

Friday, June 27, 2008

# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	6/26/2008	6/25/2008	As of	6/27/08	11:08 AM
91D	3.673	3.672	0.960	06/26/08	3MO	Open	44.460	44.500	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	06/26/08	6MO	High	44.460	44.650	JPY	107.050	107.050
364D	6.703	6.79	13.446	06/26/08	1YR	Low	44.460	44.450	IDR	9213	9218
						Close	44.460	44.590	SGD	1.365	1.365
						Ave.	44.464	44.557	TWD	30.393	30.395
						Vol.	475.700	581.200	THB	33.570	33.600
									HKD	7.802	7.803

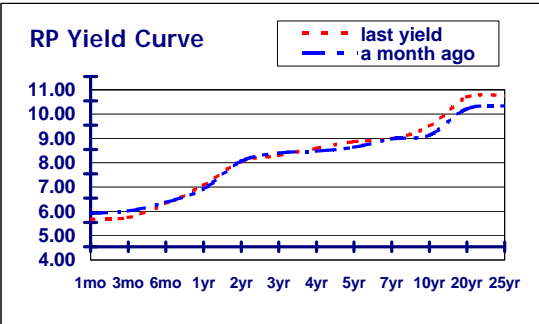
  

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	06/26/08	2YR	8.067%
5YR	8.750	8.750	7.000	06/26/08	5YR	8.631%
7YR	8.375	6.500	7.000	06/26/08	7YR	8.967%
10YR	7.750	5.875	7.500	06/26/08	10YR	9.131%
20YR	8.625	8.000	7.000	06/26/08	20YR	10.206%
25YR	8.500	9.375	7.000	06/26/08	25YR	10.339%

## INTEREST RATES UPDATE

### Philippine Government Securities

GS market saw a 2 way interest yesterday as the short end traded 2-5 bps lower and the longer dated tenors traded 2 bps higher. The 2 years was 2 bps lower at 6.95% and the 3 years was 5 bps lower at 7.935%. The 5 years traded 2 bps higher at 8.585% after the BTR announce that it would re-issue the 5 years in next week's auction. Retail demand continue to push rates lower in the short end. The long end is still expected to trade higher on inflation concerns.



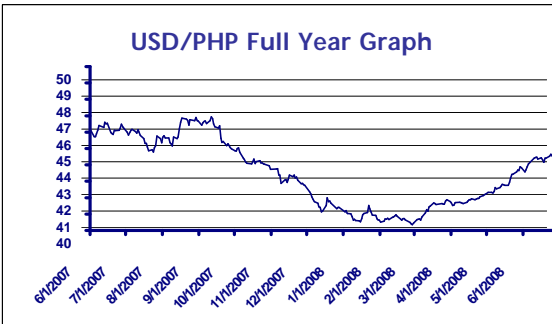
### Philippine Sovereign USD Bonds

ROP prices fell by half a point after the selloff in emerging market bonds due to renewed credit concerns. Prices were given in ROP 30 at 123.50 (7.32%), ROP 31 at 105.25 (7.27%) and ROP 32 at 92.50 (7.03%). Meanwhile, US Treasury yields fell after US equities collapsed when Goldman Sachs said it expects more writedowns of around \$8.9 bio for Citigroup. We expect ROP prices to be rangebound with a slight downward bias due to lower emerging market bonds overnight.

## CURRENCIES UPDATE

### USD/PHP

The dollar went down yesterday, closing at 44.46 vs. 44.59 previously. The greenback declined across the region, as the less hawkish U.S. Fed statements pressured the dollar lower. However, corporate dollar demand below the 44.50 level protected the greenback's downside against the peso. While the dollar trended lower yesterday, huge stock market losses last night (Dow Jones down 3%) should inspire risk aversion in trading today, boding ill for Asian currencies including the peso. 44.60 looms as initial target ahead of the 44.73 2008 high. Expected range: 44.55 - 44.75.



### Major Currencies

US dollar weakened against major currencies overnight on risk aversion on the equity markets. Dow Jones got hammered and ended down -3.03%. Further write downs from financial institutions particularly from the Citigroup triggered the risk aversion play. Commodities such as oil rose to an all time high and breaking psychological level of 140.00. Major currencies are expected to further strengthen against the US dollar tonight when London and New York market opens.

NY Range:

USDJPY 106.61-107.67  
 EURUSD 1.5712-1.5768  
 GBPUSD 1.9840-1.9895  
 EURJPY 168.01-169.32



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## TERM OF THE DAY

**ECB** - European Central Bank based in Frankfurt. This was established on June 1, 1998 and is governed by 3 decision making bodies: (1) the 6 strong Executive Board responsible for the current business of the ECB; (2) 17 strong Governing Council which formulates monetary policy and (3) a 21 - strong General Council which deals with issues concerning the relationship between the Euro bloc and the rest of the Union.

\* Information provided in this report accurately reflect the personal views of the specialists. No responsibility is accepted for errors or omissions, or for any consequences arising there from.