



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

09 Nov 2010

## MORNING NOTES

### PSEi performance

PSEi Index 08 Nov 2010:	4,295.62	- 53.49
Value T/O, net	Php 3,380 million	
52-week High	4,413.42	
Low	2,787.66	
Foreign Buying:	Php 1,915 million	
Foreign Selling:	Php 2,329 million	

### Regional performance

Dow Jones	: 11,406.84	- 37.24
FTSE 100	: 5,849.96	- 25.39
Nikkei 225	: 9,732.92	+ 106.93

### Trading snapshot

Index Movers	Points
Metrobank	-10.05
PLDT	-9.50
Ayala Corp.	-6.82
Jollibee Foods Corp.	-4.54
Banco de Oro	-4.47

Index Out-performers	Up
Lepanto Consolidated A	2.70%
Lepanto Consolidated B	1.23%
Aboitiz Equity	0.86%
SM Prime	0.69%
Aboitiz Power	0.67%

Index Under-performers	Down
Metrobank	4.61%
Jollibee Foods Corp.	4.21%
Globe Telecom	3.79%
DMCI Holdings	3.65%
ICTSI	3.55%

### Calendar

Nov 09	MWC, ALI 3Q Results Briefings
Nov 10	Sep '10 Merchandise Export Perf.
Nov 10	VLL, MPI 3Q Results Briefings
Nov 10	Aug '10 Foreign Direct Investments

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## HEADLINES

### Financials lead Wall Street decline

Financials (-0.8%) and a stronger dollar caused U.S. stocks to retreat from a two-year high on Monday (Nov 8), as investors viewed interest rates at near record lows to hurt bank profits. The dollar rose 0.7% against major currencies on renewed worries over the euro-zone, triggered by budget problems in Ireland. The Nov 11 to 12 G20 meeting in South Korea is seen as another possible catalyst in moving the dollar. Meanwhile, technicals show that the S&P 500 faces strong resistance around 1,228. Gains in technology stocks, including Apple Inc (+0.5%) kept the Nasdaq afloat. Material stocks outperformed the broader market. Gold reached an all-time high, lifting share prices of mining firms, while coal producers rose on strong global demand and renewed talk of mergers: Alpha Natural Resources (+8.6%); Arch Coal (+4.6%); and Consol Energy (+3.6%).

### Domestic liquidity growth accelerates in September

Domestic liquidity or M3 reached P4.1 trillion (+10.5% YoY) in September, growing at a faster pace from 8.6% in August. On a monthly basis, seasonally-adjusted M3 growth likewise accelerated to 2.0% from 0.5% (revised) in the previous month. The faster expansion of domestic liquidity can be traced mainly to the slight acceleration in the growth of net foreign assets (NFA) at 12.8%. Likewise, net domestic assets (NDA) grew at a faster pace of 5.1% in September due to the steady increase in private sector credits (+9.5% YoY).

### China Bank posts 17% jump in 9-month net income (CHIB; P474.00)

China Banking Corporation (China Bank) posted P3.75B (+17% YoY) in consolidated net income as of end-September. Net interest revenues rose by 7.6% to P6.44B, as lower interest revenues from loans was offset by lower interest expense on low interest-paying checking and savings account or CASA deposits. Other income climbed 15.1% YoY to P3.52B due to trading gains, which surged by 103.1% YoY. China Bank also booked better-than-projected gains from the sale of acquired properties. Total resources swelled by 10.3% to P236.39B from a year ago. Total deposits expanded by 9.7% to P190.93B while gross loans to expand by 11.5% to P107.31B. Nonperforming loan (NPL) ratio improved to 4.31% from 4.94% a year ago. Its total capital adequacy ratio (CAR) was at 15.45%, with Tier 1 ratio at 14.60%.

