



Current 6,084.28

Support 6000, 5700 (Bear Scenario)
important supports for bull run

Resistance 7,250, 7600 (Base Scenario)
7,700, 8,000 (Bull Scenario)

Now at Low-end of Bear Scenario 6,000 (15.75x P/E, 10YR Average P/E)
Possible test of 5700 (15x P/E)
 - PSEi has now fallen below major 6300 support, which now leads to possible test of 6,000.
 - Breaking 6,000 opens the possibility of testing 5,700 low last seen in 2013 correction, a formidable support.

Cautious but optimistic for a 2016 turnaround; what bears watching
 - From the high we are down 33% and YTD we are down 12.4%
 - While we continue to be cautious about the market and prudently await more firm signs of bottoming, we are optimistic for a 2016 turnaround
 - What could signal a bottom or a turnaround? We're watching capitulation or seller exhaustion in the market, the bottoming of oil and the peso (levels to watch Php 48.50/50) to \$1.00, improving sentiment in China.

Scenario (P/E)	PSEi Target Range	
BULL (20x)	7,700	8,000
BASE (18.9x, 5YR Ave.)	7,250	7,600
BEAR (15.75x, 10YR Ave.)	6,000	6,300
15x	5,700	6,000





Why worry about cheap oil?

- Cheap oil dragging markets down as **oil companies take a hit**. Expensive drilling technology was designed for higher oil prices and funded by debt which are now harder to pay off.
- **So large banks like JP Morgan and Wells Fargo helped bankroll the energy boom are setting aside billions to cover potential losses.**
- **Jobs in the oil industry are also being cut in an attempt to reduce costs.**
- **The oil crash raises the risk of a full-blown crisis in the emerging market world.** Many economies like Brazil, Venezuela, Colombia and Russia are powered by energy exports.
- **The decline in oil prices adds a new element of instability to the Middle East.**

CNN

Here we provide a guide to select stocks we're closely monitoring.

See the DA Market Matrix on Page 3 and attached charts with notes.

Some notes on the Matrix

- **52-week low** in red means new low...can weaken further. On the other hand, holding above 52-week low is sign of strength
- **Change from 52-week high** - How much discount are you getting from the 52-week high?
- **Low P/E TP** is a Target Price based on lowest P/E (5-year) and 2016 est. EPS
- Compare **Consensus Target Price** to **DA Market Target Price** and **Upside Risk**
- **Compare EPS est. for 2016 and 2017 and growth (%)**. Best to choose stocks with superior EPS growth estimates. Some may also opt to take the defensive/dividend play. Top dividend plays but with growth constraints are GLO (4.92% est. yield) and TEL (7.84% est. yield)

The Pyramid-Buy Strategy

- Funds are invested in tranches, wherein additional allocations are only made when initial / previous position shows a profit/confirms the trade.
- Have a stop-loss pt. at every tranche to note a change in trend / trading plan. Exit position when price movement diverges from final stop-loss pt. set.



