

Wednesday, March 26, 2008

DAILY MARKET EDGE

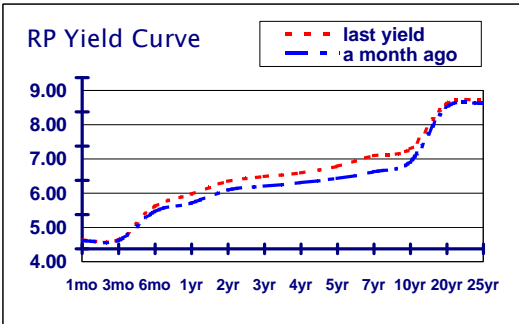
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills		\$ /Php	3/25/2008	3/24/2008	As of	3/26/08	11:17 AM
91D	3.673	3.672	0.960	03/25/08	3MO	4.617%	Open	41.600	41.700	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	03/25/08	6MO	4.617%	High	41.660	41.700	JPY	99.990	100.010
364D	5.266	5.271	1.110	03/25/08	1YR	5.466%	Low	41.560	41.600	IDR	9190	9197
							Close	41.575	41.680	SGD	1.380	1.381
							Ave.	41.601	41.641	TWD	29.951	29.970
							Vol.	634.150	297.500	THB	31.370	31.390
										HKD	7.783	7.783

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	03/25/08	2YR	6.098%
5YR	6.625	5.750	7.000	03/25/08	5YR	6.431%
7YR	6.500	6.500	7.500	03/25/08	7YR	6.627%
10YR	5.875	7.750	7.500	03/25/08	10YR	6.919%
20YR	8.625	8.000	7.000	03/25/08	20YR	8.515%
25YR	8.500	9.375	7.000	03/25/08	25YR	8.625%

INTEREST RATES UPDATE

Philippine Government Securities

GS yields slightly higher by 2-5 bps across the curve on news that the BSP would revise their inflation targets. The BTR also accepted the 10 year auction with a high of 7.25%. The 2 years traded 2 bps higher at 6.225%. The 3 years was 5 bps higher at 6.285%. The 5 years closed at 6.4%, which is 2 bps higher than previous close. Lastly the 9 years last traded at 6.9% which is 5 bps higher than previous close. Market saw some buying late in the afternoon as the long end established new highs for the year. Players felt levels were already good to come in as the 10 years was at its highest since September of 2007. Market is expected to see some more buying in the coming days as longer maturities



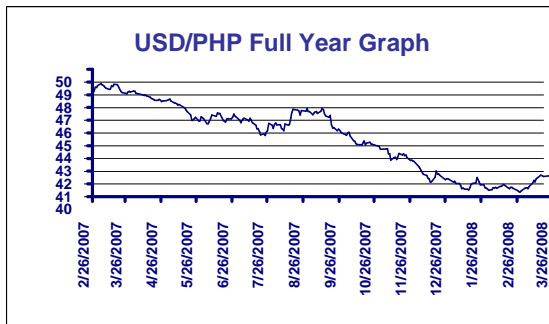
Philippine Sovereign USD Bonds

ROP prices were higher by a point due to rebound in global equities and higher emerging market bonds. Prices were taken in ROP 25 at 140.625 (6.61%), ROP 30 at 131.375 (6.73%), ROP 31 at 112.25 (6.69%) and ROP 32 at 97.50 (6.58%). Meanwhile, US treasury yields remained flat despite the lower than expected US consumer confidence data at 64.5 versus expectations of 75. We expect ROP prices to be rangebound with an upward bias as investors shift to emerging market bonds that offer higher yields.

CURRENCIES UPDATE

USD/PHP

The dollar went down yesterday, closing at 41.575 vs. 41.68 previously. The greenback weakened against Asian currencies as Asian stocks continued to rally, in line with gains in the U.S. stock markets. Risk appetite improved as the rebound in stocks was bolstered by increased expectations of a rate cut in Japan. However, fears of BSP dollar bids tempered the fall of the U.S. currency against the peso. The weak close suggests further losses, with 41.50 looming as target. Expected range: 41.50 - 41.60.



Major Currencies

US dollar continued to weaken overnight as US consumer confidence showed a weaker than expected data. US consumer confidence showed a 64.5 in March as against market expectation of 75. US consumer expectation index in March at 47.9 as against previous month of 57.9, lowest since January of 1974. Market is now pricing in that the US economy is probably in recession right now. US dollar will continue to weaken in the coming weeks as market players still shying away from the US dollar and going back to commodities and high yielding currencies.

NY Range:

USDJPY 99.63-100.40
 EURUSD 1.5563-1.5660
 GBPUSD 1.9900-2.0068
 EURJPY 155.29-156.60



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TERM OF THE DAY

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

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