



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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MORNING NOTES

PSEi performance

PSEi Index 20 Dec 2010:	4,077.06	+ 19.73
Value T/O, net	Php 1,716 million	
52-week High	4,413.42	
Low	2,787.66	
Foreign Buying:	Php 2,329 million	
Foreign Selling:	Php 2,397 million	

Regional performance

Dow Jones	: 11,478.13	- 13.78
FTSE 100	: 5,891.61	+ 19.86
Nikkei 225	: 10,216.41	- 87.42

Trading snapshot

Index Movers	Points
PLDT	+14.07
SM Investments	-11.28
Metrobank	+7.81
Ayala Land	+3.41
Aboitiz Equity Ventures	-2.64

Index Out-performers	Up
Lepanto Consolidated A	5.63%
Metrobank	4.04%
Lepanto Consolidated B	3.95%
First Phil. Holdings	3.85%
DMCI Holdings	2.49%

Index Under-performers	Down
SM Investments	4.57%
Robinsons Land	2.64%
Jollibee Foods Corp.	2.33%
Metro Pacific Investments	1.70%
Banco de Oro	1.45%

Calendar

Dec 21	JEM Development SSM
Dec 22	ATN Holdings/ Lodestar ASM
Dec 23	Oct '10 External Trade Perf., MISSI
Dec 23	3Q '10 Balance of Payments

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HEADLINES

Energy, financial shares lead S&P 500 higher

■ Gains in financials (+0.4%), energy and materials stocks pushed the S&P 500 to a two-year high on Monday (Dec 20). But American Express (-3.4%) tumbled after an analyst rating downgrade to "hold" from "buy." Last Thursday, the Federal Reserve proposed limiting debit interchange fees at 12 cents per transaction. Boeing Co (-2.7%) slid on reports of a possible delivery delay for its 787 Dreamliner aircraft. Amazon.com (+3.2%) helped boost the Nasdaq on optimism the company will benefit from improved holiday spending. Meanwhile, Sara Lee Corp (+2.5%) has been in talks to sell itself to Brazilian meat producer JBS, but the two companies are said to be at odds over price. U.S. markets will be closed on Friday to observe the Christmas Day holiday on Saturday.

LEI points to 4Q 2010 GDP growth slowdown

■ The composite leading economic indicator (LEI) rose at its slowest pace in five quarters to 0.026, up from the third quarter's revised 0.022. It marked the second quarter in a row that the index was in positive territory but the gain was the slowest since a rebound began in the fourth quarter of last year. Of the 11 indicators, the largest contributors were tourist arrivals, number of new businesses, foreign exchange rate, stock price index, hotel occupancy rate and electric energy consumption. Inflation, terms of trade index, money supply and imports pulled down the LEI. The LEI slowdown is consistent with expectations of a slower 4Q 2010 gross domestic product (GDP) growth compared with growths of 7.8% in 1Q, 8.2% in 2Q, and by 6.5% in 3Q. Official 4Q growth data will be released in January next year. Socioeconomic Planning Secretary Cayetano W. Paderanga last month offered a "moderate growth" forecast of "around 6%" for the last three months of 2010, which would keep GDP growth above the 5.0-6.0% target.

Balance of Payments posts \$13-B surplus at end-Nov 2010

■ The country's balance of payments (BOP) surplus rose to an all-time high of US\$13.17B in the first 11 months of the year. For the month of November alone, the country posted a surplus of US\$3.9B, a complete reversal of the BOP deficit of US\$93M in the same month last year. Bangko Sentral ng Pilipinas (BSP) Deputy Governor Diwa Guinigundo attributed the record BOP surplus to the strong recovery of the country's merchandise exports, robust remittances from overseas Filipinos, rising revenues from the business process outsourcing (BPO) sector, and improving tourism receipts. Guinigundo also cited the higher earnings of the BSP from its investments as well as the surging inflows of foreign portfolio investments or "hot money", and foreign direct investments (FDIs). The surplus from January to November already surpassed the revised BOP surplus target of US\$8.2B.

