

Wednesday, July 23, 2008

DAILY MARKET EDGE

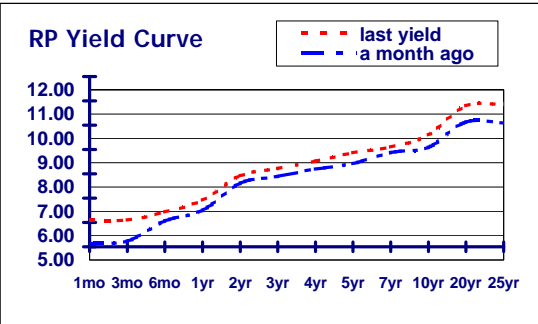
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/22/2008	7/21/2008	As of	7/23/08 10:41 AM	BID	OFFER
91D	5.699	3.673	2.238	07/22/08	3MO	Open	44.600	44.300	\$/CURR		107.352	107.360
182D	6.483	4.675	3.000	07/22/08	6MO	High	44.750	44.530	JPY		9115	9140
364D	6.985	6.747	2.770	07/22/08	1YR	Low	44.540	44.300	IDR		1.358	1.358
						Close	44.610	44.530	SGD		30.375	30.378
						Ave.	44.648	44.395	TWD		33.360	33.365
						Vol.	956.500	716.000	THB		7.798	7.798
									HKD			

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/22/08	2YR	8.158%
5YR	8.750	8.750	7.000	07/22/08	5YR	8.960%
7YR	8.375	6.500	7.000	07/22/08	7YR	9.417%
10YR	7.750	5.875	7.500	07/22/08	10YR	9.637%
20YR	8.625	8.000	7.000	07/22/08	20YR	10.669%
25YR	8.500	9.375	7.000	07/22/08	25YR	10.635%

INTEREST RATES UPDATE

Philippine Government Securities

GS market was very quiet yesterday but yields ended lower by 5 bps in the short end due to client demands. The 2 years ended 5 bps lower at 7.5%. The demand for the 3 and 5 year RTB's continue to grow with total orders reaching 45 Bio on yesterday's survey. With liquidity in the system, market is expected to trade lower in the short end.



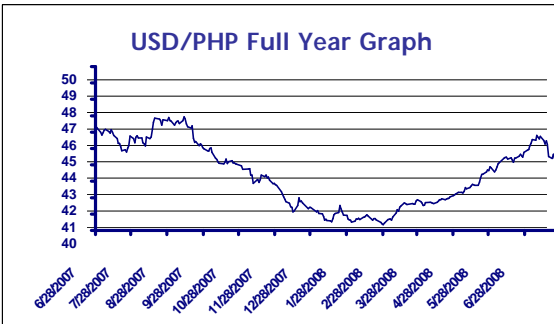
Philippine Sovereign USD Bonds

ROP prices rose by another 3/4 a point on follow through buying by offshore players. Prices were taken in ROP 30 at 125.75 (7.14%), ROP 31 at 107.75 (7.06%) and ROP 32 at 94.875 (6.82%). Meanwhile, US Treasury yields rose despite the worse than expected Q2 loss of Wachovia at \$8.9bio or \$4.2/share. Equities cheered the decline in oil price by \$4 to 127.95 that could provide support on earnings. We expect ROP prices to have an upward bias due to rebound in US equities last night on lower oil prices.

CURRENCIES UPDATE

USD/PHP

The dollar went up yesterday to close at 44.61 vs. 44.53 previously. The greenback got bought all the way up to 44.75 on follow-through buying after the strong close in the previous session. Higher oil prices (back above \$130 per barrel) and negative sentiment in Asian stocks (except for the Nikkei which was closed on Monday) also helped keep the dollar well bid. However, profit-taking and renewed dollar shorting interest pulled down the exchange rate at the close. With U.S. stocks posting a dramatic recovery in the last hour of trading last night (Dow Jones ended up 1.18%), expect Asian currencies to be well bid today, including the peso. As such, the dollar should trade between 44.30 - 44.60 today, with a strong downward bias.



Major Currencies

The dollar initially weaker across the board against major currencies as news that US bank Wachovia missed earnings estimates led the US Equities market lower. However, the drop in oil prices triggered a late rally in both the Equities market and the US Dollar. For the day, the dollar ended markedly stronger across the board against major currencies.

NY range:
 EUR/USD 1.5758-1.59
 USD/JPY 106.52-107.45
 EUR/JPY 169.05-169.63
 GBP/USD 1.9897-2.0038



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TERM OF THE DAY

Gross Domestic product (GDP) – measures the total output within the geographic boundaries of the country, regardless of the nationality of the entities producing the output. Adding the Net Factor Income from Abroad (NFIA) to GDP equals GNP.

* 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.