



THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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MORNING NOTES

PSEi performance

PSEi Index 02 Nov 2011:	4,260.41	- 73.31
Value T/O, net	Php 2,896 million	
52-week High	4,563.65	
Low	3,705.18	
Foreign Buying:	Php 2,987 million	
Foreign Selling:	Php 2,373 million	

Regional performance

Dow Jones	: 11,836.00	+ 178.08
FTSE 100	: 5,484.10	+ 62.53
Nikkei 225	: 8,640.42	- 195.10

Trading snapshot

Index Movers	Points
PLDT	-9.17
Ayala Corp.	-6.87
San Miguel Corp.	-4.61
Metrobank	-4.12
JG Summit Inc.	-3.99

Index Out-performers	Up
Manila Water Company	0.72%
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Index Under-performers	Down
Belle Corp.	5.25%
SM Development Corp.	4.02%
DMCI Holdings Inc.	3.97%
Ayala Corp.	3.72%
Robinsons Land Corp.	3.37%

Calendar

Nov 03	TEL 3Q`11 Results
Nov 04	PEC ASM
Nov 04	AP, AEV 3Q`11 Results
Nov 04	Oct `11 Inflation and CPI

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HEADLINES

US stocks rebound as Fed hints of more easing

US stocks rebounded yesterday (Nov 2) from two straight days of heavy sell offs as the Federal Reserve hinted of more easing for the economy. All three major indices posted sizeable gains with the Dow gaining 1.53%; the S&P, 1.61%; and the Nasdaq, 1.27%. Fed Reserve Chairman Ben Bernanke said yesterday that the Fed is closely monitoring developments in Europe and is prepared to provide more easing for the economy if conditions warrant it. This came as a relief to investors after Greece decided to put a vote on the bailout which blindsided global markets and triggered a selloff. In the latest development on the matter, European leaders held an emergency meeting in Cannes, France yesterday to discuss Greek Prime Minister George Papandreou's surprise decision to hold a referendum on the bailout plan which took the region's leader's months to map out. EU leaders insisted that Greece will not get any bailout money until after the referendum is over. Greece has initially set the referendum on December 4. Meanwhile, US jobs data, which were better than expected, also added to the positive sentiments yesterday. The VIX volatility index shed 5.8% although volume was still light at only 7.5B shares traded at the NYSE, suggesting more volatility to come.

Meralco posts 25% hike in profit for January to September

Meralco announced yesterday that the company's net income for first nine months of the year reached P9.95B, 25% higher than last year's while core net income of the company reached P11.66B (+27% YoY). For September alone, net income likewise jumped 24% to P3.86B. Meralco said that higher volume sold in 2011, despite cooler temperature and the absence of one time boosts from election seasons, contributed to the strong numbers. As a result of the stronger 3Q results, the company also raised its core net income outlook for the full year of 2011 to P14.5B

Union Bank 9M2011 Net Income up 27.1% YoY

UBP reported that its 9M2011 Net Income increased to P5.4B from P4.3B for the same period last year. Despite the 5.4% increase in assets and 23.7% increase in loans YOY, Net Interest Income increased only by 1.1% YOY. Much of the earnings growth was driven by stellar trading gains, as the bank's 9M2011 Trading Gains amounted to P4.5B (+112.7% YOY). Even as Balance Sheet Spread remained low at 2.8%, the bank delivered a stellar ROE of 19.6% and ROA of 2.9%.

Though UBP has shown a healthy level of earnings over the past 3 quarters, much of the kick was due to exceptional Trading Gains. More specifically, Trading Gains accounted for 35% of the bank's 9M2011 Net Revenues. This is why the stock remains cheap, as it is only trading at ~0.94x its 2012E P/BV. Moving forward, the bank has to look at increasing its recurring income base by focusing on growing Net Interest Income and Fee Income generation. Moreover, the bank has to grow its assets and loans faster as its leverage is only at 6.7x.

Please Read!

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BPI posts faster loan growth in 3Q2011

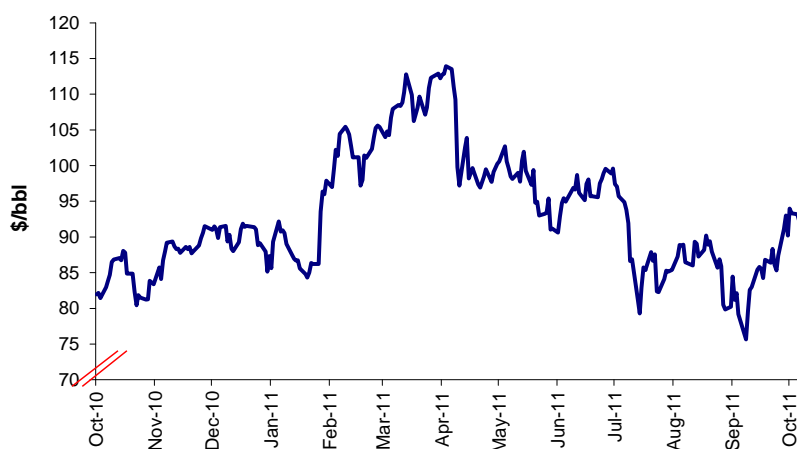
- BPI reported that its loan growth surged to 22% YOY for 3Q2011, driven by the increase in loans to big corporates (24%), middle market (30%) and SMEs (20%). Consumer loan growth, however, was quite modest at 11% YOY. This allowed the bank to focus its asset growth into loan growth, which consequently allowed its Loan-to-Deposit Ratio to improve to 66% (from 56% last year). This resulted in 9% growth in Net Interest Income and a modest increase in Non-Interest Income, despite the challenging securities trading environment. Operating costs were higher by 13% YOY due to salary increases and CBA-related adjustments, while Provisions for Losses were slightly lower than that of last year. This resulted in a 6% increase in Net Income YOY to P9.6B, with ROE at 15.5% and ROA at 1.6%.

PLDT to issue P5B in fixed rate notes

- In a disclosure to the PSE yesterday, PLDT said that the company will issue P5B in fixed rate bonds comprised of five-year, seven-year, and ten-year papers with rates fetching 5.47%, 5.50%, and 6.22% respectively. A total of 16 institutional lenders have subscribed to the firm's latest notes issuance with HSBC and First Metro Investments Corp serving as lead managers in the transaction. PLDT said that proceeds raised from the sale of notes will be used to finance capital expenditures and refinance existing debt obligations.

CURE initial bid price set at P900M

- BusinessMirror sources said that the running number for the auction of Connectivity Unlimited Resource Enterprises, Inc. (CURE) is set at P900M, although the number is not yet final. According to the said article, the initial bid price will be finalized within the next nine months. CURE will be sold through competitive bidding by PLDT as part of NTC's regulatory approval for the PLDT-Digital merger deal.

Nymex Crude 1-Yr Price Chart

Source: Bloomberg