



THE WEALTH VAULT

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MORNING NOTES

PSEi performance

PSEi Index 18 Nov 2010:	4,120.62	+ 51.31
Value T/O, net	Php 3,926 million	
52-week High	4,413.42	
Low	2,787.66	
Foreign Buying:	Php 2,782 million	
Foreign Selling:	Php 2,835 million	

Regional performance

Dow Jones	: 11,181.23	+ 173.35
FTSE 100	: 5,768.71	+ 76.15
Nikkei 225	: 10,013.63	+ 201.97

Trading snapshot

Index Movers	Points
Aboitiz Equity	+18.58
BPI	+8.19
Ayala Corp.	+8.11
Aboitiz Power	+7.02
PLDT	+6.81

Index Out-performers	Up
Aboitiz Equity	7.89%
Alliance Global	5.47%
Aboitiz Power	4.76%
Ayala Corp.	4.76%
Energy Dev't Corp.	3.74%

Index Under-performers	Down
Lepanto Consolidated A	2.90%
ABS-CBN	2.80%
Banco de Oro	1.91%
Universal Robina Corp.	1.79%
Manila Electric Co.	1.63%

Calendar

Nov 19	Boulevard Holdings, Inc. ASM
Nov 19	Oct '10 Overall BOP Position
Nov 22	Prime Orion Philippines, Inc. ASM
Nov 23	Philex Mining Corp. SSM

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HEADLINES

Wall Street rebounds on hopes of Irish bailout resolution

- U.S. stocks jumped on Thursday (Nov 18) as commodity prices and related sectors (materials, +1.9%; energy, +2.2%) advanced on expectations of a resolution to Ireland's banking woes. The CBOE Volatility index (-13.8%) posted its largest drop in more than 5 months. General Motors (+3.6%) gained in its return to public trading, boosting the S&P Industrials index (+1.8%) as shares of other automakers and auto suppliers closed higher. Moreover, U.S. weekly applications for unemployment insurance hit a two-year low last week while factory activity in the U.S. mid-Atlantic region accelerated in November.

Monetary Board maintains policy rates

- The Monetary Board (MB) decided to maintain the BSP's key policy interest rates at 4% for the overnight borrowing or reverse repurchase (RRP) facility and 6% for the overnight lending or repurchase (RP) facility. The interest rates on term RRP, RP, and special deposit accounts (SDAs) were also left unchanged. The BSP's policy rates have been kept steady since July 2009. The Monetary Board's decision was based on its assessment that inflation remains manageable given favorable economic conditions. The Monetary Board also noted that the recent run-up in asset prices, driven in part by strong foreign capital inflows, does not appear to pose an immediate threat to financial stability, although it continues to warrant careful attention.

Business Outlook rises to new high in Q4 2010

- Business sentiment in Q4 2010 was more buoyant, with the overall confidence index (CI) reaching a record high of 50.6%. Positive outlook for the current quarter was driven by: (a) expectations of sustained improvements in the economy on strong domestic demand fuelled partly by remittances and higher capital inflows; (b) the seasonal factor of the Christmas and harvest seasons; and (c) continued strong confidence in the new government. The sentiment mirrored the improving business confidence in other countries like Canada, Hong Kong, India, Germany, Italy and New Zealand. However, businesses were less optimistic for the next quarter (Q1 2011) in view of the expected slowdown of business activity after the Christmas season. The next quarter CI fell to 51.0% from 59.2% in Q3 2010.

Belle Corp. posts net income of P333.3M in Jan-Sep 2010 period (BEL; P2.95)

- Belle Corporation (Belle) realized income from real estate operations of P407.6M (+7% YoY) for the nine months ended Sep 30, 2010. Consolidated net income was P333.3M (+11% YoY). Net revenue from operating sources was lower at P937.3M (-10% YoY) but gross profit increased to P514.4M (+3% YoY) due to higher-margin projects in 2010, specifically Cotswold and Fairfield. Total operating expenses increased to P129.8M (+5% YoY) due to expanded project development and marketing activities. Interest expense at P148.0M (-7% YoY) was lower, and with the year-on-year peso appreciation, Belle recorded a P50.7M forex translation gain on its US\$22M debt. Meanwhile, equity in net earnings of associated companies decreased by 27% YoY to P89.1M.

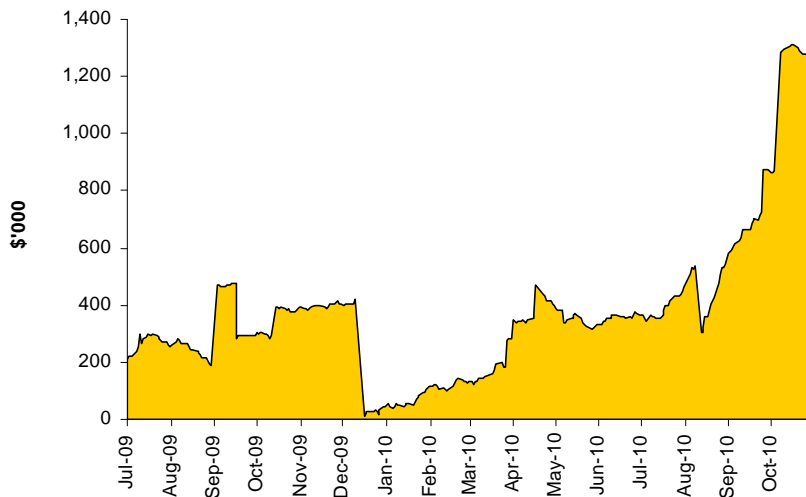
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Philippine government adds details to PPP projects

- In the Infrastructure Philippines 2010 conference that began yesterday, the Philippine government promised support measures to attract private investment to key infrastructure projects that include US\$3.3B worth of rail, road and airport ventures up for bidding next year. Several large corporations, including San Miguel Corp., Metro Pacific Investments Corp., Ayala Corp. and SM Investments Corp. said they would be studying the project lineup. The Government will be wholly responsible for the civil works of at least five of these projects, which will be turned over to a private sector concessionaire for operation and maintenance (O&M): (i) the US\$170M expansion of the Light Rail Transit (LRT) Line 1, to be turned over to a concessionaire at market prices; (ii) the US\$140M expansion and privatization of the Metro Rail Transit-3 under a scheme similar to the LRT-1 deal; (iii) the US\$700M LRT-1 South extension, where O&M will be worth US\$800M; (iv) the US\$120M LRT Line 2 East extension with O&M worth US\$100M; and (v) the privatization of the US\$28M Laguindingan airport in Misamis Oriental with O&M at US\$5M.
- In addition to O&M, private sector investors will have to partly fund the construction of the remaining six projects: (i) the 27.6-kilometer Cavite-Laguna Expressway worth US\$262M; (ii) an elevated 4.9-kilometer expressway worth US\$235.33M that will link the Skyway and Manila-Cavite Coastal expressway to the Ninoy Aquino International Airport terminals; (iii) the North Luzon Expressway-South Luzon Expressway link worth US\$467M; (iv) a new \$120M airport in Panglao, Bohol; (v) the US\$97M rehabilitation of the airport in Puerto Princesa, Palawan; and (vi) a new US\$71M airport in Daraga, Albay.

Foreign Buying-Selling : 12-month period



Source: Bloomberg