



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

17 Aug 2010

MORNING NOTES

PSEi performance

PSEi Index 16 Aug 2010:	3,479.67	+ 10.15
Value T/O, net	Php 1,863 million	
52-week High	3,539.29	
Low	2,693.13	
Foreign Buying:	Php 1,910 million	
Foreign Selling:	Php 1,961 million	

Regional performance

Dow Jones	: 10,302.01	- 1.14
FTSE 100	: 5,276.10	+ 0.66
Nikkei 225	: 9,196.67	- 56.79

Trading snapshot

Index Movers	Points
PLDT	-13.00
Metrobank	+6.94
Ayala Land	+5.33
First Phil. Holdings	+3.31
Energy Dev't Corp.	+3.00

Index Out-performers	Up
First Phil. Holdings	6.05%
Metrobank	4.27%
Alliance Global	3.39%
Filinvest Land	2.80%
Megaworld Corp.	2.40%

Index Under-performers	Down
San Miguel Corp. B	2.72%
Manila Water	1.85%
GMA Network	1.63%
Jollibee Foods Corp.	1.40%
Globe Telecom	1.36%

Calendar

Aug 18	The Phil. Mid-year Econ Briefing
Aug 19	Jun '10 Overall Bal. of Payments
Aug 24	Marcventures Holdings SSM
Aug 25	Jun '10 External Trade, MISSI

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HEADLINES

Wall Street closes flat as data point to more econ weakness

- U.S. stocks closed little changed on Monday (Aug 16) as U.S. homebuilder sentiment unexpectedly fell for a third straight month in Aug while a gauge of manufacturing in New York was up in Aug, but new orders fell below zero for the first time since June 2009. Technology shares gave the Nasdaq a modest boost. Education stocks tumbled on concerns federal regulators will impose tighter controls on student loans. Meanwhile, Lowe's Cos (+0.6%) edged up after saying that it expects same-store sales to rise about 2% for the fiscal year.

OF remittances continue to rise in June

- Remittances from overseas Filipinos (OFs) in 1H 2010 amounted to US\$9.1B (+6.9% YoY). In June alone, remittance flows reached US\$1.6B (+8.3% YoY). Preliminary data obtained from the Philippine Overseas Employment Administration (POEA) indicated that new hires awaiting deployment rose by 13.5% YoY to 212,700 for the period Jan-Jun 2010. Work prospects overseas for Filipino seafarers were also reported by the Department of Labor and Employment (DOLE) following plans of the Japanese Shipowners' Association (JSA) to hire 2,000 seabased workers as officers and crew of high-end Japanese vessels in the next two years.

URC's 9-month profits rise 189% YoY to P6.5B (URC; P32.55)

- URC posted a consolidated sale of goods and services of P42.964B (+14.2% YoY) for the nine months ended June 30, 2010, driven by the strong performance of its beverage, noodles, farm and commodities businesses. Cost of sales increased by 5% YoY to P30.080B along with sales volume, tempered by lower input costs this year. Selling and distribution costs, and general and administrative expenses increased by 14.1% YoY to P6.659B due primarily to higher advertising and promotion costs, compensation and benefits, and volume-related freight and delivery charges. Net income amounted to P6.468B (+189.0% YoY) due to higher operating income, improvement in market values of bond and equity holdings coupled by lower finance costs. Core earnings before tax amounted to P6.486B (+133.1% YoY). Net income attributable to equity holders of the parent increased by 196.5% YoY to P6.153B. EBITDA stood at of P8.655B (+61.5% YoY).

PNB posts 18.1% growth in 1H net income (PNB; P43.00)

- Philippine National Bank's (PNB) first-half net income grew 18.1% YoY to P1.8B mainly due to lower expenses and bigger gains from fees and commissions. For 2Q alone, net income rose 14.5% YoY to P915.4M. Other income rose by P300M to P2.7B, with trading gains from investment securities improving on favorable mark-to-market valuation. Operating expenses dropped 5% to P5.57B. Nonperforming loans (NPLs) ratio went down to 4.42% at of end-June from 6.2% in March. PNB ended the first half with total assets of P294.15B, expanding from P280.7B in March. Deposit liabilities increased by P15B to P225.2B from the previous quarter. Its overall capital-adequacy ratio (CAR) stood at 15.97%, with the Tier 1 or core CAR at 10.87%.

