

Despite MSCI rebalancing concluding last Thursday, foreign selling still continues unabated, 14 days straight and counting.

While we took advantage of rebalancing to rotate portfolio, we remain cautious on the market because of heavy net foreign outflows.

Note also that despite the rebound in global markets, the PSEi continues to languish at the lows. This can be attributed to concerns over inflation, a weak peso and tepid 1Q18 corporate earnings.

One catalyst could be the drop in oil prices. If oil continues its slide, inflation should start to lessen. Note that the BSP raised its inflation expectations 4.6%-5.4%, significantly to than their previous higher target.



TRADING STRATEGY



Despite Asian markets recovering, the **PSEi** continues to languish. We did some rotation during MSCI rebalancing. but remain warv of the unabated foreign selling.



t +632 689 8080 e ask@philequity.net w www.philequity.net





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