

Thursday, March 27, 2008

DAILY MARKET EDGE

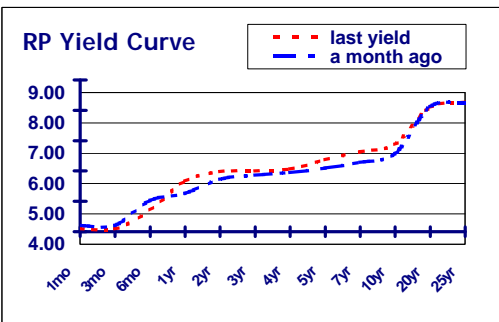
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	3/26/2008	3/25/2008	As of	3/27/08 11:49 AM	
91D	3.673	3.672	0.960	03/26/08	3MO	Open	41.730	41.600	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	03/26/08	6MO	High	41.730	41.660	JPY	98.800	98.800
364D	5.266	5.271	1.110	03/26/08	1YR	Low	41.730	41.560	IDR	9205	9215
						Close	41.730	41.575	SGD	1.379	1.380
						Ave.	41.610	41.601	TWD	30.112	30.113
						Vol.	474.500	634.150	THB	31.400	31.430
									HKD	7.781	7.781

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	03/26/08	2YR	6.137%
5YR	6.625	5.750	7.000	03/26/08	5YR	6.514%
7YR	6.500	6.500	7.500	03/26/08	7YR	6.696%
10YR	7.750	5.875	7.500	03/26/08	10YR	6.987%
20YR	8.625	8.000	7.000	03/26/08	20YR	8.537%
25YR	8.500	9.375	7.000	03/26/08	25YR	8.650%

INTEREST RATES UPDATE

Philippine Government Securities

GS yields traded lower yesterday by 3-10 bps across the curve on bargain hunting as players felt levels are attractive enough to get back into Philippine Debt. The 2 and 3 years traded 5 bps lower at 6.195% and 6.225% respectively. The 4 years traded 10 bps lower at 6.27%. The 5 years last traded at 6.35% which is 3 bps lower than previous close. Lastly the 10 years last traded at 7.05%, which is 10 bps lower. Market could see yields trading higher in the coming days on negative news regarding the Philippines budget which could not be met in 2008 as well as inflation fears.



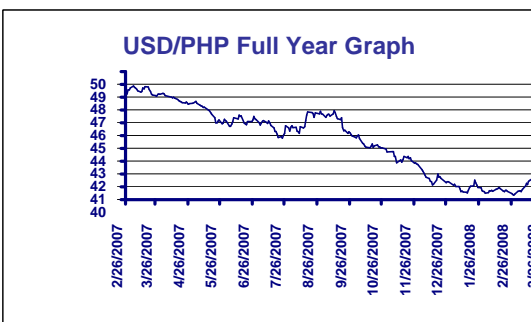
Philippine Sovereign USD Bonds

ROP prices were lower by quarter of a point after European equities opened lower yesterday. Deutsche Bank said yesterday that the credit crisis will put its profit goals at risk. ROP 31 was only traded down at 112.00 (6.71%) Meanwhile, US treasury yields fell after the U.S. reported lower than expected durable goods orders. Headline and ex-transport figures came out at -1.7 and -2.6 respectively. We expect ROP prices to be rangebound with a slight downward bias.

CURRENCIES UPDATE

USD/PHP

The dollar went up yesterday, closing at 41.73 vs. 41.575 previously. Exhaustion of the recent dollar sell-down, (coupled with relatively weak Asian stock markets and fears of BSP dollar bids) saw the market short-covering the greenback. Market got caught short dollars in the afternoon, with the resultant short squeeze lifting the dollar at the close. News on the country's economic growth targets being revised down also added to the dollar buying mood. The strong close suggests further gains, with 41.80 looming as initial target. Fears of BSP dollar sales however should limit any rallies for the meantime. Expected range: 41.70 - 41.85.



Major Currencies

US dollar continued to weaken against major currencies most notably on the European currency as IFO consumer sentiment unexpectedly rose by 104.8 as against market expectation of 103.3. Also adding to euro's strength are remarks of ECB's Trichet that current interest rates is just on the right level. Dismissing talks that ECB will soon follow FED's cutting of interest rates. US dollar will probably continue to weaken against most major currencies as chances of an aggressive rate cut again by FED is being expected by the market.

NY Range:

USDJPY 98.87-99.61
 EURUSD 1.5706-1.5859
 GBPUSD 1.9927-2.0102
 EURJPY 155.70-157.47



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TERM OF THE DAY

Gross National Product (GNP) - is a measure of the country's output of final goods and services for an accounting period in terms of its market or purchaser's value. When valued at constant base-year prices, GNP at constant-base year prices provides an overall index of the physical volume of goods and services produced by the economy over the period.

* 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.