



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

14 Mar 2011

## MORNING NOTES

### PSEi performance

PSEi Index 11 Mar 2011:	3,959.94 + 33.08
Value T/O, net	Php 3,867 million
52-week High	4,413.42
Low	3,034.13
Foreign Buying:	Php 2,599 million
Foreign Selling:	Php 1,888 million

### Regional performance

Dow Jones	: 12,062.26	+ 20.29
FTSE 100	: 5,983.34	- 16.73
Nikkei 225	: 10,431.36	- 26.00

### Trading snapshot

Index Movers	Points
PLDT	-21.86
Aboitiz Equity Ventures	-5.28
Bank of the Philippine Islands	-2.79
Globe Telecom	+1.82
Jollibee	-1.57

Index Out-performers	Up
Globe Telecom	3.32%
Lepanto Mining B	2.20%
Universal Robina Corp.	1.92%
Robinsons Land Corp.	0.75%
Ayala Corp.	0.51%

Index Under-performers	Down
Lepanto Mining B	3.68%
Lepanto Mining	2.17%
JG Summit Holdings Inc.	1.90%
First Gen Corp.	1.77%
Metro Pacific Investments	1.70%

### Calendar

Mar 14	SMC/SMB/GSMI `10 Results Briefing
Mar 15	PSE `10 Results Briefing
Mar 15	Jan `10 Labor Force Survey
Mar 17	EDC `10 Results Briefing

### Wealth Securities, Inc.

2103 East Tower, PSE Center, Exchange Road,  
Ortigas Center, Pasig City 1600  
Telephone: 02.634.5038  
Facsimile: 02.634.5043

## HEADLINES

### US stocks close higher as oil futures pull back; Japan quake fears ease

■ All three major indices closed higher on Friday (Mar 11) as oil futures slid after protests in Saudi Arabia fizzled, and investors shook off fears of the 8.9-strong quake's impact on Japan, with major cities and manufacturing facilities largely unaffected. New York-traded Japanese shares including Toyota Motor Corp (-2.1%) fell, and an index of Japanese ADR's lost 2.1%. Global insurers Aflac Inc (-0.3%) and Berkshire Hathaway Inc (+0.4%) were also in the spotlight on possible claims for damages. Refiners Valero Energy Corp (+6.3%) and Tesoro Corp (+8.4%) jumped after Japan's oil refining capacity was affected by the devastation. Industrial shares such as Caterpillar (+1.7%) rose on expectations that these could benefit in the rebuilding operation in Japan. Meanwhile, U.S. consumer-related data were mixed, with early March sentiment falling to its lowest level in five months as gas prices rose, while retail sales rose 1.0% in February, the largest gain since October and in line with expectations.

### National Government debt up 7.3% YoY to P4.72 trillion

■ Outstanding debt of the national government rose by 7.3% to P4.72 trillion in 2010 from P4.40 Tr a year ago as the government borrowed more to finance a record-high deficit, latest data from the Bureau of Treasury showed. The budget deficit amounted to P314.4B, or 3.7% of GDP. The percentage of debt to total gross domestic product or debt-to-GDP ratio, however, declined to 55.4% from 57.3% as the country posted higher growth in 2010, a development a Finance official said put the country in a "better position to pay its debts." Treasury data showed domestic liabilities, which account for the bulk of total debt, rose by a tenth from 2009 levels, recorded at P2.718 Tr last year against P2.47 trillion a year ago. On the other hand, foreign loans, which account for more than 42% of the total debt, were up by 3.8% to P2 Tr in 2010 from P1.926 Tr a year ago. Foreign currency-denominated securities made up most of the foreign debt at P1.171 Tr, rising by 6.5% from last year's P1.099 Tr. Dollar bonds, which accounted for bulk of the issuances, totaled P1.017 Tr from P997B as of Dec 2009. For this year, the government aims to borrow a total of P764.54B from both domestic and international sources to finance a programmed budget deficit of P290B, equivalent to 3.2% of GDP.

