



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

09 Aug 2011

MORNING NOTES

PSEi performance

PSEi Index 08 Aug 2011:	4,331.24	-106.31
Value T/O, net	Php 4,716 million	
52-week High	4,563.65	
Low	3,371.10	
Foreign Buying:	Php 1,172 million	
Foreign Selling:	Php 2,806 million	

Regional performance

Dow Jones	: 10,809.80	- 634.76
FTSE 100	: 5,068.95	- 178.04
Nikkei 225	: 9,097.56	- 202.32

Trading snapshot

Index Movers	Points
Aboitiz Equity Ventures	-14.18
PLDT	-12.26
Metrobank	-8.73
Ayala Land Inc.	-8.36
SM Investments Corp.	-7.18

Index Out-performers	Up
ABS-CBN	1.32%
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Index Under-performers	Down
Robinson Land Corp.	5.41%
Alliance Global Inc.	4.80%
Aboitiz Equity Ventures	4.77%
Universal Robina Corp.	4.39%
Metrobank	4.13%

Calendar

Aug 9	ALI, GLO 1H'11 Results Briefing
Aug 10	MPTC ASM
Aug 10	MWC 1H'11 Results Briefing Jun'11 KB Loans, Merchandise Export Performance
Aug 10	

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HEADLINES

US stocks plunge as S&P downgrades US AAA credit rating for the first time

US stocks suffered from a huge selloff on Monday (Aug 08) as panic set in after S&P downgrades US's coveted AAA credit rating for the first time. All three major indices posted heavy losses with the Nasdaq, S&P, and the Dow falling 6.9%, 6.7% and 5.6% respectively. The heavy selling was reflected by the huge surge in volume with more than 17.89M shares traded yesterday. This is the heaviest volume since the "flash crash" of May 6, 2010. The VIX volatility index also mirrored the huge uncertainty in the market after it surged 50% to end at 48. This is the first time the indicator had topped 40 since May 2010. European Central Bank President Jean- Claude Trichet's statement yesterday that the ECB had started to buy Italian and Spanish assets yesterday did little to keep the market afloat as panic and fears of a recession outweighed reasonable selling yesterday. Perceptions that the US government is unable to address debt problems and slow growth were underlined by heavy selling after Obama's speech that offered little concrete solutions to resolve the current fiscal and economic problems. Despite the recent selloff, some analysts believe that the market is set for a rebound given that the market is heavily oversold and how fast it had declined recently.

ICT Net Income up 41% for 1H'11

ICT announced that Net Income Attributable to Shareholders increased to \$60M from \$42M in 1H2010. This was due to the 29% increase in Gross Revenues, which was at \$319M. The revenue increase was due to a 24% increase in consolidated volume due to the addition of ICT's new ports in Portland, Oregon and Rijeka, Croatia. EBITDA likewise increased by 21% to \$143M, partly tempered by the 45% increase in Cash Operating Expenses to \$143M. The increase in expenses was mainly due to growth in volume-related expenses and start-up and operating expenses of ICT's new ports.

Though ICT's healthy results were driven by fresh earnings contributions from its new ports, the company disclosed that organic growth was still strong. If the volume and revenue contributions from the new ports were to be excluded, organic growth in volume and revenue would still be impressive at 18% and 23% respectively.

ALG Holdings hikes stakes in Filinvest Development Corp.

Filinvest Development Corp. disclosed yesterday that ALG Holdings Corporation, a holding company of the Gotianun family, had acquired an additional 161.3M FDC shares at a market price of P4.70 from a related entity. The transaction was done via a cross sale transaction.

Megaworld buys 515M ELI shares in July

ELI reported that, during the month of July, majority shareholder MEG bought 515M shares at an average price of Php 0.78/share. This increased its ownership to 56.41% from 51.5%.

This is in line with MEG's objective of fully consolidating ELI into its financial statements. Most of the shares purchased were from a foreign shareholder of ELI.

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Philex reports latest mineral resource survey on Silangan

- Philex Mining disclosed yesterday that it had completed the resource estimate for its Silangan project in Surigao del Norte, Mindanao. Philex reported that the new resource survey, conducted by a third party, confirmed previous original estimates on the said mine. According to the report, Philex's Silangan project contains an approximate 4.9B pounds of copper and 9M ounces of gold.

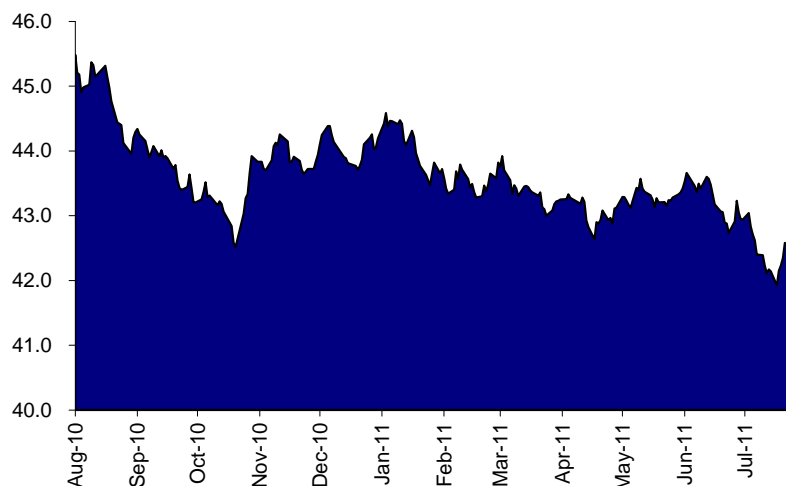
Petron posts P6B profits for 1H'11

- Petron Corporation reported sales revenues of P 134.9 billion in the first half of the year compared to P 115.4 billion of the same period last year. Exports sales jumped by 54% hitting 3.14 million barrels. This was partly offset by the drop in domestic volumes of 1.9 million barrels as reduced motorist activity due to bad weather dampened local demand. Despite the drop, Petron remains the industry leader with 38% share of the total market and continues to lead in Retail, LPG and Industrial market segments. Margins likewise improved with sales of high-margin petrochemical feedstocks of up to 1.7 million barrels during the period. Net income for the first half reached P 6.0 billion and EBITDA was P11.6 billion. "While Petron continues to show strong results from its core businesses, we are now reaping the benefits from the production of higher-margin petrochemical feedstocks," Petron Chairman and CEO Ramon S. Ang said.
- Petron's Ebitda and net income results were largely in line with our own P24 billion and P11.1 billion estimates. Ebitda margin for the 1H was 8.6% versus our forecast for the full year of 8.4%. Note that this would be a significant increase from the 7% Ebitda margin from FY10. As management noted, higher margin products were the main driver for the improvement which offset the drop in domestic volumes. This underscores Petron's initiatives in upgrading its Bataan refinery with an end view of broadening its revenue base by tapping the export market.*

San Miguel confirms itself as the entity behind the MER block sale last Friday

- In an interview by Business world, San Miguel Chief Operating Offices Ramon S. Ang announced that the company was the entity behind the huge block sale of MER shares that took place last Friday. SMC had formally acquired previously purchased shares it had previously bought from GSIS in late 2008."

Php versus US\$: 1-Year Price Chart



Source: Philippine Dealing and Exchange Corp.