



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

21 Jul 2011

## MORNING NOTES

### 1 HEADLINES

#### PSEi performance

PSEi Index 20 Jul 2011:	4,507.04 + 21.39
Value T/O, net	Php 5,102 million
52-week High	4,515.57
Low	3,371.10
Foreign Buying:	Php 2,206 million
Foreign Selling:	Php 2,084 million

#### Regional performance

Dow Jones	: 12,571.90	- 15.51
FTSE 100	: 5,853.82	+ 63.83
Nikkei 225	: 10,005.90	+ 116.18

#### Trading snapshot

Index Movers	Points
Banco De Oro	+5.83
Lepanto Mining B	+3.26
ICTSI	+2.50
Lepanto Mining A	+2.44
Globe Telecom	+1.83

Index Out-performers	Up
Lepanto Mining B	6.45%
Lepanto Mining A	3.45%
Banco De Oro	3.31%
Globe Telecom	2.48%
ICTSI	1.75%

Index Under-performers	Down
First Gen Corp	0.39%
Philex Mining	0.37%
SM Prime Holdings	0.34%
Metrobank	0.25%
Jollibee	0.23%

#### Calendar

Jul 21	SVN ASM
Jul 22	WPI ASM
Jul 25	EG ASM
Jul 26	CEU ASM

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#### US stocks close relatively flat as US debt deals remain elusive

- US stocks close relatively flat on Wednesday (Jul 20) as investors wait for a definitive solution to the debt problem. All three major indices closed slightly red with the Nasdaq, Dow and the S&P falling 0.43%, 0.12%, and 0.07% respectively. Progress continues to be made towards a deal in the US debt ceiling although the issue continues to be a headwind for the market. In the EU scene, European officials are set to meet Thursday in an emergency summit in lieu of the results of the EU banks stress test. On specific companies, Apple continued its rise, gaining 2.7%, as its strong earnings push the stock higher. Clorox rose 2.4% after Carl Icahn raised his bid on the company.

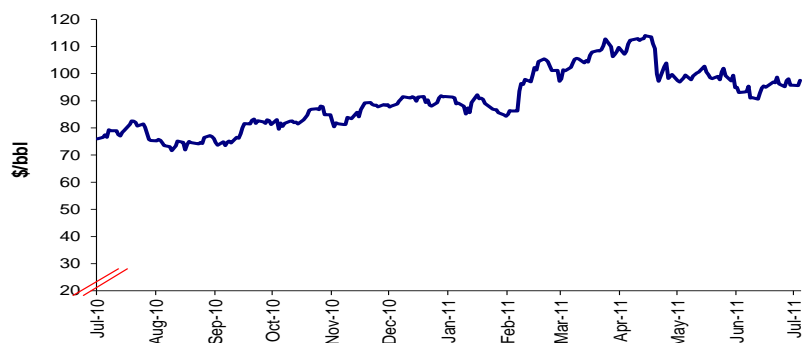
#### Philippine banks' CAR above regulation, international standards

- The BSP reported yesterday that capital adequacy ratio (CAR) of Philippine banks continue to exceed BSP's minimum ratio of 10% as of end December 2010. The Philippines' banking system registered 16.04% in CAR on a solo basis and 16.97% on a consolidated basis. Tier 1 capital ratios also remained high at 13.64% on a solo basis and 13.69% on a consolidated basis.
- This confirms our view that the that Philippine banks are relatively healthier compared to their foreign counterparts. Moreover, this will give banks a springboard to grow their assets, particularly loans, in line with the growth of the Philippine economy.*

#### SEC approves PX property dividend (PX; P27)

- Last May 25, 2011, Philex declared a property dividend composed of PhP 0.052/share and 1 Philex Petroleum Corporation (PPC) share for every 8 PX shares owned. However, pending SEC approval, no payment date was set. Just yesterday, the SEC approved the property dividend, paving the way for issuance of the PPC shares to entitled shareholders.
- As we mentioned in a previous report on PX, this will allow the company to maintain a pure mining portfolio while allowing its oil assets to grow outside the company. Within a year, we can expect PPC to raise money through a public offering.*

#### Nymex Crude 1-Yr Price Chart



Source: Bloomberg

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