

VANTAGE POINT

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



EQUITY OUTLOOK

Market Outlook : Cautiously Bullish

Technicals :

Trading Strategy :

Support at 6000 followed by 5700 , Resistance at 6200 followed by 6500

The first day move of the PSEi is encouraging. If this strength continues in the coming months instead of tapering off as is the case in previous years, then we can move from buying on dips to buying on strength. Until then, it may be best to wait at support levels until significant catalysts emerge. Happy New Year! May this year bring more blessings than the last!

The PSEi had a strong start to the year as it gained 1.36% to end January 2 at 6,135. Net foreign buying on the first trading of the year was Php 427 million. If this upmove becomes a trend, it will bode well for Philippine stocks.

The broadening of the equity rally from US stocks and technology names to other countries and sectors should also lead to flows into emerging markets. This should in turn trickle into Philippine stocks. Dollar weakness is also a positive for domestic risk assets, provided that the peso joins other currencies in appreciating against the greenback.

If the corruption investigation bears fruit with key perpetrators facing the appropriate consequences, it will serve to restore investor confidence. This is probably the most significant domestic catalyst for equities, if it comes to pass.

Philippine Stock Exchange Index (PSEi) 1-year chart



BOND OUTLOOK

Market Outlook : Defensive

Trading Strategy :

As we start 2026 coming back from such a long break, market will take its cue from the Fed. Recent data shows a strong US economy especially on the jobs front, again clouding the direction on rate cuts. Meanwhile BSP is also giving conflicting signals, spooking markets with a comment that it may have done its last cut but then backtracked. This had yields back up close to 6% on the 10y and longer, which may offer a good entry point.

The path of Fed rate cuts and BSP may slow as the US economy remains strong but inflation is relatively contained. The BSP may also keep track with the Fed as interest rate differentials are so narrow now. With the uncertainty, we saw profit taking especially on the longer ends to bring the 10y back close to 6%, offering an attractive yield, considering key rate is now at 4.5, with maybe 1 or 2 more expected this year.

PHILIPPINES 10 YEAR GOVERNMENT BOND



PHP BVAL Reference Rates Benchmark Tenors

Tenor	BVAL Rate as of January 02, 2025
1M	4.7024
3M	4.8547
6M	4.9769
1Y	5.0375
3Y	5.5143
5Y	5.7964
10Y	6.0517

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www.philequity.net



ask@philequity.net