

Tuesday, June 10, 2008

DAILY MARKET EDGE

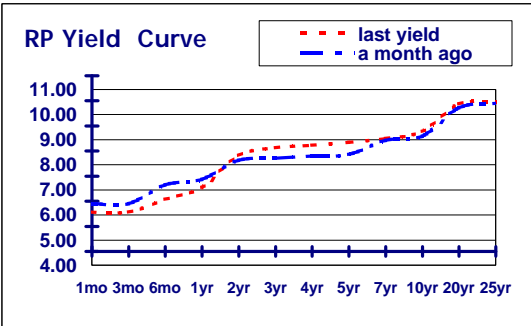
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	6/6/08	6/5/08	As of	6/10/08	12:03 PM	
91D	3.673	3.672	0.960	06/06/08	3MO	Open	44.100	44.000	\$/CURR	BID	OFFER	
182D	4.675	4.659	2.000	06/06/08	6MO	High	44.200	44.100	JPY	106.700	106.710	
364D	6.846	6.915	8.440	06/06/08	1YR	Low	44.100	44.000	IDR	9330	9337	
						Close	44.135	44.070	SGD	1.367	1.367	
						Ave.	44.150	44.071	TWD	30.341	30.344	
						Vol.	584.500	404.000	THB	32.990	33.000	
									HKD	7.810	7.811	

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	06/06/08	2YR	8.335%
5YR	8.750	8.750	7.000	06/06/08	5YR	8.694%
7YR	8.375	6.500	7.000	06/06/08	7YR	8.925%
10YR	7.750	5.875	7.500	06/06/08	10YR	9.115%
20YR	8.625	8.000	7.000	06/06/08	20YR	10.148%
25YR	8.500	9.375	7.000	06/06/08	25YR	10.337%

INTEREST RATES UPDATE

Philippine Government Securities

GS yields closed mixed last Friday as the long end traded higher by 5 bps and short end by 2 bps. Retail demand continues to push rates lower in the short end. The 2 and 3 years traded 2 bps lower at 7.45% and 7.965% respectively. However, on the 5 years traded 5 bps higher at 7.52%. With the continued inflation fears, yields are expected to be steeper in the coming days.



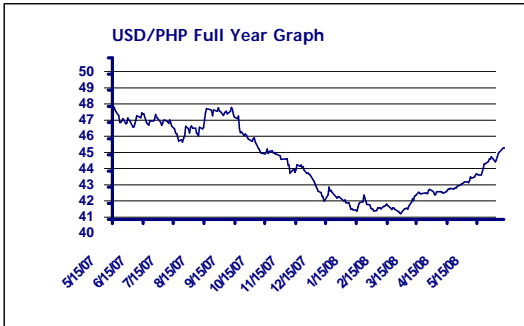
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were just flat after the long weekend while tracking other emerging market bonds. Meanwhile, the US Treasury yield curve flattened on rising expectations of a 25bps Fed rate hike as early as September. Initially yields fell last Friday after the US reported higher unemployment rate at 5.5% and oil reached another record intraday high at 139.12 on news that Israel with attack Iran. However, yields in the short-end rose yesterday after the positive pending home sales at 6.3%. We expect ROP prices to be rangebound with an upward bias due to recovery in US equities.

CURRENCIES UPDATE

USD/PHP

The dollar went up last Friday, closing at 44.135 vs. 44.07 previously. The greenback remained firm against Asian currencies as oil prices rebounded from \$122 to around \$128 per barrel Friday. Dollar sales by local banks ahead of the long weekend, together with suspected BSP intervention, capped the rally at 44.20. With oil prices zooming to \$139 per barrel Friday night (and staying above \$134 currently), expect the greenback to trade firmly today, with a gap above 44.30 highly likely. Expected range: 44.30 - 44.50.



Major Currencies

Choppy trading for the US dollar against major currencies over the weekend on US Non Farm Payroll data and statements from Fed Chairman Bernanke. Initially, major currencies soared to month highs against the US dollar last Friday as jobless rate data was 5.5% against market expectations of 5.1%. However, major currencies gave up its gains yesterday as statements from Fed chairman Ben Benanke that inflation has remained high in the US. This gave analysts some clues that the Fed is done in cutting rates and that a rate hike is probable before the year ends.

NY Range:

USDJPY 105.63-106.38
 EURUSD 1.5618-1.5773
 GBPUSD 1.9708-1.9801
 EURJPY 165.96-166.95



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	
Anna Yap	888-7001
Marc Carlos	888-7029
Mike Garcia	888-7170
Maia Martirez	888-7002
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Johanna Songco Hernandez	888-7003
Dominic Banal	888-7005
Tracy Felipe	888-7004
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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

Initial Public Offering (IPO) - The first time an issuer sells stock to the public and is listed in an official exchange.

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