

Friday, May 16, 2008

# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	5/15/2008	5/14/2008	As of	5/16/08	10:39 AM
91D	3.673	3.672	0.960	05/15/08	3MO	Open	42.700	42.750	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	05/15/08	6MO	High	42.700	42.860	JPY	104.670	104.680
364D	6.915	5.993	6.462	05/15/08	1YR	Low	42.700	42.700	IDR	9300	9310
						Close	42.700	42.855	SGD	1.374	1.375
						Ave.	42.790	42.819	TWD	30.694	30.724
						Vol.	635.630	594.000	THB	32.350	32.380
									HKD	7.800	7.800

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	05/15/08	2YR	6.564%
5YR	8.750	6.625	7.000	05/15/08	5YR	6.973%
7YR	6.500	6.500	7.500	05/15/08	7YR	7.158%
10YR	7.750	5.875	7.500	05/15/08	10YR	7.483%
20YR	8.625	8.000	7.000	05/15/08	20YR	8.748%
25YR	8.500	9.375	7.000	05/15/08	25YR	8.867%

## INTEREST RATES UPDATE

### Philippine Government Securities

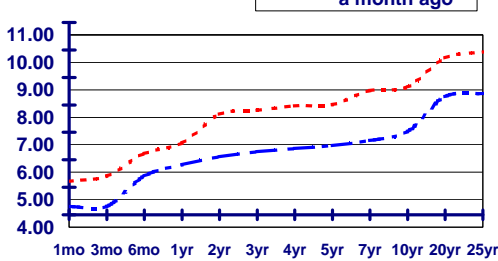
Excess liquidity and retail demand pushed GS yields lower by 10-15 bps across the curve. The 2 years traded as low as 7.575% which is 15 bps lower than previous close. The 3 years was 15 bps lower at 7.75%. The 5 years traded 10 bps lower at 8.00%. With excess liquidity market is still expected to trade lower in the short end.

## CURRENCIES UPDATE

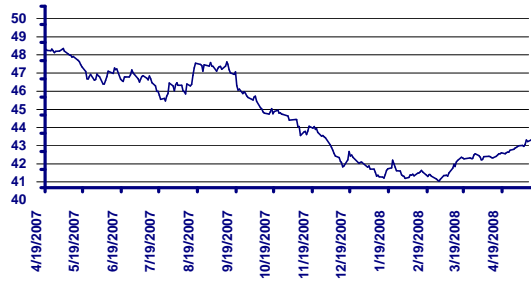
### USD/PHP

The dollar declined yesterday, closing at 42.70 vs. 42.855 previously. The greenback surrendered some of its recent gains, succumbing to profit-taking across the region. The weak close suggests further losses, with 42.60 looming as potential target. However, dips can be considered as buying opportunities, with Asian currencies expected to continue to be on the defensive as long as oil prices remain near record-highs. Expected range today: 42.55 - 42.85.

RP Yield Curve



USD/PHP Full Year Graph



## Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were flat tracking other emerging market bonds. US Treasury yields fell after the US reported lower than expected Empire Manufacturing at -3.2 and Industrial Production at -0.7. We expect ROP prices to be rangebound with an upward bias due to rebound in US equities and emerging market bonds notably Brazils.

## Major Currencies

US dollar had a mixed session overnight against major currencies. European zone's GDP was better than expected sending euro above 1.5500 initially but pared its gains in New York trading as officials from the European Zone reiterated that economic performance would likely be slower for the ensuing period. Currencies still trading in a range as market will look for further data for clearer direction.

NY Range:

USDJPY 104.43-105.07  
 EURUSD 1.5419-1.5518  
 GBPUSD 1.9420-1.9502  
 EURJPY 161.67-162.61



## 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

**Tight monetary policy** - A central bank policy of restraining or reducing the money supply and of raising interest rates. This policy has the effect of slowing real GNP growth, reducing inflation rate or raising the nation's foreign exchange rate.

\* 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.