

Thursday, July 10, 2008

# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/9/2008	7/8/2008	As of	7/10/08	10:47 AM
91D	5.699	3.673	2.238	07/09/08	3MO	Open	45.650	45.650	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	07/09/08	6MO	High	45.750	45.880	JPY	106.770	106.780
364D	6.747	6.703	6.360	07/09/08	1YR	Low	45.530	45.630	IDR	9170	9173
						Close	45.550	45.870	SGD	1.360	1.360
						Ave.	45.675	45.797	TWD	30.405	30.408
						Vol.	731.800	695.500	THB	33.640	33.670
									HKD	7.801	7.801

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/09/08	2YR	8.335%
5YR	8.750	8.750	7.000	07/09/08	5YR	8.694%
7YR	8.375	6.500	7.000	07/09/08	7YR	8.925%
10YR	7.750	5.875	7.500	07/09/08	10YR	9.115%
20YR	8.625	8.000	7.000	07/09/08	20YR	10.148%
25YR	8.500	9.375	7.000	07/09/08	25YR	10.337%

## INTEREST RATES UPDATE

### Philippine Government Securities

GS market was very quiet yesterday as most players opted to stay in the sidelines. Most of the activity was concentrated on the 2 years as the 2 year paper trade 15 bps higher at 7.3% in anticipation that the 3 year RTB will fetch a coupon of 8.75%. Market is still expected to trade higher ahead of next week's Monetary Board meeting.

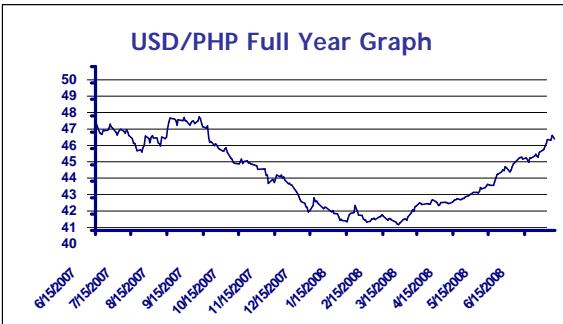
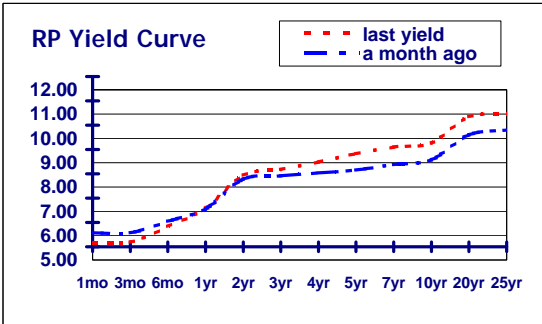
## CURRENCIES UPDATE

### USD/PHP

The dollar went down yesterday, closing at 45.55 vs. 45.87 previously. Strong Asian stock markets and weak oil prices lifted Asian currencies including the Philippine peso. Lack of corporate dollar demand saw the exchange rate drop at the close. The weak showing bodes ill for the greenback, with initial support at 45.50 looking vulnerable. A test of the July 7 45.37 low may be in the cards today. Expected range: 45.30 - 45.60.

## TREASURY DIRECTORY

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Sheila Gomez	888-7026
Kris Vainio	888-7028
<b>Fixed Income Trading (\$)</b>	
Andre' Ibarra	888-7033
Bong Cabral	888-7032
Nikki Chua	888-7020
<b>Fixed Income Trading (Php)</b>	
Alan Atienza	888-7031
Dino Aquino	888-7044
<b>Derivatives Desk</b>	
Aileen Chua	888-7042
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Ella Villame	888-7649
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Dominic Banal	888-7025
Jennie Cao Melon	888-7024
<b>Fixed Income Securities Division (FISD)</b>	
<b>Cheli Tabuena</b>	<b>888-7046</b>
<b>FVP</b>	
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Cheche Serrano	888-7007
Amanda Roa	888-7006
Desiree Ang	888-7009
<b>Inventory Management</b>	
Adie Go	888-7728
<b>Institutional Sales</b>	
Anna Yap	888-7001
Carlyn Therese Dulay	888-7029
Mike Garcia	888-7170
Maia Martirez	888-7002
<b>Product Development &amp; Retail Sales</b>	
Johanna Songco Hernandez	888-7003
Tracy Felipe	888-7004
<b>FX / Money Market Sales</b>	
<b>Sheilagh Rivera</b>	<b>888-7015</b>
<b>AVP</b>	
Jocelyn Uy	888-7013
Jill Rances	888-7016
Francis Buenaventura	888-7014
Glenn Jao	888-7017
Jason Yap	888-7018



## Philippine Sovereign USD Bonds

ROP prices rose by 3/8 of a point after most Asian equities rebounded yesterday. Prices were taken in ROP 30 at 121.625 (7.47%), ROP 31 at 104.00 (7.38%) and ROP 32 at 91.125 (7.16%). Meanwhile, US Treasury yields fell in New York trade on concerns of poor Q2 earnings results triggered a 2% drop in Dow Jones. We expect ROP prices to be rangebound with a downward bias due to weaker US equities.

## Major Currencies

US Dollar was weaker across the board in yesterday's trading on the back of a weak US Equities market, which traded lower by about 2%. Market is looking toward Bank of England rate decision later tonight where they are expected to keep interest rates unchanged at 5%, also, Fed Chair Bernanke and Treasury Secretary Hank Paulson are set to testify regarding the condition of the market in front of a house committee later tonight. Both events are expected to give the market leads regarding future monetary policy.

NY RANGE:  
 EUR/USD 1.5708-1.5750  
 USD/JPY 106.67-107.47  
 EUR/JPY 168.01-168.86  
 GBP/USD 1.9756-1.9834

## TERM OF THE DAY

**Face Value** - the value that appears on the bond, usually the amount that promises to repay when the bond matures.

\* 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.