



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 19 Oct 2010:	4,191.25	- 23.86
Value T/O, net	Php 2,947 million	
52-week High	4,253.75	
Low	2,787.66	
Foreign Buying:	Php 1,840 million	
Foreign Selling:	Php 2,020 million	

### Regional performance

Dow Jones	: 10,978.62	- 165.07
FTSE 100	: 5,703.89	- 38.63
Nikkei 225	: 9,539.45	+ 40.96

### Trading snapshot

Index Movers	Points
PLDT	-8.82
Ayala Land	-5.77
Manila Electric Co.	-5.23
Jollibee Foods Corp.	-5.21
Megaworld Corp.	+4.32

Index Out-performers	Up
Megaworld Corp.	5.71%
Metrobank	2.19%
SM Prime	1.54%
Filinvest Land	0.74%
Aboitiz Equity	0.63%

Index Under-performers	Down
Lepanto Consolidated A	12.94%
Lepanto Consolidated B	10.31%
Jollibee Foods Corp.	4.54%
Philex Mining	3.94%
Manila Electric Co.	3.21%

### Calendar

Oct 21	Island Information & Tech. ASM
Oct 22	Steniel Manufacturing Corp. ASM
Oct 22	Manila Electric Co., Results Briefing
Oct 26	Suntrust Home Developers ASM

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## HEADLINES

### Mortgage worries drag Wall Street anew

U.S. stocks tumbled on Tuesday (Oct 19) after Bloomberg reported that investors PIMCO and BlackRock, along with the New York Federal Reserve Bank, were seeking to force Bank of America (-4.4%) to repurchase \$47B in mortgage bonds. Earlier, an unexpected credit tightening by China and less-than-expected sales from Apple (-2.7%) and IBM (-3.4%) already depressed equities prices. Commodities prices likewise slid, with crude oil futures (-4.5%), gold (-3%) and copper prices weighing on related stocks (Exxon Mobil, -1.8%; Barrick Gold, -4.9%). Caterpillar Inc (-2.1%) was among the biggest drags on the Dow. Still, Goldman Sachs (+2%) gained as profits beat estimates even as net trading revenues fell by more than a third in the quarter. The CBOE volatility index rose 8.1%, a sign that investors may be expecting turbulence ahead. Oct 19 is the anniversary of the 1987 stock market crash known as "Black Monday".

### BOP surplus hit US\$6.54-B in Sep 2010

Preliminary estimates show that the Philippines' balance of payments (BOP) reached an all-time high of US\$6.54B in Sep 2010, or US\$119M more than last year's surplus of US\$6.42B. Bangko Sentral ng Pilipinas (BSP) Governor Amando M. Tetangco Jr. said that the BOP surplus was US\$3B in Sep alone, attributing the surplus in part to the BSP's foreign-exchange operations, proceeds from the national government's bond issuance, as well as proceeds from overseas development assistance or ODA loans. *Last week, the BSP also estimated that foreign portfolio investments netted inflows of US\$494M for Sep alone, and US\$1.4B for the period Jan-Sep 2010.*

### SMDC Jan to Sep 2010 net income up 48% to P2.0B (SMDC; P8.99)

For the Jan-Sep 2010 period, SM Development Corporation (SMDC) reported a 48% YoY increase in its consolidated net income to P2.0B. Realized revenues from real estate operations jumped 63% YoY to P6.1B. Net income from real estate operations, on the other hand, reached P1.6B (+43% YoY). EBITDA amounted to P2.4B, for an EBITDA margin of 40%. SMDC pre-sold 8,040 residential units (+122% YoY) worth approximately P16.9B. As of end-Sep 2010, SMDC has 13 residential projects in the market. Another upcoming project is Blue Residences, located at Loyola Heights in Quezon City.

### New Ayala Land unit formed to handle hotel, resort ventures (ALI; P16.98)

Ayala Land, Inc. (ALI) has formed a new subsidiary, Ayala Hotels and Resort Corp. (AHRC), to handle its hotel and resort business. The Securities and Exchange Commission approved the articles of incorporation of AHRC last Sep 21. AHRC has an authorized capital of P1.175B divided into 235M shares. ALI ventured into the resort and leisure segment with the P4B development of the Anvaya Cove (320 ha.) in Bataan, followed by Amara (46 ha.) in Liloan, Cebu, and a deal with the government to develop a 7.5ha. lot within the Subic Bay Freeport Zone. ALI is also in a joint venture to develop parts of the El Nido Resort in Palawan.

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**Lepanto to raise P3B via SRO (LC/ LCB; P0.37/P0.435)**

- Lepanto Consolidated Mining Co. (LC) plans to raise P3B by way of a 1:3.3 stock rights offering (SRO) priced at P0.30 per share, primarily to fund the development of its Victoria gold mine in Benguet. Proceeds will also be used to retire loans, accounts with suppliers and advances from shareholders, and to update the company’s defined retirement benefit obligation. Record and offer dates will be announced after approval by the Philippine Stock Exchange.

**PDS 1-Year Tenor Yield: 12-month period**



Source: Philippine Dealing and Exchange Corp.