

Monday, March 17, 2008

DAILY MARKET EDGE

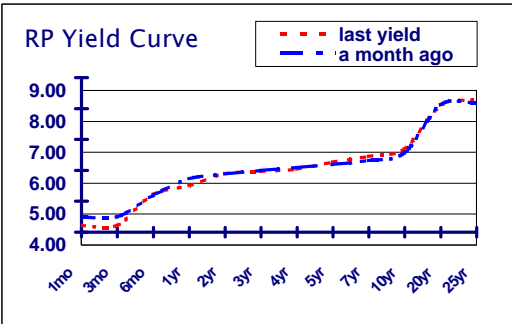
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	Yield	\$/Php	3/17/2008	3/14/2008	As of	3/17/08	10:23 AM
91D	3.673	3.672	0.960	03/14/08	3MO	4.908%	Open	41.600	41.400	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	03/14/08	6MO	4.915%	High	41.600	41.580	JPY	96.160	96.160
364D	5.266	5.271	2.830	03/14/08	1YR	5.608%	Low	41.600	41.340	IDR	9310	9310
							Close	41.600	41.540	SGD	1.387	1.388
							Ave.	41.632	41.491	TWD	30.849	30.850
							Vol.	41.650	640.000	THB	31.410	31.440
										HKD	7.769	7.769

FXTN	Cpn	Prev.	Vol.	Date	FXTN	Yield
2YR	8.500	8.500	5.000	03/14/08	2YR	6.302%
5YR	6.625	5.750	7.000	03/14/08	5YR	6.608%
7YR	6.500	6.500	7.500	03/14/08	7YR	6.729%
10YR	5.875	7.750	7.500	03/14/08	10YR	6.981%
20YR	8.625	8.000	7.000	03/14/08	20YR	8.533%
25YR	8.500	9.375	7.000	03/14/08	25YR	8.604%

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.



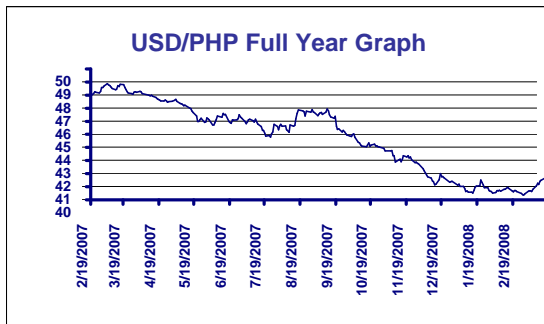
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices traded flat tracking other emerging market bonds. Meanwhile, US Treasury yields fell after Bear Stearns obtained emergency funding from JP Morgan Chase and New York Fed due to significant liquidity deterioration. Eventually JP Morgan Chase bought Bear Stearns for \$2/share. The Fed surprisingly cut discount rate by 25bps to 3.25% to support market liquidity. We expect ROP prices to be rangebound with a downward bias.

CURRENCIES UPDATE

USD/PHP

The dollar went up last Friday, closing at 41.54 vs. 41.45 previously. The greenback appreciated against the peso as risk aversion continued to worsen. Weak stock markets pressure high-yielding Asian currencies such as the Indonesian Rupiah and the peso. The dollar rally was limited by suspected BSP dollar offers. The strong close suggests further gains, with 41.60 looming as initial target. Expected range: 41.50 – 41.80.



Major Currencies

US dollar continued to weaken against major currencies hitting multi lows across on US recession fears. Also adding to US dollars' woes are news that Bear Stearns Cos securing financing from NY fed and JP Morgan Chase. On the data front, US Feb CPI inflation came in at a softer than expected 0.0% mom while the core number also was a softer than expected 0.0% mom. The better than expected Mar U of Michigan consumer confidence index of 70.5 however went unnoticed amidst the market's liquidity concerns. Euro hitting multi highs again against the dollar at 1.5841 while the Japanese yen now at 12 year high at 96.59.

NY Range:

USDJPY 98.89–101.15
 EURUSD 1.5536–1.5690
 GBPUSD 2.0177–2.0399
 EURJPY 154.86–157.37

TREASURY DIRECTORY

Raffy Algarra	888-7030
SVP – Treasurer	
Raul Pedro	888-7042
FVP	
Asset & Liability Management (ALM)	
Sheila Gomez	888-7026
Kris Vainio	888-7028
Fixed Income Trading (\$)	
Andre' Ibarra	888-7033
Bong Cabral	888-7025
Fixed Income Trading (Php)	
Alan Atienza	888-7031
Dino Aquino	888-7044
Derivatives Desk	
Aileen Chua	888-7042
Nicole Chai	888-7027
Foreign Exchange (FX)	
Jon Velasquez	888-7021
Jun Aguilar	888-7025
Jennie Cao Melon	888-7024
Fixed Income Securities Division (FISD)	
Corporate Sales	
Cheche Serrano	888-7007
Amanda Roa	888-7006
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
Product Development & Retail Sales	
Johanna Songco Hernandez	888-7003
Dominic Banal	888-7043
FX / Money Market Sales	
Roman Leus	888-7012
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

Treasury Bills (T-Bills) – These are government securities with maturities of one year or less. T-Bills are issued and sold at a discount from face value, they are redeemed at maturity for the full face value of the instrument. Treasury Bills are quoted by their yield rate, which is the discount.

* 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.