

Friday, July 04, 2008

# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/3/2008	7/2/2008	As of	7/4/08	11:12 AM
91D	3.673	3.672	0.960	07/03/08	3MO	Open	45.210	45.000	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	07/03/08	6MO	High	45.500	45.200	JPY	106.710	106.730
364D	6.703	6.79	13.446	07/03/08	1YR	Low	45.205	45.000	IDR	9220	9222
						Close	45.500	45.200	SGD	1.361	1.361
						Ave.	45.320	45.151	TWD	30.415	30.417
						Vol.	568.500	608.650	THB	33.400	33.420
									HKD	7.799	7.799

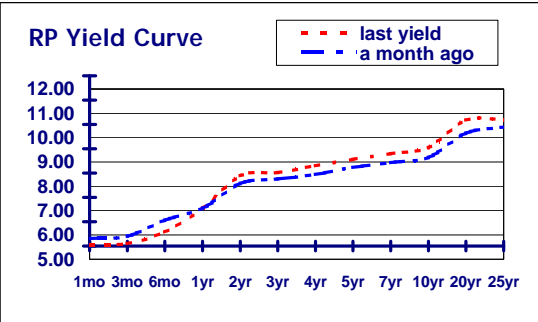
  

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/03/08	2YR	8.122%
5YR	8.750	8.750	7.000	07/03/08	5YR	8.779%
7YR	8.375	6.500	7.000	07/03/08	7YR	8.967%
10YR	7.750	5.875	7.500	07/03/08	10YR	9.190%
20YR	8.625	8.000	7.000	07/03/08	20YR	10.187%
25YR	8.500	9.375	7.000	07/03/08	25YR	10.429%

## INTEREST RATES UPDATE

### Philippine Government Securities

GS yields traded higher by 15 bps as players lightened up their positions ahead of the CPI data. The 3, 5 and 10 years all traded 15 bps higher at 8.25%, 8.80% and 9.25% respectively. With the CPI data coming higher than the BSP projection, rates could trade higher as market could see a sell-off.



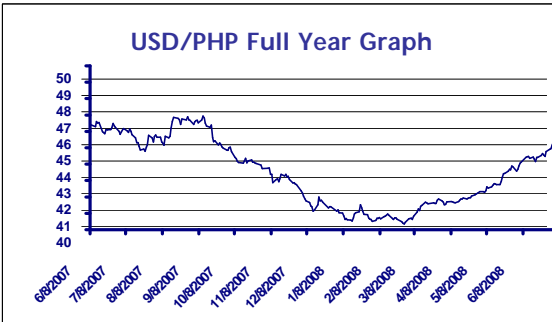
### Philippine Sovereign USD Bonds

ROP prices fell by quarter of a point after global equities slumped on soaring oil prices. Prices were given in ROP 30 at 121.25 (7.50%), ROP 31 at 103.375 (7.44%) and ROP 32 at 90.75 (7.19%). Meanwhile, the US Treasury yield curve steepened as the market took its cue from ECB signaling a pause after hiking 25bps to 4.25% and US equities recovered some losses before the New York holiday today. US Non-farm payrolls, unemployment rate, and jobless claims were slightly weaker than expected at 62,000, 5.5%, and 404,000 respectively. ISM service sector index printed at 48.2 which is already below the 50 expansion borderline. We expect ROP prices to be rangebound today with a slight downward bias due to inflation concerns.

## CURRENCIES UPDATE

### USD/PHP

The dollar went up yesterday, closing at 45.50 vs. 45.20 previously. The greenback gained on the back of weak Asian stocks and record-high oil prices. BSP dollar sales initially stymied the rally at 45.30, but follow-through buying in the afternoon saw the dollar close at the intraday high. The strong close suggests further gains, with 45.80 looming as next resistance. Expected range: 45.40 - 45.80.



### Major Currencies

The ECB hiked interest rates to 4.25%, statements by ECB head Trichet lead the market to believe that this was done with no plans to hike rates in the immediate future. This caused the EUR to weaken against USD despite US jobs data coming in weaker than expected. With US out on holiday, market should trade sideways.

NY Range:

EUR/USD 1.5682-1.5900  
 GBP/USD 1.9800-1.9900  
 EUR/JPY 167.38-168.75  
 USD/JPY 105.91-106.93



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## TERM OF THE DAY

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