

Wednesday, April 23, 2008

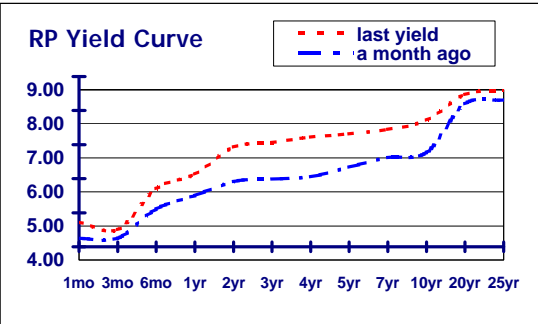
DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	4/22/2008	4/21/2008	As of	4/23/08	10:56 AM
91D	3.673	3.672	0.960	04/22/08	3MO	Open	41.850	41.930	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	04/22/08	6MO	High	41.940	41.930	JPY	103.020	103.030
364D	5.993	5.705	4.197	04/22/08	1YR	Low	41.850	41.815	IDR	9200	9201
						Close	41.940	41.870	SGD	1.348	1.348
FXTN	Cpn	Prev.	Vol.	Date	FXTN	Ave.	41.916	41.875	TWD	30.267	30.273
2YR	8.500	8.500	5.000	04/22/08	2YR	Vol.	477.500	378.000	THB	31.490	31.510
5YR	6.625	5.750	7.000	04/22/08	5YR				HKD	7.795	7.795
7YR	6.500	6.500	7.500	04/22/08	7YR						
10YR	7.750	5.875	7.500	04/22/08	10YR						
20YR	8.625	8.000	7.000	04/22/08	20YR						
25YR	8.500	9.375	7.000	04/22/08	25YR						

INTEREST RATES UPDATE

Philippine Government Securities

GS yields continue to creep higher by 15-30 bps across the curve as players continue to show lack of interest on local debt. The 2 years traded 30 bps higher at 7.4%. The 3 and 4 years traded at 7.435% and 7.585% respectively, which is 28 bps higher than previous trading levels. Lastly the 5 and 9 years traded 15 bps higher at 7.60% and 7.975% respectively. With the bearish sentiment in the market, no rallies are expected within the next few weeks.



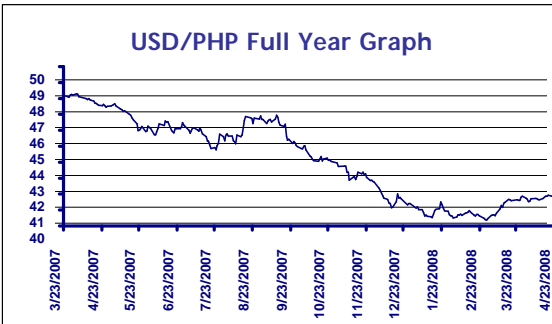
Philippine Sovereign USD Bonds

ROP prices were lower by half a point after Indonesia said it plans to issue later this year its first Islamic global bonds of up to \$1billion. Prices were given in ROP 25 at 140.50 (6.61%), ROP 30 at 131.75 (6.71%), and ROP 31 at 112.875 (6.64%). Meanwhile, the U.S. Treasury yield curve flattened on lower expectations of at least 25bps Fed rate cut in April 30. Fed funds futures now only imply an 82 percent chance of a 25bps cut against even a 25 percent chance of 50bps cut. We expect ROP prices to be rangebound with a slight downward bias.

CURRENCIES UPDATE

USD/PHP

The dollar went up again yesterday, closing at 41.94 vs. 41.87 previously. The greenback strengthened against the peso, bucking its regional trend, as inflation worries continue to hound the local market. A spike in interest rates (10-year rates practically at 8% already, from 7% earlier this month) fueled economic growth concerns, depressing the stock market and the peso. BSP dollar offers however limited the upside. With Philippine financial markets slightly falling out of favor among international investors, expect the peso to be on the defensive today. Expected range: 41.85 - 42.00.



Major Currencies

US dollar continue to weaken against major currencies as statements coming from ECB that it might increase benchmark rates if inflationary pressure persists on the euro zone and market also anticipating a higher inflation rates from Australia diminishing hopes of a rate cut coming from the Reserve Bank of Australia. Euro breached major psychological level of 1.6000 hitting a historical high of 1.6018 while the Australian dollar is testing previous high for the year of .9498.

NY Range:

USDJPY 102.67-103.55
 EURUSD 1.5883-1.6020
 GBPUSD 1.9895-1.9999
 EURJPY 164.29-164.94



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TERM OF THE DAY

Trade Surplus - The amount by which a country's exports exceed its imports, creating a positive balance of trade.

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