

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 6800 FOLLOWED BY 7000, RESISTANCE AT 7000 FOLLOWED BY 7200

The PSEi continues to shine as the best performing ASEAN market. In fact, its +7.5% YTD move nearly erases the entire loss of 2022. This comes on the back of a strengthening peso and larger net foreign buying.

However, it seems developed markets are no longer immune to hawkish commentary. On Thursday last week, the Dow Jones index turned red for 2023 on the back of some bad corporate earnings and hawkish statements both from the Fed and CEOs of major banks in the US. European indices are still firmly in the green, although they experienced a sharp drop on Thursday as well.

It remains to be seen if the Philippines can decouple from these moves, or at least remain insulated. Dollar weakness and peaking inflation should help bolster the case for investing in Philippine stocks. Still, we remain wary of the impact of China's reopening on commodity prices. We maintain our neutral stance and we would rather increase equity exposure on dips.

Philippine Stock Exchange Index (PSEi) 1-year chart



TRADING STRATEGY



The PSEi continues to hold above the 7000 level on heavy foreign buying. This comes despite the weakness we saw in US and European markets the past week. While we hope that the Philippines can decouple from developed markets, there is a possibility that the PSEi will follow suit in the coming weeks.