

Friday, March 14, 2008

DAILY MARKET EDGE

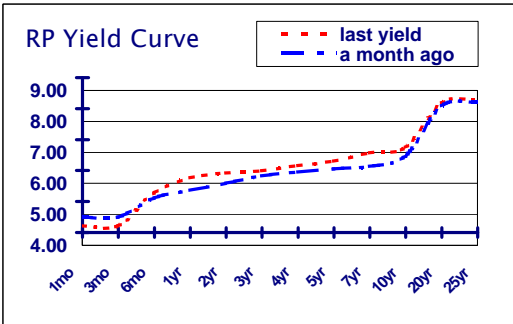
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills		\$/Php	3/13/2008	3/12/2008	As of	3/14/08	10:36 AM
91D	3.673	3.672	0.960	03/13/08	3MO	4.906%	Open	41.400	41.100	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	03/13/08	6MO	4.906%	High	41.470	41.350	JPY	100.601	100.611
364D	5.266	5.271	2.830	03/13/08	1YR	5.531%	Low	41.320	40.980	IDR	9250	9260
							Close	41.450	41.350	SGD	1.382	1.382
							Ave.	41.417	41.168	TWD	30.719	30.723
							Vol.	508.620	634.600	THB	31.410	31.420
										HKD	7.783	7.783

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	03/13/08	2YR	6.002%
5YR	6.625	5.750	7.000	03/13/08	5YR	6.467%
7YR	6.500	6.500	7.500	03/13/08	7YR	6.556%
10YR	5.875	7.750	7.500	03/13/08	10YR	6.883%
20YR	8.625	8.000	7.000	03/13/08	20YR	8.500%
25YR	8.500	9.375	7.000	03/13/08	25YR	8.621%

INTEREST RATES UPDATE

Philippine Government Securities

GS market rallied as yields fell 15–20 bps across the curve as the Monetary Board scrapped 2 months or higher SDA tenors and reduced the rates on the other tenors. The 2 years fell 20 bps trading at 5.95% during closing. The 3 years traded at 6.05%, which is 15 bps lower than previous close. The 4 and 5 years traded at 6.15% and 6.325% respectively, both lower by 20 bps. Lastly the 9 years fell 17 bps trading at 6.70%. GS yields could trade lower anew as market is expecting an estimated 500 bio to be infused in the financial system due to the latest move by the Monetary Board.



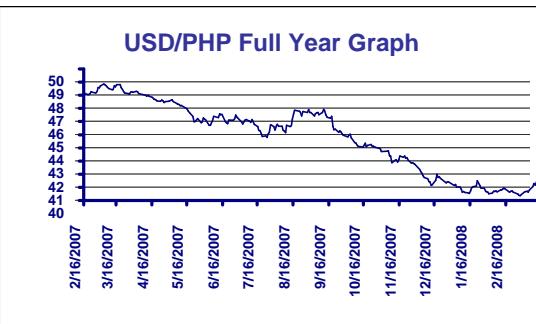
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were just flat yesterday to slightly better bid as the market is waiting for the retail sales and inflation data coming out of the U.S. tonight and tomorrow. Meanwhile, U.S. treasuries were firmer as the market was skeptical that the Fed's bail-out plan unveiled the other night would be sustainable. We expect ROP prices to be range bound with an upward bias.

CURRENCIES UPDATE

USD/PHP

The dollar continued to go higher yesterday, closing at 41.45 vs. 41.35 previously. The greenback depreciated against most major currencies, but weak stock markets spawned risk aversion, pressuring high-yield currencies like the Indonesian Rupiah, Indian Rupee, and Philippine Peso. Lack of BSP dollar offers also emboldened some traders to test new highs for the dollar. The strong close might be suggestive of further gains, with the 41.60 2008 high looming as target. However, the dollar looks overbought at these levels, and corrective drops to 41.30 cannot be ruled out. Dollar remittance inflows ahead of the weekend may also help stem the dollar's advance. Expected range: 41.30 – 41.60.



Major Currencies

Dollar continued to weaken against major currencies as US retail sales weaker than expected figure last night in New York. Retail sales showed a -0.6% against market expectation of +0.2% in February. Previous month retail sales data was +0.4%. EUR hit an all time high again against the US dollar at 1.5646 while the Japanese yen hit a 12 year high against the US dollar as well at 99.77 breaking the psychological level of 100.00. Market is expecting continued weakness of the US dollar against major currencies as the Federal Reserve is expected to cut its interest rates on March 18.

NY Range:

USDJPY 99.96–101.25
 EURUSD 1.5550–1.5646
 GBPUSD 2.0281–2.0390
 EURJPY 156.07–157.70

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TERM OF THE DAY

Philippine Government Securities – These are unconditionally guaranteed obligations of the Republic of the Philippines, issued here in the country to finance its public expenditures. There are 2 kinds of issues namely Treasury Bills (Tbills) and Fixed Rate Treasury Notes (FXTNs).

* Information provided in this report accurately reflect the personal views of the specialists. No responsibility is accepted for errors or omissions, or for any consequences arising there from.