



PHISIX	3069.29+7.40	DJIA	10,396.76(-9.22)
Value (Pm)	3081	NASDAQ	2,280.68(-0.11)
Gainers/ Decliners	60 / 47	PHI	57.96(+0.20)
Foreign Buying (Pm)	868		
Foreign Selling	1,292	FX :P/US \$ avg	46.028
Net Foreign Selling	424		

San Miguel Corp.'s negotiations with the govt's MWSS on SMC's offer to do the P52-bn Laiban dam project. Bugged down and MWSS is calling off partnering with SMC. MWSS or the Metropolitan Waterworks and Sewerage System (MWSS) administrator Diosdado M. Allado said "San Miguel is no longer being considered as a joint venture partner by the MWSS in the undertaking of the Laiban project. San Miguel unit San Miguel Bulk Water Corp. last year submitted an unsolicited offer to push through with the Laiban project in Rizal that had long been deferred by the government. The MWSS, in announcing San Miguel's bid, pushed the project as a means of averting an expected supply lack for the metropolis, which currently gets most of its water from Angat Dam in Bulacan. The 4,000 million liters per day (MLD) capacity of Angat, officials said, will not be enough to meet Metro Manila's projected 2015 water demand of 5,620 MLD. Laiban dam's 1,900-MLD capacity will cut the shortfall, the MWSS said. The MWSS sent a letter to San Miguel last week informing them that the deal had been "terminated." Mr. Allado said "legal and technical issues" had led to the decision to terminate talks. He declined to elaborate, but said one issue that was not met involved the Land Acquisition Resettlement Program (LARP) for people living in Laiban dam area.

Aboitiz Transport System Corp. registered a 557% rise in income for 2009 to P546m largely due to lower fuel costs which more than made up for the decline in demand and tricky overall operating conditions. 2008 income was reported at only P83m. This was achieved despite a P1-bn drop in consolidated revenue brought about by a decline in freight earnings. International ship chartering revenue likewise decreased by P1.3bn due to a depressed market. In September 2009, ATS said it also lost a ship, forcing the Maritime Industry Authority (Marina) to temporarily suspend the remainder of the company's fleet. However, all vessels ultimately passed the Marina's audit and inspection and were cleared for sailing shortly after the suspension. Despite the 4Q09's devastating typhoons which affecting overall operations, the lowering of fuel cost, ATS' single largest expense item, has led to a P2bn decline in operating expenses and 54-% improvement in earnings before interest, taxes, depreciation and amortization to register at P1.5bn in 2009. ATS said its local freight business contributed P5bn in 2009, an 8-% or P414-m decrease from year-ago level. Its passenger business revenue fell by P343m to P2.2bn from P2.6bn in 2008.

Manila Electric Co. may soon invest in its own power generation facilities in order to become an integrated power utility. Meralco is considering building its own power plant using the regulatory leeway which allows it to buy up to 50 percent of the electricity it sells from affiliates, according to Manuel Pangilinan, managing director of First Pacific Co. Ltd., which controls the single biggest stake in Meralco.

US market -Greece's austerity plan failed to prop up participants to forget about the fiscal troubles that still face the likes of Spain and Portugal. That left the stock market unable to sustain solid gains. The materials sector (+2%) saw the best gain of any major sector as a combination of momentum and a weaker dollar provided it with support. Weakness in the greenback came as the euro and British pound rebounded from recent losses, which were frequently attributed to the fiscal woes that face the likes of Greece, Portugal, and Spain. Greece attempted to quell concern over its fiscal health with the release of a new austerity plan that includes civil service salary cuts and a sales tax increase. Despite such plans, problems

persist for Portugal and Spain. That reality caused Europe's major bourses to show little initial reaction to Greece's plans, but the continent's major averages gradually pushed higher to log strong gains. U.S. equities were unable to mimic the move. The Dow, Nasdaq Composite, and S&P 500 each added modestly to the previous session's gains, but eventually rolled over. That left the stock market to finish flat after three straight advances. Economic data received little attention this session. That's essentially because participants remain cautious ahead of the official nonfarm payrolls number on Friday. A glimpse into the payrolls report was given with the February ADP Employment Change Report, which indicated that 20,000 private payrolls were shed last month. The number was in-line with expectations and the smallest decline in one year. ISM Services Index for February came in at 53.0, which was above the reading of 51.0 that had been widely expected and marked the highest reading since October 2007. The Fed's Beige Book, which is largely full of anecdotal economic news, came with little surprise. It indicated that nine of the 12 Fed districts reported modest improvement in economic activity during February, while consumer spending improved slightly in many districts. Commodities had a strong session that pushed the CRB Commodity Index back above its 50-day moving average. Oil futures prices closed 1.5% higher at \$80.87 per barrel, despite a larger-than-expected weekly inventory build of 4.03m barrels. Silver had another strong session and closed with a 1.6% gain at \$17.33 per ounce.

GOVERNMENT will sell PNO Exploration Corp.'s (PNO-EC) stake in the Malampaya natural gas project before selling 60% as part of its asset disposal and beef up finances. Government is expecting to raise up to P14 bn from the project, which can help plug a large fiscal deficit. Officials said they hoped to raise more revenue from the two-step sale than from an earlier plan of selling the majority holding in the oil and gas firm in the first quarter of 2010. The first phase will first sell the 10% asset of Malampaya then the 60% shares of PNO EC since it is easier to sell the 10%... and proceeds might be larger." No timeframe was specified for the stake in PNO EC. A government official who requested anonymity, however, claimed that two parties had expressed interest and that the sale could be staged later this month.

Inflation in 2010 may settle at 4%, below the official forecast of 4.7%, with the declining prices of oil in the world market seen tempering the adverse impact of the El Niño dry spell on consumer prices (Bangko Sentral ng Pilipinas estimates) which allayed fears that domestic prices might shoot up to beyond target levels because of the supply disruptions caused by an extended dry season