



PHISIX	3,078.91(+35.16)	DJIA	10,403.79(+78.53)
Value (Pm)	3,224	NASDAQ	2,273.57(+35.31)
Gainers/ Decliners	81 / 34	PHI	57.55(+1.25)
Foreign Buying (Pm)	1,380		
Foreign Selling	1,268		
Net Foreign Selling	112	FX :P/US \$ avg	46.106

Metro Pacific, a unit of Hong Kong's First Pacific Co. Ltd., and a sister company would transfer a 28.2% stake in Meralco to the new unit, Beacon Electric Asset Holdings Inc., which would become the largest shareholder in the country's biggest power utility. This would secure funding to exercise a call option on a November deal to buy 6.6% of Meralco for P22.4 bn and Pilipino Telephone Corp. The two companies said in a statement they The consolidation of the Metro Pacific and Piltel holdings in Meralco will also allow Beacon to access debt financing for any additional purchases of Meralco shares, using its Meralco shares as security. Beacon had until May 15 to exercise the option. A syndicate of banks has offered a credit line of P18 bn over 10 years to Beacon, Metro Pacific CEO Jose Maria Lim. Beacon will be equally owned by the two firms –Metro Pacific and Piltel, a unit of Philippine Long Distance Telephone Co. (PLDT) and partly owned by First Pacific. Manuel V. Pangilinan, who is the chairman of PLDT, the country's most valuable listed firm, Metro Pacific and Piltel, will chair Beacon's five-member board. Both Metro Pacific and Piltel consider their Meralco stakes as a strategic investment and their consolidation in Beacon allows them to strengthen their ownership and maximize returns over the long term. The companies said First Pacific had agreed to subscribe to P6.6 bn of Metro Pacific's three-year convertible bonds to partially fund its subscription of Beacon shares.

Two plant shutdowns forced Manila Electric Co. (Meralco) to implement rotating brownouts in the capital and nearby provinces. Companies concerned were working to bring plants back online to augment supply. Less than two weeks after Energy Secretary Angelo T. Reyes declared the Luzon power situation "resolved," two major plants -- the 647-megawatt (MW) Sual 1 in Pangasinan and 315-MW Masinloc 1 in Zambales -- conked out Sunday evening due to technical problems.National Grid Corporation of the Philippines (NGCP), the private operator of the state's transmission lines, reported that the Luzon grid had only 6,177 MW in available capacity yesterday, 478 MW short of the peak demand of 6,655 MW.grid was considered in an "alert" state as the contingency reserve -- in yesterday's case in the red -- was less than the capacity of the system's largest generating unit. Meralco, the electric utility which services Metro Manila and nearby provinces, said rotating power interruptions were implemented in its franchise area. Meralco will implement a tentative schedule of two-hour rotating power interruptions up to 10 p.m.," Joe R. Zalzarriaga, Meralco external communications manager, said in a telephone interview. c utility which services Metro Manila and nearby provinces, said rotating power interruptions were implemented in its franchise area. "As a result of NGCP's announcement, Meralco will implement a tentative schedule of two-hour rotating power interruptions up to 10 p.m.," eralco external communications manager said. Mindanao, which highly reliant on cheap hydropower plants, is suffering due to the onset of the El Niño weather, with brownouts lasting up to eight hours.

US Stocks started March with fresh one-month highs in the face of a stronger dollar, but equities ran into resistance . All three major indices spent the entire session in higher ground with solid gains. The Nasdaq Composite was the strongest of the headline indices, thanks to leadership from large-cap tech. **SanDisk** (SNDK 32.63, +3.48) was one of the best performers in the Nasdaq after the company's improved outlook during its investor conference this past Friday won it the favor of several Wall Street firms. Though

