



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 25 Mar 2010:	3,171.14	+ 4.54
0Value T/O, net	Php 1,880 million	
52-week High	3,174.53	
Low	1,906.93	
Foreign Buying:	Php 1,489 million	
Foreign Selling:	Php 1,329 million	

### Regional performance

Dow Jones	: 10,841.21	+ 5.06
FTSE 100	: 5,727.65	+ 49.77
Nikkei 225	: 10,828.85	+ 13.82

### Trading snapshot

Index Movers	Points
Ayala Corp.	+7.02
Manila Electric Co.	+4.86
Ayala Land	-4.44
PLDT	-4.09
Universal Robina	+3.51

Index Out-performers	Up
Universal Robina	6.38%
Ayala Corp.	4.10%
First Phil. Holdings	2.86%
Manila Electric Co.	2.76%
Banco de Oro	2.56%

Index Under-performers	Down
DMCI Holdings	5.26%
Robinsons Land	3.23%
ICTSI	3.16%
Aboitiz Power	1.96%
Ayala Land	1.96%

### Calendar

Mar 26	EDC 2009 Results Briefing
Mar 30	Citiseconline.com, Inc. ASM
Mar 31	Feb '10 Template on Int'l Reserves
Mar 31	4Q'09 External Debt

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## HEADLINES

### Sovereign debt concerns continue to weigh on Wall Street

- U.S. stocks were little changed on Thursday (Mar 25) as a weak U.S. bond auction and global debt concerns continued to weigh on investor sentiment. Gains came in anticipation of healthy 1Q earnings due in the coming weeks after Qualcomm (+5%) and Best Buy (+3.6%) gave bullish profit outlooks. First-quarter S&P 500 earnings reports are forecast to show year-over-year gains of 36.6%. Reports that the U.S. Treasury could unveil a plan for the sale of its stake in Citigroup (+2.95) positively influenced banks, including Bank of America (+1%). Meanwhile, the number of U.S. workers filing new applications for unemployment insurance fell sharply last week.

### January 2010 Total Trade stands at \$7.841B

- Total external trade in goods for January 2010 reached US\$7.841B (+35.6% yoy). This was due to the 30.3% upward trend of total imports to \$4.261B from \$3.270B in Jan 2009. The same was true for exports where a 42.5% increment was observed to \$3.579B from \$2.511B in Jan 2009. Thus, the balance of trade in goods (BOT-G) for the Philippines in Jan 2010 registered a lower deficit of \$682.00M from \$759.00M deficit in same period last year.

### 2009 BOP surplus rises to US\$5.3B

- The country's BOP position in 2009 surged to a US\$5.3B surplus from only US\$89M in 2008 as the global economic recovery gained headway and as the relative strength of the country's underlying macroeconomic fundamentals encouraged capital inflows into the domestic economy.
- Supported by a robust BOP position, the country's gross international reserves (GIR) rose to US\$44.2B (+17.8% yoy) as of end-Dec 2009. At this level, reserves could adequately cover 9 months' worth of imports of goods and payments of services and income. In terms of short-term external debt coverage, the reserves level was 9.9 times the amount of the country's short-term external liabilities based on original maturity and 4.2 times based on residual maturity.

### Consumers Gain More Confidence in Q1 2010

- Following a slight dip in the last quarter of 2009, consumer sentiment improved in Q1 2010. The current quarter consumer confidence index (CI) rose to -27.6% from -36.0% in Q4 2009. Similarly, the CI for the next quarter (Q2 2010) improved to -4.8% from -10.5% in Q4 2009. This suggested that consumers were more optimistic that economic recovery is gaining more momentum and that the rebound could result in improved household finances. The rise in consumer sentiment is in line with the trends observed in other countries such as Canada, Japan, UK, and Australia as the global economy emerges from the deepest contraction in post-war economic history.
- The outlook for the next 12 months is more upbeat as the CI turned positive (at 5.1%) after being in the negative territory since Q2 2008. Consumers anticipate favorable domestic economic conditions with the completion of the national elections.

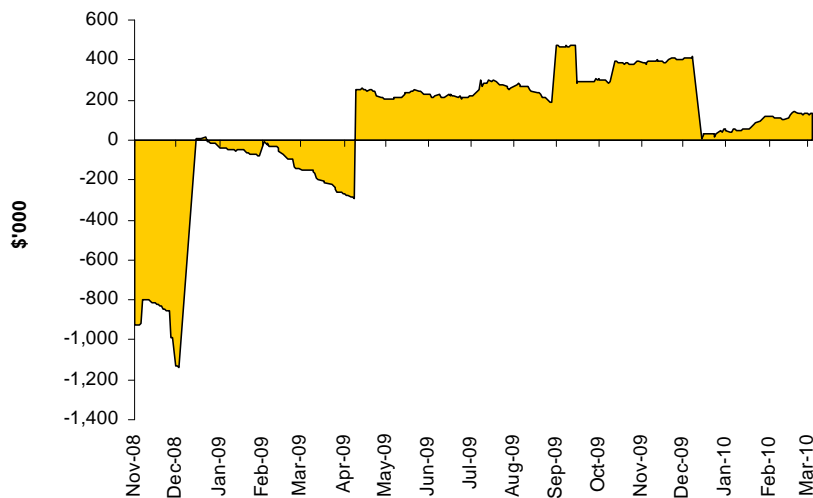
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**GMA Network 2009 net income up 19% yoy to P2.8B (GMA7; P7.40)**

- GMA Network, Inc. (GMA7) disclosed a 2009 net income of P2.8B (+19% yoy) – in line with market expectations – on revenues of P13.8B (+10% yoy). Airtime revenues rose by 9% to P12.7B with flagship GMA Channel 7 contributing P11.9B (+9% yoy), QTV Channel 11, P497M (+10% yoy), and radio, P376M (+14% yoy). Political advertisements raised P250M in revenues in the fourth quarter of 2009. International business generated P855M in revenues (+45% yoy), with GMA Pinoy TV had 236,000 subscribers while GMA Life TV had 171,000 subscribers by end-Dec. The network’s consolidated operating expenses stood at P7.8B (+9% yoy), attributed mainly to bonuses released to regular employees under a new collective bargaining agreement.
- In 2009, GMA Network led Mega Manila ratings with 17% versus ABS-CBN’s 13.7%. But in Feb 2010, ABS-CBN was slightly ahead with an average Mega Manila rating of 15.4% versus GMA7’s 15.3%. Nationwide, GMA Network’s rating stood at 12.7% in Feb, while ABS-CBN had 18.1%.
- GMA7 President and CEO Felipe Gozon said GMA Network remains competitive in ratings and advertising rates despite the rising number of ads appearing on channels such as TV5 of ABC. Chief Operating Officer Gilberto R. Duavit, Jr. said that while revenues from political ads would cease after the elections, there will still be substantial growth in traditional accounts. Mr. Duavit said the network is expecting double-digit growth in net income for 2010.
- GMA7 also declared a cash dividend of P0.45 per share, for shareholders of record as of April 14, 2010 (Ex-date is on April 8). The dividend is payable on May 7, 2010.

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



Source: Bloomberg