



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

17 Mar 2011

MORNING NOTES

PSEi performance

PSEi Index 16 Mar 2011:	3,878.44	- 17.87
Value T/O, net	Php 3,282 million	
52-week High	4,413.42	
Low	3,062.17	
Foreign Buying:	Php 2,515 million	
Foreign Selling:	Php 2,601 million	

Regional performance

Dow Jones	: 11,613.30	- 242.12
FTSE 100	: 5,598.23	- 97.05
Nikkei 225	: 9,093.72	+ 488.57

Trading snapshot

Index Movers	Points
PLDT	-23.45
Metrobank	+4.53
Bank of the Philippine Islands	-3.73
DMCI Holdings	+2.65
SM Prime Holdings	-2.61

Index Out-performers	Up
Lepanto Mining A	3.45%
DMCI Holdings	3.31%
Filinvest Land	2.78%
First Gen Corp.	2.54%
JG Summit Holdings	2.42%

Index Under-performers	Down
PLDT	4.17%
SM Prime Holdings	1.92%
Metro Pacific Investments Corp.	1.74%
Bank of the Philippine Islands	1.44%
ABS-CBN	1.00%

Calendar

Mar 17	EDC `10 Results Briefing
Mar 18	PEP ASM
Mar 18	Feb `11 BOP Position; BSP final GIR/NIR
Mar 25	FLI `10 Results Briefing

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HEADLINES

US stocks drop as investors continue to worry on Japan

All three major indexes closed lower on Wednesday (Mar 17) as investors worry that the Japan nuclear crisis could continue. The S&P and Nasdaq closed negative for the year while the Dow traded near its 2010 closing level. The CBOE market volatility index surged 21% and is up 46% for the week. Stock dropped as the European Union's energy commissioner reported that the Japan nuclear crisis could spawn further catastrophic events. Trading volume was relatively high on Wednesday at over 11B shares, suggesting a trading session characterized by panic. The iShares MSCI Japan Index Fund ETF and Nikkei futures are down 3.8% and 5.1% respectively. Stocks related to nuclear businesses like Cameco Corp. (-9%), and Shaw Group (-3.8%) also dropped. The Global X Uranium ETF dropped 6.6%. Toyota Motor Co. also dropped as the company halts operations on its 12 assembly plants in Japan. Meanwhile, Apple (-4.5%) and IBM (-3.8%) also dropped as they receive analyst downgrades.

LR's B of D approve new negotiations for casino advancement (LR; P7.52)

The Board of Directors of Leisure and Resorts World approved the company to enter into an agreement with Asian Pacific Games for professional services in management of casino to be operated by the company. The company is also interested in negotiating with Hard Rock Café for the use of its trade make in its casino. The board also authorized the negotiation of a P2B loan from BDO to finance the setup of the casino. These disclosures highlight the company's development on the casino front. The signing with APG, in our view, ensures proper execution and smooth operations of the casino. As we said in our LR Vault report, engaging an established casino operator should mitigate execution risks. We think that the addition of the Hard Rock brand name is complementary and addresses the desire of PAGCOR to invite a foreign brand. In terms of funding, the P2B BDO loan will be used to fund equipment purchase such as slot machines and casino tables. While it appears that the balance sheet is stretched (since asset size is also around P2 billion), we take comfort in the strong cash flows that would be generated by the casino business. We believe that the EBITDA Cover, at 10x, would be reassuring for BDO.

Top Frontier increases SMC stake to 47.5% (SMC; P162.5)

Top Frontier Investments Holdings Inc. acquired more than 300M common shares of San Miguel Corp. from Q-Tech Alliance Holdings on Wednesday (Mar 16), increasing its ownership of SMC to 47.5%. The sale of shares was part of an agreement by both companies signed last Jan `09 which gave Top Frontier the option to buy Q-Tech's remaining SMC shares at P70 each. The first transfer of ownership in accordance to the agreement was fulfilled April last year involving 327M shares. Q-Tech Alliance Holdings is owned by Roberto Ongpin who is also a shareholder of Top Frontier. SMC on the other hand owns 49% of Top Frontier Holdings.

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EDC declared P0.16/share dividend (EDC; P6.20)

- Energy Development Corp. declared cash dividends of P0.16 per share with an ex-date of March 24. This represents a dividend yield of 2.6%. EDC shares closed at P6.20 (+0.3%) on high volume amounting to P535M.

Nymex Crude 1-Yr Price Chart



Source: Bloomberg