

Tuesday, May 27, 2008

DAILY MARKET EDGE

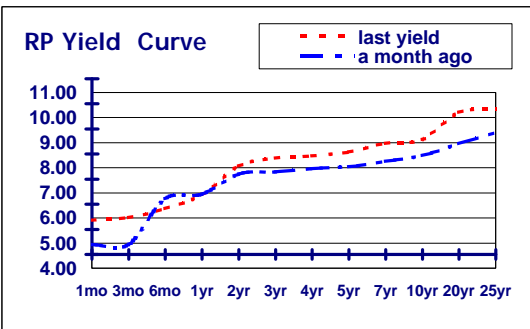
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills		\$/Php	5/26/2008	5/23/2008	As of	5/27/08 11:13 AM	
91D	3.673	3.672	0.960	05/26/08	3MO	6.041%	Open	43.450	43.400	\$/CURRE	BID	OFFER
182D	4.675	4.659	2.000	05/26/08	6MO	6.375%	High	43.630	43.475	JPY	103.340	103.350
364D	6.846	6.915	8.440	05/26/08	1YR	6.917%	Low	43.450	43.355	IDR	9370	9375
							Close	43.580	43.440	SGD	1.361	1.362
							Ave.	43.568	43.436	TWD	30.508	30.515
							Vol.	405.000	495.500	THB	32.310	32.405
										HKD	7.805	7.805

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	05/26/08	2YR	8.067%
5YR	8.750	6.625	7.000	05/26/08	5YR	8.631%
7YR	8.375	6.500	7.000	05/26/08	7YR	8.967%
10YR	7.750	5.875	7.500	05/26/08	10YR	9.131%
20YR	8.625	8.000	7.000	05/26/08	20YR	10.206%
25YR	8.500	9.375	7.000	05/26/08	25YR	10.339%

INTEREST RATES UPDATE

Philippine Government Securities

GS Yields traded 10-30 bps across the curve on inflation concerns. The 2 years traded 10- bps higher at 7.5%. The 3 and 4 years traded 25 bps higher at 8.00% 8.15% respectively. The 5 years closed at 8.40% which is 30 bps higher than previous close. The 9 years traded 20 bps higher at 8.65%. Market could see more selling as inflation could hit 10%.



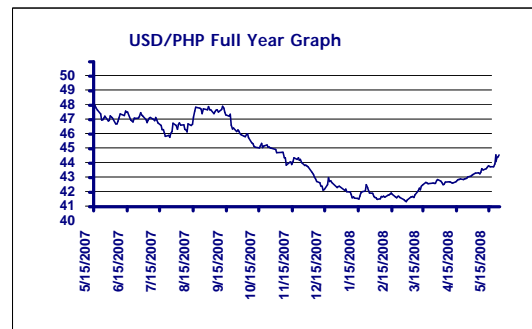
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices traded flat due to London and New York holidays. US Treasury yields also remained rangebound awaiting the US consumer confidence and new home sales due tonight expected to be lower than previous. Philippine National Treasurer said the country is unlikely to make major revisions to its 2008 borrowing mix signaling that it might not offer an additional \$500million in overseas debt this year. We expect ROP prices to be rangebound with a slight downward bias.

CURRENCIES UPDATE

USD/PHP

The dollar continued to go up yesterday, closing at 43.58 vs. 43.44 previously. Record-high oil prices (above \$133 per barrel) continued to weigh against Asian currencies, including the peso. The strong close suggests further gains for the greenback, with 43.63 looming as target. BSP dollar sales are expected to stall the rally, but the upward momentum looks set to push the dollar to 44.00 and maybe even beyond. Expected range today: 43.60 - 43.80.



Major Currencies

Range trading last night for US dollars against major currencies due to New York holiday. Commodities, especially gold and oil, still on highs which gives some support against most major currencies against the US dollar. Market will watch tonight's data on US for clearer directions for major currencies.

ASIAN Range:

USDJPY 103.10-103.50
 EURUSD 1.5740-1.5792
 GBPUSD 1.9757-1.9819
 EURJPY 162.66-163.31



TREASURY DIRECTORY

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

TERM OF THE DAY

Special Purpose Treasury Bonds (SPTBs)- These are treasury bonds which can be used for agri-agra purposes (under Presidential Decree No. 717 or the Agri-Agra Law, banks are mandated to allocate at least 25% of their loanable funds for agricultural credit or agrarian reform).

* 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.