



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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MORNING NOTES

PSEi performance

PSEi Index 27 Jan 2011:	3,990.49	+ 58.85
Value T/O, net	Php 1,222 million	
52-week High	4,413.42	
Low	2,787.66	
Foreign Buying:	Php 3,234 million	
Foreign Selling:	Php 2,142 million	

Regional performance

Dow Jones	: 11,989.83	+ 4.39
FTSE 100	: 5,965.08	- 4.13
Nikkei 225	: 10,478.66	+ 76.76

Trading snapshot

Index Movers	Points
Ayala Land	+12.96
SM Investments	+7.53
Metrobank	+7.50
Aboitiz Power	+6.99
JG Summit	+5.22

Index Out-performers	Up
Aboitiz Power	5.33%
Ayala Land	5.30%
JG Summit	5.26%
Robinsons Land	4.23%
DMCI Holdings	4.20%

Index Under-performers	Down
Manila Electric Co.	8.09%
Lepanto Consolidated A	2.17%
Globe Telecom	0.32%
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Calendar

Jan 31	Template on Int'l Reserves
Jan 31	2010 National Income Accounts
Feb 01	Victorias Milling Corp. ASM
Feb 04	Jan '11 CPI/ Inflation Rate

Anita L. Panaligan
Wealth Securities, Inc.
2103 East Tower, PSE Center, Exchange Road,
Ortigas Center, Pasig City 1600
Telephone: 02.634.5038
Facsimile: 02.634.5043

HEADLINES

Tech stocks help Wall Street inch higher

Wall Street inched up on Thursday (Jan 27) on better-than-expected earnings, but the Dow and the S&P struggled to advance past major technical levels. Despite posting a dip in quarterly profit, Microsoft (+0.3%) edged higher as results still topped expectations. Netflix (+15.2%) and Qualcomm (+5.8%) supported the Nasdaq, but AT&T (-2.1%) and Procter & Gamble (-2.9%) held the Dow's advance as their profits slid from a year ago. Caterpillar (+0.9%) rose after reporting results. Meanwhile, weekly initial jobless claims surged to the highest level since October while factory orders fell unexpectedly in December.

Fed policy decision supports BSP's current policy stance

Bangko Sentral ng Pilipinas (BSP) Governor Amando M. Tetangco, Jr. said that the US Federal Reserve's decision to maintain policy rates at near zero relieves some pressure off the building consensus that the US economy is at a pace of recovery which may lead the Fed to change its policy stance, and the effect of such development on inflation expectations and portfolio rebalancing out of EMs (emerging markets). Mr. Tetangco said that while current monetary policy remained appropriate, the BSP would continue to be watchful of external developments. The Monetary Board will next meet on Feb 10. For 2011, the BSP has an inflation forecast of 3%-5%. The BSP expects the January inflation rate (out on Feb 4) to fall within a 2.7%-3.6% range.

JG Summit to issue 2B shares to fund expansion (JGS; P20.00)

In a special stockholders' meeting yesterday, JG Summit Holdings Inc. (JGS) shareholders approved: (i) an increase in authorized capital stock from P14.85B to P14.89B, creating 4B voting and non-redeemable preferred shares with a par value of P0.01 each; and (ii) plans to issue up to 2.087B common shares to private institutional buyers. Timing for the offer will depend on market conditions, according to JGS president Lance Gokongwei. Proceeds from the sale of additional shares will be used to fund the company's expansion plans (e.g., contribution in a US\$700M naphta cracker plant, about US\$120M to US\$150M for Robinsons Land Corp's upcoming rights offering) and meet debt obligations. For the remainder of the year, Gokongwei said the company sees continued revenue growth for its business units, though the firm expects profit margin erosion due to higher cost of inputs this year.

Phoenix Petroleum core net earnings rise 140% in 2010 (PNX; P13.90)

Phoenix Petroleum Philippines, Inc. (PNX) announced that its consolidated core net earnings from operating sources for 2010 reached P427M (+140% YoY; EPS at P1.43) on revenues of P14.79B (+152% YoY). Bulk of this growth came from an increase in fuel sales volume (+127% YoY) driven primarily by a continuously expanding retail station network plus the average increase in fuel selling prices (+19% YoY). Phoenix expects to sustain its growth momentum into 2011-2012 with further investments in retail stations and depots in key trade areas, the expansion of its markets for lubricants and other automotive chemicals, and building on its Phoenix Fuels Life brand awareness efforts.

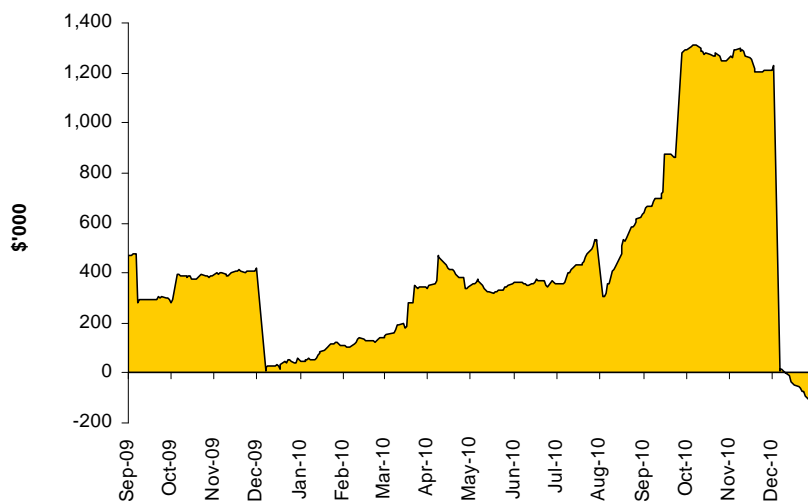
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RFM income up by 71% to P625 million (RFM; P1.70)

- RFM Corporation ended the year with P625M (+71% YoY) unaudited net income, 39% over its original target of P450M, on the back of net sales of P8.8B (+6% YoY). RFM President and CEO Jose A. Concepcion III said that the strong income performance reflects the much improved RFM business model that pushes for a more dominant market leadership of its branded businesses, as well as gains being realized due to improvements in cost structures and operating efficiencies. RFM also reported the holding of a special stockholders meeting to approve the proposed placement and subscription transaction offering not exceeding 450M shares as part of its efforts to raise funds of around P800M to P1B to support its expansion plans and position RFM for further growth. It is also in response to the growing interest on RFM shares among investors in the market. This will also allow an increased public float of RFM shares after the offering, from 20% to 30% float.

Foreign Buying-Selling : 12-month period



Source: Bloomberg