

Friday, July 11, 2008

# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/10/2008	7/9/2008	As of	7/11/08 11:03 AM	
91D	5.699	3.673	2.238	07/10/08	3MO	Open	45.650	45.650	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	07/10/08	6MO	High	45.700	45.750	JPY	106.982	106.990
364D	6.747	6.703	6.360	07/10/08	1YR	Low	45.500	45.530	IDR	9161	9165
						Close	45.570	45.550	SGD	1.360	1.361
						Ave.	45.588	45.675	TWD	30.427	30.428
						Vol.	555.850	731.800	THB	33.700	33.730
									HKD	7.803	7.803

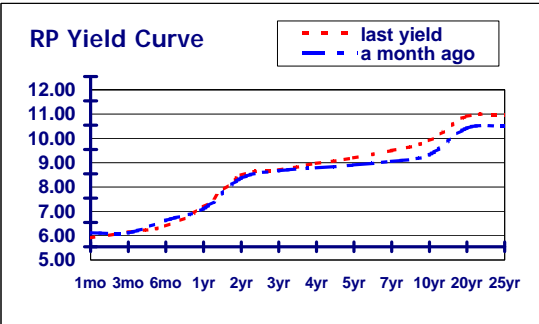
  

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/10/08	2YR	8.371%
5YR	8.750	8.750	7.000	07/10/08	5YR	8.902%
7YR	8.375	6.500	7.000	07/10/08	7YR	9.050%
10YR	7.750	5.875	7.500	07/10/08	10YR	9.327%
20YR	8.625	8.000	7.000	07/10/08	20YR	10.421%
25YR	8.500	9.375	7.000	07/10/08	25YR	10.517%

## INTEREST RATES UPDATE

### Philippine Government Securities

GS yields trade 5-10 bps higher yesterday in rumors that the BTR would announce the pricing for RTB's today. The 2 years traded 10 bps higher at 7.40%. The 3 and 5 years was 5 bps higher at 8.35% and 8.78% respectively. Market is pricing the RTB's 20-25 bps higher compared to the market. With the BSP expecting to raise rates as well as the RTB offering, yields are expected to continue creeping higher.



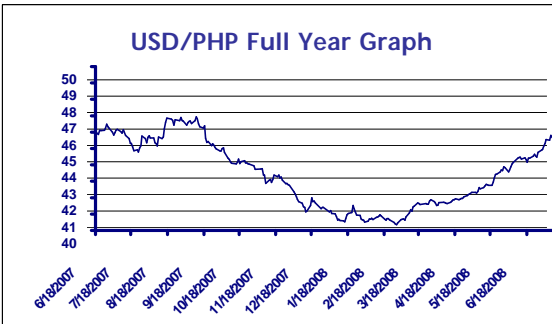
### Philippine Sovereign USD Bonds

ROP prices rose by 3/8 of a point after offshore players covered some short positions. Prices were taken in ROP 30 at 122.00 (7.44%), ROP 31 at 104.50 (7.34%) and ROP 32 at 91.50 (7.13%). Meanwhile, US Treasury yields were rangebound to slightly lower after former Fed President Poole warned of a possibility that the government may need to bail out Fannie Mae and Freddie Mac. We expect ROP prices to be rangebound with a slight upward bias due to rebound in US equities.

## CURRENCIES UPDATE

### USD/PHP

The dollar inched up 2 centavos yesterday, closing at 45.57 vs. 45.55 previously. The greenback had a choppy session, going up and down a wide range of 45.50 - 45.70 as two-way interest dominated trading. Weak U.S. stocks pressured the peso, but generally stronger Asian currencies (especially the Korean Won) supported the local unit. A jump in oil prices last night (\$141 from \$136 per barrel) bodes ill for the peso however. 45.70 looms as initial target. Expected range: 45.60 - 45.80.



### Major Currencies

The US Dollar opened lower across the board as the US Equities market opened lower. US Dollar ended mostly lower against major currencies. The GBP slid against the US Dollar, though, as the Bank of England kept rates steady at 5% yesterday. Market will again take its cues from Equities markets today.

NY Range:  
 EUR-USD 1.5698-1.5830  
 USD-JPY 106.79-107.45  
 EUR-JPY 168.28-169.06  
 GBP-USD 1.9712-1.9790



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## TERM OF THE DAY

**Federal Funds Rate** - The rate at which banks with excess reserves (against the Federal Reserve's reserve requirement) charge for overnight loans to banks with inadequate reserves. This is the principal policy instrument of the Federal Reserve System, the central banking institution of the United States that has the responsibility for the conduct of the nation's monetary policy.

\* 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.