



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 05 Nov 2010:	4,349.11	- 48.19
Value T/O, net	Php 4,829 million	
52-week High	4,413.42	
Low	2,787.66	
Foreign Buying:	Php 2,473 million	
Foreign Selling:	Php 2,552 million	

### Regional performance

Dow Jones	: 11,444.08	+ 9.24
FTSE 100	: 5,875.35	+ 12.56
Nikkei 225	: 9,625.99	+ 267.21

### Trading snapshot

Index Movers	Points
PLDT	-58.70
Aboitiz Power	+8.04
San Miguel Corp.	+5.81
SM Prime	-3.10
Globe Telecom	-3.03

Index Out-performers	Up
San Miguel Corp.	8.37%
Lepanto Consolidated B	6.58%
Aboitiz Power	5.64%
Lepanto Consolidated A	2.78%
Alliance Global	1.82%

Index Under-performers	Down
PLDT	8.14%
Globe Telecom	3.87%
SM Prime	2.35%
Manila Water	1.56%
Robinsons Land	1.10%

### Calendar

Nov 08	RCBC SSM
Nov 08	Sep '10 Deposit Corp. Survey, KB Loans
Nov 09	MWC, ALI 3Q Results Briefings
Nov 10	Sep '10 Merchandise Export Perf.

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## HEADLINES

### Equities close flat on profit-taking

- U.S. stocks closed flat on Friday (Nov 5) as profit-taking offset a more-than-expected gain in Oct non-farm payrolls (+151,000 jobs). Telecoms (-0.6%), healthcare (-0.5%) and drug companies (Merck, -2.6% and Pfizer, -1.2%) declined. Dow component Kraft Foods (-2.2%) was among the biggest decliners a day after it reported weaker-than-expected 3Q revenue. But financials (+2.1%), including JPMorgan (+2.9%) and Bank of America (+1.9%), outperformed other sectors on expectations that the Fed will soon allow some healthy banks to increase dividend payments. In after-hours trading, Boeing Co (-2.5%) fell on an Aviation Week report about delivery delays of its 787 aircraft.

### Inflation slows down further to 2.8% in October

- The Philippines' headline inflation slowed down anew to 2.8% in October from 3.5% in September. The resulting year-to-date average inflation rate decelerated to 4.0% from 4.1%, remaining well within the Government's target range of 3.5%-5.5% for 2010. Core inflation, which excludes certain food and energy items to measure broad-based price pressures, also dropped to 3.3% from 3.8% in the previous month. Month-on-month, headline inflation was unchanged in October at -0.2%.

### End-Oct 2010 GIR climbs to US\$56.8 billion

- Preliminary data from the Bangko Sentral ng Pilipinas (BSP) showed that the country's gross international reserves rose to US\$56.8B (+5.6% MoM) as of end-Oct 2010. The build-up in the reserves level was due mainly to inflows from the foreign exchange operations and income from investments abroad of the BSP, foreign currency deposits by the National Government (NG) of proceeds from the new money component of the global bond exchange as well as revaluation gains on the BSP's gold holdings on account of the increase in gold prices in the international market. These inflows were partially offset, however, by payments for maturing foreign exchange obligations of the NG.

### Aboitiz companies post 9-month results (AEV/AP; P34.70/P29.95)

- Aboitiz Equity Ventures, Inc. (AEV) closed the Jan-Sep 2010 period with a consolidated net income of P16.8B (+187% YoY), or an earnings per share of P3.05. The power group still accounted for the lion's share at 83%; banking, at 11%; and food at 7%. Only the transport group recorded a loss for the first nine months of the year. AEV incurred a non-recurring gain of P408M for resulting from a P712M forex net gain that was offset by a one off refinancing cost of one of its power subsidiary's associates. Accounting for these non-recurring items, AEV's core earnings for the period was at P16.4B (+208% YoY).
- Aboitiz Power Corporation (AP) recorded a consolidated net income of P18.5B (+388% YoY) for the Jan-Sep 2010 period, translating to an earnings per share of P2.52. AP incurred a P536M non-recurring income. Adjusting for these one-off's, AP recorded a 354% YoY growth in its core net income, from P4.0B to P18.0B.