PLDT to sell Netopia stake to IP E-Game Ventures (TEL/ EG;P2,530/ P76.30)

■ Philippine Long Distance Telephone Co.'s (PLDT) wholly owned subsidiary ePLDT, Inc. will sell its 75% stake in Digital Paradise, Inc., operator of the Netopia chain of Internet cafés, to IP E-Game Ventures, Inc. The transaction is subject to a 45-day due diligence period and certain closing conditions.

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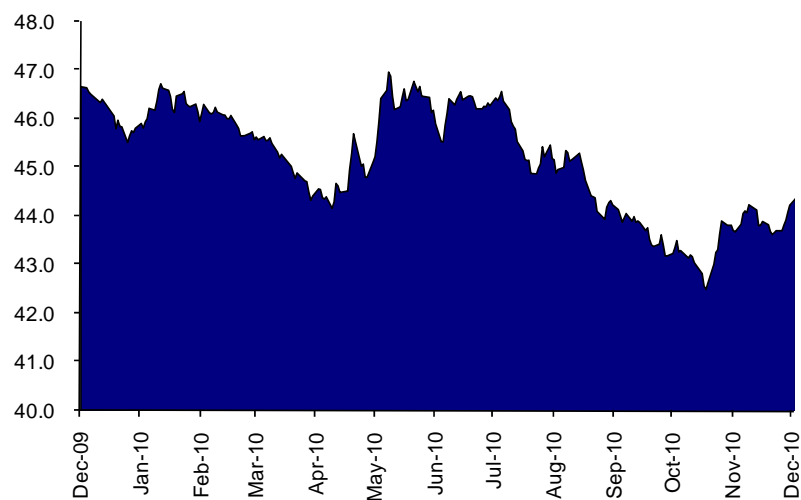
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Allied Bank-PNB merger delayed (PNB; P58.00)

- Allied Bank corporate affairs head Gertrudes T. Bandal said that the sale of Oceanic Bank shares has not pushed ahead, delaying once more Allied's merger with the Philippine National Bank (PNB). Allied Bank President Anthony Q. Chua added that matters related to the sale will be taken up in a board meeting later this week, and details will be disclosed accordingly. Last July, Allied Bank's board announced that it had approved the sale of shares in Oceanic Holding (BVI) Ltd. to John Kim Chuy Ng, majority owner of local construction firm Cathay Metal Corp. Mr. Chua had targetted a third quarter sale of the Oceanic stake. The merger with PNB was expected to be completed this year.

Megaworld Group eyes 18,673 homes in 2011 (MEG; P2.35)

- The Megaworld Group plans to embark on a massive homebuilding program that will roll out some 18,673 residential units with an aggregate floor area of more than 830,000 square meters in 2011. Megaworld Corp. has the lion's share of the group's P60B worth of projects, with its own portfolio amounting to more than P41B with around 11,110 units and an aggregate floor area in excess of 372,000 square meters. Megaworld's new projects include One Eastwood Avenue in Eastwood City; 81 Newport Boulevard and 101 Newport Boulevard in Newport City; Viceroy Residences and two new towers of The Venice in McKinley Hill; additional towers of Manhattan Heights and Manhattan Plaza at Manhattan Garden City; Paseo Heights in Makati City; The Palm Bay in Roxas Boulevard; and One Uptown Place at Bonifacio Uptown in Taguig City. Megaworld also expects to complete more than 600,000 square meters of office space for a business process outsourcing market and additional retail space at its ongoing and upcoming projects. This will help the company to grow its rental income to P5B by 2012.
- Meanwhile, Empire East Land Holdings and Suntrust Properties, have plans to unveil their own residential projects worth P19B in Metro Manila, Cavite and Laguna next year. These new projects will have a total of 7,500 residential units with an aggregate floor area of more than 466,000 square meters. Among the projects to be launched under the Empire East and Suntrust brands are new phases of Little Baguio Terraces, Rochester Park, Maple Tree Villas, San Lorenzo Place, Pioneer Woodlands, Cambridge Village and Suntrust Parkview, all in Metro Manila, and Sonoma and Suntrust Sta. Rosa Heights in Laguna.

Php versus US\$: 1-Year Price Chart

Source: Philippine Dealing and Exchange Corp.