



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 31 Jan 2011:	3,881.47	- 88.87
Value T/O, net	Php 3,619 million	
52-week High	4,413.42	
Low	2,787.66	
Foreign Buying:	Php 2,345 million	
Foreign Selling:	Php 3,472 million	

### Regional performance

Dow Jones	: 11,891.93	+ 68.23
FTSE 100	: 5,862.94	- 18.43
Nikkei 225	: 10,237.92	- 122.42

### Trading snapshot

Index Movers	Points
BPI	-12.57
Ayala Corp.	-9.45
SM Investments	-8.94
Aboitiz Power	-7.47
Manila Electric Co.	-7.19

Index Out-performers	Up
Universal Robina	1.01%
ABS-CBN	0.90%
Metro Pacific Investments	0.27%
Philex Mining	0.26%
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Index Under-performers	Down
Manila Electric Co.	6.93%
Ayala Corp.	5.29%
Aboitiz Power	5.29%
BPI	4.98%
Filinvest Land	4.42%

### Calendar

Feb 01	Victorias Milling Corp. ASM
Feb 02	Megawide Construction IPO Briefing
Feb 04	Jan `11 CPI/ Inflation Rate
Feb 04	Dec `10 Producer Price Survey

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## HEADLINES

### Wall Street rises on positive data as Middle East concerns ease

U.S. stocks rebounded on Monday (Jan 31) after Exxon Mobil (+2.1%) reported a 53% increase in quarterly profit and U.S. consumer spending rose for a sixth straight month in December, while business activity in the U.S. Midwest grew more than expected in January. The data lifted optimism ahead of Friday's monthly non-farm payrolls report, expected to show the U.S. economy added 145,000 jobs in January. However, a surge in the price of oil by over 3% to \$92.19 per barrel highlighted the potential for increased political risk in the Middle East. M&A activity also helped lift equities: Massey Energy (+9.8%) rose after Alpha Natural Resources agreed to a \$7.1B deal; while CNOOC Ltd will pay \$1.3B in its second shale deal with America's Chesapeake Energy Corp (+8%). Meanwhile, Intel closed flat after cutting its 1Q revenue forecast by \$300M due to costs for correcting a design flaw in one of its chips.

### Philippines posts 7.3% GDP growth in 2010; Q4 2010 GDP grew by 7.1%

The Philippine economy posted a GDP growth of 7.3% in 2010 from 1.1% in 2009 – surpassing the government's 5% to 6% target – despite the El Niño phenomenon and diminished government spending during the second semester. Global economic recovery, election-related stimuli, followed by the peaceful conduct of the national elections and the renewed trust in government contributed to the stellar economic performance in 2010. Industry and services sectors expanded strongly in the last quarter of 2010 while Agriculture recovered after four consecutive quarters of decline due to El Niño, pushing 4Q GDP to grow by 7.1%. On the demand side, increased consumer spending for the whole year buttressed by increased investments in Fixed Capital Formation posting its highest growth rate since 2000, particularly in Durable Equipment and sustained by the double digit growth in international trade contributed to the record GDP growth in 2010.

### Maynilad, Manila Water to raise rates (DMC/ MPI/ MWC; P33.75/ P3.68/ P18.18)

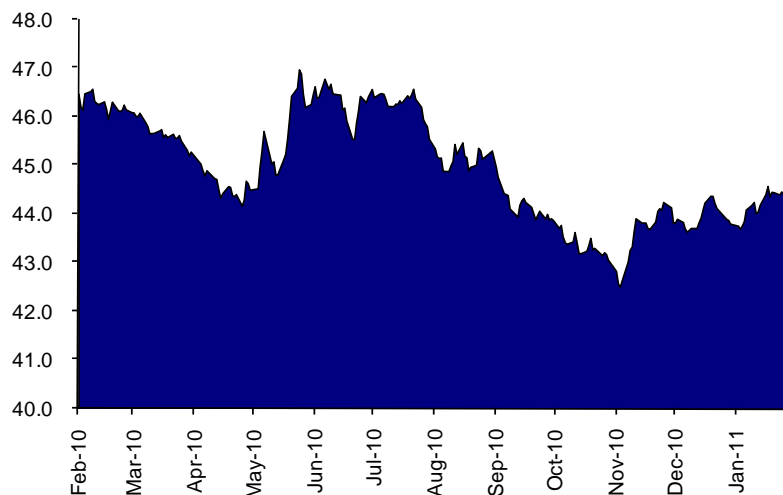
The Metropolitan Waterworks and Sewerage System (MWSS) has given Maynilad Water Services, Inc. and Manila Water Co., Inc. the go signal to implement the 2011 adjustment in water tariff. This adjustment is composed of (a) the CPI inflation adjustment for 2011, and (b) the second tranche of the staggered implementation of the tariff adjustment approved in 2009 in connection with the term extension of Concession Agreements with MWSS. The adjusted water tariff will take effect 15 days from its publication in newspapers of general circulation, or on 16 Feb 2011. Maynilad "lifeline users," or those who consume 10 cubic meters or less per month, will be charged by almost P2 more. Those using up to 30 cubic meters will pay over P60 more per month, while those using more than 30 cubic meters will pay P3.35 for every additional cubic meter. For Manila Water, "lifeline users" will be charged P1.37 more, while those using between 10 to 30 cubic meters of water will be charged an additional P57. Those using more than 30 cubic meters of water will be charged P3.46 for every additional cubic meter.

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**San Miguel sees record revenues, EBITDA in 2011 (SMC; P168.80)**

- San Miguel Corp. (SMC) president and chief operating officer Ramon S. Ang expects consolidated revenues to reach P200B in 2010 and a record P530B in 2011, while earnings before interest, taxes, depreciation, and amortization (EBITDA) to more than double this year to US\$2B or nearly P90B. Growth is expected with the full consolidation of new power and oil businesses. Mr. Ang said San Miguel has yet to consolidate mining and telecommunications companies. San Miguel now handles the output of the 1,200-megawatt (MW) Ilijan natural gas power plant in Batangas, the 345-MW San Roque multipurpose hydroelectric plant in Pangasinan, the 1,000-MW coal-fired Sual plant in Pangasinan, and the 620-MW Limay combined cycle power plant in Bataan. Mr. Ang also said San Miguel could spin off its power business and conduct an initial public offering. For the first nine months that in 2010, the power generation business accounted for P700M in net income after selling 3.80 million megawatts of power worth P24.1B.

**Php versus US\$ : 1-Year Price Chart**

Source: Philippine Dealing and Exchange Corp.