



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 18 Jul 2011:	4,476.01 + 17.27
Value T/O, net	Php 4,158 million
52-week High	4,476.01
Low	3,281.38
Foreign Buying:	Php 2,157 million
Foreign Selling:	Php 2,381 million

### Regional performance

Dow Jones	: 12,385.20	- 94.57
FTSE 100	: 5,752.81	- 90.85
Nikkei 225	: 9,974.47	+ 38.35

### Trading snapshot

Index Movers	Points
PLDT	+7.68
Banco De Oro	+5.98
Aboitiz Power Corp.	+3.79
Metrobank	-2.92
Bank of the Philippine Islands	+2.34

Index Out-performers	Up
Banco De Oro	3.51%
Aboitiz Power Corp.	2.52%
First Philippine Holdings	1.31%
PLDT	1.27%
Bank of the Philippine Islands	0.85%

Index Under-performers	Down
Metrobank	1.32%
Metro Pacific Investments Corp.	1.11%
ICTSI	1.05%
Philex Mining	0.57%
SM Investments Corp.	0.46%

### Calendar

Jul 20	Jun '11 BOP Position, final GIR, NIR
Jul 21	SVN ASM
Jul 22	WPI ASM
Jul 25	EG ASM

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## HEADLINES

### US stocks fall as banks decline on US, EU debt concerns

■ US stocks fell on Monday (Jul 18) as the impasse in US debt and the results in EU banks stress test raised concerns. All three major indices suffered losses with the Nasdaq falling 0.9%, while the S&P and the Dow closed roughly 0.8% each. Results of the European banks stress tests released last week suggested that EU banks are generally soft and vulnerable. Eight banks failed the test which aimed to measure how well banks will cope with additional stresses that may arise. The EU situation, coupled with the risks of US downgrade from rating firms put selling pressure on the market. Financials were among the worst hit yesterday with Bank of America hitting a 52-week low of US\$9.72 after falling 2.8%. Citigroup lost 1.7% to close at US\$37.74. On earnings, Halliburton reported an increase of 54% in profits sending its stocks to soar 4%. IBM gained 2.4% after the bell after reporting an 8% jump in profits.

### Morgan Stanley buys into Metro Pacific Investments Corp. (MPI; P3.55)

■ Morgan Stanley, an American investment banking firm, has built up a 6.5% holding in MPI through the ownership of 1,442,877,000 shares. About 717.7 million shares were bought at PhP 3.59/share over a 2-month period from May 11 to July 8, 2011. Bulk of these were acquired through a block sale on July 8 at a price of PhP 3.60/share.

■ *We think that this signifies Morgan Stanley's confidence in the long term prospects of MPI. Moreover, we think that this actually provides stability to the stock's price since new investors would be entering at the same price as the investment bank. We think that the sell-off in the aftermath of the share placement was overdone considering that the equity fundraising by MPI is already expected by the investing public. MPI has expressed interest in bidding for a number of infrastructure projects, hence the need for debt and equity issuances. As such, cash raised from this exercise will be channeled towards the growth of MPI, which in turn will increase shareholder value.*

### PLDT files motion of reconsideration over SC ruling on foreign ownership

■ Manny Pangilinan, PLDT Chairman, as well as Napoleon Nazareno, PLDT's President and CEO, have filed a motion for reconsideration over the Supreme Court's recent decision over the company's compliance with the constitutional limit on foreign ownership. The SEC itself is likewise preparing to enforce the Supreme Court's interpretation of foreign ownership limits. The SEC said that it expects to have a "curing period" where companies in breach will be given time to correct the excess foreign ownership.

■ *We think that the SEC's decision to give time for companies to comply with the Supreme Court's ruling will serve to allay fears of both foreign and local investors since the issue is not difficult to resolve. In the case of PLDT, it is already planning to issue 150 million voting and redeemable preferred shares with a PhP 1 par value in order to comply with the Supreme Court's recent ruling.*

## Please Read!

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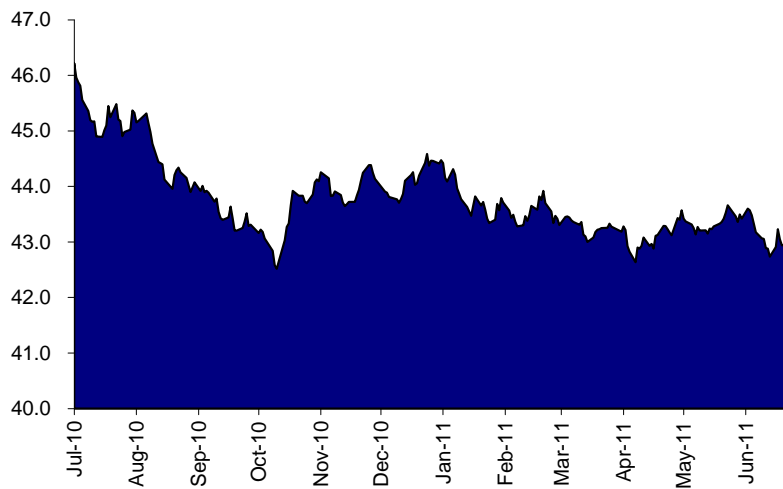
**SMC to broaden investments in energy sector (SMC; P128.6)**

- SMC confirmed reports that it is currently looking into opportunities to enter oil exploration and natural gas industries in the country. The company expects to participate in the Philippine Energy Contracting Round 4 which bids out development of 15 oil and gas projects including the construction of the Batangas-Manila natural gas pipeline.

**OFW remittances up 6.2% despite Arab unrest, Japan crisis**

- The BSP reported that remittances of OFWs for the first five months of the year reached US\$7.9B, representing a year on year expansion of 6.2%. For the month of May alone, remittances grew 6.9% YoY reaching US\$1.7B. Overseas hiring remain strong as reported by the POEA offsetting recent job losses from social unrests in MENA and the earthquake in Japan. The POEA expects more job opportunities for Filipinos abroad as job orders for January to June alone this year reached 330,498.

**Php versus US\$ : 1-Year Price Chart**



Source: Philippine Dealing and Exchange Corp.