

Wednesday, March 19, 2008

# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills		\$ /Php	3/18/2008	3/17/2008	As of	3/19/08	12:06 PM
91D	3.673	3.672	0.960	03/18/08	3MO	4.877%	Open	41.750	41.600	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	03/18/08	6MO	4.892%	High	41.750	41.720	JPY	99.400	99.400
364D	5.266	5.271	1.110	03/18/08	1YR	5.594%	Low	41.500	41.600	IDR	9190	9200
							Close	41.510	41.720	SGD	1.379	1.380
							Ave.	41.649	41.674	TWD	30.641	30.651
							Vol.	452.000	794.220	THB	31.110	31.133
										HKD	7.774	7.774

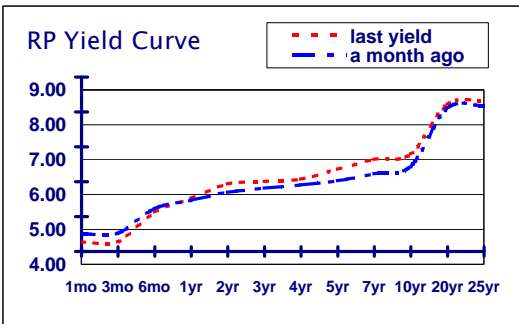
  

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	03/18/08	2YR	6.064%
5YR	6.625	5.750	7.000	03/18/08	5YR	6.398%
7YR	6.500	6.500	7.500	03/18/08	7YR	6.596%
10YR	5.875	7.750	7.500	03/18/08	10YR	6.810%
20YR	8.625	8.000	7.000	03/18/08	20YR	8.473%
25YR	8.500	9.375	7.000	03/18/08	25YR	8.552%

## INTEREST RATES UPDATE

### Philippine Government Securities

GS market saw a 2 way interest yesterday as the short end traded 5 bps higher while the longer tenors traded 6-7 bps higher. Market is trying to shift to longer dated tenors as players are banking on a 100 bps rate cut by the fed. The 3 years traded at 6.2%, which is 5 bps higher than previous close. The 5 and 9 years traded at 6 and 7 bps lower respectively at 6.35% and 6.815%. Yields could gap higher today as a disappointment on the FED's 75 bps cut as the market was expecting a 100 bps rate cut.



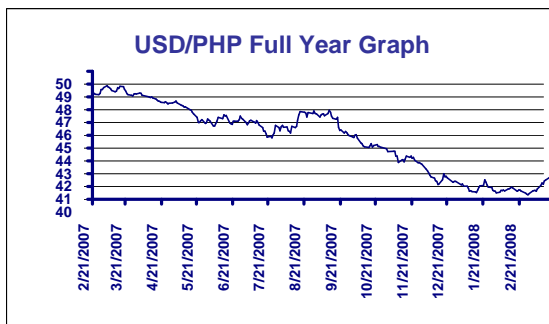
### Philippine Sovereign USD Bonds

ROP prices were higher by half a point after the Fed cut ignited demand for risky emerging market bonds. Prices were higher in ROP 25 at 139.50 (6.70%), ROP 30 at 129.38 (6.88%), ROP 31 at 110.38 (6.84%) and ROP 32 at 96.13 (6.70%). Meanwhile, US Treasury yields rose after the Fed cut its target rate by 75 bps to 2.25% and the discount rate by 75 bps to 2.5%. They reiterated increased growth risks while inflation is expected to moderate in the coming quarters. We expect ROP prices to be rangebound with an upward bias due to recovery in global equities.

## CURRENCIES UPDATE

### USD/PHP

The dollar went down yesterday, closing at 41.51 vs. 41.72 previously. The greenback dropped against Asian currencies as Asian stocks rallied yesterday ahead of the projected Fed interest rate cut. The Fed did cut by 75 basis points, sending American stocks higher last night. The bullish stock momentum should carry over to Asian trading today, thus benefiting Asian currencies. The dollar is expected to trade between 41.30 - 41.60 today.



### Major Currencies

US dollar rebounded overnight against major currencies as Fed cut its interest rates by 75 basis point as against market expectations of a full 100 basis point. Also helping the US dollars rebound is the overnight rally in the US equity market by over 400 pts. Market is expecting this is just a temporary relief for the US dollar as the fed is still expected to cut its overnight interest rates by the next monetary board meeting of Fed.

### NY Range:

USDJPY 97.35-100.00  
 EURUSD 1.5617-1.5816  
 GBPUSD 2.0044-2.0275  
 EURJPY 153.84-156.18

## TREASURY DIRECTORY

Raffy Algarra SVP - Treasurer	888-7030
Raul Pedro FVP	888-7042
Asset & Liability Management (ALM) Sheila Gomez Kris Vainio	888-7026 888-7028
Fixed Income Trading (\$) Andre' Ibarra Bong Cabral	888-7033 888-7025
Fixed Income Trading (Php) Alan Atienza Dino Aquino	888-7031 888-7044
Derivatives Desk Aileen Chua Nicole Chai	888-7042 888-7027
Foreign Exchange (FX) Jon Velasquez Jun Aguilar Jennie Cao Melon	888-7021 888-7025 888-7024
Fixed Income Securities Division (FISD) Corporate Sales Cheche Serrano Amanda Roa Desiree Ang	888-7007 888-7006 888-7009
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Product Development & Retail Sales Johanna Songco Hernandez Dominic Banal	888-7003 888-7043
FX / Money Market Sales Roman Leus VP	888-7012
Jocelyn Uy Sheilagh Rivera Jill Rances MM Marfori Glenn Jao Jason Yap	888-7013 888-7015 888-7016 888-7014 888-7017 888-7018

## TERM OF THE DAY

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

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