

Wednesday, March 12, 2008

# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills		\$/Php	3/11/2008	3/10/2008	As of	3/12/08	10:32 AM
91D	3.673	3.672	0.960	03/11/08	3MO	5.106%	Open	41.250	40.950	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	03/11/08	6MO	5.114%	High	41.380	41.200	JPY	103.010	103.030
364D	5.266	5.271	2.830	03/11/08	1YR	5.583%	Low	41.150	40.930	IDR	9147	9152
							Close	41.200	41.140	SGD	1.387	1.387
							Ave.	41.279	41.074	TWD	30.550	30.560
							Vol.	692.500	759.650	THB	31.520	31.550
										HKD	7.788	7.788

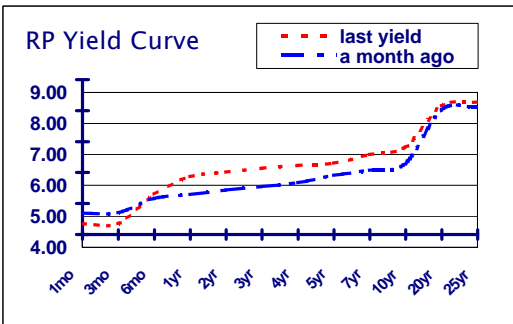
  

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	03/11/08	2YR	5.844%
5YR	5.750	5.750	7.000	03/11/08	5YR	6.323%
7YR	6.500	6.500	7.500	03/11/08	7YR	6.490%
10YR	5.875	7.750	7.500	03/11/08	10YR	6.702%
20YR	8.625	8.000	7.000	03/11/08	20YR	8.440%
25YR	8.500	9.375	7.000	03/11/08	25YR	8.533%

## INTEREST RATES UPDATE

### Philippine Government Securities

GS yields higher by 10-20 bps higher across the curve as BTR finally accepted yesterday's auction after 5 consecutive rejections. The 5 year FXTN fetched a coupon of 6.625% which is 12 bps higher than the secondary market levels. The 2 years traded at 6.3% which is 10 bps higher than last traded level. The 3 years at 6.4%, that is 20 bps higher than last closing level. The 5 and 9 years traded at 6.65% and 7% respectively, both are 15 bps higher than previous closing levels. We expect the yields to be rangebound with a slightly upward bias as players continue to be defensive on their bids.



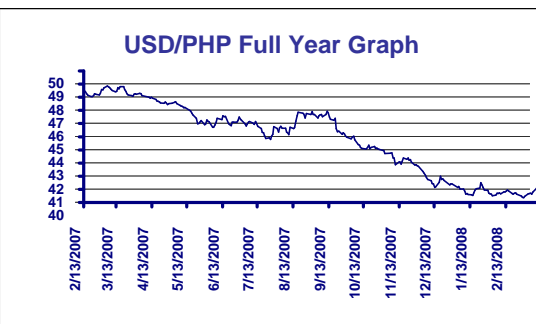
### Philippine Sovereign USD Bonds

ROP prices were lower by quarter of a point due to slump in other emerging market bonds. Prices were given in ROP 25 at 138.63 (6.77%), ROP 30 at 128.38 (6.96%), ROP 31 at 109.63 (6.90%) and ROP 32 at 95.50 (6.76%). Meanwhile, US Treasury yields rose after the concerted intervention by major central banks to ease the credit crisis. The Fed initiated last night a new Term Securities Lending Facility that will lend up to \$200 billion of Treasury securities. The European Central Bank also said it will lend banks up to \$15 billion for 28 days and the Swiss National Bank announced a similar auction of up to \$6 billion. The Bank of England will offer \$20 billion of three-month loans while the Bank of Canada plans to buy \$4 billion of securities for 28 days. We expect ROP prices to be rangebound with a slight upward bias due to recovery in global equities.

## CURRENCIES UPDATE

### USD/PHP

The dollar inched up yesterday, closing at 41.20 vs. 41.15 previously. The greenback gapped higher at 41.25 and reached 41.38 in line with its firm regional tone. Risk aversion hit Asian stocks and currencies as U.S. recession fears dominated trading. However, a reversal in Asian stocks (with Japanese and Korean stocks ending up around 1%) fueled a recovery in Asian currencies, pulling down the exchange rate at the close. The stock recovery kicked up to high gear last night after the surprise liquidity infusion of the U.S. Fed. The Dow ended 3.55% higher, indicating further rallies today in Asian stocks and currencies. 41.00 looms as initial target. Expected range: 40.80 - 41.20.



### Major Currencies

Dollar rebounded against most major currencies as Fed and other major central banks infused liquidity in the market to ease credit squeeze. Federal Reserve provided 200.0B to primary dealers for 28 days while the ECB provided 15.0B for 28 days as well. This move sent equities soaring to almost 6 month highs. This provided some breather for the US dollar as well, especially for the EUR after hitting multi year highs of 1.5495 after ZEW came out better than expected, now back to 1.5300's level again.

### NY Range:

USDJPY 102.10-103.60  
 EURUSD 1.5282-1.5467  
 GBPUSD 1.9995-2.0166  
 EURJPY 157.65-158.95

## TREASURY DIRECTORY

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Bong Cabral	888-7025
Fixed Income Trading (Php)	
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Desiree Ang	888-7009
Inventory Management	
Nikki Chua	888-7020
Institutional Sales	
Anna Yap	888-7001
Marc Carlos	888-7029
Mike Garcia	888-7170
Francis Buenaventura	888-7002
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VP	
Jocelyn Uy	888-7013
Sheilagh Rivera	888-7015
Jill Rances	888-7016
MM Marfori	888-7014
Glenn Jao	888-7017
Jason Yap	888-7018

### TERM OF THE DAY

**U.S. Treasury Securities (U.S. treasuries)** - These are issued by the US. Department of Treasury and are backed by the full faith and credit of the US government. Therefore, these securities are viewed by market participants as having no credit risk. Interest rates on these are the benchmark interest rates throughout the US economy as well as in international capital markets.

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