

Wednesday, July 02, 2008

DAILY MARKET EDGE

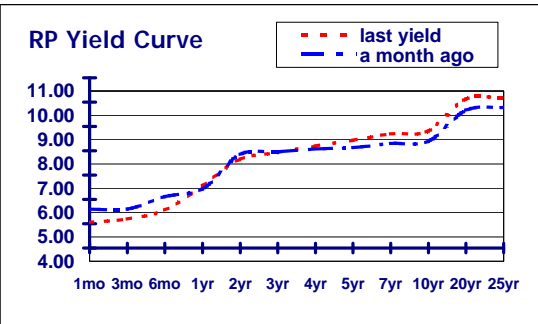
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/1/2008	6/27/2008	As of	7/2/08	10:43 AM
91D	3.673	3.672	0.960	07/01/08	3MO	Open	44.800	44.550	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	07/01/08	6MO	High	44.930	44.800	JPY	105.995	106.010
364D	6.703	6.79	13.446	07/01/08	1YR	Low	44.800	44.550	IDR	9230	9235
						Close	44.900	44.790	SGD	1.362	1.362
						Ave.	44.896	44.756	TWD	30.374	30.378
						Vol.	504.500	608.000	THB	33.360	33.400
									HKD	7.799	7.799

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/01/08	2YR	8.396%
5YR	8.750	8.750	7.000	07/01/08	5YR	8.671%
7YR	8.375	6.500	7.000	07/01/08	7YR	8.837%
10YR	7.750	5.875	7.500	07/01/08	10YR	8.929%
20YR	8.625	8.000	7.000	07/01/08	20YR	10.210%
25YR	8.500	9.375	7.000	07/01/08	25YR	10.334%

INTEREST RATES UPDATE

Philippine Government Securities

GS market saw a good 2 way interest as the short dated FXTN's saw a good demand due to the 35bio RTB maturities. On the other hand, the longer dated tenors traded 5 bps higher ahead of the coming CPI data this Friday. The 5 and 8 years traded 5 bps higher at 8.65% and 9.05% respectively. Yields are expected to be range bound with a slightly upward bias as CPI is expected to hit double digits in June.



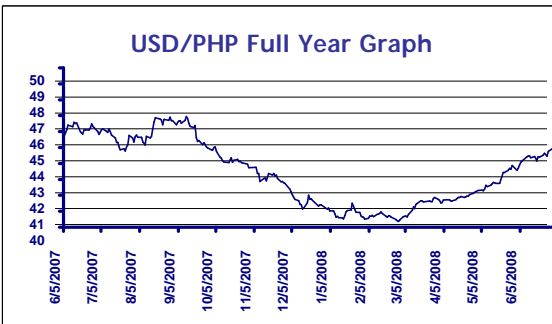
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices traded flat as the downward pressure was met by short-covering by offshore players. US Treasury yields rose on better than expected ISM Manufacturing report at 50.2 versus expectations of 49.0. We still expect ROP prices to have a downward bias in the near-term due to global credit and inflation concerns.

CURRENCIES UPDATE

USD/PHP

The dollar went up yesterday, closing at 45.01 vs. 44.90 previously. The greenback gained as weak Asian stocks and firm oil prices (staying above \$140 per barrel) pressured Asian currencies, like the Korean Won, Indian Rupee, and Philippine Peso. BSP dollar sales stymied the rally at the crucial 45.00 level, but strong demand for dollars saw the dollar-peso print 45.02. The strong close suggests further gains, with 45.20 (Oct. 4, 2007 high) now serving as next resistance, ahead of 45.40 (Sept. 25, 2007 high). Expected range: 45.00 – 45.20.



Major Currencies

US dollar rallied a bit on better ISM figures that came out better than expect however it was short lived on further rising oil prices and continued fears of Israel attacking Iran. Market remains cautious ahead of the nonfarm payroll numbers to be released on Thursday. Expect market to still trade the range ahead of Thursday's numbers.

NY RANGE:

EUR/USD: 1.5736-1.5827
 GBP/USD: 1.9906-1.9977
 EUR/JPY: 166.20-167.64
 USD/JPY: 105.23-106.20

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Glenn Jao	888-7017
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TERM OF THE DAY

Basis Price - the price expressed in yield or net return of an investment.

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