



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

|                         |                   |         |
|-------------------------|-------------------|---------|
| PSEi Index 01 Feb 2011: | 3,830.49          | - 50.98 |
| Value T/O, net          | Php 2,518 million |         |
| 52-week High            | 4,413.42          |         |
| Low                     | 2,787.66          |         |
| Foreign Buying:         | Php 1,898 million |         |
| Foreign Selling:        | Php 2,608 million |         |

### Regional performance

|            |             |          |
|------------|-------------|----------|
| Dow Jones  | : 12,040.16 | + 148.23 |
| FTSE 100   | : 5,957.82  | + 94.88  |
| Nikkei 225 | : 10,274.50 | + 36.58  |

### Trading snapshot

| Index Movers         | Points |
|----------------------|--------|
| Aboitiz Equity       | -16.17 |
| Metrobank            | -7.03  |
| Jollibee Foods Corp. | -4.48  |
| Banco de Oro         | -3.56  |
| Manila Electric Co.  | +2.88  |

| Index Out-performers | Up    |
|----------------------|-------|
| Manila Electric Co.  | 2.98% |
| SM Prime             | 0.38% |
| First Gen            | 0.34% |
| Ayala Corp.          | 0.29% |
| Ayala Land           | 0.27% |

| Index Under-performers | Down  |
|------------------------|-------|
| Aboitiz Equity         | 6.67% |
| Filinvest Land         | 5.56% |
| Jollibee Foods Corp.   | 5.33% |
| Lepanto Consolidated B | 4.30% |
| Filinvest Land         | 3.47% |

### Calendar

|        |                                      |
|--------|--------------------------------------|
| Feb 02 | Megawide Construction IPO Briefing   |
| Feb 04 | Jan `11 CPI/ Inflation Rate          |
| Feb 04 | Dec `10 Producer Price Survey        |
| Feb 07 | Jan `11 Gross International Reserves |

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## HEADLINES

### Major indexes close at highest since June 2008

- The Dow and S&P 500 closed at new highs since June 2008 on Tuesday (Feb 1) after Pfizer Inc (+5.5%), United Parcel Service (+4.1%) and Baidu (+9.3%) reported better-than-expected earnings and data showed that the U.S. manufacturing sector expanded at its fastest pace in nearly seven years in January. Solid global manufacturing data also eased concerns about the euro-zone's public debt and fears that Egypt's turmoil could spread elsewhere lessened, supporting an equities rally. The CBOE Volatility Index fell nearly 10% while NYMEX oil futures also slid 0.7% to \$90.77 a barrel.

### Bureau of Treasury rejects 7-year T-bonds bids

- The Bureau of Treasury rejected all bids for 7-year Treasury bonds yesterday after banks offered rates higher than those traded in the secondary market. Deputy Treasurer Eduardo Mendiola said that the government can still afford to reject bids due to the comfortable cash position of the Aquino administration. He added that the market was just looking for a clearer signal from the government if it will be going to accept higher rates. Finance Secretary Cesar Purisima had said the rise in the rates of the government debt paper was unwarranted as the country's inflation rate is well within government's target range while the budget deficit was not expected to breach the P325B ceiling.

### Fil-Estate widens losses (LND; P2.14)

- Fil-Estate Land, Inc. widened net loss to P480.6M in FY 2010 from P152.03M the previous year on higher cost of sales and increased financing costs. Cost of sales and services increased by P156M (+66% YoY) due to adjustments made by the company on the manner of calculation of the cost of sales from real estate sales. Finance costs worth P382.41M (+264% YoY) were also incurred in the fiscal year that ended in September due to additional interest expenses in connection with its \$25M convertible bonds, which the company intends to redeem before maturity. Consolidated revenues slid by 2% YoY to P488M.

### BPI's 2010 income up 33% to P11.3 billion (BPI; P51.40)

- The Bank of the Philippine Islands (BPI) reported an unaudited net income of P11.3B for 2010 (+33% YoY), translating to a Return on Equity of 15.6% and a Return on Assets of 1.5%, an improvement from 13.0% and 1.3%, respectively, in 2009. Profit growth was driven by a 13% increase in total revenues. Net interest income went up by 10% as the average asset base expanded by 12%. Non interest income was better by 18% due to higher gains from securities trading, fees & commissions, and foreign exchange income. Together with strong revenues, operating efficiency improved to a 53.8% cost to income ratio from 57.2% in 2009. Impairment loss was at P3.4B (+36% YoY) inclusive of P274M reserves for the goodwill on the Prudential Bank acquisition. Total resources reached P877B (+21% YoY) as deposits posted a 24% improvement to P720B. Gross loans reached P387B (+16% YoY) as all market segments sustained double-digit growths. Net 30-day NPL ratio further improved to 2.0% from prior year's 2.8%, with a reserve cover of 109.2%.

## Please Read!

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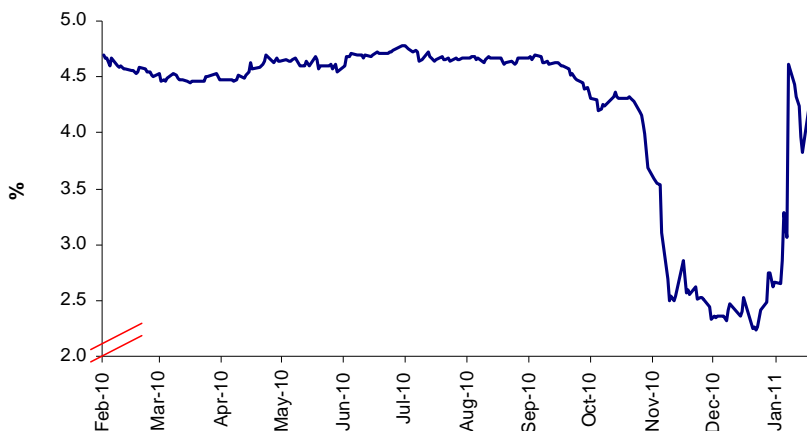
**BDO 2010 resources hit P1 trillion (BDO; P49.60)**

- Banco de Oro Unibank Inc.'s (BDO) consolidated resources has breached the P1-trillion mark at the end of 2010, representing a 16% increase from the previous year's level of P862B. The growth was driven by the steady performance of the bank's various businesses. As such, BDO said it is also on track to attain its net income goal of P8.1B for the full year of 2010.

**PBCom 2010 profit surges by 587% (PBC; P54.50)**

- The Philippine Bank of Communications' (PBCom) 2010 net income surged by 586.81% to P701.869B on the back of gains from securities trading (P507.041M, +325% YoY) coupled with lower funding costs. Net interest income rose by 16.22% YoY to P1.52B. Service charges, fees and commissions, however, fell to P135.578M from P148M. Income from trust operations followed the same trend, falling to P13.451M from P15.21M.

**PDS 1-Year Tenor Yield: 12-month period**



Source: Philippine Dealing and Exchange Corp.