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Higher sales fuel 64% jump in Petron Corp's 1H net profit (PCOR; P6.50)

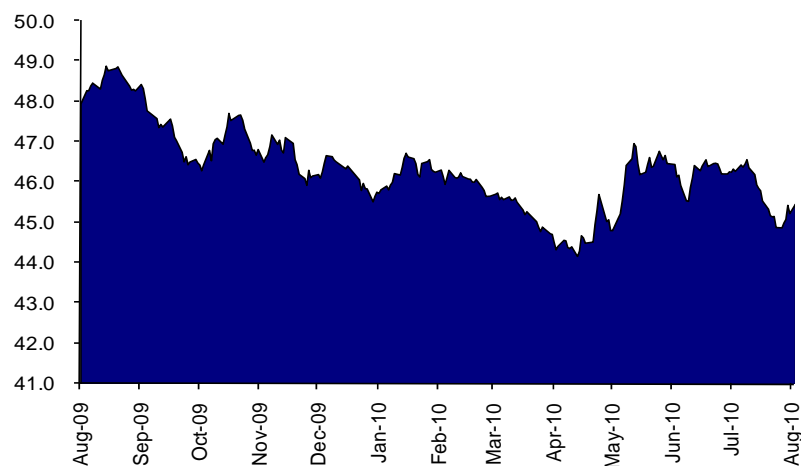
- Petron Corp. said its net profit in 1H 2010 jumped by a hefty 64% YoY to P2.96B on higher domestic sales and better margins from petrochemical feedstocks coupled with the reduction in interest expense and translation gains on dollar-denominated transaction. In 2Q alone, Petron's earnings went up by 10% from a year earlier to P1.029B. From Jan to Jun, Petron's revenues grew by 50% YoY to P115.35B due to higher average selling price per liter. Oil prices stood at P29.61 per liter this year from P21.97 per liter last year. Sales volume jumped by 12% for the period to 24M barrels from 21.4M barrels. Stable crude oil and finished product prices resulted in better margins this year compared to last year as most of the products sold came from expensive crude in 2008.

Jollibee 2Q 2010 net income slides by -0.2% on forex losses (JFC; P81.10)

- In 2Q 2010, Jollibee Foods Corp. recorded system-wide sales of P17.6B (+10.6% YoY), driven by increased store network (+5.7% YoY) and same-store sales (+5% YoY). Foreign operations accounted for 17% of the total. Philippine sales grew by 9.8% and those abroad by 16.8%, with China growing by 22.5%, Vietnam, by 99.3%, and the Middle East, by 33%. Operating income rose 13.2% YoY to P980M, but net income slid 0.2% YoY to P744M due to forex losses resulting from exchange rate volatility. The group holds fixed income investments in various foreign currencies in anticipation of investments and payments of obligations abroad. Exchange rates had since improved and the losses mostly eliminated in July. For 1H 2010, revenues rose 10.5% YoY to P25.6B while net income grew 9.8% to P1.4B. For the full year 2010, JFC is looking forward to achieving 2-digit growth rates in sales and profit. A total of 200 new stores is planned for the whole of 2010; 100 in the Philippines and 100 abroad. JFC opened 88 stores in 1H 2010, 45 in the country, 30 in China, and the balance, in other countries abroad.

Atlas posts income of P460M for 1H 2010 (AT; P11.90)

- Atlas Consolidated Mining and Development Corporation (Atlas) reported a P460M net income for 1H 2010, versus a P1.169B loss incurred at the end of the last fiscal year. The 2Q net income is also nearly triple the 1Q income of P164M. Total 2Q revenues reached P3.738BM, 70% higher than the amount achieved during the preceding quarter. However, with the progress of production activities of Carmen Copper Corporation (CCC) toward target levels, consolidated costs and operating expenses expectedly rose from last year's P2.063B to this year's P3.173B.

Php versus US\$: 1-Year Price Chart

Source: Philippine Dealing and Exchange Corp.