

Thursday, July 24, 2008

DAILY MARKET EDGE

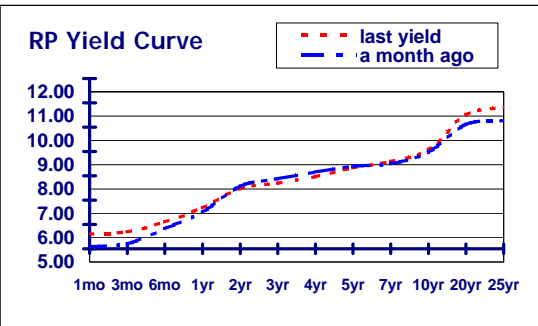
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/23/2008	7/22/2008	As of	7/24/08 11:49 AM	
91D	5.699	3.673	2.238	07/24/08	3MO	Open	44.450	44.600	\$/CURR	BID	OFFER
182D	6.483	4.675	3.000	07/24/08	6MO	High	44.450	44.750	JPY	107.733	107.745
364D	6.985	6.747	2.770	07/24/08	1YR	Low	44.000	44.540	IDR	9132	9137
						Close	44.020	44.610	SGD	1.362	1.363
						Ave.	44.131	44.648	TWD	30.407	30.410
						Vol.	1467.500	956.500	THB	33.460	33.460
									HKD	7.800	7.801

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/24/08	2YR	8.117%
5YR	8.750	8.750	7.000	07/24/08	5YR	8.931%
7YR	8.375	6.500	7.000	07/24/08	7YR	9.039%
10YR	7.750	5.875	7.500	07/24/08	10YR	9.508%
20YR	8.625	8.000	7.000	07/24/08	20YR	10.656%
25YR	8.500	9.375	7.000	07/24/08	25YR	10.814%

INTEREST RATES UPDATE

Philippine Government Securities

GS market rallied 30-40 bps lower as investors showed a strong demand for RTB maturities. The 2 and 3 years traded 40 bps lower at 7.05% and 7.825% respectively. The 4 and 5 years rallied 35 bps at 8.1% and 8.325% respectively. With liquidity clearly in the system we expect the market to continue to trend lower.



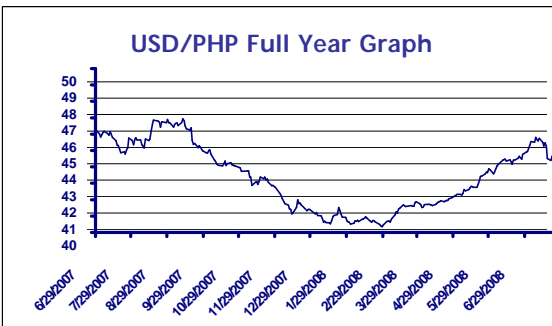
Philippine Sovereign USD Bonds

ROP prices rose by another point on follow through buying by offshore players. Prices were taken in ROP 30 at 126.75 (7.06%), ROP 31 at 108.75 (6.97%) and ROP 32 at 95.75 (6.74%). Meanwhile, US Treasury yields rose on follow-through selling of the government notes after the rebound in global equities. We expect ROP prices to be range bound with a slight downward bias due to expected profit-taking.

CURRENCIES UPDATE

USD/PHP

The dollar declined yesterday, closing at 44.02 vs. 44.61 previously. The greenback dropped against the peso as strong Asian stocks coupled with weak oil prices kept the local currency well bid. BSP rhetoric on further rate hikes also helped support the local currency. The weak close bodes ill for the dollar, with 43.80 looming as target. Expected range: 43.75 - 44.00.



Major Currencies

Dollar continued its rally against major currencies, save for GBP, as US Equities continued its rally. GBP stronger on hawkish tone of the Bank of England minutes as speculation about future plans to hike interest rates pulled the GBP higher.

NY RANGE:
 EUR USD 1.5670-1.5765
 EUR JPY 169.13-169.83
 USD JPY 107.56-107.97
 GBP USD 1.9962-2.0031



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TERM OF THE DAY

Gross National Product (GNP) – is a measure of the country's output of final goods and services for an accounting period in terms of its market or purchaser's value. When valued at constant –base-year pesos, GNP at constant–base year prices provides an overall index of the physical volume of goods and services produced by the economy over the period.

* 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.