



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

07 May 2010

## MORNING NOTES

### PSEi performance

PSEi Index 06 May 2010:	3,167.83	- 9.02
Value T/O, net	Php 1,974 million	
52-week High	3,327.99	
Low	2,201.40	
Foreign Buying:	Php 5,777 million	
Foreign Selling:	Php 1,049 million	

### Regional performance

Dow Jones	: 10,520.32	- 347.80
FTSE 100	: 5,260.99	- 80.94
Nikkei 225	: 10,695.69	- 361.71

### Trading snapshot

Index Movers	Points
PLDT	-5.45
Metrobank	+4.95
BPI	+4.44
Aboitiz Equity	-3.86
Robinsons Land	-2.44

Index Out-performers	Up
Metrobank	4.08%
BPI	2.35%
Filinvest Land	2.20%
ICTSI	1.96%
First Phil. Holdings	1.92%

Index Under-performers	Down
Robinsons Land	5.00%
DMCI Holdings	5.00%
Universal Robina	4.12%
Aboitiz Equity	3.17%
Globe Telecom	2.70%

### Calendar

May 07	Piitel ASM
May 07	MWC/ AEV/ AP/ ALI Results Briefing
May 07	Mar'10 Dep. Corp. Survey/KB Loans
May 07	April'10 Gross Int'l Reserves

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## HEADLINES

### Trading glitch wreaks havoc in markets

■ A suspected trading glitch threw markets into disarray on Thursday (May 6). The CBOE Volatility Index closed up more than 30%, at its highest level since May 2009. The situation remained unclear even after the closing bell, with the Nasdaq and NYSE's ARCA trading unit saying they will cancel trades executed between 2:40 p.m. and 3 p.m. where a stock price rose or fell more than 60% from its last trade at 2:40 p.m. Earlier in the day, the European Central Bank merely gave verbal support to Greece's savings plan instead of discussing the outright purchase of European sovereign debt, disappointing market players. While the glitch is sorted out, investors turn their focus on Friday's release of April U.S. non-farm payrolls by the Labor Department.

### China Bank 1Q income up 19% to P1.05B; declares dividends (CHIB; P382.50)

■ China Banking Corporation (China Bank) reported consolidated net income of P1.05B (+19% yoy) for 1Q'10, translating to a healthy 14.23% return on equity and a 1.79% return on assets. Net interest income grew 14.94% to P2.22B yoy despite the drop in interest revenues by 3.30% to P3.37B yoy as interest expense declined even further by 25.82% to P1.16B. Net interest margin improved to 4.18%. Other income managed to grow by 10.67% from P816M to P903M, driven by other fee-based revenues and supplemented by better-than-projected gains from sale of acquired properties. Total resources reached P228.71B (+10.06% yoy). Deposits improved by 9.76% to P187.31B from last year as low-cost checking account/savings account (CASA) deposits grew by 14.45%. Total capital funds reached P31.59B, translating to a capital adequacy ratio of 12.79%. China Bank also declared a P12.00 per share cash dividend for a total of P1.17B to holders of 97.51M outstanding shares, and a 10% stock dividend, subject to the approval and ratification by the stockholders and by the Bangko Sentral ng Pilipinas, Philippine Stock Exchange, Inc. and the Securities & Exchange Commission.

### Power plant earnings boost EDC Q1 net income to P3.8B (EDC; P5.20)

■ Energy Development Corporation (EDC) reported a P3.80B (+68% yoy) net income for the first quarter of 2010. EBITDA also improved by 82% to P4.94B. Revenues from its two subsidiary corporations, namely Green Core Geothermal, Inc (GCGI) and First Gen Hydro Power Corporation (FG Hydro) were largely responsible for the significant rise in net income and EBITDA for the quarter, contributing P1.22B. Core net income improved by P3.2B (+103% yoy). Green Core successfully took over operations of the Palinpinon and Tongonan I geothermal power plants in October 2009. This year, EDC is adding to its portfolio of power generation assets the 150-MW Bacman geothermal plant in Sorsogon after it submitted the highest bid in the recently concluded auction for the geothermal plants.

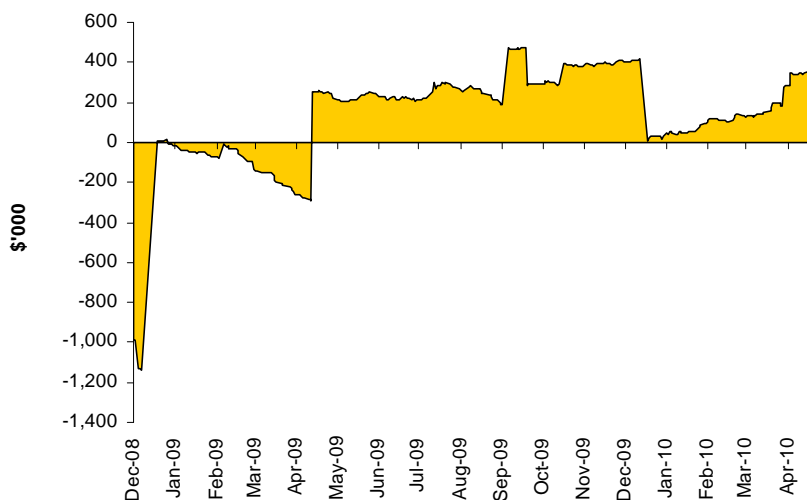
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**Aboitiz Transport System suffers P141M net loss in 1Q'10 (ATS; P1.12)**

- Aboitiz Transport System (ATS) registered consolidated revenues of P3.1B (+10% yoy) for 1Q'10, mainly led by international ship chartering business and supply chain management solutions. Sale of goods from the trading business increased P244M or 65% with the entry of new principals. Local freight business contributed P1.2B in revenues, a 5% decrease versus 2009, a result of lower freight rates. Volumes increased however, as a 77% load factor was maintained with higher capacity at lower asset cost. ATS registered P141.9M Net Loss Attributable to Holders of the Parent. Total operating expenses reached P2.0B (+31% yoy), largely caused by close to 50% higher fuel prices versus the same period last year. Having most of its vessels on offhire due to maintenance during the 1Q resulted in the company operating only 64% of total passenger fleet capacity and 82% of freight capacity, affecting volumes.
- Nonetheless, ATS foresees that demand for its services is growing, and is looking forward to satisfying it as its complete fleet becomes fully operational by the second half of the year. In addition, the two recently bought SuperFerries will contribute to the existing fleet. This means ATS will have 82% higher passenger capacity compared to the 1Q capacity. Freight capacity will likewise increase by 46%. The earnings potential of the company is better reflected at these levels.

**Foreign Buying-Selling : 12-month period**



Source: Bloomberg