



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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MORNING NOTES

PSEi performance

PSEi Index 29 Jul 2011:	4,503.63 + 20.83
Value T/O, net	Php 3,250 million
52-week High	4,515.57
Low	3,371.10
Foreign Buying:	Php 1,732 million
Foreign Selling:	Php 1,391 million

Regional performance

Dow Jones	: 12,143.20	- 96.87
FTSE 100	: 5,815.19	- 58.02
Nikkei 225	: 9,833.03	- 68.32

Trading snapshot

Index Movers	Points
PLDT	+4.60
Ayala Land Inc.	+4.01
SM Investments Corp.	+2.48
Meralco	+2.36
ICTSI	+2.24

Index Out-performers	Up
Meralco	1.82%
ICTSI	1.68%
Alliance Global Inc.	1.58%
Ayala Land Inc.	1.45%
Security Bank B	1.40%

Index Under-performers	Down
DMCI	1.42%
ABS-CBN	1.27%
First Gen Corp.	0.80%
Globe Telecom	0.72%
Jollibee	0.51%

Calendar

Aug 1	FOOD ASM
Aug 2	TEL, GMA 2Q '11 results briefing
Aug 4	MPI 2Q '11 results briefing
Aug 5	Jul '11 CPI

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HEADLINES

US stocks fall amidst the absence of a debt deal days before deadline

US stocks ended this year's worst week with another decline on Friday (Jul 29) as US debt talks dragged on. All three major indices were down with the Dow falling the most at 0.79% while the S&P and the Nasdaq dropped 0.65% and 0.36% respectively. The S&P fell every day of the week ending 3.9% down for the period. A second round of voting was expected after trading hours in the House of Representatives after Boehner's bill failed to win over the majority in its first attempt. The vote succeeded later in the day although the Senate was quick to turn down the bill. Credit ratings agencies also continued to threaten lowering the United States' high debt ratings; putting more selling pressure on the market. Looking ahead, investors see the US debt issue will continue to be a key driver of stocks for the next few weeks. No debt deal was announced yet as of this writing although senior White House adviser David Plouffe told CNBC on Sunday that both sides are generally in agreement on an emerging package that would cut the deficit in two stages, with key details still being worked out. Jobs data scheduled to be released this Friday might also drive the market with the IFR seeing just 85,000 jobs added for July compared to 18,000 a month ago. Major economic data slated for release this week including ISM Manufacturing for Monday, Car & Truck sales for Tuesday, ADP National Employment and ISM Services for Wednesday; and Initial Jobless Claims for Thursday along with the weak second-quarter read on GDP announced over last weekend are also likely to move the market. Earnings reports from Clorox(W), Master Card(W), CVS Caremark(Th), Kraft Foods(Th), and P&G(Fr) are also scheduled to be released this week.

Peso continues strengthening against the dollar

The Philippine Peso rose against the dollar again on Friday as investors' reluctance to hold on to dollar assets continues to hurt the USD's value. The Peso gained three centavos against the dollar to close at P42.14. High inflows of remittances from OFs also buoyed the Peso. Currency dealers expect the Peso to strengthen more against the dollar this week although further appreciation might be limited as the market sees P42 as a strong support, citing reasons that the BSP might intervene at that level to keep the local currency from gaining too fast.

AEV profits down 9% YoY for first semester

Aboitiz Equity Ventures reported a 9% drop in its first semester profits to P10.2B compared to a year ago due to a weaker performance from its power subsidiary, Aboitiz Power. AP reported a 17% decline in its consolidated net income to P10.6B from P12.7B in 2010. Core net income of Aboitiz Power also dropped 23% to P9.9B from P12.9B a year ago. The company attributes the weaker performance from "lower prevailing prices at the Wholesale Electricity Spot Market (WESM) compared to 2010 prices." "The average price of electricity in the WESM dropped by 55% for the period, due largely to demand and supply conditions, specifically low demand for electricity in Luzon, consequently resulting in a year on year decline in the power generation group's average selling price."

Please Read!

