



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 28 Oct 2010:	4,260.69	- 24.38
Value T/O, net	Php 2,951 million	
52-week High	4,299.08	
Low	2,787.66	
Foreign Buying:	Php 2,873 million	
Foreign Selling:	Php 2,668 million	

### Regional performance

Dow Jones	: 11,113.95	- 12.33
FTSE 100	: 5,677.89	+ 31.87
Nikkei 225	: 9,366.03	- 21.00

### Trading snapshot

Index Movers	Points
Manila Electric Co.	-5.89
Energy Dev't Corp.	-4.01
Ayala Land	+3.56
San Miguel Corp.	-3.54
Metrobank	-3.41

Index Out-performers	Up
Metro Pacific Investments	2.49%
ICTSI	2.05%
Ayala Land	1.21%
ABS-CBN	1.08%
BPI	0.96%

Index Under-performers	Down
San Miguel Corp.	5.33%
Lepanto Consolidated B	3.70%
GMA Network	3.67%
Manila Electric Co.	3.56%
Philex Mining	2.68%

### Calendar

Oct 29	Sep '10 Template on Int'l Reserves
Nov 03	San Miguel Pure Foods, SSM
Nov 04	PLDT/ ICTSI 3Q Results Briefing
Nov 04	Highlights, Monetary Policy Issues

Anita L. Panaligan  
**Wealth Securities, Inc.**  
 2103 East Tower, PSE Center, Exchange Road,  
 Ortigas Center, Pasig City 1600  
 Telephone: 02.634.5038  
 Facsimile: 02.634.5043

## HEADLINES

### Major Wall Street indices little changed on investor caution

- U.S. stocks closed flat on Thursday (Oct 28) as investors stayed on the sidelines ahead of next week's elections and a Federal Reserve policy meeting. A weak dollar and data showing an unexpected fall in new weekly claims for unemployment benefits gave stocks an early boost. But 3M (-5.9%) weighed on the Dow after it trimmed its outlook due to costs from recent acquisitions. Halliburton (-8%) tumbled after a White House panel said the contractor ignored cement design flaws in the Macondo well weeks before the worst U.S. offshore oil spill. In extended-hours trading, Microsoft (+3.1%) gained after posting a 51% jump in quarterly profit.

### PSE announces changes to main, sectoral indices effective Nov 8

- Following a regular review, the Philippine Stock Exchange (PSE) announced changes in the main and sectoral indices that will take effect on Nov 8, 2010. DMCI Holdings, Inc., First Gen Corp. and JG Summit Holdings, Inc. will replace San Miguel Corp., GMA Network, Inc. and Security Bank Corp. in the 30-member bellwether PSEi.
- Among the sector indices, *Financials* will add National Reinsurance Corp. of the Philippines; *Industrial* will remove San Miguel Brewery, Inc. and include Alsons Consolidated Resources, Inc., RFM Corp., Swift Foods, Inc., Trans-Asia Oil and Energy Development Corp.; *Holding Firms* will add A. Soriano Corp., Filinvest Development Corp. and Sinophil Corp.; *Properties*, will add Philippine Realty & Holdings Corp., Fil-Estate Land, Inc. and MRC Allied, Inc.; *Service* will add DFNN, Inc. and Transpacific Broadband Group International, Inc.; and *Mining and Oil* will add Century Peak Metal Holdings Corp., Oriental Peninsula Resources Group, Inc. and PetroEnergy Resources Corp. Apex Mining Co. will be removed.

### SEC, PSE to reinstate 10% minimum public float rule effective Nov 30

- The Philippine Stock Exchange (PSE), with the approval of the Securities and Exchange Commission (SEC) will reinstate the 10% minimum public ownership rule as a requirement for continued listing effective Nov 30, 2010. Non-compliant firms shall be allowed a grace period of 12 months to comply. The following penalties will be imposed beyond the grace period. Listed firms that are currently non-compliant include Petron Corp. (9.4%), San Miguel Pure Foods Co., Inc. (0.1%) and San Miguel Brewery, Inc. (0.6%). Trading suspensions and delisting will result for noncompliance past three years.

### Annual Listing Maintenance Fees (ALMF) for non-compliant firms

Public Shortfall	No. of years beyond the 12-month grace period		
	1	2	3
Up to 5%	ALMF x 2.00	ALMF x 2.25	ALMF x 2.50
More than 5%	ALMF x 2.50	ALMF x 2.75	ALMF x 3.00

- Trading suspensions and delisting will result for noncompliance beyond three years. Listed firms that are currently non-compliant include Petron Corp. (9.4%), San Miguel Pure Foods Co., Inc. (0.1%) and San Miguel Brewery, Inc. (0.6%).

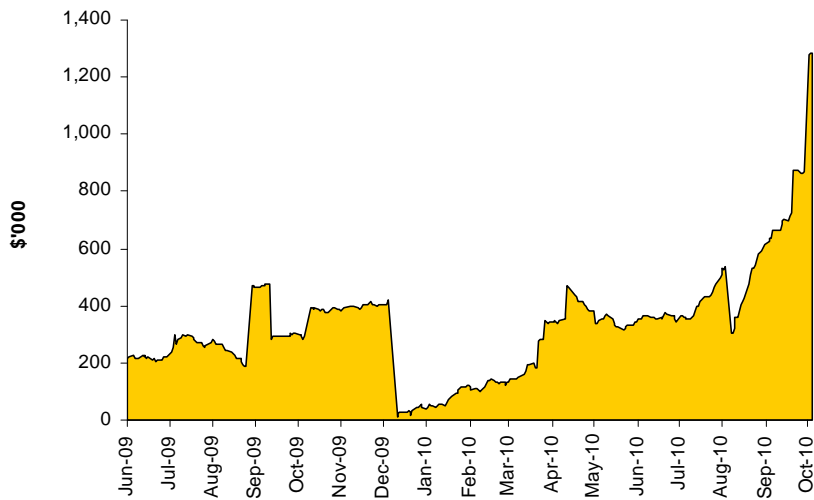
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**GMA Network posts 6% rise in Jan-Sep net income to P2.27B (GMA7; P7.35)**

- GMA Network Inc. said that its net income rose to P2.27B (+6% YoY) on revenues of P10.875B (+8% YoY) for the Jan-Sep period, but dipped to P583M (-30% QoQ) in 3Q versus 2Q2010's P834M. GMA Network Chairman and CEO Felipe Gozon said in a media and analysts' briefing yesterday that the decline was expected because of the absence of political advertisements, as well as higher effective rates at a time when rival ABS-CBN had the upper hand in the ratings game. Nonetheless, Gozon is confident that GMA Network will reach its bottom line target of P3.5B for the year. Gozon pointed out that GMA Network's advertising load is on the uptrend as big advertisers have returned and made huge commitments with the television firm. Overseas, GMA Network continues to eat up market share with its international channels, such as GMA Pinoy TV and GMA Life TV, the statement said. By the end of the third quarter, GMA Pinoy TV's subscribers were at 263,000 (+17% YoY) and 123,000 (13% YoY) subscribers of GMA Life TV. GMA also declared a special cash dividend of P0.25 per share payable on Dec 8, 2010 to shareholders of record as of Nov 17, 2010.
- The network regained its ratings dominance in Mega Manila and Urban Luzon towards the end of September and continues to perform strongly this month. Yesterday's decline is more a result of GMA7's removal from the PSEi rather than a negative turn in fundamentals. At P7.35 per share, its 2010 PER at 11x is still below the market's 15x.*

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



Source: Bloomberg