

Monday, March 24, 2008

DAILY MARKET EDGE

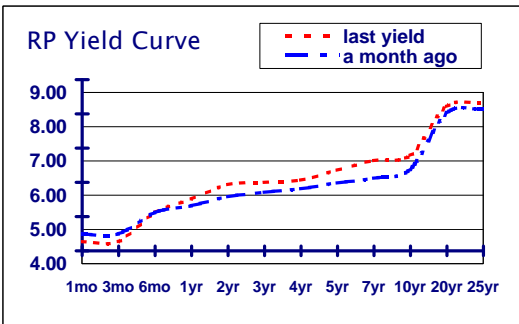
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills		\$ /Php	3/19/2008	3/18/2008	As of	3/24/08 9:58 AM	
91D	3.673	3.672	0.960	03/19/08	3MO	4.862%	Open	41.500	41.750	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	03/19/08	6MO	4.869%	High	41.715	41.750	JPY	99.820	99.839
364D	5.266	5.271	1.110	03/19/08	1YR	5.494%	Low	41.480	41.500	IDR	9182	9185
							Close	41.690	41.510	SGD	1.389	1.390
							Ave.	41.580	41.649	TWD	30.251	30.258
							Vol.	593.000	452.000	THB	31.290	31.290
										HKD	7.778	7.778

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	03/19/08	2YR	5.950%
5YR	6.625	5.750	7.000	03/19/08	5YR	6.358%
7YR	6.500	6.500	7.500	03/19/08	7YR	6.496%
10YR	5.875	7.750	7.500	03/19/08	10YR	6.756%
20YR	8.625	8.000	7.000	03/19/08	20YR	8.400%
25YR	8.500	9.375	7.000	03/19/08	25YR	8.515%

INTEREST RATES UPDATE

Philippine Government Securities

GS market remained flat last Wednesday in the wake of the FED's 75 bps rate cut. Initially yields traded lower by 5 bps as Asian stocks rallied, but eventually sellers came in and the market closed flat from previous levels. The 2 and 3 years did not trade heavily with only retail size volume mapped in PDEX. The 4, 5 and 9 years closed at 6.30%, 6.36%, and 6.79% respectively. Market is expected to be trapped at current levels with no significant news to lead the market to a current direction.



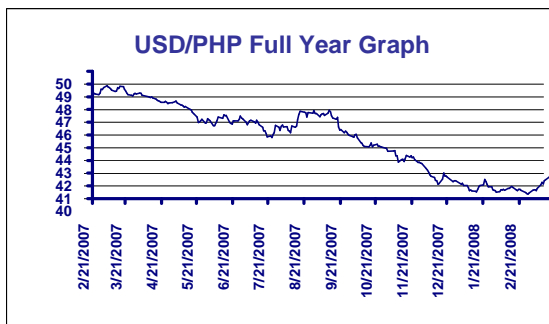
Philippine Sovereign USD Bonds

ROP prices were higher by quarter of a point towards the holiday and tracking higher emerging market bonds notably the Brazil. Prices were taken in ROP 30 at 129.75 (6.85%), ROP 31 at 110.75 (6.81%) and ROP 32 at 96.50 (6.67%). Meanwhile, the US Treasury yield curve flattened after two Fed officials dissented on the 75 bps Fed rate cut and suggested for a lower cut. Falling commodity prices are easing inflationary pressure concerns in the long end of the curve. We expect ROP prices to be rangebound with a slight upward bias.

CURRENCIES UPDATE

USD/PHP

The dollar rebounded last Wednesday, closing at 41.69 vs. 41.51 previously. The greenback went up against Asian currencies as sentiment remained cautious. Risk aversion continued to hound the markets. Position adjustment ahead of the long Holy Week weekend kept the dollar biddish towards closing. However, with no surprises happening over the holidays, the dollar is expected to be offered against the peso today as weekend dollar remittances come in. Expected range: 41.50 - 41.80.



Major Currencies

US dollar had the biggest rebound against major currencies before the Lenten week ends. Traders opted to take profit on their short US dollar positions ahead of long weekend as fresh rumors of write downs haunts the market. Even commodities were high, such as gold and oil, as traders took profits already ahead of the long weekend.

NY Range:

USDJPY 99.27-99.65
 EURUSD 1.5429-1.5469
 GBPUSD 1.9812-1.9847
 EURJPY 153.40-153.75

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TERM OF THE DAY

Financing - refers to the means of funding government expenditures including non-budgetary items to cover a budget deficit. In case of a surplus, the excess funds become part of the sources of financing the programmed expenditures.

* 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.