gains in the S&P 500 were strong, the broad market index struggled to move above the 1115 line, which separates year-to-date positive from year-to-date negative. The line was balanced for the entire afternoon, but stocks made a last minute spurt so that the broad market index was able to eke out a fractional year-to-date gain and settle back above its 50-day moving average. Materials stocks (+1.6%) were among the better performers with diversified metals and miners plays climbed amid copper supply concerns that stemmed from the recent earthquake in copper-rich Chile. Such sentiment helped materials stocks shrug off a stronger dollar, (+0.5% against a basket of competing currencies). The greenback's gain came as the euro and British pound fell out of favor amid concerns related to deficits in Europe. Strong manufacturing data out of the euro zone helped the major European bourses put together solid gains of their own in the week's first session. Those gains contributed to a 1.0% advance in the Dow Jones World Index. U.S. economic data was met with little response as January personal income increased 0.1%, which was below the 0.4% increase that had been expected. Spending for January increased 0.5%, which was a bit sharper than the 0.4% increase that many had come to expect. Core personal consumption expenditures were flat from the prior month, but that was in-line with economists' consensus call. The ISM Manufacturing Index for February came in at 56.5, below both the 57.9 that had been widely expected and below the 58.4 that was posted for the prior month. Meanwhile, construction spending in January decreased 0.6% month-over-month, as expected. On mergers and acquisitions, German drug and chemical company Merck KGaA will acquire **Millipore** (MIL 104.90, +10.49) for \$7.2 bn. Other biotech and life science stocks traded higher in sympathy to help the health care sector climb to a 1.0% gain. European insurer **Prudential PLC** (PUK 16.13, -2.37) agreed to buy a pan-Asia insurance business from **AIG** (AIG 25.78, +1.01) for \$35.5 bn in cash and stock. Though support for AIG faded into the close, it was still a leader in the financial sector which finished the session with a 0.4% gain after it failed to follow the broader market higher.

Aboitiz Power Corp. (APC) took over the 100-MW ower Barge 117 in Mindanao, after paying Power Sector Assets and Liabilities Management Corp. the full cost of the facility. APC president Erramon Aboitiz confirmed in a text message to the Inquirer that the company paid the \$16 m for the barge, which was moored at Nasipit, Agusan del Norte. APC said the barge-mounted diesel-powered generation facility was one of the two power barges acquired by the company, through its wholly owned subsidiary, Therma Marine Inc., in a negotiated bid conducted by PSALM in July last year. Last month, the company acquired another power barge, PB 118, for \$14 m which was also paid in full. It has a generating capacity of 100 MW and is moored at Bgy. San Roque, Maco, in Compostella Valley. APC signed an Ancillary Services Procurement Agreement with National Grid Corporation of the Philippines to support the running of the plant. The agreement, however, is still subject to approval by the Energy Regulatory Commission. With the turnover of the two power barges, APC's attributable generating capacity is expected to increase to 1,240 MW. Aboitiz earlier said the company was also bidding for the independent power producer administrator (IPPA) contracts for the 1,200-MW Ilijan natural gas fired facility in Batangas and for the Unified Leyte geothermal power complex.

Banco De Oro Unibank Inc. (BDO), grew its net profit last year by 173% from the previous year on a double-digit rise in earnings from core lending activities. BDO booked P6.1 bn in net profit for the full year compared to P2.2 billion in 2008. It also exceeded the P5.5-bn target for the year. Net interest earnings rose 33% to P30.6 billion as bank earning assets expanded while margins improved. The growth in net interest income was fueled by a 20-% expansion in gross customer loans to P472.7 bn, which was funded by an expansion in low-cost deposits. Non-interest earnings also grew 13% while fee-based service earnings, exclusive of trading income and one-time gains, went up 12%. Meanwhile, bad loans fell as a ratio of total loans to 3.2 % from 4% in 2008. The bank said it had taken early steps to adjust its risk management processes even before the onset of the US-epicentered financial crisis in late 2008. But the bank noted that it had maintained a conservative stance by setting aside P6.2 bn in loan-loss provisions, raising its nonperforming loan coverage ratio to 80 %.