

Thursday, May 15, 2008

# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	5/14/2008	5/13/2008	As of	5/15/08	10:30 AM	
91D	3.673	3.672	0.960	05/14/08	3MO	Open	42.750	42.600	\$/CURR	BID	OFFER	
182D	4.675	4.659	2.000	05/14/08	6MO	High	42.860	42.755	JPY	104.970	104.980	
364D	6.915	5.993	6.462	05/14/08	1YR	Low	42.700	42.590	IDR	9310	9315	
						Close	42.855	42.660	SGD	1.383	1.383	
						Ave.	42.819	42.709	TWD	30.997	31.005	
						Vol.	594.000	850.760	THB	32.420	32.460	
									HKD	7.802	7.802	

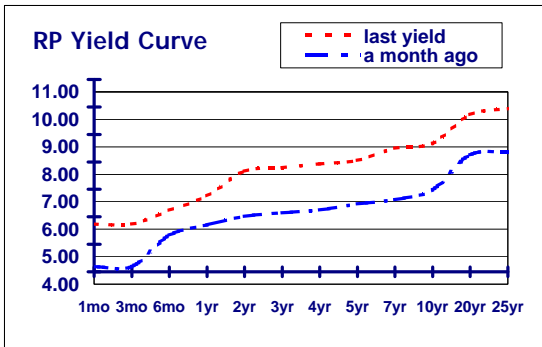
  

FXTN	Cpn	Prev.	Vol.	Date	FXTN
2YR	8.500	8.500	5.000	05/14/08	2YR
5YR	8.750	6.625	7.000	05/14/08	5YR
7YR	6.500	6.500	7.500	05/14/08	7YR
10YR	7.750	5.875	7.500	05/14/08	10YR
20YR	8.625	8.000	7.000	05/14/08	20YR
25YR	8.500	9.375	7.000	05/14/08	25YR

## INTEREST RATES UPDATE

### Philippine Government Securities

GS market continued demand on the retail side as SDA maturities pile up. The 1 and 2 years traded 5 bps lower at 6.55% and 7.575% respectively. As the short end saw more demand, players eventually lifted the 3 and 5 years trading 10 bps lower at 7.99% and 8.15% respectively. Market is expected to see more demand in the short end still on retail demand.



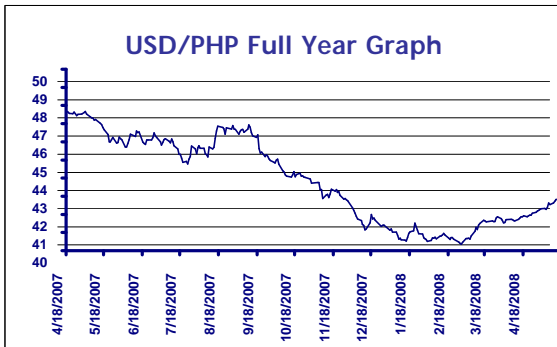
### Philippine Sovereign USD Bonds

ROP prices were lower by quarter of a point after the government said it considers tapping the international debt market for another \$500 million. Prices were given in ROP 30 at 130.375 (6.80%), ROP 31 at 111.50 (6.74%) and ROP 32 at 96.50 (6.67%). US Treasury yields rose on follow through selling of US Treasuries after the better than expected retail sales (ex-autos). We expect ROP prices to be rangebound with a downward bias as Brazil global bonds were lower overnight after the government cut wheat sector taxes to ease inflation.

## CURRENCIES UPDATE

### USD/PHP

The dollar went up yesterday, closing at a 5-month high of 42.855 vs. 42.66 previously. The greenback enjoyed a firm tone against Asian currencies as oil prices continued to stay within striking distance of record-high levels (above \$125 per barrel). Suspected BSP dollar offers was able to cap the upside at 42.86. The strong close however suggests further gains, with 42.90 looming as initial target. Expected range: 42.80 - 43.00.



### Major Currencies

US dollar had a mixed session last night as US CPI was lower than expected. Market was expecting US CPI to be flat against previous level of 0.3%. Actual figures came out as 0.2%. Currency traders took this as a chance to take profit on long USD positions against major currencies. However, as the day progressed a more sceptical take on the number emerged with the market speculating that despite the official data since price rises of gasoline at the fuel pumps was very much in evidence, inflation was on a rising trend.

NY Range:

EURUSD 1.5435-1.5487  
 USDJPY 104.79-105.38  
 GBPUSD 1.9395-1.9475  
 EURJPY 162.10-162.90



## TREASURY DIRECTORY

<b>Raffy Algarra</b> SVP - Treasurer	888-7030
<b>Raul Pedro</b> FVP	888-7042
<b>Asset &amp; Liability Management (ALM)</b>	
Sheila Gomez	888-7026
Kris Vainio	888-7028
<b>Fixed Income Trading (\$)</b>	
Andre' Ibarra	888-7033
Bong Cabral	888-7032
Nikki Chua	888-7020
<b>Fixed Income Trading (Php)</b>	
Alan Atienza	888-7031
Dino Aquino	888-7044
<b>Derivatives Desk</b>	
Aileen Chua	888-7027
Nicole Chai	888-7042
Ella Villame	888-7649
<b>Foreign Exchange (FX)</b>	
Jon Velasquez	888-7021
Jun Aguilar	888-7025
Jennie Cao Melon	888-7024
<b>Fixed Income Securities Division (FISD)</b>	
<b>Corporate Sales</b>	
Cheche Serrano	888-7007
Amanda Roa	888-7006
Desiree Ang	888-7009
<b>Inventory Management</b>	
Adie Go	888-7728
<b>Institutional Sales</b>	
Anna Yap	888-7001
Marc Carlos	888-7029
Mike Garcia	888-7170
Maia Martinez	888-7002
<b>Product Development &amp; Retail Sales</b>	
Johanna Songco Hernandez	888-7003
Dominic Banal	888-7005
Tracy Felipe	888-7004
<b>FX / Money Market Sales</b>	
<b>Roman Leus</b> VP	888-7012
Jocelyn Uy	888-7013
Sheilagh Rivera	888-7015
Jill Rances	888-7016
Francis Buenaventura	888-7014
Glenn Jao	888-7017
Jason Yap	888-7018

## TERM OF THE DAY

**Durable Goods** - Equipment or machines that are normally expected to last longer than 3 years, e.g. computers, trucks, and cars. This is one of the categories (the other two being non-durable goods and services) of consumption, with the latter being the largest single component of GNP. Purchases of investment and other durable goods tend to move sharply up in expansions and sharply down in times of recession.

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