

Thursday, June 12, 2008

DAILY MARKET EDGE

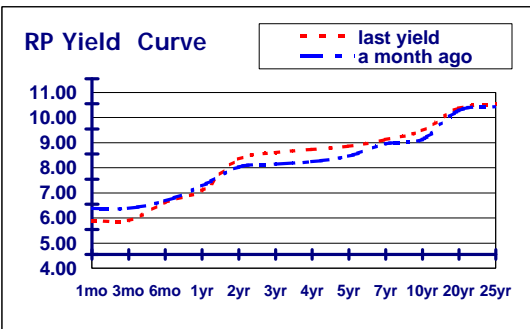
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	6/11/2008	6/10/2008	As of	6/12/08	10:45 AM	
91D	3.673	3.672	0.960	06/11/08	3MO	Open	44.450	44.200	\$/CURR	BID	OFFER	
182D	4.675	4.659	2.000	06/11/08	6MO	High	44.500	44.450	JPY	107.220	107.220	
364D	6.79	6.846	14.479	06/11/08	1YR	Low	44.370	44.200	IDR	9323	9332	
						Close	44.430	44.425	SGD	1.377	1.377	
						Ave.	44.459	44.422	TWD	30.405	30.408	
						Vol.	610.500	661.500	THB	33.130	33.150	
									HKD	7.806	7.806	

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	06/11/08	2YR	8.347%
5YR	8.750	8.750	7.000	06/11/08	5YR	8.862%
7YR	8.375	6.500	7.000	06/11/08	7YR	9.125%
10YR	7.750	5.875	7.500	06/11/08	10YR	9.485%
20YR	8.625	8.000	7.000	06/11/08	20YR	10.369%
25YR	8.500	9.375	7.000	06/11/08	25YR	10.538%

INTEREST RATES UPDATE

Philippine Government Securities

GS market was very quiet with only 1.5B mapped trades in PDEX, but yields continue to creep higher still on inflation concerns. Yields traded higher by 2-10 bps across the curve. Players are on the defensive end of the bid and others opt to stay away due to lack of positive news. The 2 years traded 2 bps higher at 7.49%. The 3 and 4 years both traded 10 bps higher at 8.09% and 8.3% respectively. Lastly the 5 years traded 2 bps higher at 8.55%. Market is expected to be range bound with a slight upward bias as market remains defensive on the buy side.



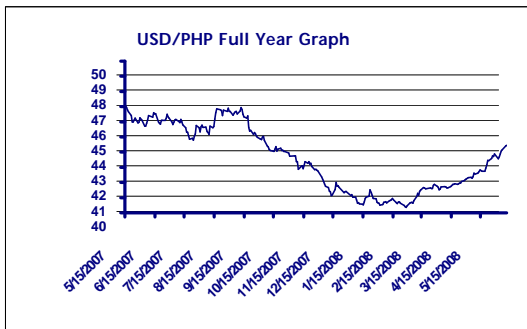
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were rangebound awaiting supply details from Indonesia. Finance Secretary Teves also said that the government will try to squeeze the budget deficit this year to PHP40bio against the PHP75 bio earlier reported which they clarified is the worst case scenario. Meanwhile, US Treasury yields fell after US equities slumped and renewed concerns on weak growth. Focus will be tonight's retail sales expected to be higher than previous at 0.6 and 0.7 (ex-autos). We expect ROP prices to have a downward bias due to lower US equities and other emerging market bonds.

CURRENCIES UPDATE

USD/PHP

The dollar ended a tad higher yesterday at 44.43 vs. 44.425 previously. The greenback range-traded between 43.37 and 43.50. A broad-based dollar rebound kept the dollar well-bid against the peso, despite relatively lower oil prices (\$132 per barrel). However, BSP dollar sales kept the dollar rally limited to the 44.50 resistance level. With oil prices rebounding to \$136 per barrel, expect the dollar to continue to be well bid today. Expected range: 44.35 - 44.55.



Major Currencies

Major currencies pared its losses overnight against the US dollar mostly on profit taking of long US dollar positions after its rally for the past 2 days. Market will wait for Wednesday's US retail sales data for further clues on where the currencies is heading. It is expected that the US retail sales will come out to be stronger than previous months.

NY Range:

USDJPY 106.56-107.35
 EURUSD 1.5485-1.5587
 GBPUSD 1.9578-1.9669
 EURJPY 165.67-166.70



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TERM OF THE DAY

S & P Rating - Standard and Poor's international and domestic long and short term debt ratings.

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