

Monday, May 05, 2008

DAILY MARKET EDGE

Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	5/2/2008	4/30/2008	As of	5/5/08	10:26 AM	
91D	3.673	3.672	0.960	05/02/08	3MO	Open	42.260	42.180	\$/CURR	BID	OFFER	
182D	4.675	4.659	2.000	05/02/08	6MO	High	42.350	42.270	JPY	105.270	105.290	
364D	5.993	5.705	3.150	05/02/08	1YR	Low	42.250	42.170	IDR	9234	9235	
						Close	42.345	42.265	SGD	1.362	1.362	
						Ave.	42.315	42.227	TWD	30.481	30.482	
						Vol.	388.600	367.500	THB	31.690	31.820	
									HKD	7.796	7.796	

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	05/02/08	2YR	6.385%
5YR	6.625	5.750	7.000	05/02/08	5YR	6.750%
7YR	6.500	6.500	7.500	05/02/08	7YR	6.948%
10YR	7.750	5.875	7.500	05/02/08	10YR	7.250%
20YR	8.625	8.000	7.000	05/02/08	20YR	8.560%
25YR	8.500	9.375	7.000	05/02/08	25YR	8.671%

INTEREST RATES UPDATE

Philippine Government Securities

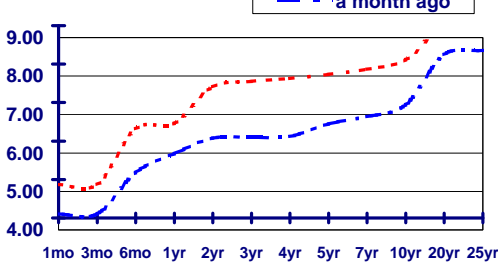
GS yields traded lower again by 5-10 bps across the curve as buyers continue to find GS yields attractive. The 2 years traded at 7.2% which is 10 bps lower than previous close. The 3 and 4 years traded 5 bps lower at 7.40% and 7.55% respectively. Lastly the 5 and 9 years traded 10 bps lower at 7.575% and 8.05% respectively. Market is expected to be flat today ahead of the CPI data to be released tomorrow.

CURRENCIES UPDATE

USD/PHP

The dollar went up yesterday, closing at 42.345 vs. 42.265 previously. The greenback was bought up against the peso as offshore traders continued to bet against the Philippine currency. With inflation worries spawning economic growth concerns, Philippine financial markets continue to underperform on the back of sagging investment confidence. However, the expected peak of dollar remittances this month should provide relief for the peso. BSP dollar offers should also hinder dollar rallies. Expected range today: 42.30 - 42.40.

RP Yield Curve



USD/PHP Full Year Graph



Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were slightly down last Friday in Asian time after consumer prices in Indonesia rose by almost 9%. The ROP30, ROP31 and ROP32 were all given at 132.25 (6.67%), 113.125 (6.62%) and 98.125 (6.53%) respectively. Meanwhile, U.S. Treasuries were lower last Friday night after the change in non farm payroll number from the U.S. came in higher than expected while the unemployment number came in lower than expected. We expect ROP prices to be range bound with a downward bias as U.S. Treasury yields remain pressured upwards.

Major Currencies

Major currencies weakened against the US dollar last Friday in New York as Non Farm Payroll (NFP) data showed a lower than expected number. NFP showed a -20k last month against market expectations of a -75k providing some support for the US dollar. The markets are taking this as a sign that the previous rate cuts are offering some support to the economy, and the Fed has ammo if they need to do more, but can probably afford to 'wait and see' if the economy stabilizes further.

NY Range:

USDJPY 104.79-105.70
 EURUSD 1.5360-1.5457
 GBPUSD 1.9705-1.9813
 EURJPY 162.00-162.63



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Mike Garcia	888-7170
Maia Martirez	888-7002
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Dominic Banal	888-7005
Tracy Felipe	888-7004
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Sheilagh Rivera	888-7015
Jill Rances	888-7016
Francis Buenaventura	888-7014
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TERM OF THE DAY

Housing Starts - The start of construction of a new housing unit. A start takes place when the foundation is begun. In the case of multi-family units, the start of the foundation is taken as the start of construction of all the units in the building.

* 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.