

Tuesday, May 13, 2008

# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	5/12/2008	5/9/2008	As of	5/13/08	10:53 AM	
91D	3.673	3.672	0.960	05/12/08	3MO	Open	42.540	42.550	\$/CURR	BID	OFFER	
182D	4.675	4.659	2.000	05/12/08	6MO	High	42.675	42.610	JPY	103.760	103.765	
364D	6.915	5.993	6.462	05/12/08	1YR	Low	42.540	42.460	IDR	9258	9259	
						Close	42.655	42.480	SGD	1.367	1.367	
						Ave.	42.623	42.548	TWD	30.900	30.900	
						Vol.	650.000	592.690	THB	32.260	32.280	
									HKD	7.797	7.797	

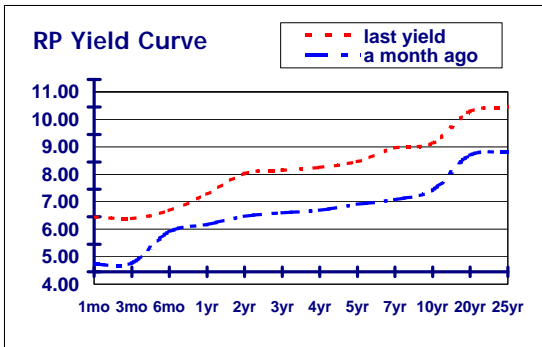
  

FXTN	Cpn	Prev.	Vol.	Date	FXTN
2YR	8.500	8.500	5.000	05/12/08	2YR
5YR	0.000	0.000	7.000	05/12/08	5YR
7YR	0.000	0.000	7.500	05/12/08	7YR
10YR	7.750	5.875	0.000	05/12/08	10YR
20YR	0.000	0.000	0.000	05/12/08	20YR
25YR	0.000	0.000	7.000	05/12/08	25YR

## INTEREST RATES UPDATE

### Philippine Government Securities

BTR accepted yesterday's 1 year auction with an average yield of 6.915% which is within market expectations. Market saw a mixed reaction as the short end traded 5 bps lower and the long end traded 2 bps higher. Demand was still on the short end as the 1 and 2 years traded 5 bps lower at 7.00% and 7.675% respectively. Yields are still expected to hover at current levels with lack of fresh news. Market focus is still on the June 5, MB meeting.



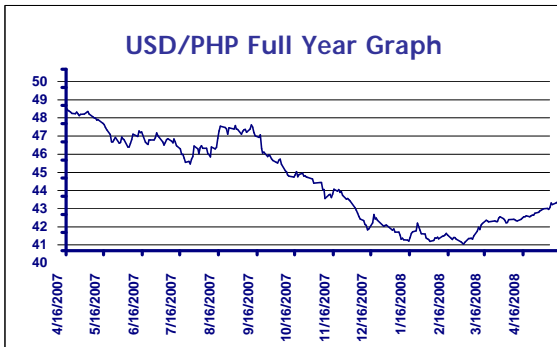
### Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were lower yesterday after Finance Secretary Teves was quoted as saying that the Philippines might have to borrow more from external sources in lieu of domestic issuances. The ROP30, ROP31 and ROP32 were all given at 130.75 (6.77%), 111.875 (6.72%) and 96.75 (6.65%) respectively. Meanwhile, U.S. Treasuries were lower as U.S. equity market rebounded last night in NY time. We expect ROP prices to be range bound still with a downward bias as the market seems to be cautious ahead of potential new supply of paper.

## CURRENCIES UPDATE

### USD/PHP

The dollar went up again yesterday, closing at 42.655 vs. 42.48 previously. The greenback continued to advance against Asian currencies on the back of record-high oil prices (above \$125 per barrel). Oil importers like the Philippines are thus expected to under-perform. Record high fuel prices come on the heels of record high rice prices, highlighting inflation risk in the Philippines. For today, 42.70 looms as initial target. Expected range: 42.55 - 42.75.



### Major Currencies

US dollar had a choppy trading yesterday on lack of fresh news. However, overnight US dollar weakened against the EUR on statement of Chicago Fed President Evans that monetary policy remained "accommodative". Market will watch for US retail sales figure to come out this week.

#### NY RANGE:

EUR/USD: 1.5438-1.5571  
 GBP/USD: 1.9560-1.9635  
 EUR/JPY: 160.03-161.53  
 USD/JPY: 103.27-103.97



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## TERM OF THE DAY

**Retail Sales Report** - This measures the dollar value of all sales of durable and nondurable goods at retail establishments including a wide range of outlets: car dealers, hardware stores, furniture, department stores, grocery stores, etc. This report is an important source of data on consumer demand, in total, and by type of good.

\* 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.