

Thursday, July 03, 2008

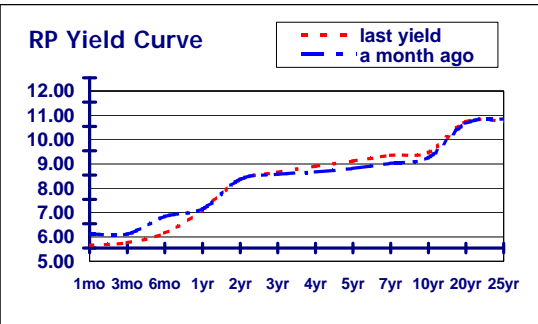
# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/2/2008	7/1/2008	As of	7/3/08 11:05 AM	
91D	3.673	3.672	0.960	07/02/08	3MO	Open	45.000	44.850	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	07/02/08	6MO	High	45.200	45.020	JPY	106.020	106.020
364D	6.703	6.79	13.446	07/02/08	1YR	Low	45.000	44.840	IDR	9215	9217
						Close	45.200	45.010	SGD	1.358	1.358
FXTN	Cpn	Prev.	Vol.	Date	FXTN	Ave.	45.151	44.934	TWD	30.400	30.408
2YR	8.500	8.500	5.000	07/02/08	2YR	Vol.	608.650	811.500	THB	33.420	33.430
5YR	8.750	8.750	7.000	07/02/08	5YR				HKD	7.798	7.798
7YR	8.375	6.500	7.000	07/02/08	7YR						
10YR	7.750	5.875	7.500	07/02/08	10YR						
20YR	8.625	8.000	7.000	07/02/08	20YR						
25YR	8.500	9.375	7.000	07/02/08	25YR						

## INTEREST RATES UPDATE

### Philippine Government Securities

GS yields traded higher by 10-15 bps yesterday as players lightened up their positions ahead of tomorrow's CPI data. The 2 years traded 10 bps higher at 7.075%. The 3 years closed 15 bps higher at 8.10%. The 4 and 5 years was 10 bps higher at 8.40% and 8.70% respectively. Lastly the 8 years closed at 9.125% which is 7 bps higher than previous close. With market very cautious ahead of the CPI data, yields are expected to trade higher in today's trading.



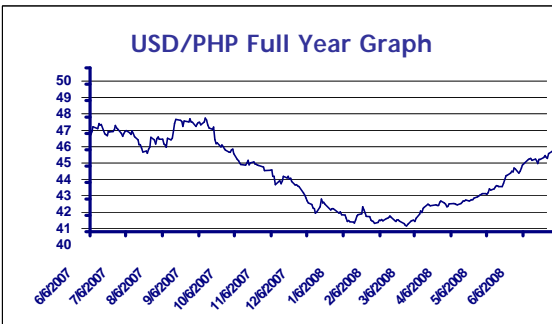
### Philippine Sovereign USD Bonds

ROP prices rose by quarter of a point yesterday on short-covering by offshore players. Prices were taken in ROP 30 at 122.25 (7.42%), ROP 31 at 104.50 (7.34%) and ROP 32 at 92.00 (7.08%). Meanwhile, US Treasury yields fell after the Dow Jones officially entered the bear market due to fresh record oil price at intraday high at 144.32. We expect ROP prices to have a downward bias due to inflation concerns.

## CURRENCIES UPDATE

### USD/PHP

The dollar went up yesterday, closing at 45.20 vs. 45.00 previously. The greenback went up against the peso as weak global stocks coupled with high oil prices pressured the local currency. Intermittent BSP dollar sales tamed but failed to reverse the bullish dollar trend. The recent rally may however lose steam today as weak U.S. stocks and high oil prices may be over-shadowed by broad dollar weakness last night. Asian currencies are a tad stronger, and this should lend support to the Philippine peso. Expected range: 45.05 - 45.25.



### Major Currencies

US dollar weakened against major currencies overnight amidst declines in equity markets as the Dow Jones ended lower by 1.46%. Oil also rose in yesterday's trading, closing at around 144. Market factored in an increased chance of a rate hike in the Euro zone, which further strengthened the Euro. Market is awaiting US non-farm payroll data to be released tonight.

#### NY Range:

EUR/USD 1.5826-1.5893  
 GBP/USD 1.9892-1.9948  
 EUR/JPY 168.00-168.44  
 USD/JPY 105.81-106.36



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## TERM OF THE DAY

**Bond** - a promissory note issued by a corporation.

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