

Monday, April 21, 2008

DAILY MARKET EDGE

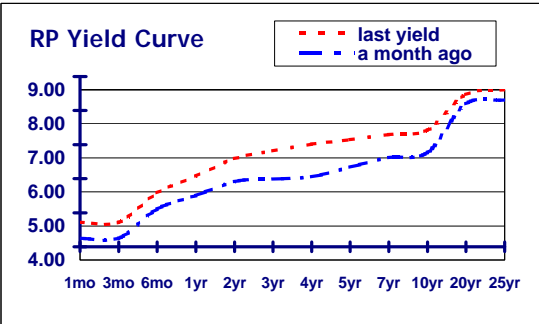
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	4/17/2008	4/16/2008	As of	4/21/08 2:36 PM	
91D	3.673	3.672	0.960	04/18/08	3MO	Open	41.770	41.880	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	04/18/08	6MO	High	41.930	41.900	JPY	104.020	104.020
364D	5.993	5.705	4.197	04/18/08	1YR	Low	41.760	41.830	IDR	9191	9194
						Close	41.910	41.885	SGD	1.354	1.354
						Ave.	41.875	41.874	TWD	30.295	30.301
						Vol.	534.500	473.500	THB	31.530	31.550
									HKD	7.794	7.794

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	04/18/08	2YR	6.304%
5YR	6.625	5.750	7.000	04/18/08	5YR	6.725%
7YR	6.500	6.500	7.500	04/18/08	7YR	7.007%
10YR	7.750	5.875	7.500	04/18/08	10YR	7.160%
20YR	8.625	8.000	7.000	04/18/08	20YR	8.589%
25YR	8.500	9.375	7.000	04/18/08	25YR	8.696%

INTEREST RATES UPDATE

Philippine Government Securities

GS yields continue to trend higher by 10-12 bps across the curve as banks continue to unload still on inflation fears. The 3 and 4 years traded 10 bps higher closing at 7% and 7.1% respectively. The 5 years last traded at 7.325%, which is 12 bps higher. Currently levels are expected to play at a tight range. Yields are currently on new year highs and sellers are not willing to unload at higher rates.



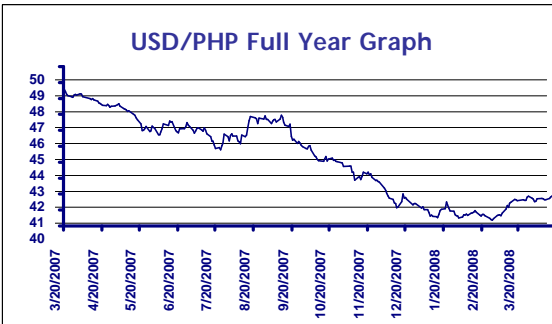
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices traded flat as investors were mixed on just 25bps expected Fed rate cut in April 30. Before, risky emerging market assets get a boost on aggressive Fed rate cuts. Meanwhile, U.S. Treasury yields rose as US corporate earnings were not worst than expectations. Citigroup writedown was USD 7.6 billion versus expectations of USD10 billion and despite a 1Q loss of USD 5.1 billion. European government bonds were also sold off as high inflation expectations perceived to limit European central bank rate cuts. We expect ROP prices to be rangebound with limited upside seen in ROPs.

CURRENCIES UPDATE

USD/PHP

The dollar closed unchanged last Friday at 41.91. The greenback was range-bound against the peso for most of the day, trading within 41.88 - 41.95. The peso remained pressured and continued to under-perform relative to its Asian peers on the back of inflation worries plus budget deficit concerns. However, fears of BSP dollar offers kept the upside in check. While the peso is expected to continue to be on the defensive, the heavy dollar offers of the BSP might just inspire the market to test the dollar downside again. 42.00 looks formidable as resistance, while BSP dollar bids are not expected above 41.70. Expected range: 41.80 - 42.00.



Major Currencies

US dollar rebounded against major currencies last Friday night on lack of US data. Market took its cue on earnings as Citibank showed a lower than expected losses for the 1st quarter of the year. Also adding to the US dollar's strength are rescue package going to be released by the BOE swapping around GBP 50.0bio worth of government bonds against riskier mortgage debt bonds causing some traders to unwind EURGBP long positions.

NY Range:

USDJPY 103.66-104.66
 EURUSD 1.5711-1.5818
 GBPUSD 1.9884-1.9994
 ERUJPY 163.89-164.68



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TERM OF THE DAY

Short - to have greater outflows than inflows of a certain currency. In money market operations, a short position arises from borrowing a given currency for a shorter period of time than it is invested.

* 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.