

Tuesday, March 18, 2008

DAILY MARKET EDGE

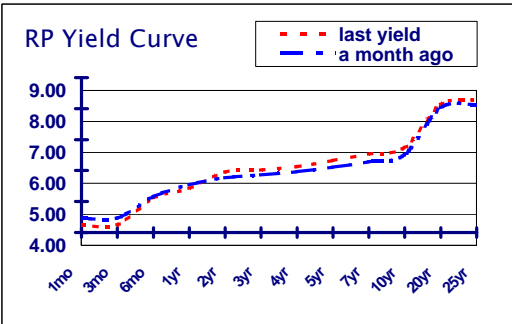
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	3/17/2008	3/14/2008	As of	3/18/08	11:09 AM
91D	3.673	3.672	0.960	03/17/08	3MO	4.877%	Open	41.600	41.400	\$/CURR	BID OFFER
182D	4.675	4.659	2.000	03/17/08	6MO	4.877%	High	41.720	41.580	JPY	97.070 97.070
364D	5.266	5.271	1.110	03/17/08	1YR	5.565%	Low	41.600	41.340	IDR	9263 9267
							Close	41.720	41.540	SGD	1.381 1.382
							Ave.	41.674	41.491	TWD	30.760 30.769
							Vol.	794.220	640.000	THB	31.280 31.350
										HKD	7.768 7.768

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	03/17/08	2YR	6.183%
5YR	6.625	5.750	7.000	03/17/08	5YR	6.519%
7YR	6.500	6.500	7.500	03/17/08	7YR	6.696%
10YR	5.875	7.750	7.500	03/17/08	10YR	6.921%
20YR	8.625	8.000	7.000	03/17/08	20YR	8.444%
25YR	8.500	9.375	7.000	03/17/08	25YR	8.540%

INTEREST RATES UPDATE

Philippine Government Securities

GS yields rose 15-20 bps yesterday feeling the effects of global risk aversion. Market was very defensive and most players were trying to lighten up their positions. Market saw decent volume at 10 bio mapped deals mostly from the 5 years amounting to 50% of the total market volume trading a total of 5bio. The 3 years traded 15 bps higher at 6.15%. The 4 years traded 20 bps higher at 6.3%. The 5 years last traded at 6.4%, which is 15 bps higher than previous close. Lastly the 9 years traded 20 bps higher closing at 6.875%. Yields still at an upward bias as Market remains fearful of falling regional and global equities.



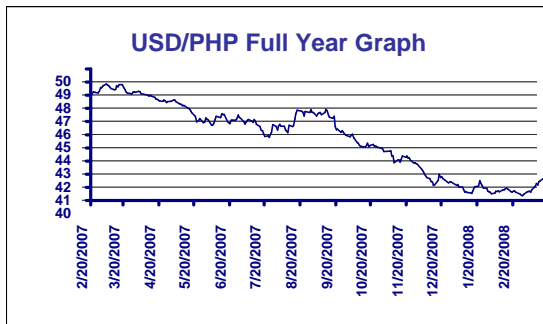
Philippine Sovereign USD Bonds

ROP prices were rangebound following other emerging market bonds. Meanwhile, US Treasury yields dropped after Fed funds futures fully priced a 1 percentage point cut on today's FOMC meeting. There was also speculation that Goldman Sachs will report another \$3 billion of writedowns today. We expect ROP prices to be rangebound with a slight upward bias.

CURRENCIES UPDATE

USD/PHP

The dollar continued to go higher against the peso, closing at 41.72 vs. 41.54 previously. The greenback appreciated against Asian currencies as risk aversion intensified after the woes in Bear Stearns came into the fore. Asian currencies were on the defensive yesterday, especially the high-yielders (like the peso) as traders closed risky bets. The strong close suggests further gains, with 41.80 looming as target. Expected range: 41.60 - 41.80.



Major Currencies

Dollar rebounded overnight against most major currencies on fears of risk aversion due to last week's buyout of Morgan Stanley of Bear Stearns. Traders now on a cautious mode as market anticipating that there will be more buy outs to come. Market now cautious ahead of tonight's Federal Reserve meeting where the Fed is expected to cut its interest rates by a full 1 percent.

NY Range:

USDJPY 96.66-97.75
 EURUSD 1.5685-1.5791
 GBPUSD 1.9945-2.0110
 EURJPY 152.25-153.87

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TERM OF THE DAY

Surplus - refers to the excess of total government revenues over total expenditures.

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