



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 31 Aug 2011:	4,348.50	+ 42.94
Value T/O, net	Php 3,793 million	
52-week High	4,563.65	
Low	3,371.10	
Foreign Buying:	Php 1,895 million	
Foreign Selling:	Php 2,118 million	

### Regional performance

Dow Jones	: 11,613.50	+ 53.58
FTSE 100	: 5,394.53	+ 125.87
Nikkei 225	: 8,955.20	+ 1.30

### Trading snapshot

Index Movers	Points
PLDT	+12.26
Philex Mining	+4.91
Meralco	+4.72
SM Investments Corp.	+3.96
Metrobank	+2.77

Index Out-performers	Up
Philex Mining	4.33%
Meralco	3.97%
Lepanto Mining B	3.01%
Robinsons Land Corp.	2.66%
Jollibee Foods Corp.	2.35%

Index Under-performers	Down
Universal Robina Corp.	2.58%
ABS-CBN	2.17%
Aboitiz Power	0.99%
SM Prime Holdings	0.85%
Energy Dev't Corp.	0.79%

### Calendar

Sept 5	Aug`11 CPI, Inflation Rate
Sept 7	Aug`11 GIR, press release
Sept 9	CLOUD ASM
Sept 9	Jul`11 KB loans

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## HEADLINES

### US stocks gain for a fourth straight day on optimistic economic data

US stocks gained for a fourth straight day on Wednesday (Aug 31) as reports that factory orders picked up in July eased recession worries and spurred positive sentiments from investors. All three major indices ended positive with the Dow gaining 0.46% to turn positive once again in 2011. The S&P and the Nasdaq gained 0.49% and 0.13% respectively. Sentiments which turned positive in recent days on expectations that the Federal Reserve will announce another stimulus, have fueled the recent rally allowing the US market to close the worst in more than a year on an up note. Mining equipment makers were among the day's gainers with Caterpillar and Joy Global gaining around 1.3% each. The latter said that its earnings surged 46% as strong global demand for commodities like copper and coal boosted its sales. Alcoa also rose 3.6%, gaining the most of the 30 companies that make up the Dow. Financials were also among the gainers with JPMorgan Chase & Co. gaining 1.3%. Tech shares however weighed on the market as Apple and Nvidia shed 1.3% and 2.7% respectively. AT&T also fell 3.8% after the Justice Department said that it is filing a lawsuit against the company which will essentially block the company's merger deal with T-Mobile USA. Sprint Nextel meanwhile gained 5.9% following the Justice Department's decision on the said deal. Following the recent good factory orders data however, data on hiring by private employers in August and factory activity in the Midwest showed some signs of slowing down.

### GDP growth eased in 2Q`11 at 3.4%

Growth of the Philippine economy eased to a modest 3.4% in the 2Q11. In comparison with the country's Asian neighbors, this GDP growth is faster than that of Thailand's 2.6% and Singapore's 0.9% but slower than China's 9.5%, Indonesia's 6.5%, Vietnam's 5.7%, and Malaysia's 4.0%. However, this GDP growth is below NEDA's forecast range of 4.5% to 5.5%. Together with a revised 1Q GDP growth of 4.6%, the first semester GDP growth for this year is 4.0%. To attain the 7%-8% growth target for 2011, the economy needs to grow by at least 10.0% in the second semester which would be a tough undertaking. Nevertheless, prospects for the second half of 2011 are better than the first half's performance. Agriculture production will be supported by the strong prospect for palay production, which will sustain the turnaround in the agriculture sector. The manufacturing sector will be buoyed by the food manufactures. Real estate and private construction will continue to remain upbeat given the bright prospects in the property market, in particular the office, residential, retail and hotel/leisure submarkets. Other services and trade will be supported by inbound tourists, the number of which is expected to rise, on the average, by 6.3 percent in 2011. Mining is expected to benefit further from high metal prices in the world market.

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**Government to accelerate spending in second semester**

- Budget and Management Secretary Florencio Abad said in a statement that the government intends to further increase spending by accelerating existing projects and by jumpstarting additional projects. He said that the move is to boost economic growth as allowed by the available fiscal space brought about by significant savings the country has attained.

**ALI to launch fifth residential brand, declares cash dividends**

- Ayala Land is set to create a fifth residential brand that will engage in socialized housing developments. The projects under this unit will be pursued via South Maya Ventures Corp., a separate entity from existing brands such as Alveo, Avida and Amaia. SMVC will offer mainly house and lot packages with prices not to exceed the P400,000 per unit and will launch its pilot project in Gen. Trias, Cavite within 4Q11 on a 10-hectare lot owned Ayala Land. This venture will allow ALI to tap a much broader market base where Ayala Land, known for its niche in the top-end market, is less comfortable with. Nevertheless, with the current housing backlog, we think that it is high time for the company to engage in such an undertaking. We do however note that margins could be affected depending on the velocity of subsequent launches under this brand.
- Ayala Land also declared cash dividends of P0.0733 per share for the second semester payable to customers on record as of September 20, 2011 on October 5, 2011. Ex-date for the said dividend is on September, 15, 2011

**Manila Water to sell shares in JITF Manila Water Development Co. Ltd.**

- In a disclosure, Manila Water Company, Inc. announced that it had agreed to sell its shares of JITF Manila Water Development Company Limited, a joint venture company established by MWC and JITF Water Infrastructure Ltd., to JITF Water Infrastructure Ltd. The latter had also agreed to the deal. MWC said that the sale of stock of Manila Water in the joint venture company will allow both MWC and JITF Water to “freely pursue any business activity in India.”

**PLDT, JGS in joint consultation whether to extend date for merger deadline**

- PLDT and JGS disclosed that both companies are in joint consultation as to whether the date for the finalization of the merger of PLDT and Digital will be extended further following the ongoing deliberation by the Philippine Government of the matter. Both parties will consult their respective Boards of Directors and make a formal announcement as soon as practicable. In an interview with reporters, however, JG Summit President and CEO Lance Gokongwei said that he remains optimistic that the merger deal will be approved by the Philippine Government. He however stressed that Digital would still survive even if the merger deal will not push through.

**Meralco to spend less in second semester**

- Meralco confirmed reports that it is set to spend P5.0B in the second semester of the year for its capital expenditure program which is lower than originally planned “to confirm with the capital expenditure levels approved by the Energy Regulatory Commission (ERC). Meralco said that the amount will be used to develop new substations, transformers and other infrastructures to further enhance its service quality. For the whole year, Meralco projects P9.0B in capital expenditures, which is also below the planned P10.5B.

**Nymex Crude 1-Yr Price Chart**



Source: Bloomberg