



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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MORNING NOTES

PSEi performance

PSEi Index 25 Jul 2011:	4,480.50	+ 2.14
Value T/O, net	Php 2,845 million	
52-week High	4,515.57	
Low	3,371.10	
Foreign Buying:	Php 1,904 million	
Foreign Selling:	Php 1,532 million	

Regional performance

Dow Jones	: 12,592.80	- 88.38
FTSE 100	: 5,925.26	- 0.16
Nikkei 225	: 10,050.00	- 82.10

Trading snapshot

Index Movers	Points
SM Investments Corp.	+2.48
Universal Robina Corp.	-2.42
Ayala Land Inc.	+2.34
ICTSI	-2.37
Aboitiz Power	+1.89

Index Out-performers	Up
Megaworld Corp.	1.43%
Aboitiz Power	1.24%
SM Investments Corp.	0.93%
Robinson Land Corp.	0.93%
Lepanto Mining A	0.88%

Index Under-performers	Down
Universal Robina Corp.	2.49%
ICTSI	1.71%
Philex Mining	1.03%
Globe Telecom	0.94%
Banco De Oro	0.88%

Calendar

Jul 26	CEU ASM
Jul 26	May `11 External Trade Perf., MISSI
Jul 27	DMC, MIC ASM
Jul 28	FJP, MHC ASM

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HEADLINES

US stocks close lower on US debt deal standoff

- US stocks declined on Monday (Jul 25) as the impasse in US debt continue to put selling pressure on stocks. All three major indices closed lower with the Dow falling 0.7% while the S&P and the Nasdaq each ended 0.6% lower. Volume was however light at just 5.94B shares traded during the session. This is well below the daily average of 7.49B suggesting that investors are trying to keep on the sidelines and are still hopeful that a favorable resolution can be made before the August 2 deadline. Healthcare, telecommunications and consumer staples were among the weakest sectors.

PNOY stresses reforms and sweeping out corruption in SONA

- In his second State Of The Nation Address yesterday, President Benigno Aquino III reiterated the need for reforms on corruption on the society as signified by the ban of "wang wang" – one of the first reforms he had made during his presidency. Among the top highlights of the almost hour long speech are the probing of corruption, strengthening the country's maritime capabilities, and the appointment of retired Supreme Court Associate Justice Conchita Carpio-Morales as the new Ombudsman. The SONA was widely viewed as positive although observers say that the speech should have been more expansive and lacks concrete plans on how to boost the country's economy.

Meralco posts 26% growth in net income for 1H `11 (MER; P278)

- Meralco reported that consolidated reported net income for the first half of the year grew 26% to P6.1B while consolidated revenue was down 2% YoY. Despite the flat revenues, consolidated core net income was at P7.8B, a 35% increase from figures recorded last year. Growth was driven by the "implementation of the tariff adjustment for the fourth regulatory year of the second regulatory period, the higher volume sold to commercial customers, and lower operating costs." If sales remain stable, the company targets a full year core net income of P14B. By this projection, the company is on track to post a 16.7% growth in core net income from the P12.2B recorded in the previous year.
- Meralco has continuously shown healthy bottom line results driven in large part by higher distribution revenues, which were up 15% YoY. This more than compensated for the decline in volumes, which were only down by -1% considering the following: (1) high base effect (+14% growth in 1H 2010), (2) the Japan quake which caused temporary disruption in the electronics and automotive industries, and (3) the much cooler temperature caused by early monsoon rains. Longer-term, we believe that the next growth driver for MER will come from the generation business. The company's initial venture in power generation is the 2x300MW coal-fired plant in Subic. Phase I is expected to be completed in 4Q 14.*

Please Read!

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Security Bank receives credit rating upgrade from CI (SECB; P107.2)

- Security Bank disclosed yesterday that the bank received a credit rating upgrade from international rating agency Capital Intelligence (CI). CI upgraded the bank's Long-term Foreign Currency rating to "BB" from "BB-". CI also affirmed their "B" rating on SECB's Short-term Foreign Currency rating while maintaining a "BBB-" Financial Strength rating on the bank. "Outlooks for all other ratings are deemed "stable" by the credit rating agency."

MEG to develop P25B BPO office complex in Fort Bonifacio (MEG; P2.13)

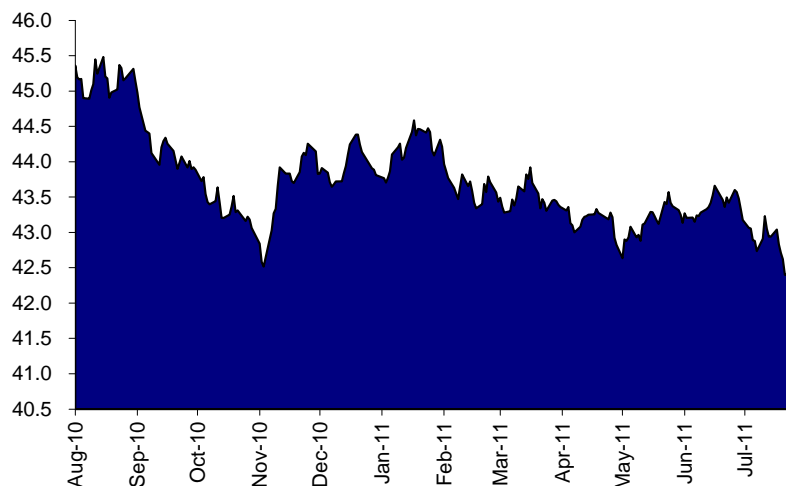
- Megaworld Corp. announced yesterday that the company is investing P25B to develop a 7.1 hectare property of the National Police Commission (NAPOLCOM) in Fort Bonifacio, Taguig. The project, which will span over the next seven to ten years, will comprise of a BPO world class office complex capable of hosting more than 500,000 square meters of BPO offices and office support services. The project is expected to generate a total of 80,000 new jobs over the entirety of its timespan. Megaworld plans to spend P7B immediately to develop the first phase of the project

FDC enters subscription agreement with ALG Holdings Corp. (FDC; P4.95)

- As approved by FDC's Board last April 14, 2011, the company entered into a Subscription Agreement with ALG Holdings Corp. covering the issuance of 49,800,000 FDC common shares with a par value of P1.00 from the company's unissued capital stock. The common stocks will be issued at P5.00 per share for a total of P249,000,000.00, payable on or before July 26, 2011.

PLDT might miss July 30 deadline for Digitel deal again (TEL, P2392)

- In an interview by BusinessWorld, Gamaliel Cordoba, NTC's chief said that the agency needs more time in reviewing the proposed acquisition of Digitel by PLDT. He said that since it is already nearing the end of July, he doubts that a ruling can be done before July 30. Asked to comment on the matter, PLDT chairman Manuel V. Pangilinan said that his firm needs to hold an internal meeting regarding the matter and also consult with JG Summit Holdings to extend the deadline of the acquisition. PLDT and Digitel, along with those opposing the deal, still needs to submit a new round of position papers by July 27 before the review can proceed.

Php versus US\$: 1-Year Price Chart

Source: Philippine Dealing and Exchange Corp.