

Tuesday, July 22, 2008

# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/21/2008	7/18/2008	As of	7/22/08 11:15 AM	
91D	5.699	3.673	2.238	07/21/08	3MO	Open	44.300	44.550	\$/CURR	BID	OFFER
182D	6.483	4.675	3.000	07/21/08	6MO	High	44.530	44.660	JPY	106.371	106.380
364D	6.985	6.747	2.770	07/21/08	1YR	Low	44.300	44.440	IDR	9167	9167
						Close	44.530	44.455	SGD	1.353	1.353
						Ave.	44.395	44.510	TWD	30.371	30.374
						Vol.	716.000	1166.200	THB	33.350	33.390
									HKD	7.797	7.797

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/21/08	2YR	8.158%
5YR	8.750	8.750	7.000	07/21/08	5YR	8.960%
7YR	8.375	6.500	7.000	07/21/08	7YR	9.417%
10YR	7.750	5.875	7.500	07/21/08	10YR	9.637%
20YR	8.625	8.000	7.000	07/21/08	20YR	10.669%
25YR	8.500	9.375	7.000	07/21/08	25YR	10.635%

## INTEREST RATES UPDATE

### Philippine Government Securities

GS market was very quiet yesterday with only 2bio mapped trades in PDEx. The 6 months and 1 year auction were 20 bps higher than expected at 6.483% and 6.985% respectively. The secondary market saw the 2 years traded 5 bps higher at 7.5%. Market is expected to trade range bound in the coming days.

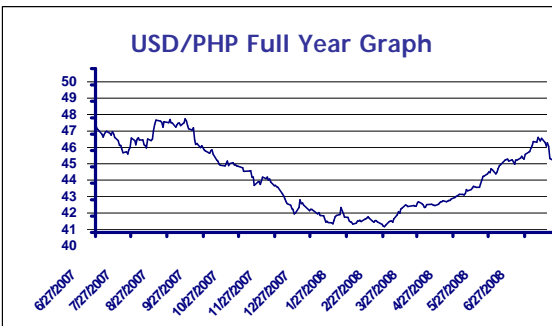
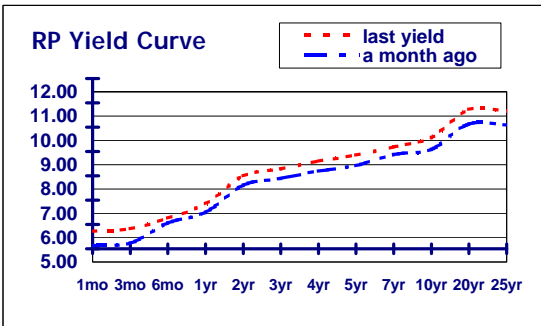
## CURRENCIES UPDATE

### USD/PHP

The dollar rebounded yesterday, closing at 44.53 vs. 44.455 previously. The greenback initially opened weaker at 44.30 but that proved to be the intraday low. Exhaustion of the heavy offshore NDF selling last Friday couple with corporate dollar demand saw the market got caught short dollars. The short squeeze pushed the exchange rate at the close. The strong close suggests further gains, with 44.66 looming as target ahead of good resistance at 44.75. Expected range: 44.50 - 44.75.

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<b>Fixed Income Trading (Php)</b>	
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<b>Inventory Management</b>	
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<b>Institutional Sales</b>	
Anna Yap	888-7001
Carlyn Therese Dulay	888-7029
Mike Garcia	888-7170
Maia Martirez	888-7002
<b>Product Development &amp; Retail Sales</b>	
Johanna Songco Hernandez	888-7003
Tracy Felipe	888-7004
<b>FX / Money Market Sales</b>	
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## Philippine Sovereign USD Bonds

ROP prices rose by a point on massive short-covering by offshore players and rebound in Asian equities. Prices were taken in ROP 30 at 125.00 (7.20%), ROP 31 at 107.00 (7.12%) and ROP 32 at 94.00 (6.89%). Meanwhile, US Treasury yields fell tracking the decline in US equities where most companies reported Q2 earnings that trailed estimates. We expect ROP prices to have an upward bias due to persistent short-covering.

## Major Currencies

Dollar ended weaker yesterday against the majors on the back of a weaker US Equities market. Market should look toward earnings reports of US bank Wachovia later tonight for cues in the absence of the release of major economic data.

### NY RANGE:

EUR USD 1.5832-1.5933  
 USD JPY 106.34-107.13  
 GBP USD 1.9935-2.0039  
 EUR JPY 169.43-169.76

## TERM OF THE DAY

**Gross Borrowings** – cover total funds obtained from repayable sources, including loans secured by the government from both internal and external sources, to finance 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.