



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 02 Jun 2011:	4,324.98 + 38.52
Value T/O, net	Php 3,345 million
52-week High	4,413.42
Low	3,073.71
Foreign Buying:	Php 1,790 million
Foreign Selling:	Php 1,688 million

### Regional performance

Dow Jones	: 12,248.55	- 41.59
FTSE 100	: 5,847.92	- 80.69
Nikkei 225	: 9,555.04	- 164.57

### Trading snapshot

Index Movers	Points
Aboitiz Equity Ventures	+14.95
Meralco	+8.91
SM Investments Corp.	+7.46
PLDT	-7.18
Alliance Global Inc.	-3.45

Index Out-performers	Up
Meralco	7.52%
Lepanto Mining A	5.56%
Aboitiz Equity Ventures	5.41%
Leapnto Mining B	5.10%
Philex Mining	3.42%

Index Under-performers	Down
Alliance Global Inc.	2.81%
Universal Robina Corp.	1.82%
Filinvest Land	1.61%
Megaworld Corp.	1.40%
PLDT	1.16%

### Calendar

Jun 04	May `11 Frgn. Int.Rates, US Rates
Jun 07	May `11 CPI, GIR
Jun 07	SMC ASM
Jun 08	KEP, KPHB ASM

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## HEADLINES

### US stocks end mixed after weak sales and job reports

US stocks ended mixed on Thursday (Jun 2) after reports of weak sales from retailers and a large number of unemployment claims suggest that the economy is slowing down. The Dow and the S&P were off slightly by 0.3% and 0.1% respectively while the Nasdaq was up 0.2% in a volatile day of trading. Financial stocks dragged the market downward after Goldman Sachs Group received a subpoena from New York prosecutors seeking information on their role in the global financial crisis. Financial stocks however had already relatively stabilized after falling heavily on the previous session's heavy selloff. Stocks related to education rallied after reports that US officials are relaxing their rules that might have squeezed profits off colleges. DeVry Inc and Apollo Group Inc. soared 14.6% and 11.1% respectively. The government's monthly employment report will be released on Friday (Jun 3) are expected by analysts and investors to dictate the course of the next few trading sessions.

### Security Bank to purchase 98% of Premiere Bank (SECB; P92.7)

SECB disclosed that it will purchase 98% of Premiere Development Bank ("Premiere") for P1.3B. As of Dec. 2010, Premiere had P5.5B in Assets, P2.8B in Net Loans, P4.5B in Deposits and P823M in Equity. Premiere has 38 branches, 21 of which are in the NCR. The acquisition will be paid for in cash.

SECB will be purchasing Premiere for ~1.6x 2010 PBV, equal to SECB's trailing 2010 PBV. We believe that this is a fair price to pay, considering that Premiere is not a distressed bank. Though the acquisition may seem small in boosting SECB's Asset size, it will increase SECB's branches by 29%. A bigger distribution network will allow SECB to grow faster, as the additional branches will increase SECB's deposit-generation capabilities in order to support asset growth. More importantly, this addresses concerns that SECB has not been as active in pursuing M&A opportunities in order to grow faster.

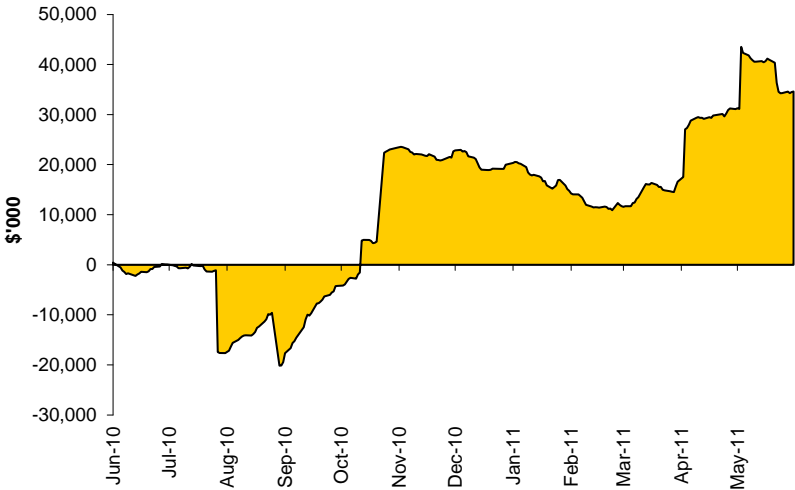
### Aboitiz Power set to start full operation of Benguet hydro power plant in 3Q'11

Aboitiz Power announced that its rehabilitated hydroelectric power plant in Benguet will start to generate 105mW of power by the third quarter of the year. As of June 1, the plant is only generating 35mW of power and is operated by SN Aboitiz Power-Benguet, a joint venture between Norway based SN Power and Aboitiz Power Corp. The Ambuklao unit 3, together with the nearby Binga plant was bought by the company from the government for US\$280M in November 2007. The company had since spent US\$170M to rehabilitate the plant. The company also added that it is eyeing expansion on the Magat hydroelectric plant in Isabela.

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



Source: Technistock