



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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MORNING NOTES

PSEi performance

PSEi Index 10 Aug 2010:	3,525.81	+ 1.11
Value T/O, net	Php 2,761 million	
52-week High	3,536.15	
Low	2,693.13	
Foreign Buying:	Php 2,166 million	
Foreign Selling:	Php 1,797 million	

Regional performance

Dow Jones	: 10,644.25	- 54.50
FTSE 100	: 5,376.41	- 34.11
Nikkei 225	: 9,551.05	- 21.44

Trading snapshot

Index Movers	Points
Ayala Land	-3.56
ABS-CBN	+3.54
Energy Dev't Corp.	+2.00
ICTSI	-1.98
Alliance Global	+1.96

Index Out-performers	Up
ABS-CBN	7.36%
Alliance Global	2.68%
GMA Network	2.14%
Robinsons Land	1.50%
Security Bank	1.43%

Index Under-performers	Down
Metro Pacific Investments	2.30%
ICTSI	2.21%
San Miguel Corp. B	2.07%
Aboitiz Power	1.40%
Ayala Land	1.28%

Calendar

Aug 11	ICTSI Special Stockholders' Mtg.
Aug 11	Transpacific Broadband ASM
Aug 12	GMA7/ VLL/ SMC 2Q Res. Briefings
Aug 12	Highlights Monetary Policy Issues

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HEADLINES

Wall Street gives lukewarm response to Fed statement

- Stocks slid but closed off their lows on Tuesday (Aug 10) after the Federal Reserve said that it would begin funneling proceeds from maturing mortgage bonds into longer-term government debt to keep borrowing costs low. Weaker-than-expected Chinese imports added to the bearish tone, with commodity and energy stocks lower. Defensive sectors such as utilities and health care were among the gainers. Intel Corp (-4%) and Advanced Micro Devices (-8%) fell on analysts' downgrades, while Novell Inc (-3.2%) dropped a day after cutting its 3Q revenue outlook. Meanwhile, Walt Disney Co (+1.4%) rose in extended trading after reporting its FY 3Q results.

June 2010 merchandise exports up by 33.4%

- Export earnings in June 2010 amounted to US\$4.545B, registering a double-digit growth of 33.4% from its year ago level of US\$3.407B. Compared to previous month level it also went up by 7.2% from US\$4.241B in May 2010. Aggregate merchandise exports from Jan to Jun 2010 also showed an increase of 37.7% to US\$23.711B from US\$17.225 billion posted during the same 6-month period in 2009.

Foreign Direct Investments yield net inflows in first 5 months of 2010

- Foreign direct investments (FDI) for the first five months of 2010 recorded a net inflow of US\$446M, lower by 68.0% compared to the same period last year. Investors stayed on the sidelines as they remained wary of potential spillovers of the Eurozone's sovereign credit problems, notwithstanding the relatively peaceful conduct of the May 2010 local elections. FDI net inflows for the period stemmed largely from intercompany borrowing/lending between foreign direct investors and their subsidiaries/affiliates in the Philippines. Net inflows of equity capital was at US\$46M, considerably lower than the US\$1.5B recorded the previous year. It will be recalled that in 2009, there were a number of equity capital infusions arising from the privatization of a local power corporation and the acquisition of a significant number of shares of a local beverage manufacturing firm. In May, FDI posted a net outflow of US\$35M.

ABS-CBN 1H 2010 nearly triple to P2.27B (ABS; P52.50)

- ABS-CBN Broadcasting Corporation generated 1H 2010 profits of P2.27B (+179% YoY) from strong growth in regular advertising revenues (+36% YoY) attributable to both a strong increase in total advertising minutes sold and rate adjustments in Aug 2009 and in Feb 2010 complemented by political ad spending (P2.33B). Consumer Sales amounted to P5.34B (+8% YoY), mainly from ABS-CBN Global (+9% YoY) and Skycable (+13% YoY). Recurring net income reached P1.26B (+55% YoY). Net income from non-recurring political ad revenues amounted to P1B for the first semester of the year. Recurring EBITDA for the first half of 2010 totaled P3.56B (+6% YoY). Reported EBITDA reached P5B (+48% YoY), which translates to an EBITDA margin of 30%.

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- Total expenses grew by P2.12B or 23% year-on-year to P11.32B, driven mostly by higher production costs and general and administrative expenses (GAEX), which rose 42% YoY to P3.82B, including P591M for non-recurring employee costs including performance pay and pay adjustments. Netting out the non-recurring employee costs, recurring total GAEX growth is only 20%.
- Capital expenditures and film and program rights acquisitions for the first half of 2010 amounted to P1.25B (-8% YoY). The total capex budget for the year is P3.49B, which is expected to be fully used up by the end of 2010.

PDS 1-Year Tenor Yield: 12-month period



Source: Philippine Dealing and Exchange Corp.