



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

17 Aug 2011

## MORNING NOTES

### PSEi performance

PSEi Index 16 Aug 2011:	4,372.70	+ 40.07
Value T/O, net	Php 3,743 million	
52-week High	4,563.65	
Low	3,371.10	
Foreign Buying:	Php 2,002 million	
Foreign Selling:	Php 2,090 million	

### Regional performance

Dow Jones	: 11,405.90	- 76.97
FTSE 100	: 5,357.63	+ 7.05
Nikkei 225	: 9,107.43	+ 21.02

### Trading snapshot

Index Movers	Points
PLDT	+15.33
Energy Development Corp.	-5.94
ICTSI	+5.23
Banco De Oro	+5.07
Bank of the Philippine Islands	+4.43

Index Out-performers	Up
Universal Robina Corp.	4.64%
Manila Water Company	3.99%
ICTSI	3.90%
Megaworld	3.65%
Philex Mining	3.62%

Index Under-performers	Down
Energy Development Corp.	3.38%
Aboitiz Power Corp.	3.01%
First Gen Corp.	2.02%
ABS-CBN	1.88%
Metrobank	1.52%

### Calendar

Aug 19	Jul'11 Overall BOP Position, GIR and NIR of BSP
Aug 19	SLI ASM
Aug 25	Q3 Business Expectations Survey
Aug 25	MPI SSM; AGP, MBC ASM

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## HEADLINES

### US stocks' rally stalls as Eurozone economy worry investors

■ US stocks declined yesterday (Aug 16), ending a three day rally as renewed concerns on Europe's economy and debt problems weigh in on stocks. All three major indices ended red with the Dow, S&P and the Nasdaq falling 0.7%, 1% and 1.2% respectively. Reports that Germany's economy almost stalled last quarter renewed fears that more economic hurdles are yet to come. France's and Germany's leaders, Sarkozy and Merket, tried to calm worries of the stalling European economy by pushing for long term political solutions although US stocks continued declining after their statements failed to impress Wall Street. US's economic data were mixed yesterday with housing data remaining weak while factory output rose at its fastest pace in July since Japan's quake in March. Fitch meanwhile reassured US's AAA rating after saying that S&P's downgrade was wrong. On individual stocks, Wal-Mart gained 3.9% after reported strong overseas sale. Home Depot gained 5.3% after announcing that its second quarter net income rose 14% in the second quarter. NYSE Euronext Inc. fell 8.4% on worries that the weak European economy might hurt its profits. Dell shed 4.9% in after-hours trading after reporting revenues that are below expectations and saying that 3<sup>rd</sup> quarter sales will be flat. Gold meanwhile jumped \$27 to settle at US\$1,785.

### Atlas reports 234% increase in net income for 1H'11

■ AT reported net income of PhP 1.075B for the 1st half of 2011, a 234% increase YoY. Gross revenue was likewise higher, PhP 6.7B vs. PhP 4.2B in 1H10. This is on the back of higher copper prices which boosted Carmen Copper Corporation's net income of PhP 2.09B, 2.6 times its net income in the same period last year. Copper volume was up 30% to 34.7M pounds.

■ *As of 1H11, AT had not yet fully consolidated CCC into its balance sheet, hence roughly half is the only part attributable to AT. As of July 29, however, AT will begin recognizing CCC's in full. This will boost its EPS significantly enough to overcome dilution. However, we would like to note that there is significant downside risk to our BUY rating if copper prices continue to fall.*

### Lopez Holdings posts 93% decline in net income for the first semester

■ Lopez Holdings announced that its profits declined 93% YoY for the first half of the year following the absence of the one-time gain it had last year from the sale of part of subsidiary First Philippine Holdings Corp's stake in Meralco to the group of Manuel V. Pangilinan. Lopez Holding's media arm, ABS-CBN also posted an 18% decline in first half revenues while First Prime Holdings Corp. also posted a net loss of P284M after the Northern Negros Geothermal Plant owned by EDC slashed its capacity.

## Please Read!

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#### Philippine National Bank reports a 36% drop in net income for first semester

- The Philippine National Bank, the country's sixth largest bank in terms of assets, reported that its consolidated net income as of June declined 36% from P1.804B last year to P1.157B. PNB said that the decline was due to lower gains from trading and investment securities. PNB's net interest income declined 4.5% to P3.60B as higher interest expenses offset gains from higher interest income. Non-interest income declines as well as trading gains dropped 74% to P156M. Service Fees and Commissions; and Foreign Exchange Trading Gains also declined by 13% and 42% respectively. As a result, PNB's ROE was lower at 6.9% as of end-June 2011 from 11.4% last year.

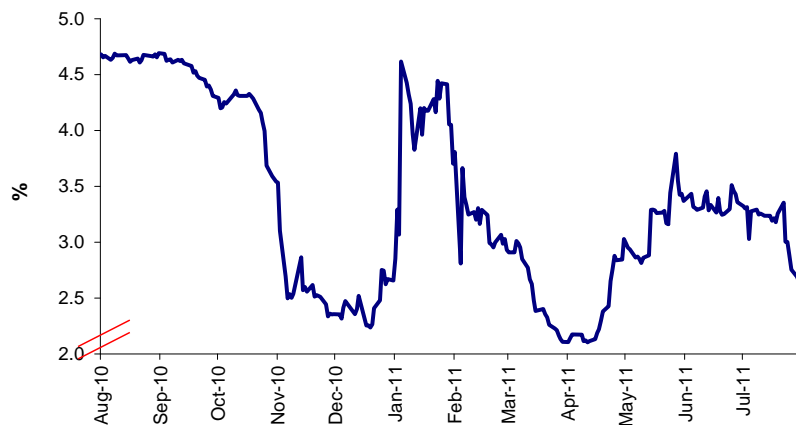
#### RLC reports 18% YoY growth in net income

- RLC reported 9M11 net income of P 3.05B, up 18% YoY. Growth was driven by the hotel and residential segments, which had operating income growth of 50% and 22%, respectively. Mall operations, which account for about half of RLC's revenues, had operating profit growth of 15%. All in all, revenues were up 16% YoY to PhP 9.6B. EBIT was up 12% to PhP 3.8B.
- *From currently 1 Gohotel, RLC is planning to add 4 more by the end of next year and have a total of 30 by the end of 2015, making this its fastest growing segment. Capex was directed towards land acquisition, with the biggest portion going towards purchasing land for future shopping malls. Occupancy rates for its office business likewise improved, rising from 82% to 98%, underpinning the still robust demand in this segment.*

#### MWIDE 18,479,690,000 stock lock-up period expires

- Since completing its IPO last February 18,479,690,000 owned by majority shareholders Edgar Saavedra and Michael Cosiquien were put under a 180-day lock-up period during which they could not be traded. Today, that lock-up period expires and these shares are now eligible for trading in the market.

#### PDS 1-Year Tenor Yield: 12-month period



Source: Philippine Dealing and Exchange Corp