

Tuesday, April 08, 2008

DAILY MARKET EDGE

Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	4/4/2008	4/3/2008	As of	4/8/08	10:27 AM	
91D	3.673	3.672	0.960	04/04/08	3MO	Open	41.640	41.500	\$/CURR	BID	OFFER	
182D	4.675	4.659	2.000	04/04/08	6MO	High	41.760	41.660	JPY	102.210	102.210	
364D	5.705	5.266	5.292	04/04/08	1YR	Low	41.640	41.480	IDR	9210	9215	
						Close	41.755	41.640	SGD	1.379	1.380	
						Ave.	41.708	41.552	TWD	30.426	30.432	
						Vol.	504.940	682.770	THB	31.790	31.840	
									HKD	7.790	7.790	

FXTN	Cpn	Prev.	Vol.	Date	FXTN	Cpn
2YR	8.500	8.500	5.000	04/04/08	2YR	6.298%
5YR	6.625	5.750	7.000	04/04/08	5YR	6.616%
7YR	6.500	6.500	7.500	04/04/08	7YR	6.915%
10YR	7.750	5.875	7.500	04/04/08	10YR	7.057%
20YR	8.625	8.000	7.000	04/04/08	20YR	8.551%
25YR	8.500	9.375	7.000	04/04/08	25YR	8.650%

INTEREST RATES UPDATE

Philippine Government Securities

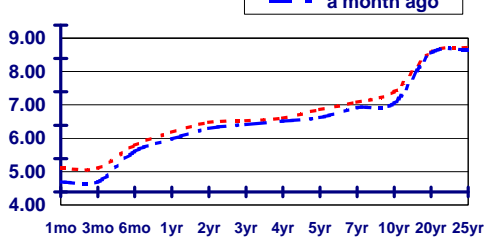
GS market opened 10-15 bps higher last Friday as the Philippine Inflation Rate was much higher than expected at 6.40% from a market consensus of 5.8%. Bargain hunters eventually stepped in as yields became attractive and local players felt it was a good time to reinstate their GS positions. Market saw a decent volume of trades at 6.9bio. Yields eventually closed 3-7 bps higher from previous closing levels. The 2 years closed 7 bps higher at 6.215%. The 3 and 4 years closed at 6.30% and 6.34% respectively, both 3 bps higher than previous trading levels. The 5 years traded 7 bps higher at 6.5% while the 10 years was flat at 7.1%. Yields expected to trade rangebound with a slightly upward bias as budget balancing Philippine budget is now the focus. There is a 3 year auction today, BTR is expected to reject since it is tax season and the Government has a huge amount of inflows during this period.

CURRENCIES UPDATE

USD/PHP

US dollar weaker across major currencies as NFP data showed a weaker than expected numbers. Asian currencies stronger against the US dollar as market goes back to high yielding currencies. The Philippine peso is expected to strengthen further as remittances from OFW is expected to be strong during month of April and May.

RP Yield Curve



USD/PHP Full Year Graph



Philippine Sovereign USD Bonds

ROP prices were higher by quarter of a point after emerging market bonds rallied on speculation that the U.S. will avoid an economic collapse. Meanwhile, US treasury yields fell after the U.S. reported lower than expected non-farm payrolls at -80,000. We expect ROP prices to be rangebound with an upward bias.

Major Currencies

USD was rangy whole day of Friday ahead of the (NPF) nonfarm payroll report. However, with poor than expected figures coupled with US unemployment rate surging to 5.10%, USD traded weaker across the majors. No major data releases this week but market will watch for various earnings report all throughout the week.

NY RANGE:

EUR/USD: 1.5683-1.5729
 GBP/USD: 1.9846-1.9915
 EUR/JPY: 160.74-161.47
 USD/JPY: 102.33-102.78

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TERM OF THE DAY

Interbank Call Loan Rate - is the rate on loans among banks for periods not exceeding 24 hours primarily for the purpose of covering reserve deficiencies.

* 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.