Read More: <http://www.investopedia.com/articles/trading/09/pyramid-trading.asp>

	SECTOR/ STOCK	Price Data				Target References						EPS				
		52WK low <i>new low in red</i>	52WK High	Decline from 52WK High	Price as of 01/21/16 close	Current P/E (2016 est.)	Low P/E (5YR)	Low P/E (5YR)	Consensus	DA Market	Upside / Downside	EPS 2015	EPS 2016	Growth	EP 2017	Growth
BANKS																
1	BDO	90.50	124.40	-24%	94.40	12.20	81.50	10.53	115.00	120.00	27%	6.79	7.74	14%	9.18	19%
2	BPI	80.00	107.00	-21%	84.10	14.60	85.25	14.80	91.00	99.90	19%	5.09	5.76	13%	6.61	15%
ELECTRICITY, ENERGY, POWER & WATER (EEPW)																
3	EDC	5.14	9.13	-41%	5.40	9.82	5.27	9.59	7.88	8.80	63%	0.48	0.55	15%	0.57	4%
4	FGEN	18.00	31.80	-43%	18.24	7.18	15.98	6.29	30.80	32.80	80%	1.95	2.54	30%	3.28	29%
5	SCC	110.80	110.80	8%	120.00	11.58	105.05	10.14		163.00	36%	8.33	10.36	24%	10.35	0%
FOOD, BEVERAGE & TOBACCO (FBT)																
6	CNPF	14.78	20.60	-27%	15.10	13.48	22.13	19.76	22.20	21.60	43%	0.99	1.12	13%	1.27	13%
7	DNL	6.77	11.94	-41%	7.02	18.47	5.92	15.59	10.50	13.90	98%	0.32	0.38	19%	0.47	24%
8	JFC	175.50	241.00	-19%	195.00	31.05	146.70	23.36	214.90	200.00	3%	5.34	6.28	18%	7.44	18%
9	URC	170.00	184.80	-3%	179.50	26.79	48.31	7.21		223.00	24%	5.92	6.7	13%	7.69	15%
HOLDING FIRMS (HLDGS)																
10	AC	600.00	823.50	-27%	600.00	15.58	670.46	17.41	841.00	840.00	40%	33.05	38.51	17%	43.68	13%
11	DMC	10.40	16.06	-32%	10.90	10.00	7.14	6.55	13.54	14.26	31%	0.97	1.09	12%	1.15	6%
12	GTCAP	1,100.00	1,455.00	-15%	1,235.00	15.20	985.56	12.13	1404.00	1408.00	14%	67.16	81.25	21%	94.08	16%
13	JGS	56.90	76.00	-25%	56.90	15.25	30.10	8.07	73.30	74.40	31%	3.35	3.73	11%	4.08	9%
14	MPI	4.20	5.58	-7%	5.18	14.39	4.89	13.59	6.48	6.15	19%	0.36	0.36	0%	0.37	3%
15	SM	740.00	974.00	-24%	740.00	17.08	637.24	14.71	928.00	930.00	26%	37.43	43.32	16%	49.05	13%
PROPERTY (PROP)																
16	ALI	27.20	41.40	-34%	27.20	19.43	39.52	28.23	42.15	43.20	59%	1.19	1.4	18%	1.62	16%
17	DD	7.20	26.00	-20%	20.80	41.60	13.47	26.93					0.50		0.90	80%
18	MEG	3.07	5.94	-48%	3.10	8.16	1.97	5.18	5.70	6.40	106%	0.32	0.38	19%	0.41	8%
19	RLC	22.80	33.25	-31%	23.10	14.26	12.72	7.85	32.45	29.60	28%	1.41	1.62	15%	1.91	18%
20	SMPH	18.00	23.20	-19%	18.84	21.66	15.09	17.35	23.20	22.30	18%	0.78	0.87	12%	0.98	13%
TELECOMMUNICATIONS (TELCO)																
22	GLO	1,650.00	2,720.00	-38%	1,687.00	12.28	1236.87	9.00	2210.00	2230.00	32%	126.91	137.43	8%	142.26	4%
23	TEL	1,886.00	3,214.00	-40%	1,940.00	12.16	1431.07	8.97	2445.00	2580.00	33%	160.7	159.54	-1%	158.53	-1%
TRANSPORTATION SERVICES (TRANSP)																
24	ICT	55.00	118.50	-54%	55.00	14.07	65.22	16.68	99.30	114.00	107%	3.6	3.91	9%	4.43	13%
RETAIL																
25	PGOLD	29.80	43.95	-24%	33.50	16.75	34.10	17.05	44.00	44.00	31%	1.78	2	12%	2.3	15%
26	RRHI	56.00	90.10	-37%	57.15	15.74	74.16	20.43	83.15	93.60	64%	3.14	3.63	16%	4.06	12%
OTHER SERVICES																
28	SBS	4.12	7.63	-38%	4.74											
SME																
29	X	8.14	17.46	-32%	11.80	12.16	23.35	53.06	32.72			0.24	0.44	83%	0.67	52%