

Monday, July 28, 2008

# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/25/2008	7/24/2008	As of	7/28/08	10:39 AM	
91D	5.699	3.673	2.238	07/25/08	3MO	Open	44.300	43.950	\$/CURR	BID	OFFER	
182D	6.483	4.675	3.000	07/25/08	6MO	High	44.390	44.230	JPY	107.910	107.920	
364D	6.985	6.747	2.770	07/25/08	1YR	Low	44.030	43.830	IDR	9112	9115	
						Close	44.070	44.230	SGD	1.364	1.364	
						Ave.	44.164	44.032	TWD	30.400	30.406	
						Vol.	827.050	884.000	THB	33.430	33.460	
									HKD	7.798	7.798	

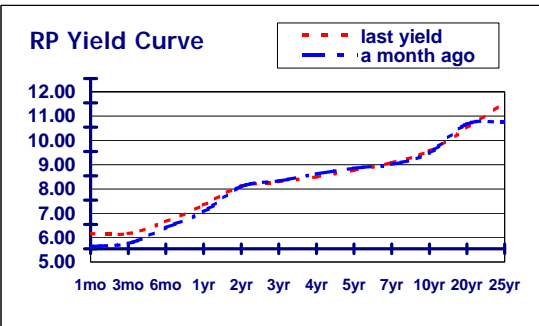
  

FXTN	Cpn	Prev.	Vol.	Date	FXTN
2YR	8.500	8.500	5.000	07/25/08	2YR
5YR	8.750	8.750	7.000	07/25/08	5YR
7YR	8.375	6.500	7.000	07/25/08	7YR
10YR	7.750	5.875	7.500	07/25/08	10YR
20YR	8.625	8.000	7.000	07/25/08	20YR
25YR	8.500	9.375	7.000	07/25/08	25YR

## INTEREST RATES UPDATE

### Philippine Government Securities

GS yields ended flat last Friday after a 2 day rally. Market opened strong with buyers coming in trading 5 bps lower. Sellers eventually came in on profit taking and yields ended flat for the day. The 2 and 3 years closed at 7.105% and 7.55% respectively. The 4 and 5 years closed at 7.95% and 8.03% respectively.



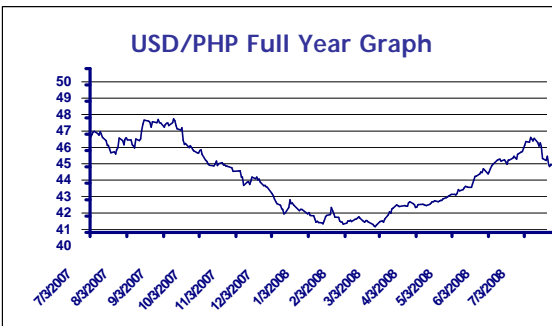
### Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices traded flat as market participants traded the range last Friday. Meanwhile, US Treasury yields rose on stronger than expected durable goods orders at 0.8% (headline) and 2.0% (ex-transportation). We expect ROP prices to be rangebound with a slight upward bias due to higher US equities.

## CURRENCIES UPDATE

### USD/PHP

The dollar declined last Friday, closing at 44.07 vs. 44.23 previously. The greenback initially opened higher at 44.30 and reached a high of 44.39 on the back of weak Asian stocks and relatively higher oil prices. However, nascent selling interest in the offshore emerged, bringing down the exchange rate at the close. The weak close suggests further losses, with 44.00 looming as target. However, corporate dollar demand should emerge at these levels. Thus, we expect a possible bounce from opening, with 44.20 expected to cap any extended rallies.



### Major Currencies

Dollar initially weaker across the board against most majors, however, positive data from the US ignited a dollar rally. For the day dollar ended slightly stronger versus most major currencies.

NY RANGE:  
 EUR USD 1.5666-1.5754  
 USD JPY 107.16-107.95  
 EUR JPY 168.73-169.48  
 GBP USD 1.9871-1.9978



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<b>Institutional Sales</b>	
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Carlyn Therese Dulay	888-7029
Mike Garcia	888-7170
<b>Product Development &amp; Retail Sales</b>	
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## TERM OF THE DAY

**Group of Seven (G7)** - This is a group of the major industrial democracies in the international community, namely the USA, United Kingdom, Japan, France, Germany, Canada and Italy. They usually meet annually to discuss major economic and political issues facing their societies and the international community as a whole.

\* 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.