



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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MORNING NOTES

PSEi performance

| | | |
|-------------------------|-------------------|----------|
| PSEi Index 10 Feb 2011: | 3,738.31 | - 105.06 |
| Value T/O, net | Php 3,300 million | |
| 52-week High | 4,413.42 | |
| Low | 2,787.66 | |
| Foreign Buying: | Php 1,798 million | |
| Foreign Selling: | Php 2,516 million | |

Regional performance

| | | |
|------------|-------------|---------|
| Dow Jones | : 12,229.29 | - 10.60 |
| FTSE 100 | : 6,020.01 | - 32.28 |
| Nikkei 225 | : 10,605.65 | - 12.18 |

Trading snapshot

| Index Movers | Points |
|-----------------|--------|
| Ayala Land Inc. | -12.62 |
| Metrobank | -10.00 |
| SM Investments | -8.47 |
| Ayala Corp. | -7.46 |
| PLDT | -6.77 |

| Index Out-performers | Up |
|------------------------|-------|
| Lepanto Consolidated A | 1.15% |
| -- | -- |
| -- | -- |
| -- | -- |
| -- | -- |

| Index Under-performers | Down |
|---------------------------|-------|
| Robinsons Land | 6.89% |
| Globe Telecom | 6.50% |
| First Philippine Holdings | 5.49% |
| Metrobank | 5.25% |
| Ayala Land | 5.09% |

Calendar

| | |
|--------|----------------------------------|
| Feb 11 | GLO/ ALI 4Q' 10 Results Briefing |
| Feb 15 | Dec `10 OF Remittances |
| Feb 18 | Jan `11 Overall BOP Position |
| Feb 23 | Robinsons Land SSM |

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HEADLINES

Wall Street close off day's lows after Mubarak speech

Major indexes rebounded off intraday lows on Thursday (Feb 10) after Egyptian President Hosni Mubarak said he would delegate powers to the vice president. Earlier, disappointment over Cisco Systems' (-14%) weak outlook weighed on the market. But its rivals including Juniper Networks (+7.6%) surged as investors see Cisco losing market share. Wal-Mart Stores Inc (-2%) also dragged after UBS downgraded the stock to "neutral" from "buy", saying sales recovery could take longer than expected. Credit Suisse (-7.2%) missed profit expectations; peer Deutsche Bank (-2.6%) likewise slid. PepsiCo (-1.6%) declined after it cut its full-year earnings growth target. Kraft Foods (-1.3%) fell in extended trading after reporting 4Q results. Meanwhile, new U.S. claims for unemployment benefits dropped to their lowest level in 2-1/2 years.

Monetary Board keeps policy rates steady

The Monetary Board (MB) has decided to maintain the BSP's key policy interest rates at 4% for the overnight borrowing or reverse repurchase (RRP) facility and 6% for the overnight lending or repurchase (RP) facility. The interest rates on term RRP's and RPs and special deposit accounts (SDAs) were also left unchanged. The MB noted that prevailing price and output conditions suggest that the current monetary policy stance continues to be appropriate for the time being. Latest baseline forecasts indicate that inflation will likely settle within the target range of 4 ± 1 percent for 2011 and 2012. However, the MB is prepared to undertake monetary action to arrest a potential build-up in inflation expectations and contain the second-round effects of supply shocks.

Foreign Direct Investment inflows surge in Nov 2010

Foreign direct investment (FDI) net inflows in Nov 2010 amounted to US\$304M, more than three times the US\$92M net inflows posted in Dec 2009, driven by a rebound in equity capital net inflows to US\$274M (from only US\$8M in 2009) due to the sizeable investment by two Japanese firms in a local mining corporation. This compensated for the lower net inflows from reinvested earnings and other capital which settled at US\$4M (-77.8% YoY) and US\$26M (-60.6% YoY), respectively. However, the 11-month cumulative FDI level at US\$1.4B was lower by 22.7% YoY, as a notable portion of 2009's inflows was due to the privatization of a local power corporation and equity sale of a local beverage manufacturing firm.

Merchandise exports for Dec 2010 up by 25.3%

The value of Philippine merchandise exports for Dec 2010 was estimated at US\$4.162B (+25.3% YoY; +0.4% MoM). Accounting for 54.2% of the total exports revenue in Dec 2010, Electronic Products was the country's top export with total receipts of US\$2.256B (+19.4% YoY). Components/Devices (Semiconductors) had the biggest share from among the major groups of electronic products with export earnings worth US\$1.616B (+24.1% YoY). On a monthly basis however, Electronic Products decreased by 3.3 % from US\$2.333B posted in Nov 2010. For the period Jan to Dec 2010, aggregate merchandise exports was up 33.7% YoY to US\$51.393B.

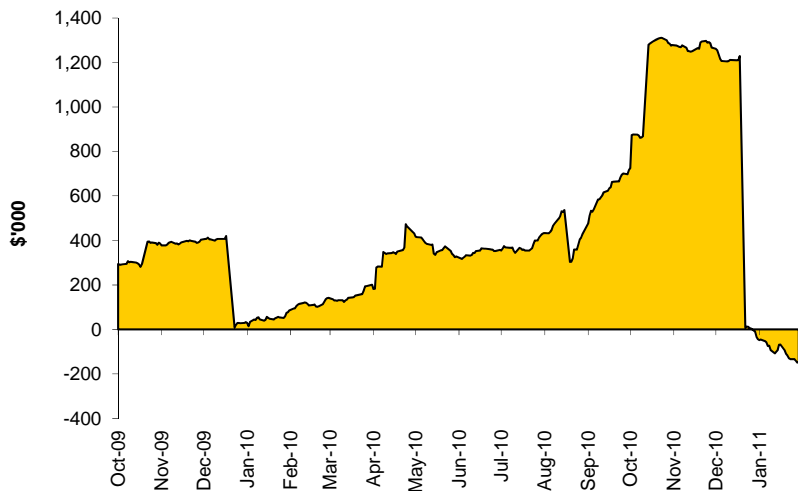
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Indophil nixes extension of exclusivity deal with San Miguel (SMC; P180.00)

Following the expiration yesterday (Feb 10) of an exclusivity review period for San Miguel Corporation's (SMC) takeover bid, Indophil Resources chief executive Richard Laufmann said that it was no longer in the best interests of Indophil to further extend the review period. Mr. Laufmann clarified that ending the exclusivity arrangement does not close out San Miguel's right to make a control proposal or engage in a strategic relationship with Indophil, but it frees Indophil to pursue other options. Indophil Resources holds 37.5% of Tampakan owner Sagittarius Mines, Inc. The majority stockholder of the Tampakan project in South Cotabato is Swiss miner Xstrata Copper, which has a 62.5% stake. The Tampakan mine is considered as Southeast Asia's largest undeveloped copper-gold prospect, estimated to contain 13.5M tons of copper and 15.8M ounces of gold, at a grade of 0.6% copper and 0.2 grams per ton of gold. Meanwhile, San Miguel president Ramon S. Ang said that SMC will continue its due diligence on the mining firm. In Oct 2010, San Miguel purchased an initial 10.1% stake in Indophil Resources for US\$40M.

Foreign Buying-Selling : 12-month period



Source: Bloomberg