



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

26 February 2010

## MORNING NOTES

### PSEi performance

PSEi Index 25 Feb 2010:	3,031.26	+ 50.12
Value T/O, net	Php 1,486 million	
52-week High	3,133.53	
Low	1,745.39	
Foreign Buying:	Php 958 million	
Foreign Selling:	Php 1,186 million	

### Regional performance

Dow Jones	: 10,321.03	- 53.13
FTSE 100	: 5,278.22	- 64.70
Nikkei 225	: 10,101.96	- 96.87

### Trading snapshot

Index Movers	Points
Ayala Land	+8.87
Manila Electric Co.	+6.81
PLDT	+5.45
BPI	+4.44
Ayala Corp.	+4.21

Index Out-performers	Up
Ayala Land	4.65%
Manila Electric Co.	4.12%
Universal Robina Corp.	3.61%
Philippine Stock Exchange	3.57%
Metrobank	3.49%

Index Under-performers	Down
Lepanto Consolidated B	2.08%
Banco de Oro	1.33%
San Miguel Corp. B	0.07%
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### Calendar

Feb 26	Dec '09 NG Cash Operations
Mar 01	MPI Analysts' Briefing
Mar 02	PLDT 2009 Results Briefing
Mar 04	ICTSI 2009 Results Teleconference

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## HEADLINES

### Poor jobs, durable goods data, sovereign downgrade weigh on Wall Street

- U.S. stocks ended lower on Thursday (Feb 25) due mainly to a jump in weekly jobless claims and a drop in Jan durable goods orders. Also, rating agencies said they might downgrade Greece's sovereign debt rating, adding to investor anxiety. Industrial and financial issues were among the biggest drags. Coca-Cola Co (-3.7%) slid after saying it will acquire the North American bottling businesses of Coca-Cola Enterprises Inc (+32.9%) for about US\$13B. But rumors of a 4-for-1 stock split planned by Apple Inc (+0.7%) helped stem further decline.

### Jan to Dec 2009 Total Trade stood at US\$81.338B

- Total external trade in goods for Jan to Dec 2009 reached US\$81.338B (-23.1% yoy). Total imports declined 24.2% yoy from US\$56.746B to US\$43.004B while total exports fell by 21.9% from US\$49.078B to US\$38.335B. Thus, the balance of trade in goods (BOT-G) for the Philippines posted a deficit of US\$4.669B in 2009, less than the US\$7.669B deficit in 2008.
- Combined import and export merchandise trade for Dec 2009 improved by 20.6% to \$7.204B from \$5.976B in Dec 2008. This was due to the double-digit increase in total merchandise imports by 17.9% to \$3.892B from \$3.301B in Dec 2008. Total exports likewise rose by 23.8% to \$3.312B from \$2.675B. The balance of trade in goods (BOT-G) in Dec 2009 recorded a deficit of \$579M, higher than last year's recorded deficit of \$626M. Similarly, on a month-on-month basis, total imports for Dec 2009 increased by 7.3% from \$3.626B recorded in Nov 2009.

### Business confidence is more upbeat in Q1 2010

- Emerging from the challenging economic conditions in 2009, businesses expect economic activity to continue to pick up in the current and succeeding quarters amid clearer signs of global economic recovery. Business sentiment turned more optimistic, with the business confidence index (CI) for Q1 2010 rising sharply to 39.1%, the highest level in two years, while the next quarter (Q2 2010) index stood at 52.6%, the second highest level reached since the survey started in 2001. The confidence index is computed as the percentage of firms that answered in the affirmative less the percentage of firms that answered in the negative with respect to their views on a given indicator.
- Moderate inflation, the steady stream of overseas Filipinos (OFs) remittances, and election-related spending are some of the factors that buoyed respondents' expectations of higher spending that will spur business activity. Furthermore, firms expected that continued foreign investment inflows will help provide funds for economic expansion. This favorable business outlook mirrors the improving business confidence in countries such as Hong Kong, Singapore, Australia, Europe, and the United States.

## Please Read!

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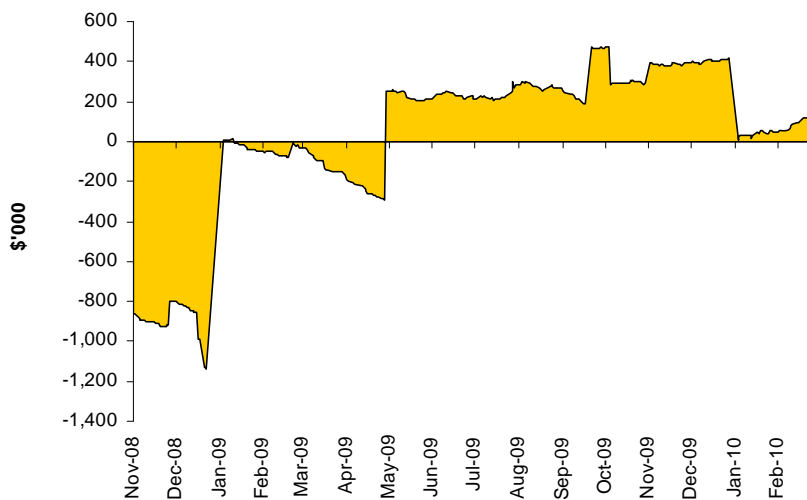
**PLDT completes fiber optic network expansion (TEL; P2,585.00)**

- Philippine Long Distance Telephone Co. (PLDT) has completed another phase of its Digital Fiber Optic Network (DFON) expansion program with the recent activation of an additional 320 Gbps across six network loops nationwide to serve the rising demand for bandwidth. This recent expansion project increased the operating capacity of PLDT’s DFON to more than 1,000 Gbps at a total cost of about P600M.

**IMI posts a turnaround in 2009 (IMI; P15.75)**

- Integrated Micro-Electronics, Inc. (IMI) posted a US\$10M net income in 2009, a reversal of the net loss incurred in 2008, primarily due to effective cost management and a rebound in revenues beginning in the second half. The China and Singapore operations of IMI contributed 51% to total IMI revenues in 2009. IMI obtained additional non-recurring income from recovery of insurance losses.
- IMI views 2010 with guarded optimism. Management expects demand for electronic products to increase at a moderate rate, in line with a gradually improving global economy. IMI will gravitate toward high-growth, high-margin product niches such as automotive, industrial, and renewable energy markets to continue their path of sustainable growth and profitability.

**Foreign Buying-Selling : 12-month period**



Source: Bloomberg