



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

16 May 2011

MORNING NOTES

PSEi performance

PSEi Index 13 May 2011:	4,292.11	- 19.90
Value T/O, net	Php 3,504 million	
52-week High	4,413.42	
Low	3,073.71	
Foreign Buying:	Php 1,864 million	
Foreign Selling:	Php 1,850 million	

Regional performance

Dow Jones	: 12,595.75	- 100.17
FTSE 100	: 5,925.87	- 19.09
Nikkei 225	: 9,648.77	- 67.88

Trading snapshot

Index Movers	Points
Ayala Land Inc.	-8.06
Bank of the Philippine Islands	-5.62
Lepanto Mining B	-4.89
Lepanto Mining A	-4.27
Aboitiz Equity Ventures	+3.56

Index Out-performers	Up
Filinvest Land Inc.	1.64%
Robinsons Land Inc.	1.41%
Aboitiz Equity Ventures	1.32%
Manila Water Company	1.22%
Universal Robina Corp.	1.15%

Index Under-performers	Down
Lepanto Mining B	12.77%
Lepanto Mining A	7.95%
Ayala Land Inc.	2.86%
Bank of the Philippine Islands	2.05%
JG Summit Holdings	1.79%

Calendar

May 16	AP, ANI, AEV ASM
May 16	GMA 1Q`11 results briefing
May 17	AMC ASM
May 17	VLL 1Q`11 results briefing

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 retreat as investors worry that pullback is imminent

■ US stocks closed lower on Friday (May 13), ending a second week of losses, as investors worry that a pullback of stock prices is imminent. All three major indices fell with the Nasdaq falling 1.2% and the Dow and the S&P each closed 0.8% lower. Concerns over the end of QE2, rising dollar, slowing economic growth worldwide, and an expanding European debt crisis spurred negative investors' sentiment – triggering a selloff of commodities and stocks. The finance sector performed worst during the past week with Bank of America and JPMorgan dropping 2% each on Friday. Energy stocks also performed poorly with Exxon Mobil down 8% so far this month. S&P's energy index was also down 1.4% for the week, and down 8% so far this month. Tech stocks also fell on Friday as Yahoo shares dropped 3.6% after announcing that Alibaba, which Yahoo is a stakeholder of, restructured Alipay without the latter's knowledge. The VIX volatility index also continued its uptrend suggesting more instability in stock prices to come.

Metrobank posts net income of P3.1B for 1Q`11 (+21YoY) (MBT; P67.65)

■ MBT reported that its Consolidated Net Income for 1Q2011 reached P3.1B (+21% YOY). Earnings growth was supported by Net Interest Income, which increased to P7.3B (+13% YOY) driven by the increases in Total Assets to P957.3B (+15% YOY) and Net Loans to P387.7B (+15% YOY). Operating expenses were also kept in check, as they only increased to P7.0B (+1% YOY). All these helped offset the decline in Trading and FX Gains to P1.3B (-32% YOY). NPL Ratio likewise improved to 2.9% while NPL Cover increased to P90.8%.

■ *As the 1Q2011 results of MBT and other local banks have shown, Trading Gains will be muted this year as banks deal with a rising interest rate environment. In this light, we view MBT's results positively as it managed to grow its Net Income through higher Net Interest Income driven by loan growth and proper expense management. MBT's 1Q2011 will show a derived ROE of 12.9%, higher than our estimate of 10.7% for FY2011.*

■ *As stated in our Wealth Vault report on MBT, loan growth will be the primary driver of MBT's earnings growth, moving forward. If this growth momentum is sustained, MBT will be on-track to deliver its best performance in terms of Net Income and ROE in recent years.*

Megaworld net income up 21% YoY to P1.3B for 1Q`11 (MEG; P2.16)

■ MEG announced that its 1Q2011 Net Income amounted to P1.3B (+12%), driven by strong residential real estate sales and BPO office rentals. Consolidated revenues amounted to P5.7B (+23%). MEG maintains a strong cash position, with cash and cash equivalents equal to P23.2B, in order to fund future projects and developments.

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.

First Gen posts attributable net income of US\$16.1M for 1Q `11 (-55% YoY)

- First Gen disclosed on Friday that its attributable net income for 1Q `11 amounted to US\$16.1M, dropping sharply by 55% from the same period in 2010 while consolidated revenues fell 10% to US\$314.1M. FGEN attributes the lower earnings to lower contributions from EDC and First Gen Hydro Power Corporation. EDC contributed US\$9.6M for the year's first quarter, considerably lower than the US\$21.4M recorded in 1Q `10 due to the suspension of steam sales to the NPC and the ongoing rehabilitation of its steam fields. FG Hydro also contributed lower due to lower water inflow and cooler weather.

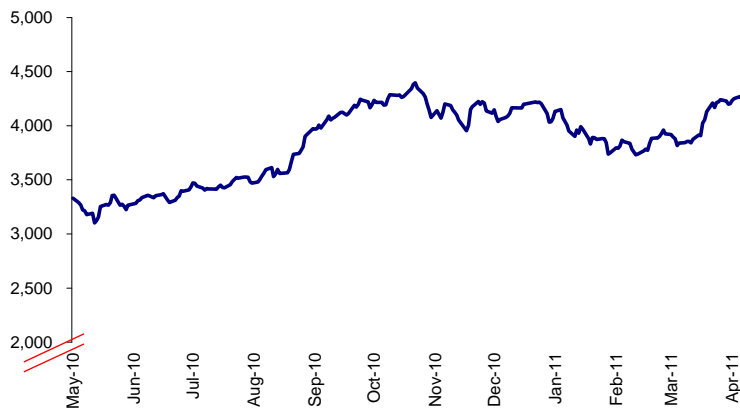
EDC net income down 64% YoY for 1Q `11 to P1.45B (EDC; P6.65)

- Energy Development Corp. reported that net income for 1Q `11 amounted to P1.45B, 61.4% lower than the same period in 2010, while core net income amounted to P1.23B (-61% YoY). EDC said that the interim drop in performance was as expected "due to forgone steam sales for their Bacman Project following the acquisition of the power plants in September 2010 and increased core costs related to (the) acquisition." EDC also said that higher operating expenses also contributed to the drop as the company incurred costs in rehabilitating their power plants to bring them back to their rated capacities.

Ayala Corp. nets P2.45B for 1Q `11, +16% YoY (AC; P386.6)

- Ayala Corp disclosed on Friday that net income for 1Q `11 grew by 16% to P2.45B. Ayala attributes the strong results from growth in its banking, telecom, and water distribution units. Ayala Land Inc.'s net income also grew 36% higher to P1.6B for the same period. BPI also reported an increase of 4% in its profits while Globe telecom posted a 1% increase in profits. Manila Water Co. however posted a drop of 3% in YoY profits.

PSEi : 1-Year Price Chart



Source: Philippine Stock Exchange