

Friday, March 28, 2008

DAILY MARKET EDGE

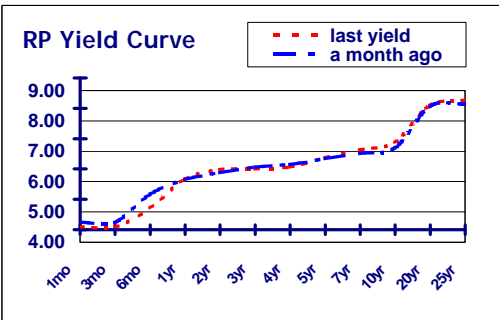
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	3/27/2008	3/26/2008	As of	3/28/08 10:53 AM	
91D	3.673	3.672	0.960	03/27/08	3MO	4.662%	41.840	41.730	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	03/27/08	6MO	4.654%	41.840	41.730	JPY	99.530	99.530
364D	5.266	5.271	1.110	03/27/08	1YR	5.587%	41.840	41.730	IDR	9225	9230
							41.840	41.730	SGD	1.382	1.382
							41.804	41.610	TWD	30.378	30.385
							677.500	474.500	THB	31.430	31.460
									HKD	7.781	7.781

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	03/27/08	2YR	6.285%
5YR	6.625	5.750	7.000	03/27/08	5YR	6.758%
7YR	6.500	6.500	7.500	03/27/08	7YR	6.937%
10YR	7.750	5.875	7.500	03/27/08	10YR	7.112%
20YR	8.625	8.000	7.000	03/27/08	20YR	8.485%
25YR	8.500	9.375	7.000	03/27/08	25YR	8.552%

INTEREST RATES UPDATE

Philippine Government Securities

GS market was very quiet in yesterday's trading with only 2.5bio mapped trades and most of them from the retail side. Yields were relatively flat fro previous levels with only the 4 and 9 years trading 1-2 bps higher respectively. The 4 years traded 1 bps higher at 6.28%, while the 9 years traded 2 bps higher at 6.875%. It appears that the market has already priced in all the negative news on inflation and lower budget as the players levels were very well supported. Yields still trapped at current levels until some fresh news comes in to the market.



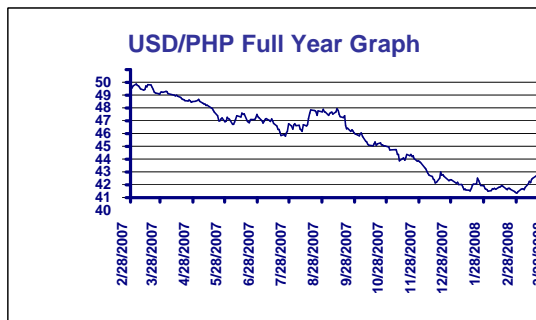
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were unchanged yesterday from Asian open to Asian close as the market is still waiting for more economic data from the U.S. to come out before positioning again. Meanwhile, U.S. Treasuries were lower as there was weaker than expected demand last night in auctions for approximately \$ 93 billion of government debt. We expect ROP prices to be range bound with a downward bias as U.S. equity markets last night were again weaker.

CURRENCIES UPDATE

USD/PHP

The dollar continued to gain against the peso, closing at 41.84 yesterday, vs. 41.73 previously. The greenback appreciated against Asian currencies as Asian stock markets remained on the defensive yesterday. U.S. economic recession fears have prompted traders to scale down risky bets in stocks and high-yield currencies, including the peso. The strong close suggests further gains, with 41.90 looming as target. Expected range: 41.80 – 42.00.



Major Currencies

Major currencies flat overnight with a slight bias on a strong US dollar as data overnight came stronger than expected. Also weighing on the US dollars' recovery are short covering of US dollars for month end requirements as well as 1st quarter requirements. We still expect the US dollar to weaken overnight as FED is still expected to cut its overnight rates next month.

NY Range:

USDJPY 99.34-100.17
 EURUSD 1.5729-1.5816
 GBPUSD 2.0024-2.0189
 EURJPY 157.00-158.04



TREASURY DIRECTORY

Raffy Algarra SVP - Treasurer	888-7030
Raul Pedro FVP	888-7042
Asset & Liability Management (ALM)	
Sheila Gomez	888-7026
Kris Vainio	888-7028
Fixed Income Trading (\$)	
Andre' Ibarra	888-7033
Bong Cabral	888-7025
Fixed Income Trading (Php)	
Alan Atienza	888-7031
Dino Aquino	888-7044
Derivatives Desk	
Aileen Chua	888-7042
Nicole Chai	888-7027
Foreign Exchange (FX)	
Jon Velasquez	888-7021
Jun Aguilar	888-7025
Jennie Cao Melon	888-7024
Fixed Income Securities Division (FISD)	
Corporate Sales	
Cheche Serrano	888-7007
Amanda Roa	888-7006
Desiree Ang	888-7009
Inventory Management	
Nikki Chua	888-7020
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Anna Yap	888-7001
Marc Carlos	888-7029
Mike Garcia	888-7170
Francis Buenaventura	888-7002
Maja Martirez	888-7043
Product Development & Retail Sales	
Johanna Songco Hernandez	888-7003
Dominic Banal	888-7005
FX / Money Market Sales	
Roman Leus VP	888-7012
Jocelyn Uy	888-7013
Sheilagh Rivera	888-7015
Jill Rances	888-7016
MM Marfori	888-7014
Glenn Jao	888-7017
Jason Yap	888-7018

TERM OF THE DAY

Gross Domestic product (GDP) - measures the total output within the geographic boundaries of the country, regardless of the nationality of the entities producing the output. Adding the Net Factor Income from Abroad (NFIA) to GDP equals GNP.

* 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.