

Friday, May 09, 2008

DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	5/8/2008	5/7/2008	As of	5/9/08	10:10 AM
91D	3.673	3.672	0.960	05/08/08	3MO	Open	42.615	42.310	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	05/08/08	6MO	High	42.615	42.450	JPY	103.640	103.640
364D	5.993	5.705	3.150	05/08/08	1YR	Low	42.615	42.310	IDR	9253	9257
						Close	42.615	42.440	SGD	1.370	1.371
						Ave.	42.624	42.387	TWD	30.842	30.855
						Vol.	555.000	876.570	THB	31.860	31.890
									HKD	7.795	7.796

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	05/08/08	2YR	6.412%
5YR	8.750	6.625	7.000	05/08/08	5YR	6.814%
7YR	6.500	6.500	7.500	05/08/08	7YR	7.006%
10YR	7.750	5.875	7.500	05/08/08	10YR	7.298%
20YR	8.625	8.000	7.000	05/08/08	20YR	8.648%
25YR	8.500	9.375	7.000	05/08/08	25YR	8.779%

INTEREST RATES UPDATE

Philippine Government Securities

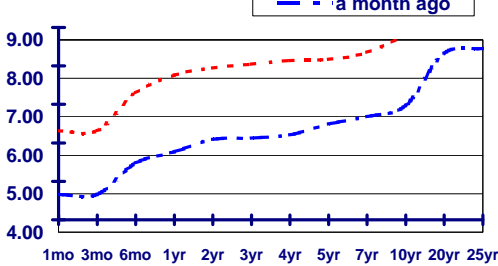
GS yields traded lower by 5 bps on news of the BIR's higher tax collection. The 4 years traded 5 bps lower at 8.15%. The 5 years was at 8.2% which is also 5 bps lower. Early in the morning, buyers were trying to push the market lower by lifting across but sellers were waiting to sell on any mild rallies. With the continued rise in Crude prices as well as local inflation concerns, market is still on a bearish tone.

CURRENCIES UPDATE

USD/PHP

The dollar rose yesterday, closing at 42.615 vs. 42.44 previously. The greenback got bought up across the board, as high oil prices depressed equities markets, fanning risk aversion in the process. Asian currencies got beat pretty heavily yesterday, with the Singapore Dollar, Malaysian Ringgit, Indonesian Rupiah, and Indian Rupee all reeling against the selling onslaught. The strong close bodes well for the dollar, with 42.70 looming as target. However, profit-taking interest may limit the dollar rally. Expected range: 42.50 - 42.70.

RP Yield Curve



USD/PHP Full Year Graph



Philippine Sovereign USD Bonds

ROP prices were lower by quarter of a point due to lower Brazil and Indon sovereign bonds. Prices were given in ROP 30 at 131.00 (6.76%), ROP 31 at 112.00 (6.71%) and ROP 32 at 97.125 (6.62%). US Treasury yields fell after the close of quarterly refunding of 10 year and 30 year auctions that alleviated supply pressures. AIG reported worse 1Q net loss of \$ 7.81 billion or \$3.09/share versus expectations of a loss of \$0.76/share. We expect ROP prices to be rangebound with a slight upward equities due to firm emerging market bonds and resale of ROP Warrants.

Major Currencies

Choppy trading for most majors overnight against the US dollar. US data overnight where better than expected but still majors pared losses against the US dollar most notably the European currency as statement from the ECB that they are still concern with inflation diminishing hopes from some traders of an immediate rate cut from the ECB. Major currencies will remain in consolidation against the US dollar as market still waiting for further data to determine on where the currencies are heading.

NY Range:

USDJPY 103.40-104.45
 EURUSD 1.5313-1.5443
 GBPUSD 1.9525-1.9623
 EURJPY 159.62-160.33



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Mike Garcia	888-7170
Maia Martinez	888-7002
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Dominic Banal	888-7005
Tracy Felipe	888-7004
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Sheilagh Rivera	888-7015
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TERM OF THE DAY

Producer Price Index (PPI) - This is a measure of the prices of all goods produced in the US. Unlike the "basket of goods" concept of the CPI, the PPI is comprehensive including all goods produced, but excluding imports. The PPI and the CPI are the 2 main monthly measures of inflation in the US.

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