



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 22 Jul 2011:	4,478.36	- 1.65
Value T/O, net	Php 3,742 million	
52-week High	4,515.57	
Low	3,371.10	
Foreign Buying:	Php 3,173 million	
Foreign Selling:	Php 1,281 million	

### Regional performance

Dow Jones	: 12,681.20	- 43.25
FTSE 100	: 5,935.02	+ 35.13
Nikkei 225	: 10,132.10	+ 121.72

### Trading snapshot

Index Movers	Points
ICTSI	-7.10
Banco De Oro	+6.12
Philex Mining	-5.54
Ayala Land Inc.	+4.68
Metrobank	-4.29

Index Out-performers	Up
Banco De Oro	3.39%
Megaworld	2.94%
Filinvest Land Inc.	2.44%
Globe Telecom	1.91%
Aboitiz Power	1.90%

Index Under-performers	Down
Philex Mining.	5.07%
ICTSI	4.89%
Metrobank	1.98%
JG Summit Holdings	1.89%
Lepanto Mining A	1.74%

### Calendar

Jul 25	EG ASM
Jul 26	CEU ASM
Jul 26	May `11 External Trade Perf., MISSI
Jul 27	DMC, MIC ASM

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## HEADLINES

### US stocks end mixed as investors weigh in earnings and the US debt impasse

■ US stocks ended mixed on Friday (Jul 22) as investors weighed in earnings and US debt risks. The Nasdaq and the S&P posted green, gaining 0.9% and 0.09% respectively. The Dow ended 0.3% lower however as Caterpillar Inc. dragged the index down. Caterpillar Inc. lost 5.8% Friday as disappointing results dragged the stock. Tech shares were among the gainers as investors anticipate good earnings from chipmakers. Sandisk, AMD, Microsoft and PHLX Semiconductor were among the tech gainers as strong earnings boost their stocks. McDonald's Corp likewise gained 2.3% as income reports topped estimates. GE on the other hand ended slightly lower (-0.6%) despite posting a 21.6% jump in quarterly profits. Verizon were also among the underperformers, losing 2.2%, after the company reported its earnings and appointed a new CEO.

### BSP approves resolution to update rules of the Truth in Lending Act

■ BSP Governor Amando Tetangoco Jr. said that the BSP's Monetary Board had approved a resolution in updating the rules of implanting the Truth in Lending Act to enhance loan transparency and enhance loan transparency. This prohibits the charging of markedly lower contractual interest rates that often mislead borrowers. Under the new rules, banks are required to charge interest on the outstanding balance only of a loan at the beginning of an interest period.

### AP, Meralco units sign Shareholders' Agreement with, TCIC

■ Aboitiz Power and Meralco disclosed on Friday that Therma Power, Inc (TPI) and Meralco PowerGen Corporation (MPGC) had signed a Shareholders' Agreement with Taiwan Cogeneration International Coporation (TCIC) "to formalize MPGC's participation in the construction and operation of a 600 MW independent coal-fired power plant in the Subic Bay Freeport Zone." Redondo Peninsula Energy, Inc. (RP Energy) will serve as the joint venture company of Aboitiz Power, MPGC, and TCIC. MGPC will take the controlling interest in RP energy, while TPI and TCIC will own the remaining stakes equally.

### Union Bank posts 28% growth for 1H `11 (UBP; P61.3)

■ Union Bank of the Philippines reported that net income for the first half of the year grew 28% to P2.86B YoY. Net trading gains reached P2.1B for the first half of 2011, posting an impressive growth from P747M recorded in the same period last year. Total capital likewise grew from P35.9B to P37.3B. Total resources however dropped to P235B from P252B recorded at the end of the first semester last year.

■ *With the preliminary results, we think that UBP has made some adjustments with regards to their trading and lending growth. We view these results positively and are eager to see how they have managed the Net Unrealized Losses on AFS Securities that were incurred in 1Q11.*

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**MVP group to consolidate Meralco under Beacon by 2012 (MER; P280)**

- In an interview by BusinessMirror, MPIC CFO David Nicol said that Beacon Electric is planning to acquire the remaining 6.1% Meralco stake held by PCEV. No purchase price had been set yet although the group will likely seek a financial adviser to determine the appropriate price for the acquisition. Beacon Electric, a 50:50 venture between MPIC and PCEV, already owns 38.8% of Meralco.

**VLL appoints Manuel Paolo B. Villar as new CEO (VLL; P3.36)**

- Vista Land and Lifescapes, Inc. announced on Friday the appointment of Manuel Paolo A. Villar as the company's new president and CEO. Villar, the son of Senator Manuel B. Villar, will replace Benjamarie Therese Serano who will then assume a senior executive position in Fine Holdings, the investment holding company of the Villar family.

**NTC wants mobile phone rates slashed within the year**

- National Telecommunications Commission (NTC) chief Gamaiel A. Cordoba told reporters that the agency wants lower interconnection rates to be implemented within the year. NTC proposed last month the reduction of mobile voice service to P2 per minute from the current P4 per minute. NTC likewise proposed the reduction of text messaging service to P0.25 from the current P0.35. Both voice service and text messaging services are also targeted to be reduced gradually to P1 and P0.15 respectively. Globe Telecom said in its position paper submitted to the NTC that it agrees to the price reduction of voice calls but at P0.50 higher than proposed. Digitel also agrees to the price reduction but at a less steep rate. PLDT on the other wanted negotiations with other industry players regarding interconnection rates rather than concede to a state imposed ceiling.
- *If approved, lower interconnection rates may further squeeze the margins of telcos such as PLDT, Digitel and Globe. We shall await developments on these news and how the telcos will react or adjust.*

**PSEi : 1-Year Price Chart**

Source: Philippine Stock Exchange