

Tuesday, July 15, 2008

DAILY MARKET EDGE

Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/14/2008	7/11/2008	As of	7/15/08	10:59 AM	
91D	5.699	3.673	2.238	07/14/08	3MO	Open	45.710	45.700	\$/CURR	BID	OFFER	
182D	4.675	4.659	2.000	07/14/08	6MO	High	45.725	45.840	JPY	105.860	105.880	
364D	6.747	6.703	6.360	07/14/08	1YR	Low	45.245	45.650	IDR	9121	9121	
						Close	45.245	45.660	SGD	1.350	1.350	
						Ave.	45.492	45.747	TWD	30.419	30.421	
						Vol.	798.700	770.750	THB	33.480	33.500	
									HKD	7.802	7.802	

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/14/08	2YR	8.385%
5YR	8.750	8.750	7.000	07/14/08	5YR	8.958%
7YR	8.375	6.500	7.000	07/14/08	7YR	9.330%
10YR	7.750	5.875	7.500	07/14/08	10YR	9.631%
20YR	8.625	8.000	7.000	07/14/08	20YR	10.589%
25YR	8.500	9.375	7.000	07/14/08	25YR	10.702%

INTEREST RATES UPDATE

Philippine Government Securities

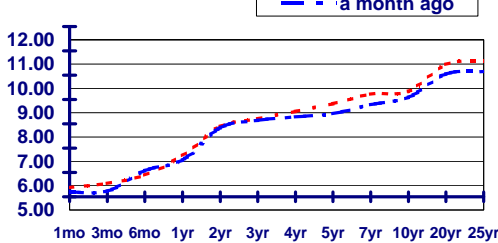
Another lethargic day for GS Trading as most players continue to remain in the sidelines ahead of the MB meeting this Thursday. Levels were basically un-changed as most trades were client based. Market is expected to remain quiet for the rest of the week.

CURRENCIES UPDATE

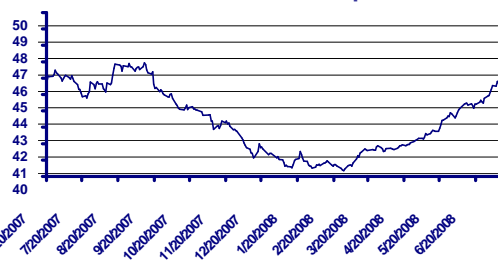
USD/PHP

The dollar declined yesterday, succumbing to massive profit-taking in the offshore NDF market to close at 45.245 vs. 45.66 previously. The greenback got pummeled against the peso as the recent failure to breach the 45.88 level saw the market test the downside. Traders took its cue from relatively strong Asian currencies, selling down the dollar against the peso for most of the day. The weak close suggests further losses, with 45.10 looming as target. Expected range: 45.00 - 45.30.

RP Yield Curve



USD/PHP Full Year Graph



Philippine Sovereign USD Bonds

ROP prices rose by a point as offshore players continue to cover some short positions. Prices were taken in ROP 31 at 106.125 (7.19%) and ROP 32 at 93.25 (6.96%). Meanwhile, US Treasury yields fell on speculation that more banks will fail following the federal seizure of mortgage lender Indy Mac. We expect ROP prices to be range bound with a slight downward bias due to drop in US equities.

Major Currencies

The dollar rebounded in Asian time yesterday after the broad dollar weakness against major currencies last Friday. However, the rally was short lived as US equities shed about half a percent in New York trading, killing the momentum of the dollar rebound. Dollar ended the day mixed against major currencies as a result. Market is awaiting the Bank of Canada rate decision tonight, the rate is widely expected to stay at 3%.

NY RANGE:
 EUR/USD 1.5854-1.5934
 USD/JPY 106.05-106.67
 EUR/JPY 168.80-169.25
 GBP/USD 1.9876-1.9963

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TERM OF THE DAY

Federal Reserve System - The central banking institution of the United States that has the responsibility for the conduct of the nation's monetary policy. It consists of the Board of Governors in Washington and twelve regional District Banks.

* 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.