



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 14 Feb 2011:	3,796.73	+ 47.58
Value T/O, net	Php 2,196 million	
52-week High	4,413.42	
Low	2,787.66	
Foreign Buying:	Php 1,782 million	
Foreign Selling:	Php 2,131 million	

### Regional performance

Dow Jones	: 12,268.19	- 5.07
FTSE 100	: 6,060.09	- 2.81
Nikkei 225	: 10,725.54	+ 119.89

### Trading snapshot

Index Movers	Points
Ayala Land	+10.23
Ayala Corp.	+7.66
SM Investments	+4.33
Metrobank	+4.22
SM Prime	+3.56

Index Out-performers	Up
Lepanto Consolidated B	6.82%
ABS-CBN	5.28%
Ayala Corp.	4.75%
Ayala Land	4.29%
Lepanto Consolidated A	3.49%

Index Under-performers	Down
Alliance Global	2.73%
Aboitiz Power	0.54%
Megaworld Corp.	0.50%
PLDT	0.34%
Manila Water	0.11%

### Calendar

Feb 15	Dec `10 OF Remittances
Feb 16	URC 1Q FY `11 Results Briefing
Feb 18	Jan `11 Overall BOP Position
Feb 23	Robinsons Land SSM

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

### Commodities-related shares lift Wall Street, but volume thin

Commodity shares including Freeport McMoRan (+4.9%) buoyed Wall Street on Monday (Feb 14) as 3-month copper hit a record high after Chinese import figures pointed to strong demand for basic materials. But thin volume suggests equities may be near a top. Green Mountain Coffee Roasters (+6.7%) rose on news of partnership negotiations with Starbucks Corp. But Wal-Mart (-1.6%) dragged after a downgrade from JPMorgan. In deal news, EchoStar (+3.2%) agreed to buy Hughes Communications (-3.7%) for \$1.33B while Clayton, Dubilier & Rice agreed to take Emergency Medical Services Corp (-11%) private for \$3B. Meanwhile, President Obama proposed a federal budget that would provide \$8B for clean energy investment, but big drugmakers might take a hit from generic competition under two proposals in the plan. Trina Solar (+5.2%) and GT Solar International (+2.7%) climbed, while Merck & Co (-0.8%) slid.

### Philippine Government to import less rice in 2011

An interagency council overseeing the National Food Authority (NFA) decided to import less than one million metric tons (MT) of rice this year due to excess inventory following record importation of 2.45M MT in 2010 amid a dry spell, as well as expectations of a good harvest. NFA Administrator Angelito T. Banayo said the private sector would be allowed to import 60%-65% of the volume this year, subject to new private sector importation guidelines. Private importers won't pay duties, but they will bid for the service fee to be paid to NFA. Bidding among private importers will be held in mid- to late March. Private importers will be left to decide on where to import the grain from – Vietnam, Thailand, or Cambodia. The Philippines is targeting an increase in domestic unmilled rice output to a record 17.4 million MT in 2011, as it aims to be self-sufficient in rice by 2013. A first half dry spell and yearend storms pulled down palay output in 2010 to 15.77 million MT (-3.07% YoY).

### SM Prime registers 12% growth in 2010 net income to P7.9B (SMPH; P10.70)

SM Prime Holdings, Inc. (SM Prime) reported a 12% YoY growth in consolidated net income to P7.9B for full-year 2010 on revenues of P23.7B (+16% YoY). Rental revenues rose +13% YoY to P20.0B, as same store rental grew by 6% and new malls added 276,800 sqm in combined gross floor area. Cinema ticket sales surged 32% YoY to P2.8B with wider deployment and use of digital movie technology, and the renovation of SM cinemas. EBITDA increased 14% to P15.9B, for an EBITDA margin of 67%. These results include the operations of the three SM malls in China, which posted a robust 36% growth in combined gross revenues on the strength of China's economy, an improvement in the malls' occupancy rates, and the expansion of SM City Xiamen through its high-end Lifestyle Center. For 2011, SM Prime plans to open three new malls (Masinag, Antipolo City; San Fernando, Pampanga; and Olongapo, Zambales), and expand SM City Davao and SM City Dasmariñas in Cavite.

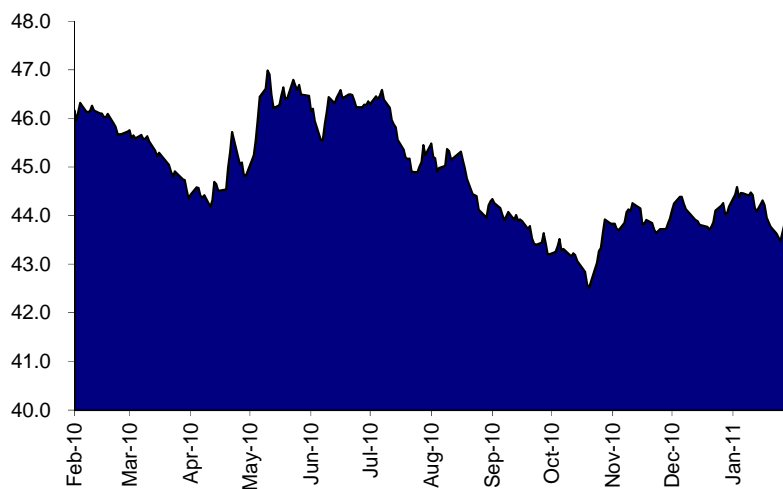
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**Security Bank earns P7.2B net income in 2010 (SECB; P80.40)**

- Security Bank (SECB) achieved record profits as it reported an unaudited net income of P7.2B (+134% YoY) for 2010, resulting in an industry high return on equity (ROE) of 35%. Total revenues rose to P12.9B (+63% YoY), significantly enhanced by the P4.8B trading and securities gains recorded for the year. Net interest income was steady at P6.1B (+1.6% YoY) on the back of a 6.6% growth in the bank's loan portfolio to close the year at P74.5B. SECB purposely chose to focus on margins rather than market share. Operating expenses, net of provisions, stood at P4.7B (+19.8% YoY). Non-performing loans (NPL) ratio for the period was at 1.09%, NPL cover at 319%, and Capital Adequacy Ratio at 21.8%.

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



Source: Bloomberg