



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

28 Jun 2011

## MORNING NOTES

### PSEi performance

PSEi Index 27 Jun 2011:	4,289.29	- 2.15
Value T/O, net	Php 2,346 million	
52-week High	4,413.42	
Low	3,219.46	
Foreign Buying:	Php 1,462 million	
Foreign Selling:	Php 1,624 million	

### Regional performance

Dow Jones	: 12,043.60	+ 108.98
FTSE 100	: 5,722.34	+ 24.62
Nikkei 225	: 9,578.31	- 100.40

### Trading snapshot

Index Movers	Points
Ayala Land	-3.69
Philex Mining	-2.14
ICTSI	+2.12
Megaworld	-2.06
Meralco	+1.99

Index Out-performers	Up
Security Bank	2.16%
ICTSI	1.70%
Meralco	1.55%
Lepanto Mining A	1.08%
Metrobank	0.87%

Index Under-performers	Down
Megaworld	3.38%
Philex Mining	2.15%
Lepanto Mining B	1.87%
Ayala Land	1.42%
SM Prime Holdings	1.36%

### Calendar

Jun 28	Apr `11 MISSI
Jun 28	PCEV ASM
Jun 29	CMT, RFM, BSC, MII, PX, LPZ, BC ASM
Jun 30	Q1 `11 External Debt

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## HEADLINES

### US stock rebound although direction still uncertain

US stocks rebounded from three consecutive down days on Monday (Jun 27) as investors bet on recent losers in hopes of a turnaround. All three major indices ended green with the Dow and the S&P both up 0.9% while the Nasdaq closed 1.3% higher. S&P's 200-day moving average which is seen as a key support once again held for a fourth time. On Europe's crisis, French banks announced their agreement to accept slower repayment of Greek debts. This came as a welcome relief to what seems to be a continually deteriorating situation to investors. The news spurred positive sentiments and helped buoyed stocks during trading. Despite the rebound, investors remain cautious as the market's direction remains uncertain. Financials posted strong gains after global banking regulator Basel announced that banks need to increase capital by 2.5%, lower than the 3% expected. BofA and JPMorgan Chase closed 3.1% and 1% higher respectively.

### Meralco to take controlling interest in Aboitiz Power subsidiary(MER; P 275)

Aboitiz Power disclosed yesterday that it was advised by Redondo Peninsula Energy, Inc of Meralco's intention on taking over the company and participate in the construction of two 200MW power plants in the Subic area. RP Energy is a joint venture company by AP's wholly owned subsidiary, Therma Power, Inc. and Taiwan Cogeneration International Corporation. The deal is expected to be completed by mid-July and if pushes through, will give Meralco majority ownership interest in RP Energy, while Aboitiz Power and Therma Power will be diluted. Funds will be obtained from the issuance of fixed rate notes amounting to P5B.

### EDC closes US\$175M deal to refinance debt (EDC, P6.62)

EDC announced that it has closed the 6-year US\$175M loan which will be due by 2016. The purpose of the new loan is to prolong the repayment of an earlier loan that would have matured by June 17, 2013. The new loan was financed by seven foreign banks namely Australia and New Zealand Banking Group, Bank of Tokyo – Mitsubishi, Chinatrust Commercial Bank, ING Bank, Maybank Group, Mizuho Corporate Banking and Standard Chartered Bank.

### RCBC to acquire Hexagon Investment Holdings

RCB's BOD and stockholders yesterday approved the acquisition of Hexagon Investment Holdings Limited, which is managed by CVC Asia, of 171M of common shares of RCB for a price of P29.00 per share. The investment is expected to boost RCB's CAR and Tier 1 Ratios to 19.9% and 14.9% respectively, to support the growth of RCB's loan portfolio.

At P29.00 per share, the deal is priced at 1.00x 2010 PBV and 0.95x 2011E PBV. Hexagon will be investing in RCB at the same price as IFC, reinforcing the view that there may be further upside to RCB considering its plans to strengthen its loan portfolio, with a particular focus on consumer loans.

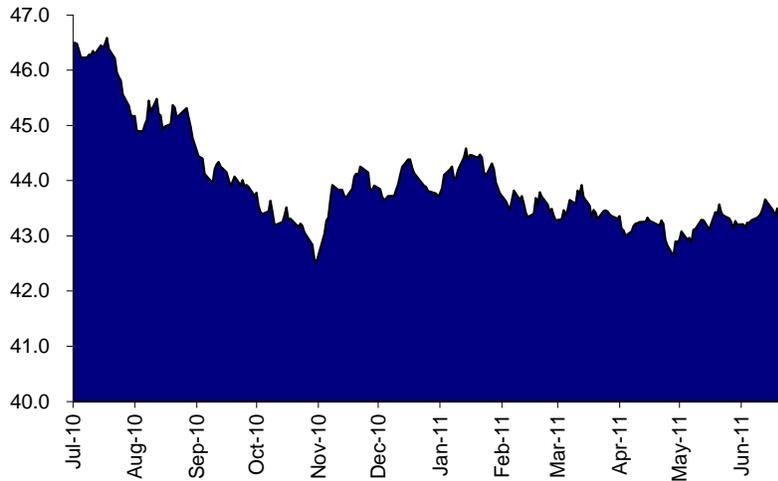
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**SMC to participate airport operation (SMC, P113.7)**

- San Miguel Corp confirmed reports that it is investing at least US\$300M for the upgrading and expansion of the Caticlan Airport and construction of a 5000 room hotel and convention center. SMC is also participating in the public bidding of airports in Bohol, Caraga area, Mindanao and Palawan under the Private-Public Sector Partnership program of the Government.

**Php versus US\$ : 1-Year Price Chart**



Source: Philippine Dealing and Exchange Corp.