

Tuesday, July 01, 2008

DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	6/30/2008	6/27/2008	As of	7/1/08	11:30 AM
91D	3.673	3.672	0.960	06/30/08	3MO	Open	44.800	44.550	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	06/30/08	6MO	High	44.930	44.800	JPY	106.100	106.100
364D	6.703	6.79	13.446	06/30/08	1YR	Low	44.800	44.550	IDR	9215	9218
						Close	44.900	44.790	SGD	1.361	1.361
						Ave.	44.896	44.756	TWD	30.358	30.364
						Vol.	504.500	608.000	THB	33.380	33.425
									HKD	7.797	7.797

FXTN	Cpn	Prev.	Vol.	Date	FXTN
2YR	8.500	8.500	5.000	06/30/08	2YR
5YR	8.750	8.750	7.000	06/30/08	5YR
7YR	8.375	6.500	7.000	06/30/08	7YR
10YR	7.750	5.875	7.500	06/30/08	10YR
20YR	8.625	8.000	7.000	06/30/08	20YR
25YR	8.500	9.375	7.000	06/30/08	25YR

INTEREST RATES UPDATE

Philippine Government Securities

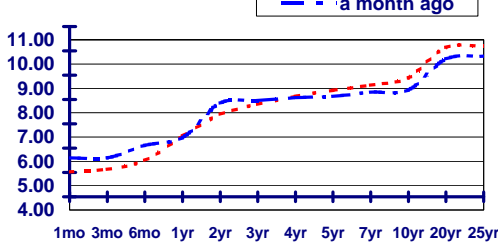
GS yields saw a mixed reaction yesterday as the short end was lower by 2 bps and the longer dated tenor was higher by 5 bps. The 2 and 3 years were both lower by 2 bps at 6.90% and 7.925% respectively. The 5 years on the other hand was 5 bps higher at 8.60%. With the CPI data to be released this week, yields are expected to be steeper in the long end. The short end will continue to hold because of the 35bio RTB maturity today.

CURRENCIES UPDATE

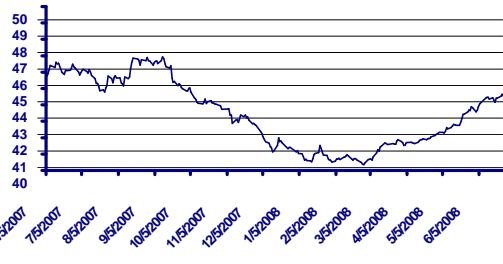
USD/PHP

The dollar went up to close 44.90 vs. 44.80 previously. The greenback got taken against the peso as record high oil prices (reaching above \$143 per barrel) pressured the local currency. BSP dollar offers stymied the rally ahead of the 45.00 level, but they were not enough to reverse the upward momentum. However, with oil prices correcting to \$140 per barrel last night, the peso may find some reprieve today. Expected range: 44.75 - 44.95.

RP Yield Curve



USD/PHP Full Year Graph



Philippine Sovereign USD Bonds

Philippine sovereign dollar bonds traded lower yesterday still on concerns over inflation and risk aversion. The ROP30, ROP31 and ROP32 were all given at 121.875 (7.45%), 104 (7.38%) and 91.25 (7.14%) respectively. Meanwhile, U.S. Treasuries were lower after the Chicago Purchasing Manager for June came in higher than expected. We expect ROP prices to be range bound still with a downward bias with oil continuing to trade near historic highs.

Major Currencies

US dollar traded weaker against the majors during Asian time mostly on risk aversion, lower equity markets and high oil prices. June CPI for the euro zone came out slightly higher than expect 4.00% versus expected of 3.90%, this suggesting a possible rate hike by the ECB. Expect market to be cautious ahead of the ISM manufacturing data (to be released later) and nonfarm payrolls (to be released Thursday).

NY RANGE:

EUR/USD: 1.5731-1.5792
 GBP/USD: 1.9881-1.9960
 EUR/JPY: 166.48-167.32
 USD/JPY: 105.64-106.27



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TERM OF THE DAY

Accrued Interest - interest accrued on bonds since the last interest payment was made.

* 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.