



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 05 May 2011:	4,248.68	- 49.53
Value T/O, net	Php 6,007 million	
52-week High	4,413.42	
Low	3,073.71	
Foreign Buying:	Php18,357 million	
Foreign Selling:	Php 5,963 million	

### Regional performance

Dow Jones	: 12,584.17	- 139.41
FTSE 100	: 5,919.98	- 64.09
Nikkei 225	: 10,004.20	+ 154.46

### Trading snapshot

Index Movers	Points
PLDT	-10.36
Aboitiz Equity Ventures	-5.58
Jollibee Foods Corp.	-4.40
Aboitiz Power Corp.	-4.31
Energy Development Corp.	-3.15

Index Out-performers	Up
Lepanto Mining B	5.41%
Lepanto Mining A	4.35%
Banco De Oro	1.26%
Lepanto Mining B	0.41%
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Index Under-performers	Down
Jollibee Foods Corp.	4.18%
Megaworld Corp.	3.48%
First Philippine Holdings	3.41%
Aboitiz Power Corp.	2.90%
Globe Telecom	2.74%

### Calendar

May 6	AEV, AP, FLI 1Q`11 results briefing
May 6	Mar `11 Producer Price Survey
May 9	FLI 1Q`11 results briefing
May 10	Mar `11 Merchandise Export Perf.

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## HEADLINES

### US stocks fall as falling commodity prices spur selloff

- US stocks fell for the fourth straight day on Thursday (May 05) as falling commodity prices trigger a selloff of US stocks. All three major indices are down for the day with the Dow falling 1.1%, the S&P falling 0.91% and the Nasdaq falling .48%. The CBOE volatility index jumped 6.6% higher as investors cut their positions to protect their equities exposure. Brent crude futures dropped 8.6% to US\$110.80 a barrel, the biggest one day drop ever; while US oil closed 9% lower at below US\$100 a barrel. Volume was high at 9.26B shares traded within the day. Poor economic news also spurred negative sentiment on the market as higher jobless claims for the month led analysts to believe that the economy's recovery is losing its momentum.

### April inflation at 4.5%, follow-up rate increase announced

- The Philippines's monetary board has announced a 25 basis point adjustment in key policy rates after the BSP announced that inflation in April increased to 4.5%. The 25 basis point increase in rates brings BSP's overnight borrowing and lending rates to 4.5% and 6.5% respectively. The inflation is still within the BSP's target for the month of 3.7-4.7% albeit on the high side. Core inflation, which excludes high volatility items, was also up to 3.8% last month from 3.5% in March. The BSP said that the high inflation number in April is mainly due to higher prices in transportation and transport services and fuel as prices of petroleum products rose within the month.

### UBP net profit at P708.3M for 1Q`11, -17% YoY (UBP; P60.5)

- UBP disclosed that its 1Q2011 amounted to P708.3M (-17% YOY). Trading Income amounted to P187.0M (-13% YOY), while Net Interest Income was relatively flat at P1,763.1M (+3% YOY). Operating Expenses increased to P1,945.7M (+35%), driven mainly by an increase in operating expenses of a subsidiary but covered with a corresponding increase in Other Income. Despite this, Net Revenues increased only to P2,955.4M (+16%), as the marginal increase in Net Interest Income was not able to offset the shortfall in Trading and FX Gains.
- As expected, banks will be facing a difficult year as trading gains this year will be muted. This is more prevalent for a bank like UBP, whose Trading Income last year accounted for > 20% of its Net Revenues. The challenge for UBP, as with other banks, is to grow their lending portfolio so that Net Interest Income can compensate for muted trading gains for the next 1-2 years.

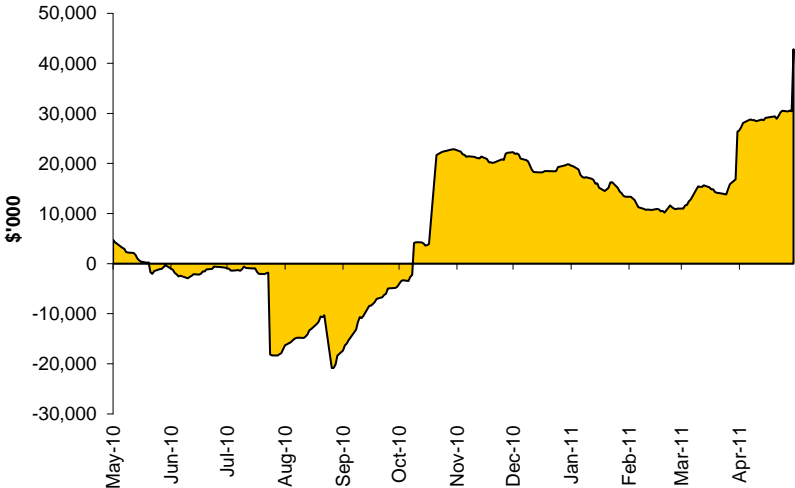
### China Bank net income at P867.0M for 1Q`11, -18% YoY (CHIB; P439.8)

- CHIB reported that its 1Q2011 amounted to P867.0M (-18% YOY). The decline was due to a 1.6% decline in Net Interest Income after Provisions and lower trading gains. CHIB also previously disclosed that it will be paying P12 per share in dividends and a 10% stock dividend.

## Please Read!

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



Source: Technistock