

Wednesday, July 16, 2008

DAILY MARKET EDGE

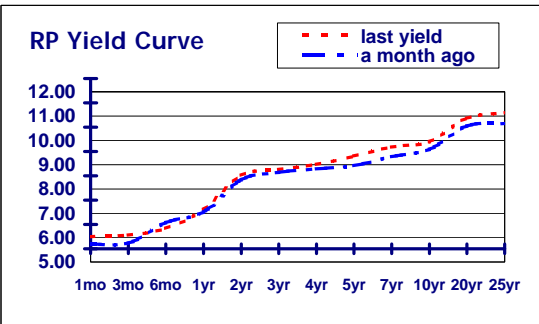
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/15/2008	7/14/2008	As of	7/16/08 10:13 AM	
91D	5.699	3.673	2.238	07/15/08	3MO	Open	45.150	45.710	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	07/15/08	6MO	High	45.475	45.725	JPY	104.740	104.750
364D	6.747	6.703	6.360	07/15/08	1YR	Low	45.100	45.245	IDR	9130	9135
						Close	45.460	45.245	SGD	1.348	1.348
						Ave.	45.264	45.492	TWD	30.386	30.388
						Vol.	834.860	798.700	THB	33.470	33.510
									HKD	7.797	7.798

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/15/08	2YR	8.385%
5YR	8.750	8.750	7.000	07/15/08	5YR	8.958%
7YR	8.375	6.500	7.000	07/15/08	7YR	9.330%
10YR	7.750	5.875	7.500	07/15/08	10YR	9.631%
20YR	8.625	8.000	7.000	07/15/08	20YR	10.589%
25YR	8.500	9.375	7.000	07/15/08	25YR	10.702%

INTEREST RATES UPDATE

Philippine Government Securities

Yields of GS remained flat yesterday as market players continued to stay on the sidelines ahead of the RTB's pricing this Friday. The 3YRS and 5YRS T/bonds were traded at 8.30 and 8.75 respectively. Total volume traded in the secondary market amounted to only Php 3.2bio. For the meantime, we still expect rates to remain rangebound with still upward bias in the near term still on concerns of rising inflation.



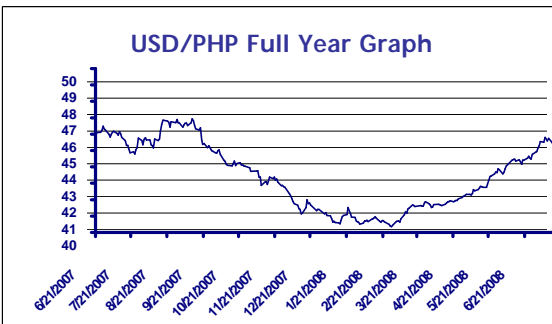
Philippine Sovereign USD Bonds

ROP prices fell by a point yesterday following the slump in global equities due to credit concerns. Prices were given in ROP 30 at 123.125 (7.35%), ROP 31 at 104.75 (7.32%) and ROP 32 at 92.00 (7.08%). Meanwhile, US Treasury yields fell on lower than expected core PPI and retail sales (ex-autos). Fed Chair Bernanke also reverted in saying there are significant downside risks to growth after having said last month that those risks have diminished somewhat. We expect ROP prices to be rangebound with a slight downward bias due to drop in US equities.

CURRENCIES UPDATE

USD/PHP

The dollar rebounded against the peso yesterday, closing at 45.46 vs. 45.245 previously. The greenback initially went down to 45.10 on follow-through selling after the heavy sell-down Monday. However, corporate dollar demand supported the greenback. Weak Asian stocks eventually seeped into FX sentiment, pressuring Asian currencies including the peso. Market got caught short dollars, pushing the exchange rate at the close. The strong close however is negated by the drop in oil prices last night (\$138 from \$145 per barrel). The dollar is thus expected to surrender some of its gains today. Expected range: 45.30 - 45.50.



Major Currencies

Dollar hit an all-time low against the Euro yesterday late in Asian trading. However, in NY trading there was a dollar rally in line with the drop in oil prices. The dollar ended the day off the lows by as much as 100 pips against the Euro. Later, market should focus on US CPI data as well as the continuation of Bernanke's report to in front of the House.

NY range:
 EUR/USD 1.5865-1.6019
 USD/JPY 104.16-105.11
 USD/GBP 2.011-2.015
 EUR/JPY 166.40-167.42



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TERM OF THE DAY

Financing - refers to the means of funding government expenditures including non-budgetary items to cover a budget deficit. In case of a surplus, the excess funds become part of the sources of financing the programmed expenditures.

* 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.