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Belle posts 44% decline in net income for 1H'11

- Belle Corp. reported a 44% decline YoY in its net income for 1H'11 due to lower revenues from real estate sales and club shares sales. Consolidated net earnings amounted to P102.1M (-45.6% YoY) compared to P181.3M a year ago. The company attributes the decline in figures from fewer product launches this year compared to last year, as well as its focus on the Belle Grande Manila Bay integrated resort project. Last year's figures were boosted by new projects such as Katsura, Fairfield, and Cotsworld.

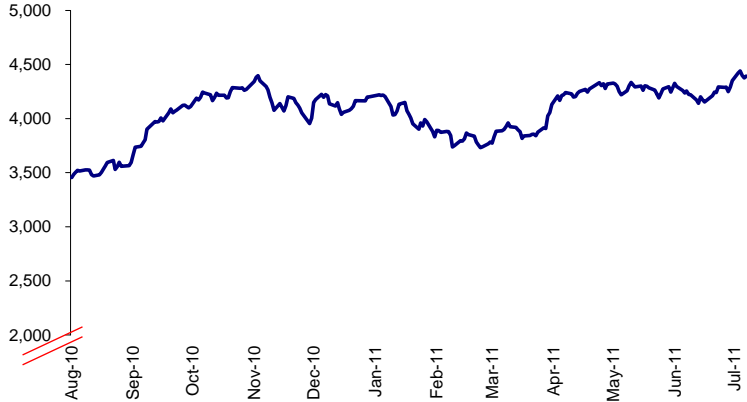
Nickel Asia posts 149% increase in net income for 1H'11

- Nickel Asia just released official 1H11 results with revenues and net income up 68% and 149% YoY, respectively. 1H11 revenue clocked in at PhP 5.3B vs. PhP 3.2B last year while net income amounted to PhP 1.7B vs. PhP 0.7B last year. 4.2M tons of ore were shipped with a realized price of \$11.4/pound of nickel. Nickel price is currently at \$11.05/pound. For limonite sold on a negotiated basis, average price in 1H11 was \$20.7/WMT vs. \$15.6/WMT last year. The construction of the Taganito HPAL plant, which is scheduled for commissioning in mid-2013, is likewise on schedule.
- *As far as revenues are concerned, NIKL's 1H11 results are in line with our forecast, amounting to 43% of the expected full year results. It is also consistent with the seasonality of the company's production, with 60% of the ore, and revenues, coming in during the second half of the year.*
- *However, NIKL's 1H11 net income is already 63% of our forecast. This is attributable not only to the increase in NIKL prices which drove its revenue, but also because its cost of sales did not rise as much as volumes did.*
- *Sales volume was up 20% (in line with our forecast) while cost of sales was up only 6% (cost is below forecast, which is a good thing since margins increased). EBIT margin in 1H11 was 54% vs. 35% in the same period last year.*
- *If (1) NIKL is able to maintain this level of efficiency and if (2) nickel prices recover from these levels, then NIKL may reach our target price of PhP 29.1/share much sooner than our 12-month target. We reiterate our BUY rating on the stock.*

BDO posts 20% increase in earnings for 1H'11

- In a press release today to the PSE, BDO announced that It had registered an unaudited net income of P5.0B for the first half of 2011. This represents a 20% increase in the P4.2B recorded in the same period last year. Net interest income increased to P17.1B. Gross customer loans expanded by 24% to P610.1B. Total deposits grew by 16% to P802.5B. Non-interest income rose 22% to P10.4B while operating expenses increased moderately by 6% to P18B.
- *BDO's bottomline results are inline with our forecasts, with 1H11 Net Income amounting to 48% of or FY11 forecasts. Earnings growth was driven by fast loan growth, increase in fee income and healthy trading gains despite the start of BSP's monetary policy tightening. Operating expenses were likewise managed, pointing to a renewed focus on operational efficiency. We reiterate our BUY rating on the stock with a near-term TP of P66.*

PSEi : 1-Year Price Chart



Source: Philippine Stock Exchange