### Ayala Corp's net profit grew 37% to P11.2B in 2011 (AC; P352.00)

■ Ayala Corp. reported a 37% increase in 2010 profits to P11.2B, citing record earnings from its real estate, banking, water, and car dealership businesses. The company said record earnings from the four business units offset lower earnings from telecommunications and electronics. Ayala Land, Inc., its property and real-estate arm, recorded earnings of P5.4B (+35% YoY) in 2010. Bank of the Philippine Islands reported a growth of 33% in net income at P11.3B backed by solid business growth and trading gains.

## Please Read!

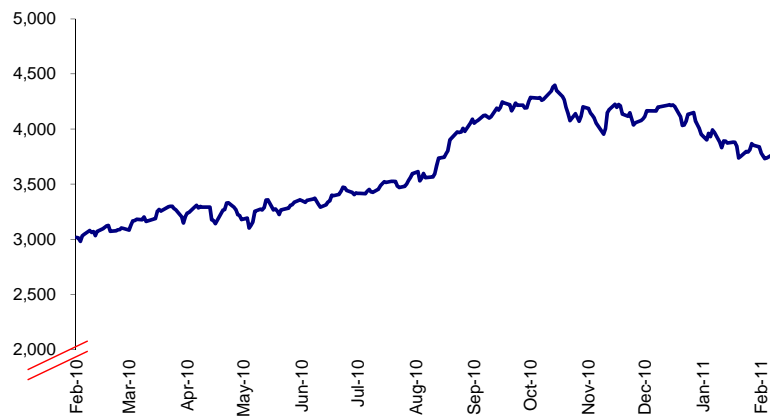
*This document was prepared by Wealth Securities, Inc. (WSI) for information purposes only. It is not to be considered as an offer to sell, or as a solicitation of an offer to buy. Although reasonable care has been taken to ensure that the information contained therein is accurate and complete, WSI makes no representation as to its accuracy or completeness. No liability is accepted for any loss arising from the reliance on this information. This document cannot be reproduced in whole or in part by the recipient or another person, nor should it be redistributed by the person or the company to whom it was first addressed. All recipients are urged to make their own assessment as to the accuracy of the information contained herein. All information/opinion is subject to change without prior notice.*

Manila Water Co. meanwhile posted a net income of P3.99B last year as a result of growth in water sales volume. Automotive dealership Ayala Automotive Holdings Corp., which sells Isuzu and Honda cars, hiked profits by 30% to P299M. Globe Telecom, Inc.'s profits were 22% lower at P9.7B. Integrated Microelectronics, Inc. experienced a 53% decline in profits at US\$4.7M amid the global downturn. Ayala Corp. expects capital expenditures to reach P79B this year, 21% higher than the previous year. The country's oldest conglomerate said last Tuesday it was studying some of the infrastructure projects the government intends to offer under its public-private partnership program, particularly the MRT-3 project. The holding firm also plans to invest in the power sector.

#### **GMA7 report flat net income of P2.82 B for 2010 (GMA7; P6.89)**

- GMA Network, Inc. (GMA7) in a press release on Friday (Mar 11) reported gross revenues of P14.3 B, half a million higher than 2009, for 2010. Net income remained relatively flat at P2.82B (+0.1% Yoy) while operating expenses increased to P8.46B (+8% Yoy). Consolidated airtime revenues are up 4% to P13.18B, of which P2.05B came from political advertisements during the elections. Revenues from international and subsidiary operations were also up 3% to P1.11B. Channel 7 brought the biggest revenue at P12.21B while GMA Radio revenues are at P535M (+43% Yoy). GMA International revenues stood at P925M (+8% Yoy). 2010's EBITDA is at P4.7B, 4% lower than 2009, but a drop in non-cash expenses allowed relatively flat net income.

#### **PSEi : 1-Year Price Chart**



Source: Philippine Stock Exchange