### CEB international passenger growth at 37% for Jan-Sep 2010 (CEB; P117.00)

Cebu Air's (CEB), Cebu Pacific planes carried more than 1.61M (+37% YoY) international passengers for the first nine months of 2010, compared to approximately 1.17M last year. Domestic operations grew by 16%, for a system-wide passenger growth of 20%. CEB had been ranked first among Philippine carriers for carrying the most number of combined domestic and international passengers since the first quarter of 2010. CEB flies to 16 international and 33 domestic destinations, operating the youngest aircraft fleet in the Philippines composed of 10 Airbus A319, 12 Airbus A320 and 8 ATR 72-500 aircraft. It has four main hubs in Manila, Cebu, Clark and Davao.

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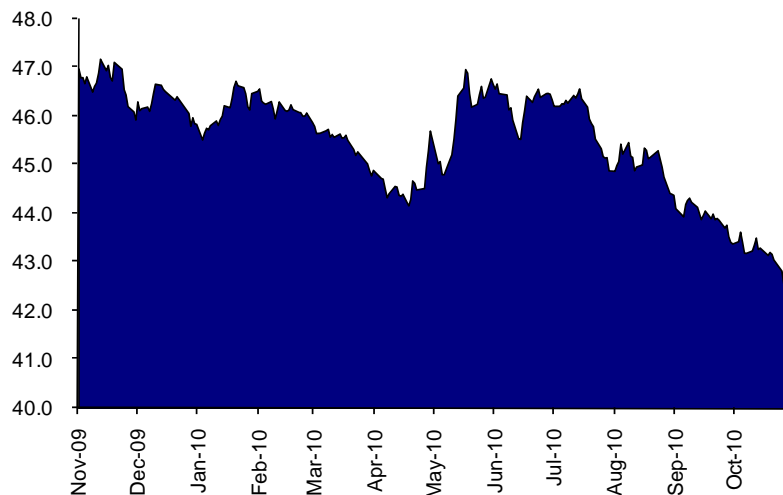
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- CEB VP for Marketing and Distribution Candice Iyog said that to boost international travel further, CEB will mount additional flights to Hong Kong, Singapore, Kuala Lumpur, Ho Chi Minh, Jakarta and Brunei this December 2010. Services to Brunei were launched just last August 21, 2010. The airline also announced that its Seoul and Bangkok operations will be strengthened with twice daily and ten times weekly flights, respectively, early next year. CEB is also slated to add almost 8M seats to its future operations, with the arrival of 3 more brand-new Airbus A320 aircraft this year, and the expected delivery of 19 more A320 aircraft until 2014.

#### UEM Dev't prepares backdoor listing of Sy, Jr.'s power venture(MK; P65.00)

- In a special meeting on Nov 5, the Board of Directors of UEM Development Philippines, Inc approved several reorganization and diversification plans: (i) change of company name to Synergy 21 Grid & Development Corp.; (ii) the amendment of firm's primary purpose to include the power and authority to engage in power, utilities, infrastructure and related businesses; (iii) increase UEM's authorized capital stock to P215M from P50M; (iv) creation of an additional 100M common shares and 65M non-voting, non-cumulative preferred shares of stock at a par value P1 per share; (v) public offering of the preferred shares, with other terms and conditions to be determined by the Board; and (vi) swap the company's common shares, which will be taken out of the increase in authorized capital stock, with shares in OneTaipan Holdings, Inc. and Pacifica21 Holdings, Inc. UEM Development called for a special stockholders' meeting on Dec. 15 to secure the approval of shareholders.
- OneTaipan Holdings, owned by Henry Sy, Jr., has a controlling stake in Monte Oro Grid Resources Corp., which in turn owns 30% of the National Grid Corporation of the Philippines (NGCP), which operates and maintains the country's power transmission grid. State Grid of China Corp. and Calaca High Power Corp. of the Coyiuto group, also have stakes of 40% and 30%, respectively in NGCP. Pacifica21 is owned by Robert Coyiuto, Jr.

#### Php versus US\$ : 1-Year Price Chart



Source: Philippine Dealing and Exchange Corp.