



WEALTH SECURITIES

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Recipient of the Euro Money Award for Excellence as the "Best Domestic Securities House in the Philippines"



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

TUESDAY, 28 August 2012

Index	Value	Change	% Chg
PSEi	5,143.35	-59.49	1.14 ▼
All Shares	3,429.29	-32.53	0.94 ▼
Financials	1,275.54	-11.61	0.90 ▼
Industrial	7,836.80	-34.07	0.43 ▼
Holding Firms	4,306.93	-102.7	2.33 ▼
Services	1,759.09	4.9	0.28 ▲
Mining and Oil	21,471.24	-133.91	0.62 ▼
Property	1,939.05	-37.4	1.89 ▼

AUGUST

28

2012

WORLD INDICES

Dow Jones	13,124.67	-0.25%
FTSE 100	5,776.60	No trade
NIKKEI 225	9,129.11	+0.48%

TRADING SNAPSHOT

Index Movers	Points
SM Investments Corp.	-25.09
Ayala Land Inc.	-9.11
Bank of the Philippine Islands	-7.22
PLDT	+5.55
Ayala Corp.	-4.90

Index Out-performers	Up
Energy Development Corp.	0.85%
Globe Telecom	0.84%
Jollibee Foods Corp.	0.83%
PLDT	0.73%
Manila Water Company	0.37%

Index Under-performers	Down
SM Investments Corp.	5.37%
Megaworld Corp.	3.00%
Ayala Land Inc.	2.50%
Robinsons Land Corp.	2.37%
Bank of the Philippine Islands	2.24%

CALENDAR

Aug 04	V ASM
Aug 07	Jul'12 CPI, Inflation Rate
Aug 10	ACE ASM
Aug 10	JTE SSM



PSEi Index

24 Aug 2012:	5,143.35 - 59.49
Value T/O, net	Php 2,606 million
52-week High	5,403.16
Low	3,715.01
Foreign Buying:	Php 5,943 million
Foreign Selling:	Php 2,401 million



HEADLINES

US stocks end flat as investors await signs of stimulus from the Fed

Ø US stocks ended relatively flat yesterday (Aug 27) as investors look ahead to a key meeting by the Federal Reserve on Friday. The Dow and the S&P declined 0.25% and 0.05% respectively, while the Nasdaq ended green, rising 0.11%. Stocks have rallied in recent weeks on growing expectations for a third round of quantitative easing from the Fed, as well as possible action from the European Central Bank. The ECB is set to meet on September 6 and is expected to announce actions to support the region's economy. In company news, Apple shares hit an all time high after the company won a US\$1B lawsuit against Samsung. The latter said it would contest the verdict however. Google shares declined 1.4% as the company might have to consider design changes to its Android smartphone operating system following the verdict on the lawsuit.

Official rules for new mining policy to be released by September

Ø The Mining Industry Coordinating Council has finished the second draft of the implementing rules and regulations (IRR) of the new mining policy or EO 79. Within the council, agreement has been reached on the imposition of higher taxes on mining as well as the regulation of operations of small-scale miners. The issue of mining ban in no-go zones is still under contention. After the draft is signed by Environment Secretary, Ramon Paje, consultations will be held with mining industry players, small-scale miners, non-government organizations and local government units to consider their inputs. Mines and Geosciences Bureau (MGB) director, Leo Jasareno, said they are implementing an open-minded approach in the creation of the IRR. They hope to listen to the parties involved in order to reach middle ground on the matter. The IRR is to be released by the second week of September.

Empire East profit grows by 12%

Ø Empire East Land Holdings Inc reported first semester profits of P60.5M (+11.8% YOY). Earnings from Real Estate Sales and Finance operations amounted to P214M (+54% YOY) and P168M (+11% YOY) respectively. Operating expenses of P434M grew by 0.5% YOY. Deferred gross profit on current year's sales exceeded realized gross profit on prior years' sales by P78M. The company is setting aside P15B-P20B for the next five years in order to accelerate product launches. Its goal is to reach P15B in reservation sales (+100% YOY) by the end of the year.

Meralco and First Gen in talks for power project

Ø First Gen Corp is in talks with Meralco Powergen Corp, the energy generation firm of Manila Electric Co (Meralco), for a joint venture in the delayed San Gabriel natural-gas-fired power project in Batangas. (In 2005, First Gen secured an environmental permit to build the \$400M, 550 MW San Gabriel plant). Metro Powergen plans to reach a generation capacity of 2,500 MW by 2020. Its 600-MW coal-fired plant in Subic, targeted for commercial operations in 2016, is hampered by environmental concerns. For First Gen's part, its recent full ownership of First Gas Holdings Corp allows it to proceed with the 550-MW San Gabriel power plant. To date, First Gen and its units have a gross generating capacity of 2,763 MW and accounts for 18 percent of the country's total power generation capacity.

