

Wednesday, May 28, 2008

DAILY MARKET EDGE

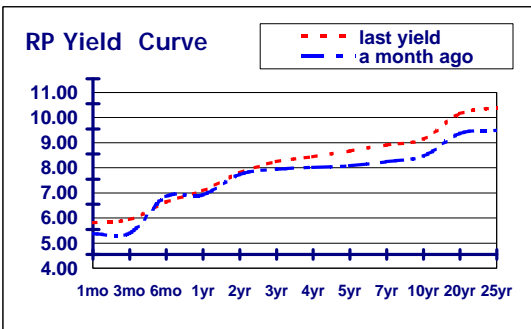
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills		\$/Php	5/27/08	5/26/08	As of	5/28/08	11:15 AM
91D	3.673	3.672	0.960	05/27/08	3MO	5.935%	Open	43.630	43.450	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	05/27/08	6MO	6.639%	High	43.750	43.630	JPY	104.030	104.040
364D	6.846	6.915	8.440	05/27/08	1YR	7.087%	Low	43.630	43.450	IDR	9320	9323
							Close	43.750	43.580	SGD	1.362	1.362
							Ave.	43.700	43.568	TWD	30.501	30.508
							Vol.	595.500	405.000	THB	32.240	32.260
										HKD	7.805	7.805

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	05/27/08	2YR	7.800%
5YR	8.750	6.625	7.000	05/27/08	5YR	8.671%
7YR	8.375	6.500	7.000	05/27/08	7YR	8.908%
10YR	7.750	5.875	7.500	05/27/08	10YR	9.143%
20YR	8.625	8.000	7.000	05/27/08	20YR	10.162%
25YR	8.500	9.375	7.000	05/27/08	25YR	10.396%

INTEREST RATES UPDATE

Philippine Government Securities

GS yields traded higher by 5-10 bps yesterday as BSP announced that it could consider raising rates if 2008 CPI target is jeopardized. The 2 years traded 5 bps higher at 7.55%. The 4 years last traded at 8.30% which is 10 bps higher than previous close. Lastly the 5 and 8 years traded 5 bps higher at .475% and 8.70% respectively. Yields remain range bound with a slightly upward bias still on inflation concerns.



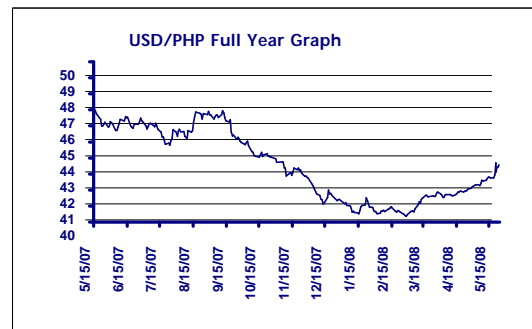
Philippine Sovereign USD Bonds

ROP prices were lower by quarter of a point tracking decline in other emerging market bonds on slow global growth and inflation concerns. Prices were given in ROP 30 at 130.75 (6.77%), ROP 31 at 111.625 (6.74%) and ROP 32 at 96.625 (6.66%). US Treasury yields rose due to rebound in US equities on lower oil prices. US economic data were mixed with consumer confidence at another record low at 57.2 but new home sales was higher than expected at 526,000. We expect ROP prices to be rangebound with a slight downward bias.

CURRENCIES UPDATE

USD/PHP

The dollar continued to strengthen against the peso yesterday, closing at 43.75 vs. 43.58 previously. The greenback remained firm against Asian currencies as oil prices stayed above \$130 per barrel. The strong close bodes well for the greenback, with the 44.00 level looming as target in the next couple of days. However, profit-taking and softer oil prices last night (\$128 per barrel) should see some profit-taking dollar sales today. Still, the trend remains bullish, and any dips may be considered as dollar buying opportunities. Expected range: 43.55 - 43.75.



Major Currencies

US dollar strengthened against most major currencies overnight in New York on softer commodity prices such as crude oil and gold. Data overnight mixed as consumer confidence still on all time lows while US new home sales gaining some ground from previous data. Crude prices softer overnight in New York as market took profit after recent highs of crude oil prices.

NY Range:

USDJPY 103.88-104.35
 EURUSD 1.5672-1.5765
 GBPUSD 1.9729-1.9784
 EURJPY 163.48-163.90



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TERM OF THE DAY

Trade Balance or Balance of Trade- This refers to that part of a nation's balance of payments that deals with the value of a country's imports and exports during a specific time period. It is deemed a favorable trade balance if exports exceed imports (surplus). When "invisibles" or services are included, the total accounting for imports and exports of goods and services is called current account balance.

* 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.