## Please Read!

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**RCBC posts 30% nine-month profit gain (RCB; P29.10)**

- Rizal Commercial Banking Corp.'s (RCBC) net income rose by 30% YoY to P3.66B for the Jan-Sep 2010 period. Principally contributing to the profit growth was its net interest income, which rose by 8.32% YoY to P8.18B. Other operating income swelled by 43.63% YoY to P6.59B, primarily driven by a 71.97% jump in foreign exchange and securities trading gains. Operating expenses, meanwhile, rose by 9.74% as RCBC continued to expand its branch and automated teller machine (ATM) network. As of end-Sep, the bank had 349 branches, and 554 ATMS. Deposits amounted to P215.69B, higher than the P195.93B a year ago. Its capital adequacy ratio stood at 17.94%, well above the central bank's 10% requirement. Its Tier 1 ratio was 12.77%. The bank is looking at raising \$100M in fresh capital in 1Q 2011 through the sale of 160M to US200M common shares to third party investors.

**Sun Cellular claims over 16 million subscribers (DGTL; P1.60)**

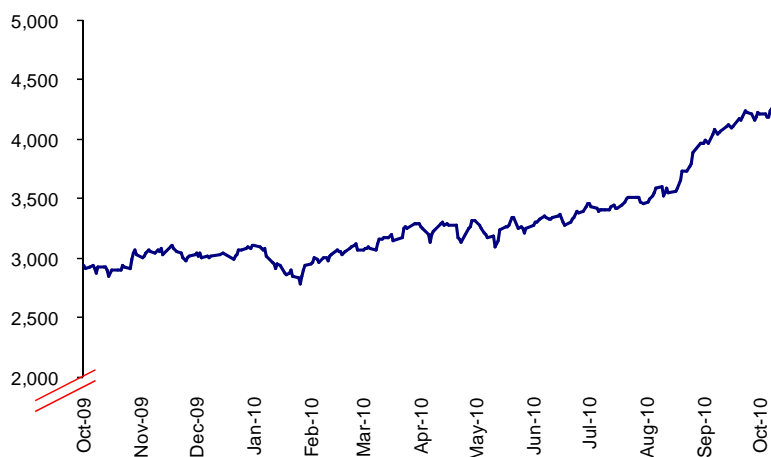
- Digital Telecommunications Phils., Inc.'s (Digitel) Sun Cellular service brand announced that its subscriber base has already exceeded 16 million, of which over one million are postpaid subscribers.

**Chemrez earnings up on sales growth (COAT; P2.50)**

- Chemrez Technologies, Inc.'s consolidated net income rose to P387.5M (+4% YoY) on the back of strong sales and exports in the nine-month period ending September. Consolidated revenues grew by 26% YoY to P4.5B, but gross profit increased by a mere 2% YoY to P584M because of higher raw materials costs. Sales volume increased by 8% YoY. A quarter of this increase came from exports, driven by the high demand for amides and esters as used for the detergent and soap sectors in overseas markets. On the other hand, the firm's various resin products have registered mixed volume results. Oleochemical sales made up 58% of the company's revenues. Expenses rose by 18% YoY to P72.9M primarily due to the increase in delivery expenses as a result of higher sales volumes.

**Nickel Asia sets IPO price at P15**

- Nickel Asia Corp. has set the final price for its initial public offering at P15 a share. The primary offering involves a total of 304.5M common shares, including 132.991M treasury shares. Around 68.5% of the total offer was issued to investors outside the Philippines while the remaining 31.5% or 95.917M shares will be sold locally. The domestic offering will run from Nov 9 to 15; the shares will be listed on Nov 22.

**PSEi : 1-Year Price Chart**

Source: Philippine Stock Exchange