

Tuesday, May 06, 2008

DAILY MARKET EDGE

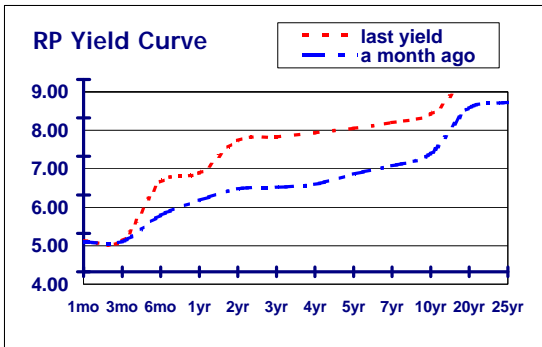
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	5/5/2008	5/2/2008	As of	5/6/08	10:31 AM	
91D	3.673	3.672	0.960	05/05/08	3MO	Open	42.370	42.260	\$/CURR	BID	OFFER	
182D	4.675	4.659	2.000	05/05/08	6MO	High	42.390	42.350	JPY	104.660	104.668	
364D	5.993	5.705	3.150	05/05/08	1YR	Low	42.230	42.250	IDR	9225	9230	
						Close	42.230	42.345	SGD	1.357	1.358	
						Ave.	42.332	42.315	TWD	30.458	30.464	
						Vol.	445.310	388.600	THB	31.640	31.690	
									HKD	7.794	7.794	

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	05/05/08	2YR	6.481%
5YR	6.625	5.750	7.000	05/05/08	5YR	6.859%
7YR	6.500	6.500	7.500	05/05/08	7YR	7.079%
10YR	7.750	5.875	7.500	05/05/08	10YR	7.394%
20YR	8.625	8.000	7.000	05/05/08	20YR	8.577%
25YR	8.500	9.375	7.000	05/05/08	25YR	8.725%

INTEREST RATES UPDATE

Philippine Government Securities

GS yields traded 5-10 bps higher ahead of the Inflation data. The 2 and 3 years traded 10 bps higher at 7.325% and 7.5% respectively. The 5 years was 5 bps higher at 7.6%. With the CPI data higher than expected at 8.3%, market could see yields trade higher in the coming months.



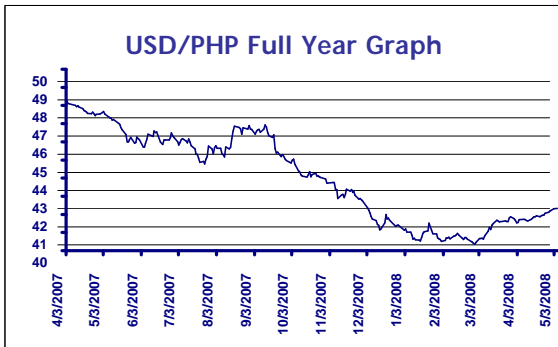
Philippine Sovereign USD Bonds

ROP prices were lower by quarter of a point tracking decline in INDON sovereign bonds. Prices were given in ROP 25 at 140.50 (6.60%), ROP 30 at 131.625 (6.71%), ROP 31 at 112.75 (6.65%) and ROP 32 at 97.75 (6.56%). US Treasury yields were flat due to London and Japan holidays. US ISM non-manufacturing index was higher than expected at 52.0 versus expectations of 49.5. We expect ROP prices to be rangebound with a downward bias.

CURRENCIES UPDATE

USD/PHP

The dollar declined yesterday, closing at 42.23 vs. 42.345 previously. The greenback initially opened higher at 42.37, and reached a high of 42.39 before profit-taking emerged, backed up by remittance-related inflows. With offshore players more of offering the greenback, the dollar got sold down to close at the intraday low. The weak close, while suggestive of further dollar losses, was negated by news early this morning on April inflation. With inflation coming out at higher-than-expected 8.3%, inflation worries and growth concerns should come into the fore again, pressuring Philippine financial markets, including the peso. Expected range today: 42.20 - 42.40.



Major Currencies

US dollar continued to pare gains last week as most market players took profit on long US dollar positions. Thin range trade as most of the market on holiday such as Japan and London. Market is expecting US dollar to continue to weaken this week as most traders will continue to take profit on long US dollar positions.

NY Range:

USDJPY 104.74-105.63
 EURUSD 1.5426-1.5520
 GBPUSD 1.9656-1.9730
 EURJPY 162.31-163.04



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TERM OF THE DAY

Inflation - General rise in the price level. Inflation is a state of macroeconomic disequilibrium, usually associated with strong demand pressures.

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