

Thursday, June 19, 2008

DAILY MARKET EDGE

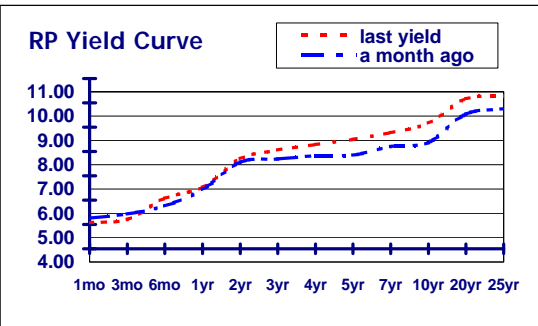
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	6/18/2008	6/17/2008	As of	6/19/08	10:51 AM	
91D	3.673	3.672	0.960	06/18/08	3MO	Open	44.100	44.450	\$/CURR	BID	OFFER	
182D	4.675	4.659	2.000	06/18/08	6MO	High	44.310	44.450	JPY	107.641	107.650	
364D	6.79	6.846	14.479	06/18/08	1YR	Low	44.050	44.200	IDR	9285	9295	
						Close	44.310	44.240	SGD	1.368	1.368	
						Ave.	44.161	44.326	TWD	30.386	30.389	
						Vol.	607.850	565.440	THB	33.380	33.420	
									HKD	7.805	7.805	

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	06/18/08	2YR	8.112%
5YR	8.750	8.750	7.000	06/18/08	5YR	8.398%
7YR	8.375	6.500	7.000	06/18/08	7YR	8.752%
10YR	7.750	5.875	7.500	06/18/08	10YR	8.912%
20YR	8.625	8.000	7.000	06/18/08	20YR	10.075%
25YR	8.500	9.375	7.000	06/18/08	25YR	10.300%

INTEREST RATES UPDATE

Philippine Government Securities

GS Yields traded lower by 5-15 bps yesterday in anticipation for the 35 Bio RTB maturities next month. The 2 years was 15 bps lower at 7.25% and the 5 years was 5 bps lower at 8.675%. With fresh market liquidity due to SDA maturities, we could see the market trade lower again in the coming days.



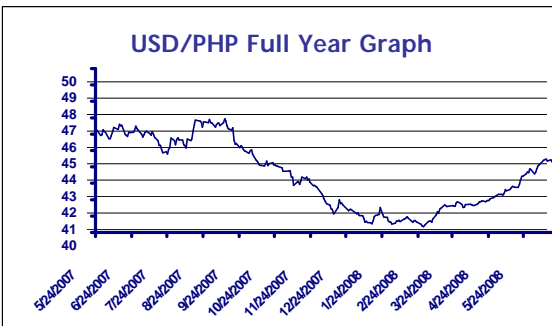
Philippine Sovereign USD Bonds

ROP prices fell by 7/8 to a point as investors shifted to the new INDON issues and renewed credit concerns in the US overnight. Prices were given in ROP 30 at 127.25 (7.03%), ROP 31 at 108.25 (7.02%) and ROP 32 at 94.50 (6.86%). Meanwhile, US Treasury yields fell after US equities dropped when Morgan Stanley reported net income dropped 57 percent to USD 1.03 bio and traders pared back bets that the Fed will hike in the near-term. We expect ROP prices to be rangebound with a downward bias.

CURRENCIES UPDATE

USD/PHP

The dollar rebounded yesterday, closing at 44.31 vs. 44.24 previously. The greenback opened lower at 44.10 and reached a low of 44.05 on the back of follow-through selling after the heavy sell down in the offshore market 2 days ago. However, corporate dollar demand emerged below 44.10, supporting the U.S. currency. A substantial rebound by the U.S. Dollar against the Malaysian Ringgit and Korean Won in the afternoon saw the local market cover short dollar positions. The short squeeze lifted the greenback at the close. The strong close bodes well for the dollar, with 44.40 looming as target. Expected range: 44.20 - 44.40.



Major Currencies

Tight range for most major currencies overnight against the US dollar on lack of major data overnight on the European zone and in the US. Most currencies just followed movements of oil prices as well commodities. Most traders follow oil prices movements to determine strength of the US currency. Market is expected to trade still on a tight range on lack of major data overnight.

NY Range:

USDJPY 107.72-108.19
 EURUSD 1.5474-1.5537
 GBPUSD 1.9523-1.9612
 EURJPY 167.24-167.61



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TERM OF THE DAY

Swap Points - the difference between the forward rate and the spot rate.

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