

Wednesday, May 14, 2008

DAILY MARKET EDGE

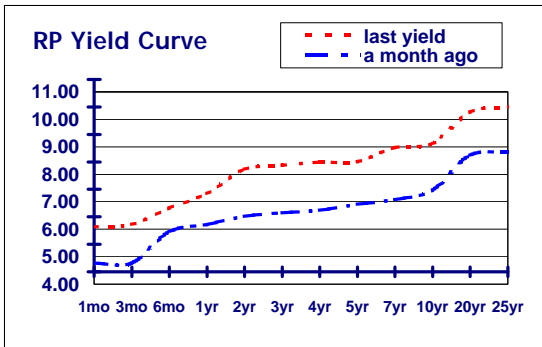
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	5/13/2008	5/12/2008	As of	5/14/08	10:39 AM	
91D	3.673	3.672	0.960	05/13/08	3MO	Open	42.600	42.540	\$/CURR	BID	OFFER	
182D	4.675	4.659	2.000	05/13/08	6MO	High	42.755	42.675	JPY	104.720	104.730	
364D	6.915	5.993	6.462	05/13/08	1YR	Low	42.590	42.540	IDR	9283	9285	
						Close	42.660	42.655	SGD	1.376	1.376	
						Ave.	42.709	42.623	TWD	30.990	30.990	
						Vol.	850.760	650.000	THB	32.360	32.380	
									HKD	7.798	7.798	

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	05/13/08	2YR	6.472%
5YR	0.000	0.000	7.000	05/13/08	5YR	6.912%
7YR	0.000	0.000	7.500	05/13/08	7YR	7.077%
10YR	7.750	5.875	0.000	05/13/08	10YR	7.423%
20YR	0.000	0.000	0.000	05/13/08	20YR	8.694%
25YR	0.000	0.000	7.000	05/13/08	25YR	8.798%

INTEREST RATES UPDATE

Philippine Government Securities

Another quiet day in the GS market as players still opted to remain on the sidelines with lack of fresh news. Movement is still concentrated on the 1-2 years trading 5 bps lower. The 1 year traded as low as 6.80% and the 2 years at 7.575%. The short end continue to benefit from SDA maturities. Market is expected to continue to be focus on the short with continued retail demand.



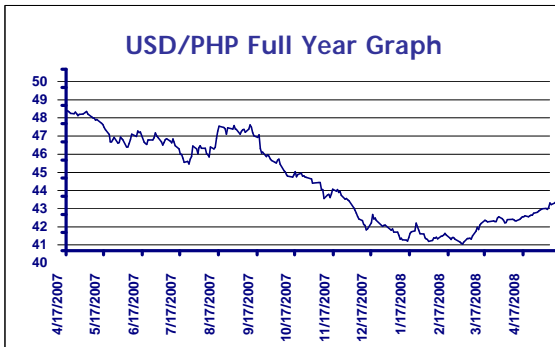
Philippine Sovereign USD Bonds

ROP prices were higher by quarter of a point due to bottom fishing. Prices were taken in ROP 30 at 131.00 (6.76%), ROP 31 at 112.125 (6.70%) and ROP 32 at 96.875 (6.64%). US Treasury yields rose after retail sales (ex-autos) were higher than expected at 0.5. We expect ROP prices to be rangebound with a downward bias as emerging market debt spreads widened after US treasury yields rose.

CURRENCIES UPDATE

USD/PHP

The dollar ended a tad higher yesterday, closing at 42.66 vs. 42.655 previously. The greenback reached as high as 42.755 on the back of the dollar's firm tone against regional currencies, but succumbed to profit-taking towards the close. Suspected BSP dollar offers also helped cap the dollar rally. With the dollar continuing to appreciate against Asian currencies overnight, expect it to test the upside again today. Initial target lies at 42.75. Expected range: 42.65 - 42.85.



Major Currencies

Major currencies pared gains overnight against the US dollar as retail sales came out higher than expected. The US data saw retail sales, ex-autos come out at 0.5%, better than the 0.2% figure that had been expected. Market will wait for tonight's US CPI data to have a clearer view on where the currency is heading. A higher than expected CPI would probably support FED's view of a pause in cutting its interest rates.

NY Range:

USDJPY 103.92-104.93
 EURUSD 1.5432-1.5524
 GBPUSD 1.9418-1.9493
 EURJPY 160.77-162.35



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TERM OF THE DAY

Debt service - Required payments for interest on and retirement of the principal amount of a debt.

* 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.