

Wednesday, June 11, 2008

DAILY MARKET EDGE

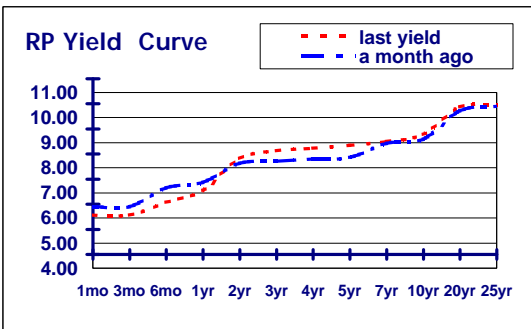
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	6/10/2008	6/6/2008	As of	6/11/08 10:45 AM	
91D	3.673	3.672	0.960	06/10/08	3MO	Open	44.200	44.100	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	06/10/08	6MO	High	44.450	44.200	JPY	107.394	107.400
364D	6.79	6.846	14.479	06/10/08	1YR	Low	44.200	44.100	IDR	9322	9330
						Close	44.425	44.135	SGD	1.374	1.374
						Ave.	44.422	44.150	TWD	30.406	30.410
						Vol.	661.500	584.500	THB	33.120	33.149
									HKD	7.809	7.809

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	06/10/08	2YR	8.371%
5YR	8.750	8.750	7.000	06/10/08	5YR	8.902%
7YR	8.375	6.500	7.000	06/10/08	7YR	9.050%
10YR	7.750	5.875	7.500	06/10/08	10YR	9.327%
20YR	8.625	8.000	7.000	06/10/08	20YR	10.421%
25YR	8.500	9.375	7.000	06/10/08	25YR	10.517%

INTEREST RATES UPDATE

Philippine Government Securities

GS market was very quiet yesterday with only 2bio mapped trades in PDEX. The 1 year auction was lower by 5 bps on continued retail demand. The 1 year TBILL fetched an average yield of 6.79% from 6.84% previous. On the secondary market, yields continue to be steeper as the 5 years traded 5 bps higher anew at 8.535%. Market is expected to trade higher in the coming weeks still on inflation concerns.



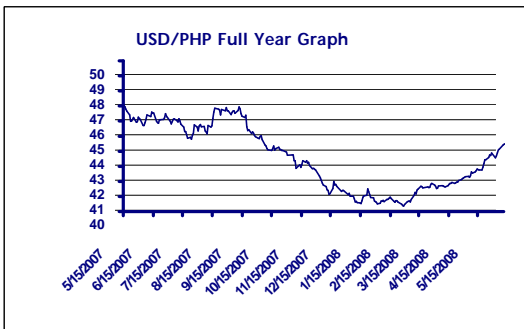
Philippine Sovereign USD Bonds

ROP prices fell by quarter of a point after Indonesia already formally announced the global roadshow for its \$1.5 bio sovereign bond sale. Brazil, the most liquid emerging market bond also dropped tracking the sell-off in US Treasuries. Meanwhile, US Treasury yields continue to rise when Fed Chair Bernanke said that downside risks to economic growth has diminished while risks to inflation expectations has risen. We expect ROP prices to have a downward bias due to supply concerns.

CURRENCIES UPDATE

USD/PHP

The dollar went up yesterday, closing at 44.425 vs. 44.135 previously. The greenback got bought up against the peso as oil prices stayed within record highs (above \$134 per barrel). Suspected BSP dollar sales however saved the peso from further losses. The strong close bodes well for the greenback, with 44.50 looming as target. This however represents strong resistance for the dollar, and should limit any rallies for the meantime. Expected range: 44.30 – 44.50.



Major Currencies

Continued US dollar strength against major currencies overnight in New York on lack of major data in the US. Statements from Fed chairman Ben Bernanke on his concerns on inflation and that chances of a rate hike by the Fed before the year ends supporting US dollar strength. Low crude oil prices as well as lower gold prices also giving some support for the US dollar strength.

NY Range:

USDJPY 106.64-107.45
 EURUSD 1.5441-1.5540
 GBPUSD 1.9520-1.9582
 EURJPY 165.53-166.25



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TERM OF THE DAY

IFO (Information und Forschung, Information & Research) index – calculated once a month based on surveys in which 7000 corporations provide their input, subdivided into 150 sub-indices, of which the manufacturing sector and the export expectation index are the most important.

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