



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

07 Jul 2011

## MORNING NOTES

### PSEi performance

PSEi Index 06 Jul 2011:	4,398.75	- 40.86
Value T/O, net	Php 3,027 million	
52-week High	4,464.23	
Low	3,281.38	
Foreign Buying:	Php 1,902 million	
Foreign Selling:	Php 1,598 million	

### Regional performance

Dow Jones	: 12,626.00	+ 56.15
FTSE 100	: 6,002.92	- 21.11
Nikkei 225	: 10,082.50	+ 110.02

### Trading snapshot

Index Movers	Points
SM Investments Corp.	- 7.45
PLDT	-5.63
Banco De Oro	-3.74
Ayala Land Inc.	-3.35
Bank of the Philippine Islands	-3.27

Index Out-performers	Up
Globe Telecom	1.69%
Universal Robina Corp.	1.35%
ABS-CBN	1.13%
Lepanto Mining B	0.98%
ICTSI	0.27%

Index Under-performers	Down
SM Investments Corp.	2.64%
Banco De Oro	2.19%
Lepanto Mining A	2.17%
Metro Pacific Investments	2.06%
Ayala Corp.	1.64%

### Calendar

Jul 07	ALHI, ORE, JGS ASM
Jul 07	Jun `11 GIR
Jul 08	FPI, PWR ASM
Jul 08	Jun `11 Rediscount Rate

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## HEADLINES

### US stocks gain slightly despite weak service sector report

US stocks managed to ease in slight gains on Wednesday (Jul 06) despite reports of lower growth in the service sector. All three major indices ended green with the Nasdaq, on seven day run, gained 0.3%, while the Dow and the S&P rose 0.5% and 0.1% respectively. The Institute for Supply Management reported that growth in service providers slowed in June while financial companies and health care companies also reported weak results. These, coupled with the downgrade of Portugal bonds to junk status, limited broader gains on the market. The transportation sector on the other hand was able to keep the indices afloat with Con-Way and GM gaining 5.7% and 1% respectively. The transport sector is regarded by some as a good indication of economic activity as strong shipments signal more demand for goods.

### NIKL 1H'11 shipments up 70% as PAMCO resumes operation (NIKL; P19.7)

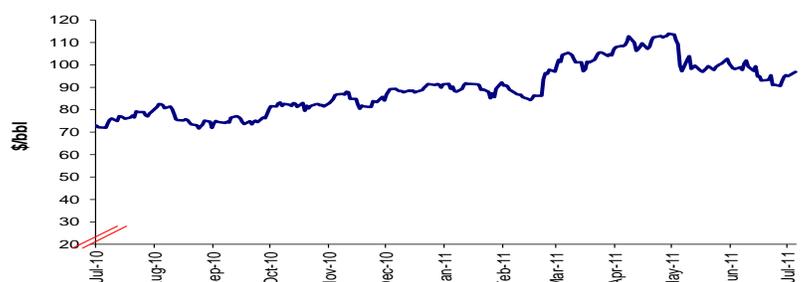
In a disclosure yesterday, NIKL said that the estimated value of nickel ore shipments was up by 70% YoY to Php 5.1B due to continuing good demand as well as higher nickel prices. Volume itself was up 24% YoY. The estimated price for contained nickel sold amounted to \$11.42/pound vs. \$9.18/pound last year. The company also disclosed that production at the ferronickel plant of one of its biggest customers, Pacific Metals Co. (PAMCO), has returned to normal. While the plant was damaged in the Japan earthquake last March, it was able to take shipments from NIKL as of last month.

With NIKL entering its production cycle of July-November, we expect the 2H11 to have stronger numbers than reported 1H11 results. While realized nickel price is slightly below our assumption, we expect volume growth to offset this. We reiterate our BUY rating on NIKL.

### Megawide to issue P3B worth of fixed rate corporate notes (MWIDE; P10.5)

Megawide Construction Corp. announced that its board has approved the issuance of P3B worth of fixed rate corporate notes of which, and initial P1B will be drawn down to replace existing/maturing obligations. The company, which SMDC accounts for 70% of its projects, has tapped Banco De Oro Unibank for the transaction. So far, Megawide is expecting a capital expenditures of P2.02B this year and would use up the P1B initial tranche of the said notes this year.

### Nymex Crude 1-Yr Price Chart



Source: Bloomberg

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