

Monday, May 12, 2008

DAILY MARKET EDGE

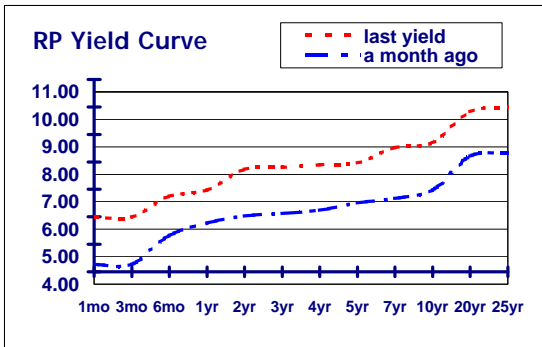
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	5/9/2008	5/8/2008	As of	5/12/08	10:32 AM
91D	3.673	3.672	0.960	05/09/08	3MO	Open	42.550	42.500	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	05/09/08	6MO	High	42.610	42.675	JPY	103.180	103.200
364D	5.993	5.705	3.150	05/09/08	1YR	Low	42.460	42.500	IDR	9257	9262
						Close	42.480	42.615	SGD	1.368	1.368
						Ave.	42.548	42.624	TWD	30.672	30.680
						Vol.	592.690	555.000	THB	32.140	32.190
									HKD	7.797	7.797

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	05/09/08	2YR	6.479%
5YR	8.750	6.625	7.000	05/09/08	5YR	6.956%
7YR	6.500	6.500	7.500	05/09/08	7YR	7.121%
10YR	7.750	5.875	7.500	05/09/08	10YR	7.425%
20YR	8.625	8.000	7.000	05/09/08	20YR	8.662%
25YR	8.500	9.375	7.000	05/09/08	25YR	8.769%

INTEREST RATES UPDATE

Philippine Government Securities

GS market was very quiet yesterday with yields trading slightly higher by 3 bps in the 2 and 5 years. The 3 years traded 2 bps higher at 8.075% and the 5 years at 8.25% which is 2 bps higher as well. Market could now be trapped at a current range of 2-3 bps on lack of fresh news from the market.



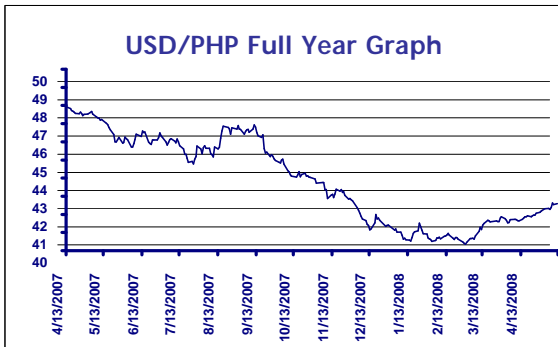
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were rangebound tracking other emerging market bonds. The government announced that it will be issuing warrants again that may be exercised in the event of default on certain sovereign bonds. US Treasury yields remained flat despite the decline in US equities due to another record oil prices. We expect ROP prices to be rangebound with a slight downward bias.

CURRENCIES UPDATE

USD/PHP

The dollar went down Friday, closing at 42.48 vs. 42.615 previously. Profit-taking interest kept the greenback well-offered for most of the day. Asian currencies rebounded after weakening the day before, towing the peso stronger. However, the dollar sell-off may prove to be short-lived as record-high oil prices continue to pressure Asian currencies, including the peso. The dollar is thus expected to rebound today, with 42.60 looming as initial target. Expected range: 42.45 - 42.70.



Major Currencies

Thin range trading for most major currencies against the US dollar last Friday in New York as market waiting for further clues on where the currencies are heading and lack of major economic data. Market is expected to trade within a tight range today as market waiting for tomorrow's US retail sales.

NY Range:

- USDJPY 102.61-103.38
- EURUSD 1.5422-1.5485
- GBPUSD 1.9459-1.9540
- EURJPY 158.60-159.53



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TERM OF THE DAY

Market - all potential buyers and sellers of a good or a service.

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