



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

29 Jul 2011

## MORNING NOTES

### PSEi performance

PSEi Index 28 Jul 2011:	4,482.80	- 0.09
Value T/O, net	Php 3,055 million	
52-week High	4,515.57	
Low	3,371.10	
Foreign Buying:	Php 1,459 million	
Foreign Selling:	Php 1,485 million	

### Regional performance

Dow Jones	: 12,240.10	- 62.44
FTSE 100	: 5,873.21	+ 16.63
Nikkei 225	: 9,901.35	- 145.84

### Trading snapshot

Index Movers	Points
ICTSI	-3.11
Philex Mining	+2.13
Universal Robina Corp.	+1.91
PLDT	-1.53
Banco De Oro	+1.34

Index Out-performers	Up
Universal Robina Corp.	2.05%
Philex Mining	2.00%
Lepanto Mining A	1.80%
Lepanto Mining B	0.83%
Filinvest Land	0.78%

Index Under-performers	Down
ICTSI	2.28%
Megaworld	1.35%
ABS-CBN	1.25%
DMCI Holdings	0.98%
Meralco	0.72%

### Calendar

Jul 29	I, LR, T, APO ASM Template on Int'l Res. And Foreign Exchange Liquidity
Jul 29	AP, AEV 1H'11 Results Briefing
Aug 1	FOOD ASM

### Wealth Securities, Inc.

2103 East Tower, PSE Center, Exchange Road,  
Ortigas Center, Pasig City 1600  
Telephone: 02.634.5038  
Facsimile: 02.634.5043

## HEADLINES

### US stocks as investors doubt recent developments in US debt deal

■ US stocks fell for the third straight day on Thursday (Jul 28) as a key vote in Congress that would bring solution to the US debt ceiling issue was delayed. The Dow and the S&P closed 0.51% and 0.32% lower respectively while the Nasdaq closed flat, gaining just 0.05%. Stocks opened positively as surprisingly good economic data. Data showed that unemployment benefit claims fell below 400,000 last month for the first time since April. An unexpected rise in pending sales of existing US homes also managed to keep the market afloat for most of the day. Initial gains were wiped out however as US lawmakers failed to strike a deal to put a solution to the debt problem before the August 2 deadline. A deficit-cutting plan presented by Republican House Speaker John Boehner was scheduled after the market's close.

### Peso rises anew against the dollar

■ The Philippine Peso rose against the dollar for the eighth straight day yesterday as the US debt problem continues to hurt the USD's value. The Peso gained yesterday against the dollar to close at P42.11. The Peso was last seen at these levels last April 2008.

### BSP – Monetary Board keeps interest rates steady, raises bank reserve ratio

■ The BSP reported that the Monetary Board decided to maintain the BSP's key policy for the second straight policy rate setting meeting but had decided to increase bank reserves requirements ratio. Interest rates were kept at 4.5% for the overnight borrowing rate and 6.50% for the overnight lending rate. Bank reserve ratio requirements were however increased by 1% to 21% as the BSP tries to better manage liquidity and to put in check inflationary pressures brought about by strong foreign exchange inflows.

### Government earmarks P22.1B for PPP projects for 2012

■ The government has allotted P22.1B in support fund to invest in PPP projects next year, almost double the P12.5B it had allotted for 2010. The support fund is meant to cover right-of-way purchases, land development, and other facilities under the PPP program. P8.6B will go to DOTC, P5B for Department of Education, P3B for DOTC, P3B for DOH and the remaining P2.5B to the Department of Agriculture.

### Philex posts P3.22B net income for 1H, declares cash dividends

■ Philex disclosed yesterday that reported net income for 1H '11 reached a record P3.22B while core net income was at P2.84B. Revenues were also up 68% to P8.15B – the highest first half results the company had attained. "Strong prices and metal output combined to generate the record performance of the semester, with realized price for gold averaging US\$1,398 per ounce and copper at US\$4.09 per pound, compared with US\$1,054 per ounce of gold and US\$3.04 per pound of copper last year. " In lieu of the strong results, the Company also declared cash dividends of P0.14 per share payable to customers on record as of Aug 10, 2011 on Aug 31, 2011. Ex-date is on Aug 5, 2011.

## Please Read!

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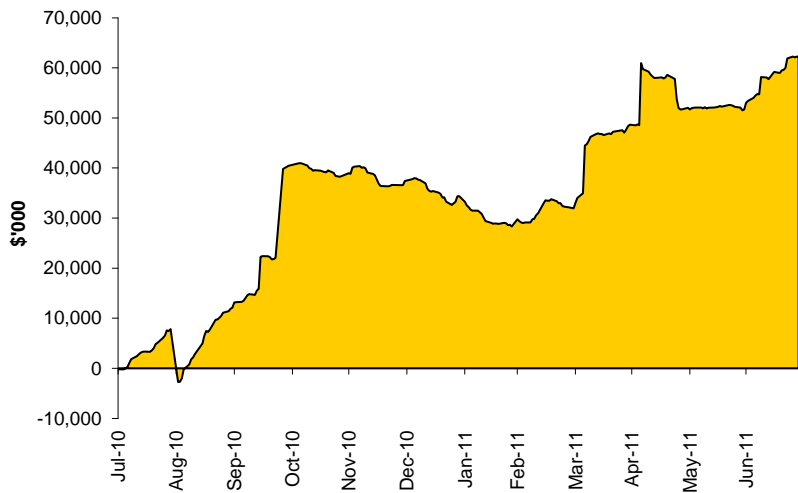
**Cirtek Holdings Philippines Corp. IPOs**

- Hoping to be the second IPO this year, Cirtek Holdings Philippines Corp. (CHPC) has been conducting investor briefings for qualified institutional buyers. CHPC is a semiconductor manufacturer with a manufacturing complex in Laguna. It aims to raise about PhP 660M from its IPO by selling 61.8M shares at a maximum price of PhP 10.68/share. IPO proceeds will be used to improve current buildings, buy assembly equipment, fund working capital, as well as build a 3rd building in Laguna. The shares to be sold in the IPO amount to about 34% of its shares post-IPO, giving CPHC an implied market capitalization of about PhP 1.9B (at PhP 10.68/share). BDO Investment and Capital Corp., the IPO underwriter, expects to complete the fund-raising exercise by the 1st week of September.
- *CPHC has been in operations for more than 25 years and has retained a very loyal customer base. Moreover, in spite of the cyclical nature of its business, the company has been able to survive every crisis that came its way by carrying no debt on its balance sheet and by being conservatively managed. It is owned by Taiwanese-Filipino businessman Jerry Liu, who also leads Figaro. Based on our estimates, the company is priced at about 8x 2012 P/E, which is at the low end of the valuations of its foreign counterparts. Not only is it cheap on a forward earnings basis, but it is also gives a local investor the opportunity to participate in the growth of the electronics sector, which is a main contributor to the country's exports.*

**ALI allots P3B for 3<sup>rd</sup> tower of Park Terraces condominium in Makati**

- Ayala Land Inc. plans to spend about P3B for the construction of the 3<sup>rd</sup> and last remaining tower of its Park Terraces high-rise residential project in Makati City. Ayala Land will start selling units of the said upscale building on Sunday with price ranges of P6M to P7M for studio units and P55M for the penthouse. Turnover for Tower 3 is expected to start by the first quarter of 2017.

**Foreign Buying-Selling : 12-month period**



Source: Technistock