

Manila Electric Company (MER)



After its break below its short-term support at 274, MER tried to find a bottom the past five trading days around the 260 to 266 levels. Unfortunately, with the news about its deletion from the MSCI Philippines Index, a constituent for the MSCI Global Standard Indices, MER gapped down at the open and traded below its medium term support at 257 the whole day. It closed near the lows at 250.60. MER now looks like it is continuing its decline and is approaching its two-year support line which extends to 235. Caution should be exercised in trading this stock because of the heavy selling that may be extended because of its deletion from the said index.

Recommendation:

Sell



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Jerome Gonzalez
Research Head
T: 634.5038 local 8127
jerome@wealthsec.com

Bernard Aviñante
Conglomerates, Power & Gaming
T: 634.5038 local 8121
bernardavinante@wealthsec.com

Miguel Agarao
Mining & Property
T: 634.5038 local 8164
miguel.agarao@wealthsec.com

Nikki Yu
Consumer
T: 634.5038 local 8150
nikki.yu@wealthsec.com

ND Fernandez
Banking, Telcos & Transport
T: 634.5038 local 8152
ndfernandez@wealthsec.com

Sarah Uy
Construction
T: 634.5038 local 8160
sarah.uy@wealthsec.com



Wealth Securities, Inc.
2103 East Tower, PSE Center,
Exchange Road, Ortigas Center,
Pasig City 1600
Telephone: 02.634.5038
Facsimile: 02.634.5043