



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

11 Aug 2011

MORNING NOTES

PSEi performance

PSEi Index 10 Aug 2011:	4,290.14	+133.11
Value T/O, net	Php 5,847 million	
52-week High	4,563.65	
Low	3,371.10	
Foreign Buying:	Php 2,553 million	
Foreign Selling:	Php 3,064 million	

Regional performance

Dow Jones	: 10,719.90	- 519.83
FTSE 100	: 5,007.16	- 157.76
Nikkei 225	: 9,038.74	+ 94.26

Trading snapshot

Index Movers	Points
Ayala Land Inc.	+11.71
Meralco	+10.38
Metrobank	+10.11
SM Investments Corp.	+9.41
Philex Mining	+8.96

Index Out-performers	Up
Meralco	8.98%
Philex Mining	8.40%
Lepanto Mining B	7.69%
Megaworld	7.10%
Lepanto Mining A	6.67%

Index Under-performers	Down
Globe Telecom	1.85%
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Calendar

Aug 12	Jul '11 CB Accounts Statistics
Aug 12	LFM ASM
Aug 12	PCOR, SMC, AC 1H'11 Results Briefing
Aug 13	WPI 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 resume downfall as fears of a faltering economy drag the market

- US stock resumed its decline on Wednesday (Aug10), wiping out gains from the previous day's rebound, as fears of a faltering economy and spreading EU debt crisis drag down the market. All three major indices posted huge losses with the Dow, S&P and the Nasdaq falling, 4.62%, 4.42%, and 4.09% respectively. Renewed concerns that debt from Europe might reach the US after investors speculated that France might receive the next rating cut following the US. Financial stocks in Britain, Italy and Germany took a big hit yesterday adding fears that this could start a chain reaction that could derail the world's economy.

Bank Lending up 18.8% in June

- Latest data from the BSP shows that Bank lending growth in June surged to a 25-month high of 18.8% YoY, the highest since April 2009. Outstanding loans of commercial banks likewise accelerated 20.5% YoY to reach P2.8T. On a month to month basis however, commercial bank loans decelerated by 2.4% for loans net of RRP's and by 0.5% for loans inclusive of RRP's. Production loans, which comprise more than four-fifths of commercial banks' total loan portfolio also expanded by 20.6% in June from 19% the previous month. Consumer loans however decelerated to 14.1% from 14.9%.

Foreign Direct Investments (FDI) posts US\$162M net inflow for May '11

- The BSP reported that FDI in May '11 yielded a net inflow of US\$162M, a turnaround from the US\$31M net outflow posted a year ago. The net inflow reflects the favorable investment sentiments from the country's sound macroeconomic fundamentals. For the first five months of the year, FDI netted an inflow of US\$714M, up 15.4% from levels recorded a year ago of the same period.

Bureau of Treasuries – PhI debt up by P65B to P4.777T in May

- The latest report of National Government debt from the Bureau of Treasury shows that NG debt increased by P65B as of end May to P4.777T. Both foreign and local debt went up P51B and P14B respectively from data recorded as of end-April. The Bureau said that the increase in foreign contingent debt was mainly due to the combined effect of the depreciation of the peso against the dollar in that period, while the increase in domestic contingent debt was due to the P50B avialment under the P75B Syndicated Term Loan Facility of the Power Sector Assets and Liabilities Management Corp.

Philippine exports down 10% in June

- The NSO reported that Philippines' export earnings dropped by 10.2% in June due to weaker consumer demand from foreign markets. Data from the NSO shows that income from export declined to US\$4.092B in June. Exports to the US and Hong Kong plunged 23% and 30% respectively while exports to Japan surged to 41.1% following a sharp decline from the Japan quake last March

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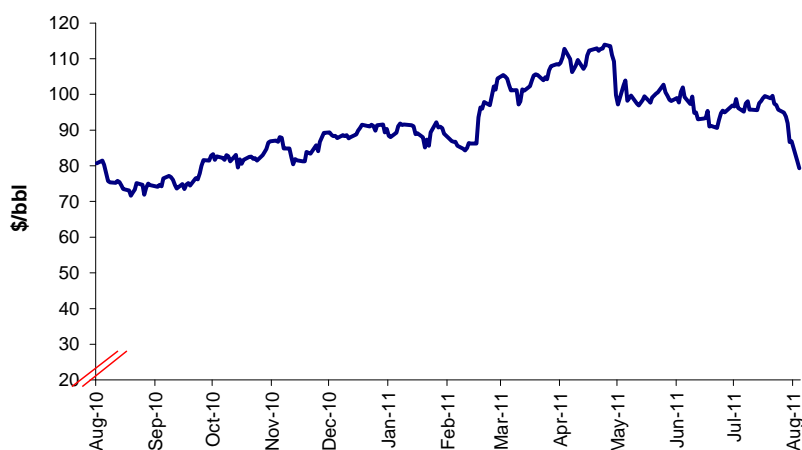
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RCBC net income up by 5.4% to P2.23B in 1H'11

- In a press release, RCBC announced that it had posted a net income of P2.23B for the first half of the year, up by 5.4%. Net interest income amounted to P5.37B while non-interest income was at P3.94B (+23.8% YoY). Trading and foreign exchange gains saw a 54% climb while service fees and commissions jumped 12.6% and 23.8% respectively. Return of Equity was at 13.45% while Return on Assets was at 1.46%. RCBC also reported that its loan portfolio rose by 2.08% while deposits rose 2.15% to P213.31B.
- *RCB showed healthy increases in its net revenues, driven by increases in net interest income and non-interest income. RCB's trading gains for 1H2011 likewise provide it some buffer for further provisioning in the 2nd half of the year. Moving forward, we expect RCB to fully utilize the additional capital that came in as a result of the entry of IFC and CVC into the bank's shareholder base. This should eventually translate to faster deposit and loan growth.*

MWC posts flat earnings for 1H'11

- Manila Water Co., Inc announced in a briefing yesterday that profits for June grew just 2% to P2B from P1.9B last year. Core net income rose however by 9% to P2.14B. MWC said that net income would have been higher if it wasn't for a loss on the call option of its P4B bond of P142M. Revenues increased by 6% to P5.8B for the first half from P5.48B. Billed volume reached 207.5M cubic meters.

Nymex Crude 1-Yr Price Chart

Source: Bloomberg