



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

04 Oct 2011

MORNING NOTES

PSEi performance

PSEi Index 03 Oct 2011:	3,865.83	-133.82
Value T/O, net	Php 1,895 million	
52-week High	4,563.65	
Low	3,705.18	
Foreign Buying:	Php 1,199 million	
Foreign Selling:	Php 1,472 million	

Regional performance

Dow Jones	: 10,655.30	- 258.08
FTSE 100	: 5,075.50	- 52.98
Nikkei 225	: 8,545.48	- 154.81

Trading snapshot

Index Movers	Points
SM Investments Corp.	-20.37
PLDT	-11.71
Metrobank	-10.29
Ayala Corp.	-10.13
Bank of the Phil. Islands	-6.79

Index Out-performers	Up
Universal Robina Corp.	0.84%
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Index Under-performers	Down
SM Investments Corp.	7.09%
Meralco	5.81%
Ayala Corp.	5.79%
Alliance Global Inc.	5.35%
DMCI Holdings	5.33%

Calendar

Oct 04	BCOR ASM
Oct 05	Sep `11 CPI
Oct 06	APX SSM
Oct 07	MJC, AGP ASM

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HEADLINES

US stocks decline sharply on recession concerns in Europe

US stocks declined sharply on heavy volume yesterday (Oct 04) as investors sell their bank stocks to avert risks from a potential Greek default. All three major US indices suffered from yet another relatively steep selloff with the Nasdaq falling the most at 3.29% while the Dow and the S&P fell 2.36% and 2.85% respectively. All three indices traded at their lows for the year with the S&P now down 19.4% from its high last April 29. A 20% drop in the S&P from the high would signify a bear market. Greece announced yesterday that it will miss deficit targets this year and next year even after taking austerity measures. Speculators on the US financial sector dumped their positions after the announcement. Together with the banking sector, the energy and consumer sectors were among yesterday's worst performers. Morgan Stanley fell 7.6% yesterday while Bank of America plummeted 9.6%. Bank of America's closing price of US\$5.53 yesterday was the lowest since the financial crisis back in 2008. In corporate news, AMR Corp. plunged 33% on concerns that the company may be headed for bankruptcy. Yahoo meanwhile gained 2.7% after Alibaba Group Holdings signified its interest on the company. Yahoo has recently been contemplating whether to sell parts of the company after ousting Carol Bartz as CEO.

Peso closes near P44 to a USD

The Philippine Peso closed at P43.99 to a dollar yesterday as investors dump riskier currencies in favor of the dollar in an attempt to avert risks from the weakening global economy. The Philippine peso traded as low as P44.04 to a dollar yesterday. Traders expect the Php to weaken more until a clearer solution to the European debt problem can be perceived.

Government rejects bids for T-bills at auction

The government rejected all bids for Treasury bills at yesterday's auction as investors offered very high bids due to uncertainties in the global macroeconomic scene. The government deemed "the market, particularly the short term investments unsettled" as investors struggle to view or position for the short term." The treasury department planned to raise P9B yesterday - P2B from 91-day papers, P3B from six month papers, and P4B from one-year papers. Had the Bureau of Treasury accepted yesterday's bids, rates for the 91-day papers would have soared 208.5 basis points to 2.775%. Rates for the six month papers and the one-year papers would have likewise surged 261.4 basis points and 233.6 basis points respectively.

Philex to tap creditors for US\$1B to develop Silangan mine

Philex Mining said in a briefing that the company is looking at tapping creditors for up to 70% the US\$1B needed to develop its Silangan mine in Surigao del Norte. Philex vice-president Denis R. G. Lucindo said that many foreign banks have expressed interest in financing Philex's project. Final proposal for the project will be done as soon as the company completes its pre-feasibility study or bankable feasibility study.

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Nickel Asia halts operations of Taganito Mine temporarily

- Nickel Asia Corporation, the Philippines' largest nickel producer, said on Monday it suspended mining operations and nickel ore loading activities at its Taganito Mining Corp (TMC) unit following an attack by an armed group. NIKL, partly owned by Japan's Sumitomo Metal Mining Co. Ltd., did not say when the Taganito mine at Claver town in Surigao del Norte province in southern Philippines will reopen. Police and army officials said hundreds of Maoist guerrillas attacked three mining projects, including the Taganito mine, on Monday, burning equipment and facilities. They said rebels were stepping up attacks to raise funds. The rebels, some wearing military uniforms, seized three officials of Taganito Mining Corporation at roadblocks, using them to gain entry into the mining sites, said Reynaldo Rafal, regional police chief. After disarming private security guards at the site, the rebels herded all the people in an open area and burned down equipment and facilities, Rafal said. The rebels burned down a total of 10 dump trucks, eight backhoes, two barges and the guesthouse of Taganito Mining Corp. They also seized several guns from private security guards and smashed computers in the site offices.
- *This unfortunate incident, if prolonged, is expected to have a significant impact not only on NIKL's sales volume but on the completion of the HPAL plant as well, which could be delayed as a result of this attack. A more detailed report will be released once we have contacted the company to ascertain the exact impact of the rebel attack.*

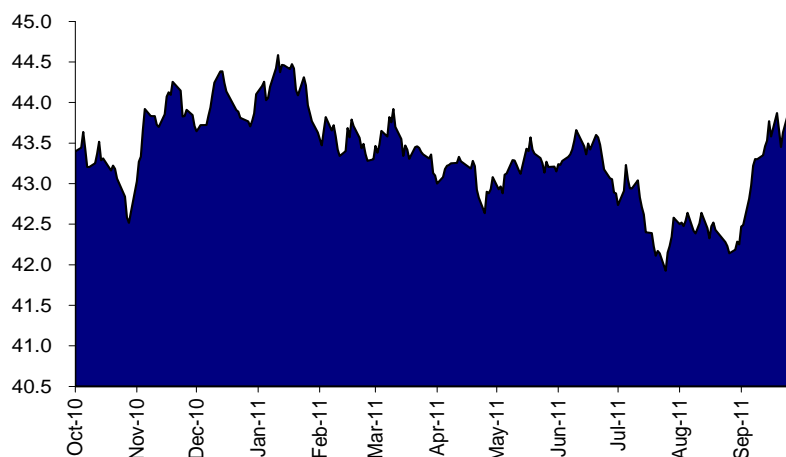
Cebu Pacific to add flight frequencies

- In an interview with reporters, Cebu Pacific's president Lance Gokongwei said that the company is ramping up flight frequencies and seat capacity to several destinations effective this January 2012 as the company takes delivery of four brand new Airbus A320 aircrafts starting this month to January.

Puregold IPO allocation for the Domestic market sold out

- In an interview with BusinessWorld, BDO Capital said that the domestic portion of Puregold's IPO has been fully subscribed. Domestic selling ran from Sept 21 to 29, and 120M shares had been allocated to brokers while another 60M were allocated to local small investors. The shares were offered at P12.50 a piece, a price at the low end of the earlier range eyed by the firm of up to P16.50.

Php versus US\$: 1-Year Price Chart



Source: Philippine Dealing and Exchange Corp.