



# THE WEALTH VAULT

A Product of Wealth Securities, Inc.

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## MORNING NOTES

### PSEi performance

PSEi Index 22 Oct 2010:	4,286.87	+ 37.70
Value T/O, net	Php 3,893 million	
52-week High	4,290.16	
Low	2,787.66	
Foreign Buying:	Php 2,059 million	
Foreign Selling:	Php 1,831 million	

### Regional performance (25 Oct)

Dow Jones	: 11,164.05	+ 31.49
FTSE 100	: 5,751.98	+ 10.61
Nikkei 225	: 9,401.16	- 25.55

### Trading snapshot

Index Movers	Points
Aboitiz Equity	+9.16
Metrobank	+6.67
PLDT	+6.52
Manila Electric Co.	+5.30
Aboitiz Power	+5.28

Index Out-performers	Up
Robinsons Land	4.12%
Aboitiz Power	3.90%
Aboitiz Equity	3.81%
Metrobank	3.42%
Manila Electric Co.	3.31%

Index Under-performers	Down
Lepanto Consolidated B	3.45%
Lepanto Consolidated A	2.63%
Ayala Corp.	1.80%
First Phil. Holdings	0.59%
BPI	0.44%

### Calendar

Oct 26	Suntrust Home Developers ASM
Oct 26	Aug '10 External Trade Perf., MISSI
Oct 28	Concrete Aggregates, ASM
Oct 28	GMA Network, 3Q Results Briefing

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## HEADLINES

### Dollar weakness lifts Wall Street

- U.S. stocks rose on Monday (Oct 25) as the U.S. dollar continued to slide on bets that the Fed is almost certain to announce monetary easing at its Nov policy meeting. A Group of 20 weekend meeting stopped short of setting targets to reduce trade imbalances. The S&P materials sector (+1.7%) gained, with Freeport-McMoRan (+2.2%) advancing. Eastman Chemical's (+5.1%) green light to sell three plants to Mexican conglomerate Alfa for \$600M further boosted the sector. Stronger-than-expected profits lifted Office Depot (+3.5%) and Lorillard Inc (+1.3%). D.R. Horton (+0.7%) edged up after a better-than-expected rise in Sep existing-home sales. In after-hours trading, Texas Instruments (-0.4%) and Amgen (-0.6%) slid after posting quarterly results.

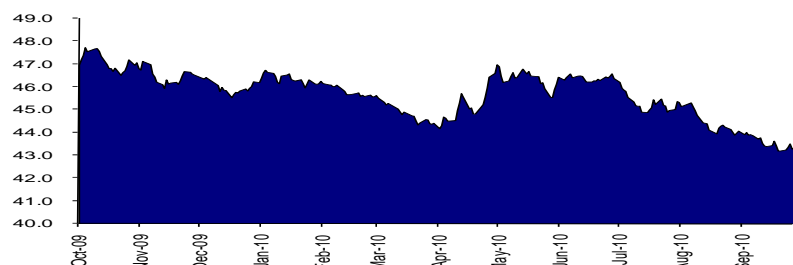
### Meralco nine-month core net income at P9.2B (MER; P225.00)

- Manila Electric Company (MER) announced unaudited consolidated results for the nine months ended Sep 30, 2010 last Friday, with core net income at P9.2B (EPS P8.12) and reported net income at P8.0B (EPS P7.07). Meralco President and CEO Manuel V. Pangilinan said that their 2010 core net income target of P11B will likely be surpassed. Revenues rose 32% YoY to P188.9B; electricity sales accounted for 97%, with 35% coming from the 11% growth in volume of energy sold and 50% due to higher average pass-through costs. Meralco Industrial Engineering Services Corporation (MIESCOR) and rental revenue from the Rockwell Business Center, contributed 3% of the revenue increase. EBITDA was at P16.3B (+28% YoY), reflecting an EBITDA margin of 9%. Capital expenditures amounted to P5.1B, with electric capital projects accounting for 85% of the total. Free cash flow as of Sep 2010 was P4.8B. Meralco is also set to enter power generation after finalizing plans to form a new subsidiary that will install 1,500 megawatts (MW) of capacity in the next 5 years.

### Cebu Air to list shares today (CEB; P125.00)

- Cebu Air, Inc. (CEB), owner and operator of budget carrier Cebu Pacific, will list its shares today. CEB has sold 186.637M shares, with foreign investors taking up 70%. CEB might secure as much as P3.5B under an overallotment option to sell 28M more shares. The carrier cornered about 48.7% of the Philippines' air passenger market in 1H 2010, flying some 5.096M individuals to domestic and international destinations.

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



Source: Philippine Dealing and Exchange Corp.

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