

Monday, May 19, 2008

DAILY MARKET EDGE

Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	5/16/2008	5/15/2008	As of	5/19/08	10:16 AM	
91D	3.673	3.672	0.960	05/16/08	3MO	Open	42.650	42.700	\$/CURR	BID	OFFER	
182D	4.675	4.659	2.000	05/16/08	6MO	High	42.800	42.700	JPY	104.140	104.140	
364D	6.915	5.993	6.462	05/16/08	1YR	Low	42.640	42.700	IDR	9290	9295	
						Close	42.800	42.700	SGD	1.367	1.367	
						Ave.	42.752	42.790	TWD	30.520	30.530	
						Vol.	514.500	635.630	THB	32.220	32.270	
									HKD	7.799	7.799	

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	05/16/08	2YR	6.656%
5YR	8.750	6.625	7.000	05/16/08	5YR	7.177%
7YR	6.500	6.500	7.500	05/16/08	7YR	7.323%
10YR	7.750	5.875	7.500	05/16/08	10YR	7.612%
20YR	8.625	8.000	7.000	05/16/08	20YR	8.894%
25YR	8.500	9.375	7.000	05/16/08	25YR	8.991%

INTEREST RATES UPDATE

Philippine Government Securities

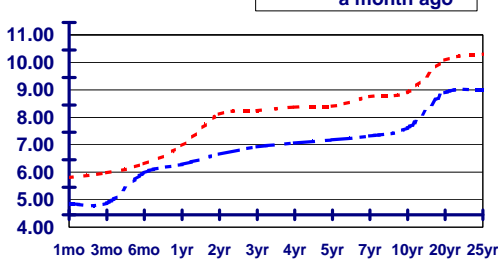
GS market very quiet last Friday as most trades in the secondary market are on the retail side. Market volume was at 1.5bio only. Yields remained flat as the only the 5 years traded lower by 5 bps at 7.95%. Market is expected to remain range bound with yields expected to trade higher as sellers are slowly creeping back in the market.

CURRENCIES UPDATE

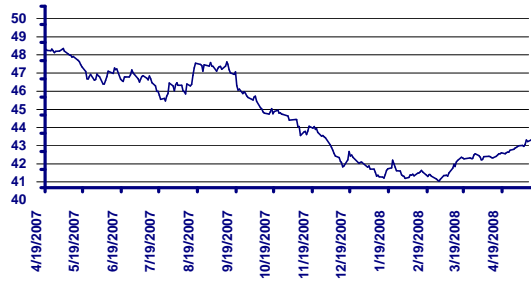
USD/PHP

The dollar appreciated last Friday, closing at 42.80 vs. 42.70 previously. The greenback actually opened lower at 42.65 on follow-through selling after the weak close Thursday. However, corporate dollar demand and profit-taking bids saw the dollar rebound to close at the intraday high at 42.80. Still, with the dollar heading lower against most Asian currencies, expect the greenback to be on the defensive against the peso today. Initial target lies at 42.70. Expected range: 42.60 – 42.80.

RP Yield Curve



USD/PHP Full Year Graph



Philippine Sovereign USD Bonds

ROP prices were higher by quarter of a point on follow through buying due to firm emerging market bonds. Prices were taken in ROP 30 at 130.75 (6.77%), ROP 31 at 111.875 (6.72%) and ROP 32 at 96.875 (6.64%). US Treasury yields were rangebound as US equities ended almost flat on mixed economic reports. Oil prices reached another record high at 127.82 and University of Michigan Confidence at 28-year low at 59.5. However, there is growing speculation that the Fed may begin its tightening policy on year end due to inflation concerns. We expect ROP prices to be rangebound with a slight upward bias on stable emerging market bonds.

Major Currencies

US dollar weakened across major currencies last Friday in New York as Univ. of Mich. confidence figure from 62.6 to 59.5 seemed to weigh on the greenback. The dollar fell in FX trading on bets that higher energy costs and collapsing sentiment will limit economic growth in the US. AUD now back on 24 year high levels as commodity prices supported now against the US dollar.

NY Range:

USDJPY 103.52-105.10
 EURUSD 1.5448-1.5602
 GBPUSD 1.9442-1.9600
 EURJPY 161.44-162.49



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TERM OF THE DAY

TANKAN survey – This is one of the most credit-worthy indices in Japan provided by the Bank of Japan quarterly. This survey is a report on all major companies and the economy through a questionnaire filled out by more than 10,000 companies. This may be compared to the IFO Business Survey.

* 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.