

Monday, July 21, 2008

DAILY MARKET EDGE

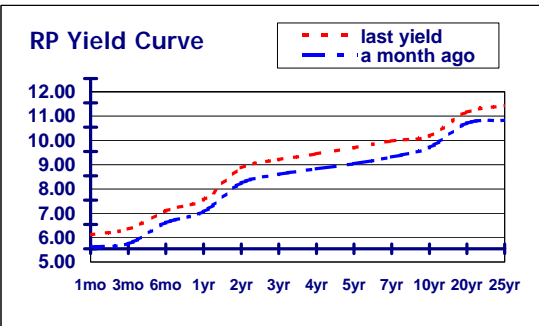
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/18/2008	7/17/2008	As of	7/21/08 10:22 AM	
91D	5.699	3.673	2.238	07/18/08	3MO	Open	44.550	45.350	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	07/18/08	6MO	High	44.660	45.400	JPY	106.740	106.760
364D	6.747	6.703	6.360	07/18/08	1YR	Low	44.440	45.030	IDR	9140	9145
						Close	44.455	45.030	SGD	1.351	1.352
						Ave.	44.510	45.251	TWD	30.336	30.340
						Vol.	1166.200	804.000	THB	33.260	33.280
									HKD	7.797	7.797

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/18/08	2YR	8.248%
5YR	8.750	8.750	7.000	07/18/08	5YR	9.037%
7YR	8.375	6.500	7.000	07/18/08	7YR	9.310%
10YR	7.750	5.875	7.500	07/18/08	10YR	9.710%
20YR	8.625	8.000	7.000	07/18/08	20YR	10.712%
25YR	8.500	9.375	7.000	07/18/08	25YR	10.835%

INTEREST RATES UPDATE

Philippine Government Securities

GS yields traded lower last Friday by 5 bps as the RTB auction was lower than expected. The 3 and 5 year RTB auction was lower than expected by 25 bps with a yield of 8.5% and 9.0% respectively. The secondary market saw the 2 and 5 year FXTN trade lower by 5 bps at 7.425% and 8.75% respectively. With the BSP's announcement that it would continue to raise rates, market is still expected to trade higher.



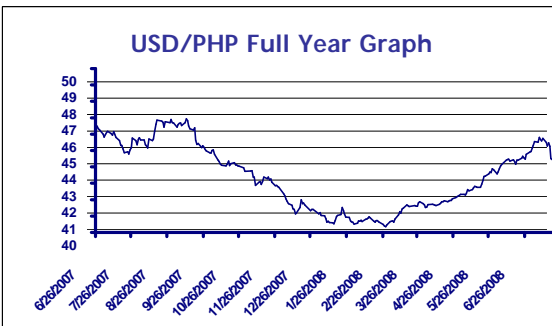
Philippine Sovereign USD Bonds

ROP prices rose by half of a point yesterday on news that the government may not push through with the overseas debt offering this year. Prices were taken in ROP 30 at 123.75 (7.30%), ROP 31 at 105.75 (7.23%) and ROP 32 at 92.875 (7.00%). Meanwhile, US Treasury yields rose after Citigroup reported a narrower Q2 net loss of \$2.5bio or -\$0.54/share. We expect ROP prices to be rangebound with a slight upward bias due to expected rebound in global equities.

CURRENCIES UPDATE

USD/PHP

The dollar dropped last Friday, closing at 44.455 vs. 45.03 previously. The greenback declined against the peso as the fx market cheered the relatively surprising 50 basis point interest rate hike by the BSP. Market analysts see the move as a firm approach to fighting inflation. The dollar also softened as oil prices fell to around \$130 per barrel. The weak close suggests further losses, with 44.25 looming as target. Expected range today: 44.20 - 44.50.



Major Currencies

Majors remained sideways on Friday trading in tighter intraday ranges compared to previous days. Only considerable movement was in the JPY as it weakened around 80 pips to close near 107 on continued risk appetite. Market should continue to watch US equities' earnings reports for direction today.

NY RANGE:
 EUR USD 1.5816-1.5864
 GBP USD 1.9934-1.9993
 EUR JPY 168.77-169.49
 USD JPY 106.52-106.99



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Tracy Felipe	888-7004
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Jocelyn Uy	888-7013
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TERM OF THE DAY

Futures - term used to designate all contracts covering the sale of commodities for future delivery on a commodity exchange.

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