SM Raises P6.37B from Top Up Placement

Ø SM Investments Corp (SMIC) has raised P6.37B from a top-up placement, which it says it will use to fund its expansion plan. The fundraising is notable since it comes just seven months after the company sold \$250 million worth of convertible bonds. The final price was fixed just above the bottom of the range at P700, or at a 6% discount to previous day's closing price. And while the placement was of decent size for the Philippines in dollar terms, it accounted for only 1.5% of the enlarged share capital – so the dilution for the Sy family will be marginal. Being a top-up placement, Sy family members participated in the transaction by selling existing shares and then buying back the same number of shares at the same price to ensure that all the money ends up with the company.

Moody's unit: Growth in Q2 slowed at 4.2%

Ø A research unit at Moody's Investor Service, the global credit watcher looking to upgrade the country's credit standing upon proof of sustained growth down the line, anticipates growth averaging only 4.2 percent in the second quarter. But the Singaporean bank DBS said the Philippine economy likely grew 5.6 percent in the second quarter of 2012. According to Moody's Analytics, Philippine growth measured as its gross domestic product (GDP) likely slowed in the second quarter as consumption and manufacturing activities weakened during a period when the global business sentiment ebbed. "The Philippines likely grew 4.2 percent year-on-year in the second quarter, mildly weaker than the first quarter's 6.4 percent. Imports strengthened, reflecting resilience in domestic demand despite global headwinds," the Moody's unit whose research findings are independent of its parent's views said.

CURRENCIES

US, Dollar	42.1640
Japan, Yen	0.5373
UK, Pound	66.8848
Hong Kong, Dollar	5.4367
EU, Euro	52.9706
Bahrain, Dinar	111.8468
Saudi Arabia, Rial	11.2437
China, Yuan	6.6364

As of 8/24/2012

COMMODITIES

NYMEX		
Crude	96.98	+0.60%
Futures		
%NY Gold	1,636.10	-0.21%
Spot (\$/t oz.)		
Silver Comex (\$/t oz.)	29.83	+2.09%
London		
Copper Spot	7,604.50	+2.11%

As of 08/22/2012



Alsons Finalizing Agreement for 25% Equity Participation by Toyota Tsusho Corporation in Sarangani Energy Corporation

Ø Alsons Consolidated Resources (ACR), publicly listed holding company of the Alcantara Group and Toyota Tsusho Corporation(TTC) - trading company of Toyota Group, are finalizing a shareholders' agreement for a 25% equity stake in Sarangani Energy Corporation (SEC) - developer and owner of the Sarangani Power Plant. This is expected to close by the end of August. The end results will effectively be ACR-75% in SEC with TTC - 25% in the company. The first phase of the SEC plant will generate 105 MW of electrical power. SEC has a power sales agreement with the South Cotabato II Electric Cooperative Inc to provide up to 70 MW to South Cotabato's customers. SEC has also linked power sales agreements with Agusan Del Norte, Agusan Del Sur and Davao del Norte cooperatives.

Local carrier to acquire up to 85 planes

Ø Philippine Airlines has sealed a deal for as many as 85 wide- and narrow-bodied jetliners from the world's biggest aircraft manufacturer Airbus Industries in a transaction that the flag carrier is set to announce Tuesday. According to industry sources familiar with the matter, the first phase of the multi-year acquisition spree would see PAL acquiring up to 35 aircraft from the European plane maker to boost its current fleet of 39 jets. The new batch of aircraft is reported to include up to 10 A330-300 twin-aisle jets, which will be deployed to PAL's regional and mid-range flights, including its expected return to the Middle East market. PAL president and San Miguel group head Ramon S. Ang said the airline would acquire as many as 100 aircraft over the next few years as part of its re-fleeting efforts. The balance of the 100-plane acquisition plan is expected to go to Airbus' rival, Boeing, in anticipation of the country being restored to Category 1 status by the US Federal Aviation Administration. Under the Philippines' current Category 2 status, PAL is prohibited from using planes other than its current and aging Boeing 747-400s and Airbus A340-300s for flights to the US West Coast. The flag carrier is also prohibited from mounting additional flights to US destinations despite the growing demand from direct trans-Pacific flights between the two countries. PAL operates eight aircraft manufactured by Boeing, namely three B777-300ERs and five 747-400s. It has 31 Airbus jets in its fleet, made up of four A340-300s, eight A330-300s, 15 A320-200s, and four A319s. PAL recently placed an order for three more B777-300ERs, which can match the range of the B747, but has more efficient fuel consumption since the former model only has two engines compared to the latter's four. Last week, PAL's parent firm, PAL Holdings, reported that it had posted a comprehensive net income of P489.2 million, marking a significant turnaround from the P475.1-million loss in the same three-month period last year. Total revenues for the first quarter of the current fiscal year amounted to P20.8 billion or 5.8-percent higher than last year's P19.6 billion.

....Source: *Philippine Daily Inquirer*



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