



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

30 Mar 2011

## MORNING NOTES

### PSEi performance

PSEi Index 29 Mar 2011:	3,907.23	- 6.75
Value T/O, net	Php 2,158 million	
52-week High	4,413.42	
Low	3,073.71	
Foreign Buying:	Php 1,298 million	
Foreign Selling:	Php 1,399 million	

### Regional performance

Dow Jones	: 12,279.01	+ 81.13
FTSE 100	: 5,932.17	+ 27.68
Nikkei 225	: 9,459.08	- 19.45

### Trading snapshot

Index Movers	Points
Meralco	-5.10
SM Investments Corp.	-4.22
Globe Telecom	+4.05
Metro Pacific Investments	-3.77
Banco De Oro	+3.25

Index Out-performers	Up
Globe Telecom	7.03%
Banco De Oro	2.20%
DMCI Holdings	1.86%
First Philippine Holdings	1.50%
Metrobank	1.11%

Index Under-performers	Down
Metro Pacific Investments	4.45%
Meralco	4.42%
Megaworld	2.86%
Robinsons Land Corp.	2.04%
SM Investments Corp.	1.73%

### Calendar

Mar 31	Q4 '11 NG External Debt
Mar 31	COL. ASM
Apr 04	TA/PSB ASM
Apr 05	Mar '11 Inflation, CPI; Feb '11 PPS

### Wealth Securities, Inc.

2103 East Tower, PSE Center, Exchange Road,  
Ortigas Center, Pasig City 1600  
Telephone: 02.634.5038  
Facsimile: 02.634.5043

## HEADLINES

### US stocks gain but cautious investors keep volume low

■ The energy sector lifted US stocks on Tuesday (Mar 29) as investors strengthen stock positions following a recent rally but investor sentiments are still affected by overseas crises. Volume was however still low at just 6.2B shares traded, the year's second lowest following Monday's year low. US oil rose 0.8% nearing US\$105 a barrel prompting investors to buy oil services stocks. Rowan Cos Inc. shares rose 5.2% to US\$43.46 after reporting it is bidding on oil drilling opportunities in Saudi Arabia. Home Depot closed higher at US\$37.70 (+2.9%) after reporting that it would buy back US\$1B worth of shares. Amazon on the other hand jumped 3.1% to US\$174.62 after unveiling its Cloud Service that would allow users to store and stream music online. Cisco Systems shares also rose 1.8% after reporting plans to improve its cloud computing services by buying newScale Inc.

### BSP says inflation to exceed 5%

■ The BSP expects inflation to pass 5% in the coming months, peaking in the second and third quarters of the year. The BSP also thinks that inflation will likely exceed targets in some months but the average for the year will still be within the 3-5% target. This will likely prompt more monetary policy changes but the BSP believes that if it can be dealt with early, changes can be gradual so as not to upset economic growth. BSP recently raised key policy rates by 25 basis points to 4.25% for overnight borrowing or RRP, and 6.25% for overnight lending or RP.

### PLDT to acquire Digital for P69.2B (TEL; P2,036)

■ TEL and JGS disclosed that they have agreed to an exchange of stake. TEL will acquire from JGS the ff.:

- 3.3B shares of DGTL amounting to 51.55% of outstanding DGTL Shares
- Convertible bonds issued by DGTL to JGS, which would amount to 18.6B DGTL shares by June 30, 2011
- Intercompany advances worth P34.1B made by JGS to DGTL

■ TEL will pay P1.60 per share for (a) and (b). Total consideration for the transaction would therefore be P69.2B, which the acquirer would settle by the issuance of 1 new TEL share for every P2,500 of the transaction consideration. TEL also disclosed its intention to conduct a tender offer of P1.60 per share to the minority shareholders of 3.1B shares of DGTL, which may be paid through issuance of TEL shares at P2,500 or cash. If all minority shareholders accept the tender offer, TEL will be issuing 29.6B new shares, equivalent to 13.7% of its enlarged issued share capital. A 1-hour trading halt will be implemented today for TEL (from 9:00am to 10:00am), similar to the voluntary trading halts that were implemented for JGS and DGTL yesterday.

■ *TEL and JGS both stand to benefit from the acquisition. TEL can look forward to having less intense price wars with one less competitor around. JGS will exchange its ownership of DGTL for a stake in a bigger and more profitable company.*

## Please Read!

This document was prepared by Wealth Securities, Inc. (WSI) for information purposes only. It is not to be considered as an offer to sell, or as a solicitation of an offer to buy. Although reasonable care has been taken to ensure that the information contained therein is accurate and complete, WSI makes no representation as to its accuracy or completeness. No liability is accepted for any loss arising from the reliance on this information. This document cannot be reproduced in whole or in part by the recipient or another person, nor should it be redistributed by the person or the company to whom it was first addressed. All recipients are urged to make their own assessment as to the accuracy of the information contained herein. All information/opinion is subject to change without prior notice.

**SECB to issue cash dividends (SECB; P82.45)**

- SECB announced a semestral cash dividend of P0.50 per share and a special cash dividend of P0.50 per share. Record and payment dates will be fixed upon approval of the dividend declaration by the Bangko Sentral ng Pilipinas.

**PDS 1-Year Tenor Yield: 12-month period**



Source: Philippine Dealing and Exchange Corp