

Monday, March 31, 2008

# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	3/28/2008	3/27/2008	As of	3/31/08	10:20 AM
91D	3.673	3.672	0.960	03/28/08	3MO	Open	41.825	41.780	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	03/28/08	6MO	High	41.825	41.845	JPY	99.840	99.840
364D	5.266	5.271	1.110	03/28/08	1YR	Low	41.825	41.750	IDR	9220	9230
						Close	41.825	41.840	SGD	1.379	1.380
						Ave.	41.817	41.804	TWD	30.451	30.460
						Vol.	116.500	677.500	THB	31.500	31.530
									HKD	7.784	7.784

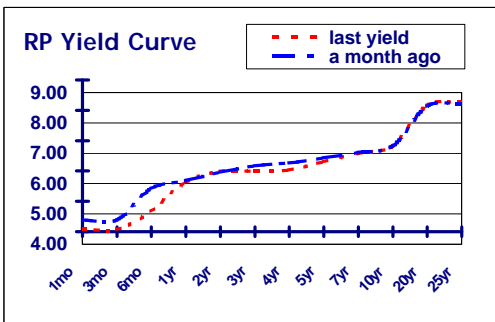
  

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	03/28/08	2YR	6.376%
5YR	6.625	5.750	7.000	03/28/08	5YR	6.848%
7YR	6.500	6.500	7.500	03/28/08	7YR	7.031%
10YR	7.750	5.875	7.500	03/28/08	10YR	7.235%
20YR	8.625	8.000	7.000	03/28/08	20YR	8.548%
25YR	8.500	9.375	7.000	03/28/08	25YR	8.635%

## INTEREST RATES UPDATE

### Philippine Government Securities

Another quiet day for GS trading last Friday but yields traded higher by 3-5 bps across the curve on reports that the BSP would boost its domestic borrowing to fund the government's spending requirement. The 3 and 4 years closed at 6.25% and 6.325% respectively both 3 bps higher than previous close. The 10 years last traded at 7.1%, which is 5 bps higher than previous close. Yields are still expected to be rangebound with still a slightly upward bias ahead of the inflation figure to be released this Friday.



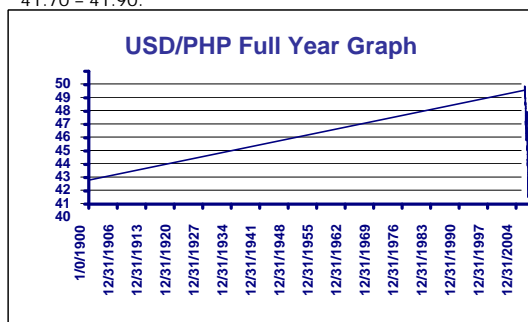
### Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were flat tracking global equities. Meanwhile, US treasury yields fell after the U.S. reported lower than expected core PCE at 2.0% versus expectation of 2.1%. We expect ROP prices to be rangebound with a slight downward bias due to lower US equities last Friday.

## CURRENCIES UPDATE

### USD/PHP

The dollar edged lower last Friday, closing at 41.825 vs. 41.84 previously. The greenback opened firm at 41.90, reaching a high of 41.93 on follow-through buying after recent gains. Risk aversion kept Asian currencies on the defensive for most of last week. However, persistent BSP dollar sales plus a rebound in Asian stocks saw the market take profits on the U.S. currency. The weak close might suggest the possibility of a reversal of the recent dollar rally. With the 42.00 psychological resistance level remaining intact, the greenback may be looking to test the downside. 41.50 remains as the crucial dollar support level, breach of which should suggest the continuation of the dominant bear dollar trend. Expected range today: 41.70 - 41.90.



### Major Currencies

Currency market was relatively flat last Friday in New York as market still awaiting further data to have a clearer view on where the US dollar is heading. Also, market is waiting for Friday's crucial Non Farm Payroll to decide on whether the US economy is indeed in recession.

NY Range:

USDJPY 98.86-100.13  
 EURUSD 1.5744-1.5826  
 GBPUSD 1.9881-1.9997  
 EURJPY 156.25-158.06



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### TERM OF THE DAY

**Consumer Price Index (CPI)** - is a general measure of the average monthly and annual changes in the retail prices of commodities commonly purchased by households reckoned from a base year and weighted by the consumption pattern or basket of the households.

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