3M	5.4133
6M	5.6308
1Y	5.6841
3Y	5.8084
5Y	5.9425
10Y	6.3013

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