



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

05 Nov 2010

## MORNING NOTES

### PSEi performance

PSEi Index	04 Nov 2010:	4,397.30	+ 15.44
Value T/O, net		Php 3,688 million	
52-week High		4,397.30	
Low		2,787.66	
Foreign Buying:		Php 2,427 million	
Foreign Selling:		Php 2,348 million	

### Regional performance

Dow Jones	:	11,434.84	+ 219.71
FTSE 100	:	5,862.79	+ 113.82
Nikkei 225	:	9,358.78	+ 198.80

### Trading snapshot

Index Movers	Points
PLDT	-7.61
Jollibee Foods Corp.	+5.55
Robinsons Land	+4.94
PLDT	+2.97
San Miguel Corp.	+2.94

Index Out-performers	Up
Security Bank	6.54%
Robinsons Land	5.45%
Jollibee Foods Corp.	5.26%
San Miguel Corp.	4.43%
Megaworld Corp.	2.20%

Index Under-performers	Down
Lepanto Consolidated B	2.56%
Banco de Oro	1.42%
Lepanto Consolidated A	1.37%
ICTSI	1.21%
PLDT	1.04%

### Calendar

Nov 05	Oct '10 Inflation Rate, GIR
Nov 05	Sep '10 Producer Price Survey
Nov 05	AEV/ AP/ GLO 3Q Results Briefings
Nov 08	RCBC SSM

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## HEADLINES

### Fed stimulus, retail sales lift S&P, Dow to two-year highs

Major stock indices closed at two-year highs on Thursday (Nov 4), with many retailers posting stronger-than-expected Oct sales a day after the Federal Reserve unveiled its second stimulus plan. Gap (+6.1%), Target (+1.5%) and Macy's (+6.6%) advanced. An index of commodity prices (+2.4%) hit its highest level in more than two years while the U.S. dollar fell. Commodity stocks, including Freeport McMoRan (+7%) and Exxon Mobil (+2.1%) gained. Kraft Foods (+0.1%) posted an adjusted 3Q profit slightly ahead of expectations and affirmed its full-year outlook. Starbucks Corp (+2.5%) gained in extended trading after it reported better-than-expected 4Q earnings and raised its full-year profit view. Meanwhile, the U.S. non-farm payroll report for October will be released Friday before the market opens. Employment is seen rising for the first time since May with 60,000 non-farm payrolls added in the month. The unemployment rate is expected to remain elevated at 9.6 %.

### PLDT posts 9-month core net income of P31.4B, up 2% YoY (TEL; P2,652.00)

Philippine Long Distance Telephone Company (TEL) announced its unaudited financial and operating results for the first nine months of 2010 with consolidated Reported Net Income increasing by 7% YoY to P32.0B. Core Net Income for the first three quarters of 2010 rose 2% YoY to P31.4B. This year's results reflect higher recurring net income and a higher net gain from foreign exchange revaluation of our financial assets and liabilities compared with last year. Consolidated service revenues decreased by 1% to P106.7B, reflecting the on-going transition of revenue streams, a stronger peso, and the sale of its satellite business. Approximately 28% of consolidated service revenues are linked to the US Dollar. PLDT Chairman Manuel V. Pangilinan said that the company expects service revenues for 2010 to be slightly under previous guidance, but core net income will rise to P41.5B, assuming the peso does not appreciate much further. To help maintain margins, PLDT has reinstated a manpower reduction program that will reduce headcount by 850 towards year-end.

### Globe Telecom 9-month consolidated net income at P7.4B (GLO; P905.00)

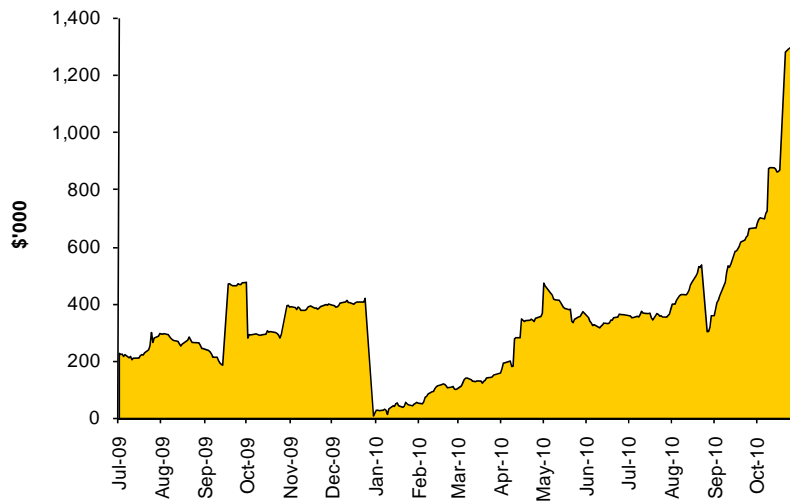
Globe Telecom, Inc. ended the nine-month period with consolidated net income of P7.4B (-24% YoY). Consolidated service revenues amounted to P45.8B (-2% YoY). Broadband (+84% YoY) and fixed line revenues (+18% YoY) were higher, while mobile revenues (-8% YoY) remained soft despite rising usage as market preference leaned heavily on value-based bucket and unlimited promos. Subsidy and operating expenses at P21.0B (+9% YoY) were also higher as Globe continues to channel investments in upgrading its mobile and broadband networks, acquiring new customers, and competing for market share. As a result, EBITDA declined by 10% YoY from to P24.8B. Although mobile EBITDA margin remained healthy at 63%, the growing contribution of the lower-margin fixed line and broadband businesses pulled down consolidated margins to 54% from 59% last year. Excluding non-recurring items, core net income stood at P7.1B (-24% YoY).

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- Globe President and CEO Ernest L. Cu said that the company is seeing encouraging improvements, with net adds of 2.2M in mobile subscriber base for the Jan-Sep 2010, following the clean-up done last year. Mobile postpaid growth continues to be strong, and this quarter's postpaid net adds are at a 7-year high, despite a maturing market. The Company closed the quarter with over 980,000 postpaid subscribers, up by 16% compared to last year, and contributing over 27% of total mobile revenues. The broadband business also achieved a milestone this period when total subscribers breached the 1 million mark, almost double last year's levels.

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



Source: Bloomberg