

Monday, June 30, 2008

DAILY MARKET EDGE

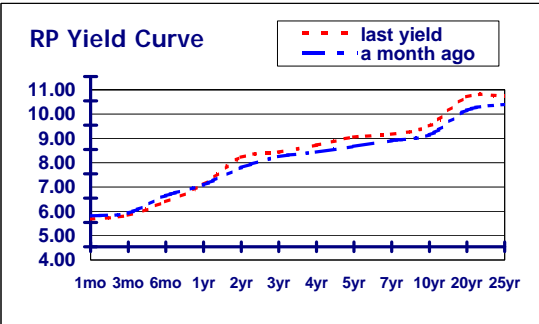
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	6/27/2008	6/26/2008	As of	6/30/08	10:54 AM	
91D	3.673	3.672	0.960	06/27/08	3MO	Open	44.550	44.480	\$/CURR	BID	OFFER	
182D	4.675	4.659	2.000	06/27/08	6MO	High	44.800	44.520	JPY	106.260	106.270	
364D	6.703	6.79	13.446	06/27/08	1YR	Low	44.550	44.400	IDR	9225	9230	
						Close	44.790	44.460	SGD	1.362	1.362	
						Ave.	44.756	44.464	TWD	30.351	30.355	
						Vol.	608.000	475.700	THB	33.530	33.550	
									HKD	7.801	7.801	

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	06/27/08	2YR	7.800%
5YR	8.750	8.750	7.000	06/27/08	5YR	8.671%
7YR	8.375	6.500	7.000	06/27/08	7YR	8.908%
10YR	7.750	5.875	7.500	06/27/08	10YR	9.143%
20YR	8.625	8.000	7.000	06/27/08	20YR	10.162%
25YR	8.500	9.375	7.000	06/27/08	25YR	10.396%

INTEREST RATES UPDATE

Philippine Government Securities

Yields of T/bonds ended higher by around 5bps last Friday in reaction to sell-off in the U.S. equity markets. The 5YRS and 9YRS T/bonds were given at 8.61 and 8.95 respectively. Total volume traded in the secondary market amounted to only Php 2.5bio. For the meantime, we expect rates to be rangebound with upward bias in the near term still on inflation concerns, after the oil price reached a new record high again at \$ 140/barrel.



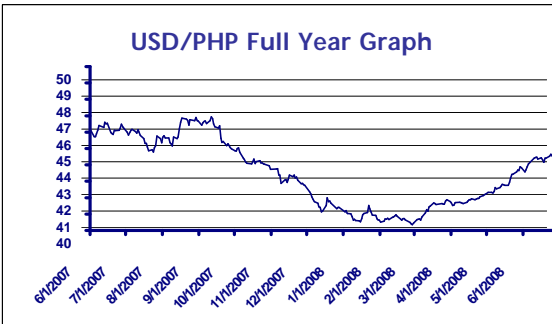
Philippine Sovereign USD Bonds

ROP prices fell by quarter of a point on follow-through selling of emerging market bonds due to collapse in global equities. Prices were given in ROP 30 at 122.625 (7.39%), ROP 31 at 104.625 (7.33%) and ROP 32 at 92.00 (7.08%). Meanwhile, US Treasury yields fell after US equities continue to decline on fresh record oil price at 142.99 and more expected writedowns. We expect ROP prices to have a downward bias after breach of the 1-year support levels.

CURRENCIES UPDATE

USD/PHP

The dollar gained last Friday, closing at 44.79 vs. 44.46 previously. The greenback gapped higher at 44.55 and never looked back, breaching the 44.73 previous 2008 high to close with a strong upward momentum. Record high oil prices (above \$140 per barrel) coupled with renewed credit crunch fears (Asian stocks plunging) pressured the local currency. While the dollar is weakening against major currencies, it is actually strengthening against the peso as the deadly combination of inflation fears and credit concerns weigh on investment confidence in the Philippines. Expected range: 44.80 – 45.00.



Major Currencies

US dollar traded lower against the majors on lower global equities and high oil prices last Friday. No major data to be released tonight, however expect market to trade with guidance from the equity markets and movements in oil prices as market awaits for ISM data to be released tomorrow.

NY RANGE:

EUR/USD: 1.5728-1.5794
 GBP/USD: 1.9857-1.9952
 EUR/JPY: 167.04-167.63
 USD/JPY: 105.85-106.44



TREASURY DIRECTORY

Raffy Algarra SVP - Treasurer	888-7030
Raul Pedro FVP	888-7042
Asset & Liability Management (ALM)	
Sheila Gomez	888-7026
Kris Vainio	888-7028
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Andre' Ibarra	888-7033
Bong Cabral	888-7025
Nikki Chua	888-7020
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Nicole Chai	888-7027
Ella Villame	888-7649
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Jennie Cao Melon	888-7024
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Sheilagh Rivera	888-7015
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Francis Buenaventura	888-7014
Glenn Jao	888-7017

TERM OF THE DAY

Non Deliverable Forward (NDF) - generic term for a set of derivatives which cover national currency transactions, including FX forward swaps, cross currency swaps & Coupon swaps in non non-convertible or highly restricted currencies.

* 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.