



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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MORNING NOTES

PSEi performance

PSEi Index 12 Jan 2011:	4,037.23	+ 4.86
Value T/O, net	Php 4,860 million	
52-week High	4,413.42	
Low	2,787.66	
Foreign Buying:	Php 2,111 million	
Foreign Selling:	Php 2,531 million	

Regional performance

Dow Jones	: 11,755.44	+ 83.56
FTSE 100	: 6,050.72	+ 36.69
Nikkei 225	: 10,512.80	+ 2.12

Trading snapshot

Index Movers	Points
Manila Electric Co.	+13.48
Ayala Land	-7.16
Aboitiz Power	-6.74
BPI	-6.52
Aboitiz Equity	-4.62

Index Out-performers	Up
Manila Electric Co.	11.54%
Lepanto Consolidated A	4.76%
Lepanto Consolidated B	4.55%
Jollibee Foods Corp.	3.49%
First Phil. Holdings	2.42%

Index Under-performers	Down
Aboitiz Power	5.07%
ABS-CBN	3.16%
Ayala Land	2.68%
BPI	2.50%
Aboitiz Equity	1.94%

Calendar

Jan 14	Nov `10 Dep. Corp. Survey, KB Loans
Jan 17	Nov `10 OF Remittances
Jan 17	Oct `10 NG Outstanding Public Debt
Jan 19	Dec `10 Overall BOP Position

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HEADLINES

Banks, commodity stocks lead Wall Street rally

■ Banks and commodity-related shares led solid gains on Wednesday (Jan 12) after European debt fears eased following a healthy bond auction in Portugal. Agricultural stocks rallied after a government report that said U.S. stockpiles of corn and soybeans would be drawn down to surprisingly low levels. JPMorgan (+2.5%), which is expected to report quarterly results on Friday, led banks higher after its chief executive said it could increase its dividend once the Federal Reserve gives its approval. Banks also benefited from an "overweight" sector rating by Wells Fargo, citing a decline in credit costs and positive loan growth. Meanwhile, ITT Corp (+16.5%) surged after saying it would separate its businesses into three publicly traded companies, and shareholders will own shares in all three.

Foreign Direct Investments reach US\$1.1B in Jan-Oct 2010

■ Net inflows of foreign direct investments (FDI) for the first ten months of 2010 reached US\$1.1B (-36.5% YoY), attributed largely to the other capital account (US\$608M), consisting mainly of intercompany borrowing/lending between foreign direct investors and their subsidiaries/affiliates in the Philippines. For the same period in 2009, other capital posted a US\$154M net outflow. Reinvested earnings amounted to US\$259M, more than five times higher than the level recorded in the same period in 2009, as foreign investors opted to retain their earnings in local firms given the country's underlying sound macroeconomic fundamentals. On the other hand, equity capital net inflows of US\$203M were lower by 88.7% relative to the level realized in 2009. In 2009, large capital infusions were recorded from the privatization of a local power corporation and the acquisition of a number of shares of a local beverage manufacturing firm.

■ For the month of October alone, the FDI balance reversed into negative territory, yielding net outflows of US\$23M, mainly driven by net outflows in other capital amounting to US\$53M (from net inflows of US\$21M the previous year). Meanwhile, equity capital registered net inflows of US\$18M during the month, more than 50% lower than the level posted in the previous year. Reinvested earnings also recorded lower net inflows of US\$12M from US\$23M last year.

Merchandise exports for November 2010 up by 11.2%

■ The value of Philippines' merchandise export for Nov 2010 was estimated at US\$4.136B (+11.2% YoY). Month-on-month, receipts from merchandise exports declined by 13.4% from US\$4.776B posted in Oct 2010. Accounting for 56.4% of the total exports revenue, Electronic Products was the country's top export in Nov 2010 with total receipts of US\$2.333B (+8.5% YoY). On a monthly basis, Electronic Products, however, decreased by 21.9% from US\$2.988B posted in Oct 2010. Aggregate merchandise exports for the period Jan to Nov 2010 increased by 34.5% YoY to US\$47.220B.

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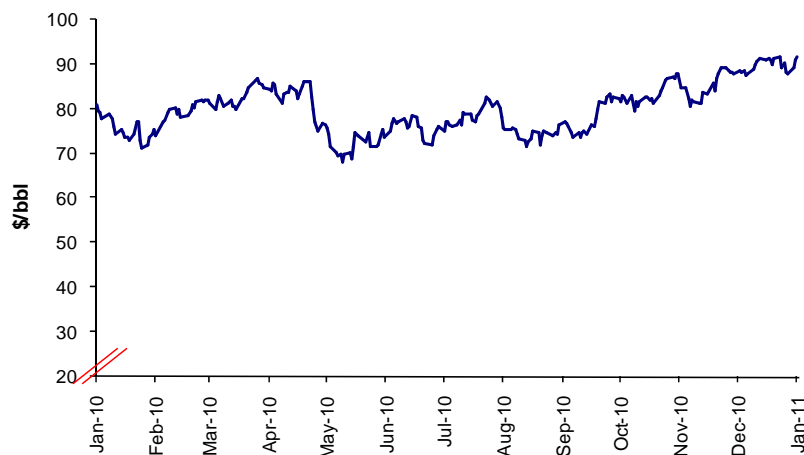
Pancake House targets 13% hike in 2011 sales to P2.5B (PCKH; P9.36)

- Martin Lorenzo, Pancake House chairman and president, said that the group recorded 2010 sales of about P2.2B, 10% to 15% more than in 2009. The group's number of stores increased to 180 from 160 in 2009, of which half is company-owned. For 2011, Pancake House Group expects to increase its sales to P2.5B, about 13% higher than 2010's, driven by 25 new branches in different locations in the country including hospitals, travel plazas found near large gas stations, and in key cities outside Metro Manila such as Davao, Cagayan de Oro, Cebu and Baguio. Pancake House is also looking to increase its stores in Malaysia from the current two to eight in the next two years. After that, the company aims to establish its presence in Indonesia and Singapore.

AGI completes Fil-Estate majority stake acquisition (AGI/ LND; P11.20/ P1.54)

- Alliance Global Group, Inc. (AGI) closed yesterday the deal to acquire a majority stake in Fil-Estate Land, Inc. AGI paid in cash the amount of P1.25B, which represents twenty-five percent (25%) of the total subscription price of P5.0B. With the infusion of new capital by AGI, Fil-Estate is now in a strong position to pursue various tourism-oriented projects immediately. Fil-Estate owns and controls more than 10% of the total land area in Boracay, giving it the capacity to improve existing tourist attractions and develop new ones in the island. The development of Newcoast Station, along with the new Caticlan airport to be built under the public-private partnership program of the government, aims to double the number of tourists to the island in the next three to four years. Fil-Estate will be renamed Global-Estate Resorts, Inc.

Nymex Crude 1-Yr Price Chart



Source: Bloomberg