

Friday, May 30, 2008

# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	Yield	\$/Php	5/29/2008	5/28/2008	As of	5/30/08	11:04 AM
91D	3.673	3.672	0.960	05/29/08	3MO	6.140%	Open	43.750	43.620	\$/CURRE	BID	OFFER
182D	4.675	4.659	2.000	05/29/08	6MO	7.021%	High	43.925	43.720	JPY	105.480	105.490
364D	6.846	6.915	8.440	05/29/08	1YR	7.125%	Low	43.750	43.550	IDR	9315	9319
							Close	43.925	43.720	SGD	1.365	1.365
							Ave.	43.882	43.643	TWD	30.420	30.425
							Vol.	617.000	700.500	THB	32.430	32.480
										HKD	7.804	7.804

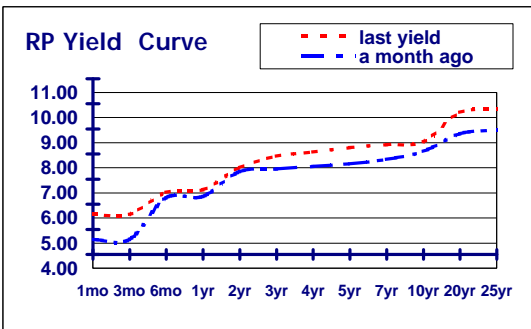
  

FXTN	Cpn	Prev.	Vol.	Date	FXTN	Yield
2YR	8.500	8.500	5.000	05/29/08	2YR	7.998%
5YR	8.750	6.625	7.000	05/29/08	5YR	8.802%
7YR	8.375	6.500	7.000	05/29/08	7YR	8.925%
10YR	7.750	5.875	7.500	05/29/08	10YR	9.033%
20YR	8.625	8.000	7.000	05/29/08	20YR	10.214%
25YR	8.500	9.375	7.000	05/29/08	25YR	10.322%

## INTEREST RATES UPDATE

### Philippine Government Securities

GS market was very quiet yesterday but closed 5-10 bps lower on client demands. Initially market was very quiet as players opted to stay in the sidelines. Just before the market closed offers were lifted on the long end and some banks lifted the short end as well. The 3 and 4 years traded 5 bps lower at 8.15% and 8.25% respectively. Lastly the 5 and 8 years was 10 bps higher at 8.40% and 8.55% respectively. With the upcoming CPI data, market is still on the defensive end.



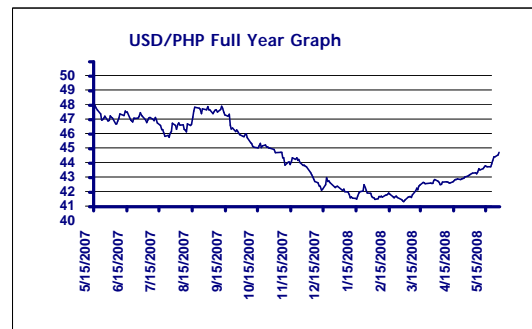
### Philippine Sovereign USD Bonds

ROP prices fell by quarter a point pressured by the drop in US Treasuries. Prices were given in ROP 30 at 130.375 (6.80%), ROP 31 at 111.25 (6.77%) and ROP 32 at 96.375 (6.68%). US Treasury yields rose on follow through selling of the government debt after the better durable goods orders report and fresh supply on the 2yr and 5yr. We expect ROP prices to be rebounded with a downward bias.

## CURRENCIES UPDATE

### USD/PHP

The dollar went up yesterday, closing at another 2008-high of 43.925 vs. 43.72 previously. The greenback gained against the peso as weaker-than-expected 1Q GDP growth (5.2% vs. 6.2% expected) added to the slew of recent bad news (high inflation, delayed fiscal balanced budget). While the strong close suggests further gains, strong resistance level at 44.00 should keep rallies in check. On the other hand, softer oil prices overnight (\$126 per barrel currently from above \$130 yesterday afternoon) might inspire some dollar profit-taking sales today. Expected range: 43.75 - 43.95.



### Major Currencies

US dollar continued to strengthen against major currencies overnight as US GDP stronger than previous. US GDP came out 0.9% against previous 0.6%. US dollar strength also boosted by lower crude oil prices as well as commodity prices. Major currencies will still continue to weaken against the US dollar as market is now pricing in a pause on Federal Reserves' tightening of interest rates.

NY Range:

USDJPY 105.02-105.88  
 EURUSD 1.5485-1.5590  
 GBPUSD 1.9731-1.9803  
 EURJPY 163.31-164.08



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## TERM OF THE DAY

**Information und Forschung (IFO) Business Climate Index** - This is a widely observed indicator for economic development in Germany. Once a month, the IFO Institute conducts a survey of more than 7,000 companies in the manufacturing, construction and trade industries to get their appraisals of the business situation and their short-term planning. From this Business Survey, the IFO Index, which is a confidence indicator, is derived together with other index figures.

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