



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

06 Jul 2011

## MORNING NOTES

### PSEi performance

PSEi Index 05 Jul 2011:	4,439.61 + 18.05
Value T/O, net	Php 4,813 million
52-week High	4,464.23
Low	3,281.38
Foreign Buying:	Php 2,975 million
Foreign Selling:	Php 2,521 million

### Regional performance

Dow Jones	: 12,569.90	- 12.90
FTSE 100	: 6,024.03	+ 6.49
Nikkei 225	: 9,972.46	+ 7.37

### Trading snapshot

Index Movers	Points
SM Investments Corp.	8.44
Metro Pacific Investments	3.28
Universal Robina Corp.	3.03
Philex Mining	2.56
Ayala Land	2.35

Index Out-performers	Up
Universal Robina Corp.	3.49%
Metro Pacific Investments	3.19%
SM Investments Corp.	3.09%
Security Bank	1.94%
JG Summit Holdings	1.51%

Index Under-performers	Down
Robinson Land Corp.	3.12%
Philex Mining	2.41%
Jollibee Foods Corp.	2.28%
Lepanto Mining B	1.92%
ABS-CBN	1.23%

### Calendar

Jul 06	May `11 Producer Price Survey
Jul 07	ALHI, ORE, JGS ASM
Jul 07	Jun `11 GIR
Jul 08	FPI, PWR ASM

### 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 end flat as the market pauses to look for direction

US stocks ended generally flat on Tuesday (Jul 4) as investors pause to look for a direction after a week-long surge in the market. The Nasdaq was up 0.4% while the Dow and the S&P were each off by roughly 0.1%. Moody's downgraded Portugal during trading, causing stocks to dip slightly in the afternoon. Moody's said that Portugal might not be able to meet targets in reducing its debt due to challenges in cutting its spending. Concerns that Europe's debt crisis might spread beyond Greece had been worrying investors and analysts. This, coupled with some concerns of the global economy's state, might serve as headwinds for the market in the coming days. Trading volume was low yesterday however suggesting investors still have confidence of a continuation of the rally despite the slowdown. In company news, Netflix rose 8.1% after announcing that it plans to expand its video streaming services to Latin America and the Caribbean. Chevron Corp. rose 1% after oil prices surged US\$1.95 to US\$96.89.

### Inflation hits 2-year high at 5.2% based on new 2006-CPI series for June

The NSO reported that inflation for June was at 5.2% using the new 2006-CPI series and at 4.6% using the older 2000-CPI series. Despite the two year high inflation numbers, the BSP remains optimistic as the figures are still well within their target of 4.6-5.5%. Core inflation using the 2000-CPI series was at 4.0% compared to 3.7% in May. The BSP cites higher electricity, gas and other fuels as the main reason for the high numbers in June. Weather disturbances last month also added to price pressures as prices of rice, meat, fish, fruits, vegetables and other food products shot up during the month. Tuition hikes, higher prices of clothing and footwear which usually happens during the pre-opening of classes were also cited as contributors to the high inflation numbers.

### Higher shipments of nickel seen – Mines and Geosciences Bureau

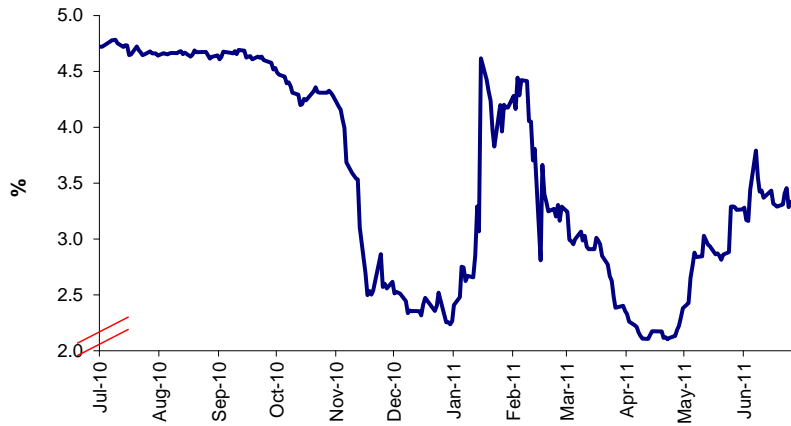
THE PHILIPPINES has a strong potential to increase its nickel exports to China, as an initial study showed high-iron, low-nickel laterite ores produced locally can be converted into marketable iron products, the Mines and Geosciences Bureau (MGB) said. The MGB has forecast the country's nickel concentrate production this year to rise 19% from a year earlier to 23,000 tons worth P15.3 billion. Nickel direct shipping ore is projected to increase 55% to 20.45 million dry metric tons valued at P23.3 billion this year, MGB said. In the first quarter, nickel concentrate output fell 1% from a year earlier to 9,606 dry metric tons, but its value rose 34% to P2.86 billion. The Philippines expects the value of its metals output this year to increase by 24% to a record P137.6 billion, as higher world prices drive miners to produce more. Nickel Asia Corp., the country's largest nickel miner partly owned by Japan's Sumitomo Metal Mining Co. Ltd., said last month that the region was running low on high-grade lateritic nickel ore, fueling higher demand for medium- to low-grade ores that are available in the Philippines

## 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.

- This underscores our belief that demand from China will remain strong and, as a result, be supportive of world nickel prices. NIKL is projected to account for about half of the country's direct shipping output, or about 10M tons. Also, note that NIKL's mines have a high percentage of high grade laterite ore, which is very much in demand. As such, we think that the recent weakness in world nickel prices which caused NIKL's stock price to drop created an opportunity to accumulate NIKL. We reiterate our BUY rating.

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



Source: Philippine Dealing and Exchange Corp