

Monday, July 14, 2008

DAILY MARKET EDGE

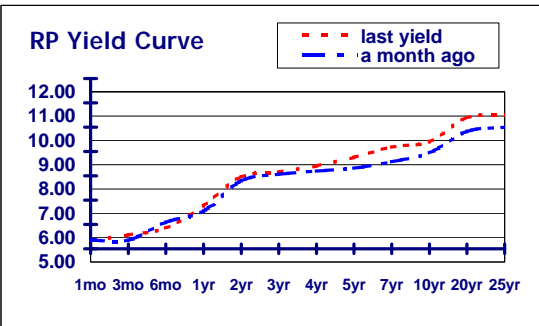
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/11/2008	7/10/2008	As of	7/14/08	10:54 AM
91D	5.699	3.673	2.238	07/11/08	3MO	Open	45.660	45.650	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	07/11/08	6MO	High	45.660	45.700	JPY	106.430	106.440
364D	6.747	6.703	6.360	07/11/08	1YR	Low	45.660	45.500	IDR	9155	9155
						Close	45.660	45.570	SGD	1.356	1.356
						Ave.	45.747	45.588	TWD	30.395	30.397
						Vol.	770.750	555.850	THB	33.640	33.680
									HKD	7.804	7.804

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/11/08	2YR	8.347%
5YR	8.750	8.750	7.000	07/11/08	5YR	8.862%
7YR	8.375	6.500	7.000	07/11/08	7YR	9.125%
10YR	7.750	5.875	7.500	07/11/08	10YR	9.485%
20YR	8.625	8.000	7.000	07/11/08	20YR	10.369%
25YR	8.500	9.375	7.000	07/11/08	25YR	10.538%

INTEREST RATES UPDATE

Philippine Government Securities

Levels were relatively unchanged in last Friday's trading as most players preferred to stay in the sidelines. Most trades were on the retail side as clients continue to invest on short dated tenors which are 2 years and below. Yields are still expected to rise with the BTR issuing a reported 40b worth of 3 and 5 year treasury bonds.



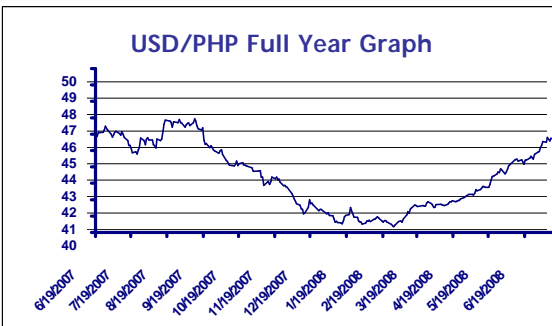
Philippine Sovereign USD Bonds

ROP prices rose by 1½ points as offshore players continue to cover some short positions. Prices were taken in ROP 30 at 123.625 (7.31%), ROP 31 at 105.75 (7.23%) and ROP 32 at 92.75 (6.98%). Meanwhile, US Treasury yields rose on rumors of a government bailout for beleaguered firms Fannie Mae and Freddie Mac. We expect ROP prices to be range bound with a slight upward bias due to persistent short-covering by offshore players.

CURRENCIES UPDATE

USD/PHP

The dollar went up last Friday, closing at 45.66 vs. 45.57 previously. The greenback gained against the peso as oil prices returned above \$140 per barrel. Weak Asian stocks also kept Asian currencies under pressure. However, broad dollar weakness (mainly against major currencies) tamed the dollar's rally against the peso. After 45.84 got printed late in the morning session, profit-taking and selling interest in the offshore market pulled down the exchange rate to close near the intraday low of 45.65. For today, market sentiment continues to be mixed, with weak stocks and strong oil prices expected to put pressure on the peso. On the other hand, broad dollar weakness (including against Asian currencies like the Singapore Dollar and Malaysian Ringgit) should help buoy the local currency. Choppy, 2-way trading should again be the theme today, with the dollar expected to trade between 45.50 and 45.80.



Major Currencies

US Dollar was weaker across the board in last Friday's trading on the back of a weaker US Equities market, because of lingering concerns about the financial health of Fannie Mae and Freddie Mac.

However, the US Equities market and the US dollar should rebound today against major currencies as the Fed announced plans to open the discount window to the two mortgage lenders.

EUR USD 1.5845-1.5949
 USD JPY 105.66-106.70
 EUR JPY 168.30-169.63
 GBP USD 1.9816-1.9960



TREASURY DIRECTORY

Raffy Algarra SVP - Treasurer	888-7030
Raul Pedro FVP	888-7042
Asset & Liability Management (ALM)	
Sheila Gomez	888-7026
Kris Vainio	888-7028
Fixed Income Trading (\$)	
Andre' Ibarra	888-7033
Bong Cabral	888-7032
Nikki Chua	888-7020
Fixed Income Trading (Php)	
Alan Atienza	888-7031
Dino Aquino	888-7044
Derivatives Desk	
Aileen Chua	888-7042
Nicole Chai	888-7027
Ella Villame	888-7649
Foreign Exchange (FX)	
Jon Velasquez	888-7021
Dominic Banal	888-7025
Jennie Cao Melon	888-7024
Fixed Income Securities Division (FISD)	
Cheli Tabuena FVP	888-7046
Corporate Sales	
Cheche Serrano	888-7007
Amanda Roa	888-7006
Desiree Ang	888-7009
Inventory Management	
Adie Go	888-7728
Institutional Sales	
Anna Yap	888-7001
Carlyn Therese Dulay	888-7029
Mike Garcia	888-7170
Maia Martirez	888-7002
Product Development & Retail Sales	
Johanna Songco Hernandez	888-7003
Tracy Felipe	888-7004
FX / Money Market Sales	
Sheilagh Rivera AVP	888-7015
Jocelyn Uy	888-7013
Jill Rances	888-7016
Francis Buenaventura	888-7014
Glenn Jao	888-7017
Jason Yap	888-7018

TERM OF THE DAY

Federal Open Market Committee (FOMC) - it is the principal policy-making body of the Federal Reserve. It consists of 7 Governors of the Federal Reserve System and the 12 Federal Reserve District bank Presidents, although only 5 of the 12 are voting members. Every month the FOMC meets to decide whether to pump more reserves into the Market by buying government securities or to tighten monetary policy by selling government securities.

* 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.