



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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MORNING NOTES

PSEi performance

PSEi Index 17 Nov 2010:	4,069.31	- 70.01
Value T/O, net	Php 3,325 million	
52-week High	4,413.42	
Low	2,787.66	
Foreign Buying:	Php 2,813 million	
Foreign Selling:	Php 3,080 million	

Regional performance

Dow Jones	: 11,007.88	- 15.62
FTSE 100	: 5,692.56	+ 10.66
Nikkei 225	: 9,811.66	+ 14.56

Trading snapshot

Index Movers	Points
PLDT	-8.38
SM Prime	-6.92
Ayala Corp.	-5.30
Universal Robina	-5.18
BPI	-4.91

Index Out-performers	Up
Filinvest Land	2.27%
Robinsons Land	0.69%
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Index Under-performers	Down
Universal Robina	6.02%
Lepanto Consolidated A	5.48%
Megaworld Corp.	5.36%
SM Prime	4.88%
Manila Electric Co.	4.85%

Calendar

Nov 18	4Q'10 Business Expect'ns Survey
Nov 18	BSP Monetary Policy Stance
Nov 19	Boulevard Holdings, Inc. ASM
Nov 19	Oct '10 Overall BOP Position

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HEADLINES

Wall Street flat as financials weigh

Major stock indices closed flat on Wednesday (Nov 17) as financials sagged after the Federal Reserve announced "stress tests" on 19 large financial institutions. Retailers stemmed the market's decline as Target Corp (+3.9%) rose after forecasting its best same-store sales in three years this upcoming holiday season. Uncertainty over Ireland's financial crisis also lingered. The CBOE Volatility index declined 3.6% but remained above 20. The thin volume may be partly due to investors waiting for the pricing of General Motors' initial public offering, which could be the largest in U.S. history. GM announced the price at \$33 a share after the closing bell. Meanwhile, Oct housing starts slumped to their lowest level in more than a year, while consumer prices rose, with core CPI posting the smallest annual increase on record.

EEl Corp.'s Jan-Sep 2010 rise 8% YoY (EEI; P4.05)

EEl Corporation's unaudited consolidated net income rose 8% YoY to P452.89M (EPS P0.44) for the first three quarters of 2010. Consolidated revenues stood at P5.33B (-1% YoY), as revenues from local construction contracts (P3.70B, +27% YoY), merchandise sales (P204.70M, +19% YoY) and real estate sales (P119.75M, +162%) increased, but revenue from services (P897.37M, -43% YoY) and overseas operations (P146.25M, -68% YoY) decreased. Interest income fell 13% YoY to P46.73M. Increased production from local projects and real estate sales led to a corresponding rise in related costs and expenses, while cost of services declined by 43%, the same percentage decrease in revenue, to P812.20M. Interest expense slid to P97.52M (-45% YoY) due to lower bank loans and average borrowing rates.

PNB's 9-month 2010 income surpasses 2009 level (PNB; P64.75)

PNB posted a consolidated net income of P2.5B (+19% YoY) for the nine months ended Sep 30, 2010, surpassing the 2009 consolidated net income of P2.2B. Net interest income stood at P5.7B (-5% YoY) due mainly to lower average yield rate on loans and investments. Interest expense went down by 10% YoY to P3.5B. Net service fees and commission income remained the same as last year at P1.7B. Fee-based and other income improved to P5.7B (+46% YoY), brought about by trading and investment securities gains. Administrative and other operating expenses went up 12% YoY to P10.1B, largely due to additional provision for impairment and credit losses. PNB's consolidated risk-based capital adequacy ratio (CAR) stood at 18.9% as of Sep 30, 2010 exceeding the regulatory 10%.

Atlas Consolidated posts nine-month results (AT; P15.82)

Atlas Consolidated Mining and Development Corporation (Atlas) reported that consolidated sales more than doubled year-on-year to P5.899B for the Jan-Sep 2010 period. Consolidated operating income of P1.102B, showed a significant recovery from last year's consolidated operating loss of P841M. Operating expenses were reduced by almost half of last year's P1.130B to P625M. Cost of sales, on the other hand, rose by 78% YoY, concomitant with the increase in production capacity.

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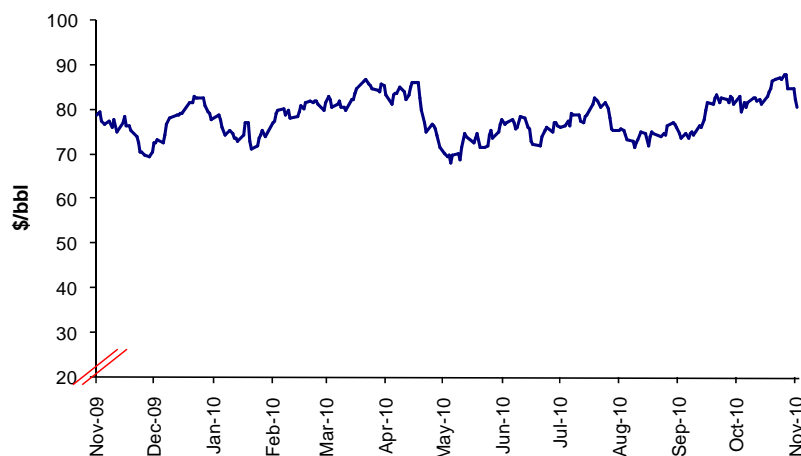
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- Net Other Charges totaled P910M at the end of the period. Hence, Atlas recorded a Consolidated Net Income (before unrealized foreign exchange gains and mark-to-market losses) of P192M. Of this amount, P95M pertains to Atlas's core income. The balance pertains to the holders of minority interests in Atlas's subsidiaries.
- In compliance with financial reporting standards, however, Atlas is required to recognize unrealized mark-to-market losses on derivative liabilities and unrealized foreign exchange gains. The net amount of such unrealized charges was at P145M, resulting in a net loss of P85M for Atlas. The mark-to-market losses arose from the higher actual market price of copper vis-à-vis the contracted price of the copper concentrate sold by CCC and the higher market price of Atlas's shares of stock relative to the conversion price of the convertible loans obtained by Atlas. Although the increase in such market prices has a negative accounting impact upon Atlas's net income, Atlas believes that it also indicates better business prospects.

First Gen Jan-Sep 2010 income up 849% to US\$66.5M (FGEN; P12.56)

- First Gen Corp. said its net income attributable to parent increased 849% YoY to US\$66.5M in the first three quarters of 2010, on improved contributions by subsidiaries, particularly First Gas group, First Gen Hydro Power Corp. and Energy Development Corp. Consolidated net income in the first three quarters increased 43% to \$104.9 million from US\$73.3M for the same period in 2009. First Gen's consolidated revenues likewise jumped by 27% YoY to US\$980.1M in 2010, but were slightly offset by corresponding increase in the pass-through fuel charge to its electricity offtaker and higher operations and maintenance fees paid to Siemens Power Operations Inc. Equity in net earnings from associates jumped significantly by 599% to US\$58.8M compared to last year's loss of US\$11.8M. Low interest rates reduced interest expenses by 5% YoY to US\$80.1M, but administrative expenses increased due to various development and refinancing activities undertaken.

Nymex Crude 1-Yr Price Chart



Source: Bloomberg