

Tuesday, April 22, 2008

DAILY MARKET EDGE

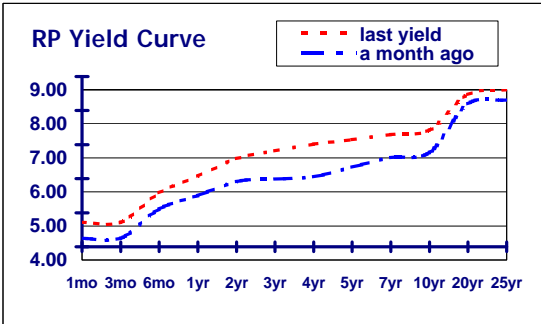
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	4/21/2008	4/18/2008	As of	4/22/08	10:31 AM
91D	3.673	3.672	0.960	04/21/08	3MO	Open	41.930	41.930	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	04/21/08	6MO	High	41.930	41.950	JPY	103.040	103.040
364D	5.993	5.705	4.197	04/21/08	1YR	Low	41.815	41.880	IDR	9187	9192
						Close	41.870	41.910	SGD	1.352	1.352
						Ave.	41.875	41.929	TWD	30.256	30.260
						Vol.	378.000	499.650	THB	31.480	31.510
									HKD	7.795	7.795

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	04/21/08	2YR	6.304%
5YR	6.625	5.750	7.000	04/21/08	5YR	6.725%
7YR	6.500	6.500	7.500	04/21/08	7YR	7.007%
10YR	7.750	5.875	7.500	04/21/08	10YR	7.160%
20YR	8.625	8.000	7.000	04/21/08	20YR	8.589%
25YR	8.500	9.375	7.000	04/21/08	25YR	8.696%

INTEREST RATES UPDATE

Philippine Government Securities

Yields of GS went up by another 10-20bps yesterday as banks continued to cut their position due to inflation fears. The 1YR T/bonds was given at 6.60, while the 2YRS T/bonds and the 10YRS T/bonds were also given at 7.125 and 7.85 respectively. Total volume traded in the secondary market amounted to Php 5.0bio. In today's re-issuance of 4YRS T/bonds, we expect it to settle at an average yield of 7.375%. For the meantime, we expect yields to continue to trade higher still due to inflation concerns.



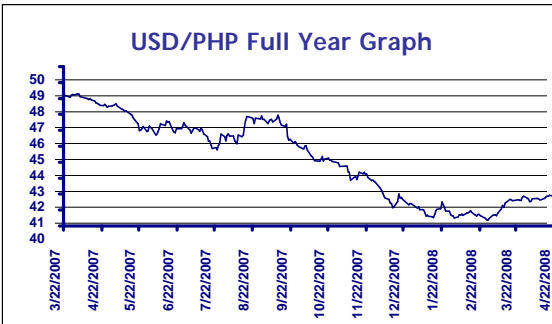
Philippine Sovereign USD Bonds

ROP prices were lower by quarter of a point on profit-taking and a mere 25bps expected Fed rate cut in April 30 reduces demand for risky emerging market assets. Prices were given in ROP 25 at 141.125 (6.56%), ROP 31 at 113.25 (6.61%) and ROP 32 at 98.125 (6.53%). Meanwhile, U.S. Treasury yields fell after Bank of America 1Q net income declined by 77% to \$1.21 billion or \$0.23/share against expectations of \$0.45/share. We expect ROP prices to be rangebound with a slight downward bias.

CURRENCIES UPDATE

USD/PHP

The dollar slightly went down yesterday, closing at 41.87 vs. 41.91 previously. The dollar continued to be range-bound, with offshore traders bidding up the market, while suspected BSP dollar offers keeping the buying in check. The greenback is expected to continue moving sideways, with the market lacking the appetite for pesos, but wary also of BSP intervention ahead of the psychological 42.00 level. Expected range today: 41.80 - 41.90.



Major Currencies

US dollar gave back much of its gains last Monday as most traders took signs that the BOE's action last Friday was just a sign on how bad things are in the banks and will be followed by rate cuts still. Also adding to the US dollars' woes are higher than expected PPI from Australia which erases hopes of a rate cut from RBA and statements from ECB still on inflation concerns and that ECB is not ruling out an interest rate hike.

NY Range:

USDJPY 103.04-103.60
 EURUSD 1.5874-1.5948
 GBPUSD 1.9776-1.9880
 EURJPY 163.94-164.86



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TERM OF THE DAY

Fiscal Crisis - It is a situation where the government can no longer manage its debts due to a burgeoning budget deficit.

* 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.