



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

04 Aug 2011

MORNING NOTES

PSEi performance

PSEi Index 03 Aug 2011:	4,488.45 - 52.78
Value T/O, net	Php 3,930 million
52-week High	4,563.65
Low	3,371.10
Foreign Buying:	Php 1,566 million
Foreign Selling:	Php 1,561 million

Regional performance

Dow Jones	: 11,896.40	+ 29.82
FTSE 100	: 5,584.51	- 133.88
Nikkei 225	: 9,637.14	- 207.45

Trading snapshot

Index Movers	Points
SM Investments Corp.	-4.71
Ayala Land Inc	-4.68
Alliance Global Inc.	-4.59
Metrobank	-4.57
Aboitiz Equity Ventures	-3.90

Index Out-performers	Up
Globe Telecom	2.70%
Lepanto Mining A	1.67%
Lepanto Mining B	1.53%
Philex Mining	0.39%
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Index Under-performers	Down
Megaworld	4.15%
Alliance Global Inc.	3.31%
ABS-CBN	3.14%
Filinvest Land Inc.	3.08%
Universal Robina Corp.	2.95%

Calendar

Aug 4	MPI 2Q `11 results briefing
Aug 5	Jul `11 CPI. GIR
Aug 5	DHC, UPM ASM
Aug 5	Q2 Inflation Report, Jul `11
Aug 8	Rediscount Rate

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HEADLINES

US stocks rebound as late tech stocks rally kept the market afloat

US stocks ended positive on Wednesday (Aug 03) as a late rally of tech stocks pushed the S&P to positive territory. All three major indices posted green with the S&P finally gaining 0.5% after seven consecutive days of losses while the Dow and the Nasdaq closed 0.3% and 0.9% higher respectively. The indices were mostly at red territory for most of the day with the S&P dipping to a new low for 2011 before gaining towards the end to close positive. Volume was high with more than 10B shares traded. Despite the market closing on a high note, investors see the rebound as a short term one as weak economic figures and renewed worries on Eurozone's debt issues continue to weigh in on stocks. The report showing the slowest service sector growth since Feb 2010 joined recent poor figures in consumer spending and factory activity in the latest wave of economic figures that are weighing heavily on the market.

Budget deficit for 1H at P17.23B, lower than expected

The government reported yesterday that the budget deficit for the first half of the year had unexpectedly fell as public spending remained lower than what was initially targeted. The budget deficit amounted to only P17.231B, well below the targeted P152.128B targeted, and is P179.5B less than what was recorded in the same period last year. Finance Secretary Cesar Purisima said that the lower than expected budget deficit proves that the Aquino administration's efforts to go after tax evaders and smugglers are paying off. Total revenues collection reached P681.64B with the BIR generating P457.996B and the BOC generating P128.557B. Expenditures for the first half of the year amounted to P698.87B, significantly lower than the P838.547B target.

Strong peso may cut GDP growth

In an interview by BusinessMirror, former Budget Secretary Benjamin Diokno warned that the appreciation of the Peso against the US dollar might cripple growth and job creation. He said that the growth of exports and OFW remittances are both decelerating which in turn will dampen the aggregate demand and increase joblessness. He forecasts that GDP growth will more likely fall below 5%, likely between the 4.6-4.9% range, well below the government's forecast of 7-8%.

Lopez Holdings offers to buy back outstanding US\$150M debt at face value

Lopez Holdings Corporation informed the PSE that its Board had approved the cash offer to purchase its remaining US\$41B in debt at par value. These are the remainder of the US\$150M 7.875% Notes due 2002 issued on June 19, 1997 and Series A-2 Long Term Commercial Papers issued on September 17, 1996 and October 1, 1996. The offer to purchase the notes offer had begun on August 2, 2011 and will expire on September 1, 2011; while the offer to purchase the LTCPs had started on August 3, 2011 and will expire on September 1, 2011. "The payment for the consideration for the Notes Offer, LTCPs Offer and Consent Solicitation will be on September 6, 2011."

Please Read!

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ICT to complete takeover of Port of La Plata in Argentina

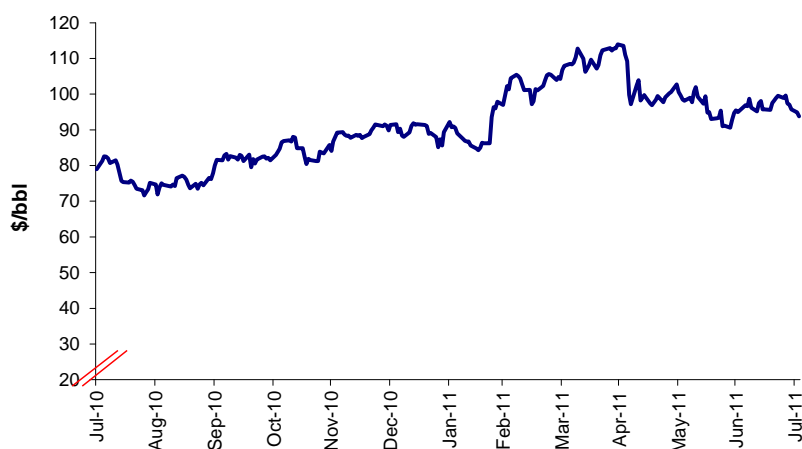
- International Container Terminal Services, Inc. is looking at the complete takeover of the Port of La Plata in Argentina. ICTSI had increased its stake on the Argentinian port last year by buying out 10% of its partner's shares to bring its total ownership of the said port to 85%. ICTSI obtained a 30-year concession to develop the port in three phases with the Phase 1 of the project to be completed by 2012.

SM 1H2011 Net Income up 13%

- SM reported that its income increased to P9.64B. This was driven by revenues of P92.94B, up 9% YOY. SM said that the company has consistently met targets, in spite of the local and global challenges that the market has encountered in 1H2011. SM also disclosed its Net Income Profile, with 31.4% coming from Banking, 30.4% from Retail, 23.3% from Shopping Malls and 14.9% from Real Estate.

China Bank 1H2011 Net Income increases to P2.35B, up 11.4%

- CHIB's 1H2011 Net Income translates to 14.9% ROE and 2.0% ROA, driven by improvements in the bank's core operations. CHIB also disclosed that higher income was delivered in 2Q2011, 70% higher compared to that of 1Q2011. Net Interest Income rose to P4.41B, up 4% YOY, driven by a 20% increase in loans. Trading gains likewise increased by 30.8% to P459M. Operating expenses were also managed, declining by 7.7% to P5.59B. Non-performing loans (NPL) likewise improved to 3.4% from 4.3% as of year-end 2010, while NPL coverage remained high at 142.6%.
- We view CHIB's results positively, and these are indications of a solid recovery in 2Q2011, bouncing back from weak results in 1Q2011. We think that the increase in loans will give the bank fuel for earnings growth moving forward, while the improving market conditions will help the bank stabilize its trading income.*

Nymex Crude 1-Yr Price Chart

Source: Bloomberg