

Friday, July 25, 2008

DAILY MARKET EDGE

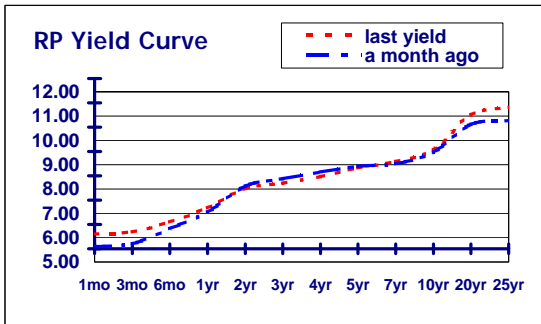
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/24/2008	7/23/2008	As of	7/25/08 10:23 AM	BID	OFFER
91D	5.699	3.673	2.238	07/24/08	3MO	Open	43.950	44.450	\$/CURR			
182D	6.483	4.675	3.000	07/24/08	6MO	High	44.230	44.450	JPY	107.190	107.190	
364D	6.985	6.747	2.770	07/24/08	1YR	Low	43.830	44.000	IDR	9133	9135	
						Close	44.230	44.020	SGD	1.362	1.362	
						Ave.	44.032	44.131	TWD	30.432	30.435	
						Vol.	884.000	1467.500	THB	33.450	33.470	
									HKD	7.799	7.799	

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 again yesterday on follow through buying. The 3 and 5 years traded 30 bps lower at 7.575% and 8.05% respectively. Market is still expecting yields to trade lower as liquidity continues to flow in the system.



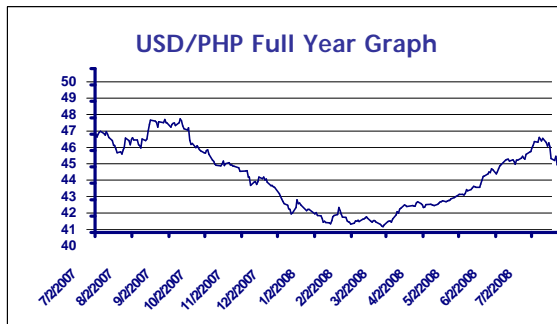
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices fell by quarter of a point on profit-taking after the steep rally. Prices were given 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 fell on demand for safety of government debt after US equities slumped last night by more than 2%. Jobless claims was above 400,000 and existing home sales came out lower than expected at 4.86mio units that pulled down financial shares. We expect ROP prices to have a downward bias due to slump in global equities.

CURRENCIES UPDATE

USD/PHP

The dollar rebounded yesterday, closing at 44.23 vs. 44.02 previously. The greenback initially dropped to as low as 43.83 on follow-through selling after the heavy sell-down the previous day. Stronger Asian stocks and softer oil prices also helped pull down the greenback in morning trade. However, profit-taking and suspected BSP dollar bids below the 44.00 level supported the dollar. Weak European stocks and a slight rebound in oil prices resulted in the market being caught short dollars, with the short squeeze lifting the exchange rate at the close. The strong close suggests further gains, with 44.30 looming as initial target. Expected range: 44.10 - 44.40.



Major Currencies

The FX market was mixed yesterday on the back of weak data in the EU, US and UK. The JPY strengthened as the US Equities market took a tumble of about 2.4% and ended stronger by about 70 cents against the dollar. UK GDP data is expected tonight, .2% quarter-on-quarter is expected versus .3% previous.

NY RANGE:
 EUR/USD 1.5628-1.5714
 USD/JPY 107.19-107.85
 GBP/USD 1.9817-1.9881
 EUR/JPY 167.93-169.00



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TERM OF THE DAY

Group of 20 or G20 - This group, formed in 1999, comprises the G7, 11 major emerging market economies (Argentina, Australia, China, Brazil, India, Mexico, Russia, Korea, Turkey, South Africa, Saudi Arabia) and 2 institutional representatives (European Union and IMF/World Bank).

* 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.