

Tuesday, May 20, 2008

DAILY MARKET EDGE

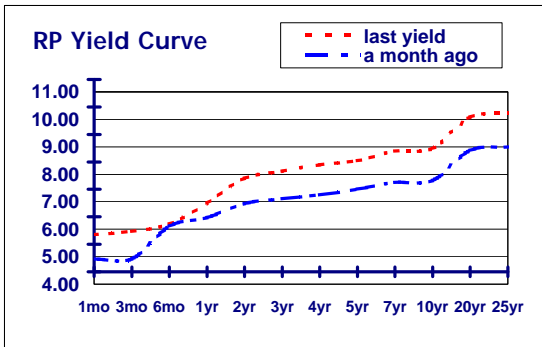
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	5/19/2008	5/16/2008	As of	5/20/08	11:11 AM
91D	3.673	3.672	0.960	05/19/08	3MO	Open	42.800	42.650	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	05/19/08	6MO	High	42.800	42.800	JPY	104.100	104.100
364D	6.915	5.993	6.462	05/19/08	1YR	Low	42.800	42.640	IDR	9285	9290
						Close	42.800	42.800	SGD	1.369	1.369
						Ave.	42.753	42.752	TWD	30.488	30.489
						Vol.	351.500	514.500	THB	32.150	32.180
									HKD	7.800	7.801

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	05/19/08	2YR	6.937%
5YR	8.750	6.625	7.000	05/19/08	5YR	7.460%
7YR	6.500	6.500	7.500	05/19/08	7YR	7.702%
10YR	7.750	5.875	7.500	05/19/08	10YR	7.773%
20YR	8.625	8.000	7.000	05/19/08	20YR	8.869%
25YR	8.500	9.375	7.000	05/19/08	25YR	8.992%

INTEREST RATES UPDATE

Philippine Government Securities

GS yields traded lower yesterday by 10 bps across as the Philippines announced Budget Surplus for April of 25.8 bio. The 2, 3 and 5 years all traded 10 bps lower at 7.175%, 7.60% and 7.86% respectively. Despite the rally, sellers are slowly creeping in, a clear sign that the market still wary of inflation.



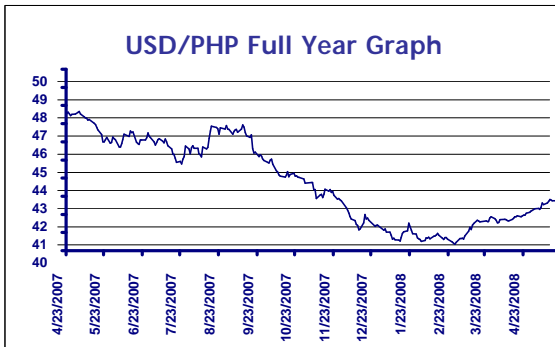
Philippine Sovereign USD Bonds

ROP prices were higher by quarter of a point after the government reported a budget surplus in April of PHP25.8 bio. Prices were taken in ROP 30 at 131.375 (6.73%), ROP 31 at 112.375 (6.68%) and ROP 32 at 97.125 (6.62%). US Treasury yields traded flat tracking movements in US equities. Focus will be tonight's producer price index expected to be lower than previous and Chicago Fed National Activity Index. We expect ROP prices to be rangebound with an upward bias on follow through buying due to firm emerging market bonds.

CURRENCIES UPDATE

USD/PHP

The dollar closed unchanged yesterday at 42.80. The greenback moved sideways on low volume yesterday as markets in Singapore, Malaysia and India were closed on holiday. The April budget surplus surprised to the upside (P25.8B), but was largely ignored in the fx market. With oil prices rising again to record highs last night (above \$127 per barrel), expect the dollar to have a firm tone against Asian currencies this morning. For the peso, 42.85 stands as initial target ahead of the 42.90 resistance level. Expected range: 42.70 - 42.90.



Major Currencies

US dollar rebounded overnight against most major currencies particularly the euro as US leading indicator unexpectedly rose in April, suggesting an economic recession might be avoided. US leading indicator showed a 0.1% against market expectation of 0.0%. Australian dollar still supported above .9500 as market awaits RBA minutes in which market still anticipating a hawkish stance from RBA as inflation still a concern.

NY Range:

USDJPY 103.95-104.69
 EURUSD 1.5486-1.5593
 GBPUSD 1.9453-1.9551
 EURJPY 161.56-162.32



TREASURY DIRECTORY

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

TERM OF THE DAY

PMI Index (National Association of Purchasing Managers Index) - This is a statistic believed to be a good indicator of manufacturing strength. If the index records a level of over fifty, economy is perceived to be bullish; below fifty, the economy is believed to be bearish.

* 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.