

Tuesday, July 29, 2008

DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/28/2008	7/25/2008	As of	7/29/08 10:53 AM	
91D	5.699	3.673	2.238	07/28/08	3MO	Open	44.000	44.300	\$/CURR	BID	OFFER
182D	6.483	4.675	3.000	07/28/08	6MO	High	44.080	44.390	JPY	107.332	107.350
364D	6.985	6.747	2.770	07/28/08	1YR	Low	43.950	44.030	IDR	9133	9141
						Close	44.040	44.070	SGD	1.362	1.363
						Ave.	44.017	44.164	TWD	30.445	30.451
						Vol.	506.500	827.050	THB	33.440	33.510
									HKD	7.801	7.802

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/28/08	2YR	8.219%
5YR	8.750	8.750	7.000	07/28/08	5YR	9.059%
7YR	8.375	6.500	7.000	07/28/08	7YR	9.165%
10YR	7.750	5.875	7.500	07/28/08	10YR	9.512%
20YR	8.625	8.000	7.000	07/28/08	20YR	10.717%
25YR	8.500	9.375	7.000	07/28/08	25YR	10.748%

INTEREST RATES UPDATE

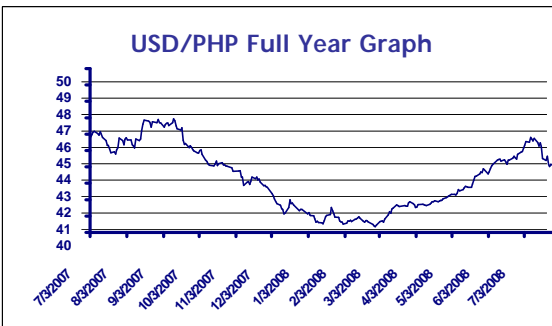
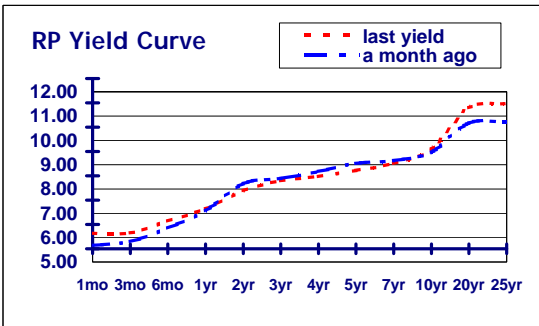
Philippine Government Securities

GS market was very quiet yesterday as most players opted to stay in the sidelines ahead of the SONA. Market opened with players buying the short dated tenors as the 2 years traded 2bps lower at 7.095%. The newly issued RTB's also traded at 8.00% and 8.5% respectively which is 50 bps lower than original coupon rates. With BSP's announcement of Philippine CPI to reach 12% next month market could see some profit taking and yields are at an upward bias in the coming weeks.

CURRENCIES UPDATE

USD/PHP

The dollar declined yesterday, closing at 44.04 vs. 44.07 previously. The greenback range-traded between 43.95 and 44.08, with trading muted ahead of the President's SONA. Weak European stocks and a slight bounce in oil prices in the end pushed up the dollar to close above the crucial 44.00 level. With the Dow closing more than 2% lower last night, coupled with higher oil prices (almost \$125 per barrel), we expect the greenback to be well bid today. 44.20 stands as initial target. Expected range: 44.10 - 44.40.



Philippine Sovereign USD Bonds

ROP prices rose by quarter of a point as traders trade the range after higher US equities last Friday. 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 fell after smaller US banks First National Bank of Nevada and First Heritage Bank California failed. Merrill Lynch and Lehman Brothers are also expected to report more losses or writedown related to subprime while IMF said that housing slump is not nearing any bottom for now. We expect ROP prices to be rangebound with a slight downward bias due to slump in US equities.

Major Currencies

US Dollar was slightly weaker overnight on the back of a weak equities market coupled with a slight rise in commodities. US consumer confidence data as well as CPI data in the Euro zone will be the focus in today's trading.

NY RANGE:
 EUR USD 1.5718-1.5768
 USD JPY 107.35-107.78
 GBP USD 1.9858-1.9965
 EUR JPY 169.12-169.73



TREASURY DIRECTORY

Raffy Algarra SVP - Treasurer	888-7030
Raul Pedro FVP	888-7042
Asset & Liability Management (ALM) Sheila Gomez Kris Vainio	888-7026 888-7028
Fixed Income Trading (\$) Andre' Ibarra Bong Cabral Nikki Chua	888-7033 888-7032 888-7020
Fixed Income Trading (Php) Alan Atienza Dino Aquino	888-7031 888-7044
Derivatives Desk Aileen Chua Nicole Chai Ella Villame	888-7042 888-7027 888-7649
Foreign Exchange (FX) Jon Velasquez Dominic Banal Jennie Cao Melon	888-7021 888-7025 888-7024
Fixed Income Securities Division (FISD) Cheli Tabuena FVP	888-7046
Corporate Sales Cheche Serrano Amanda Roa Desiree Ang	888-7007 888-7006 888-7009
Inventory Management Adie Go	888-7728
Institutional Sales Anna Yap Carlyn Therese Dulay Mike Garcia	888-7001 888-7029 888-7170
Product Development & Retail Sales Johanna Songco Hernandez Tracy Felipe	888-7003 888-7004
FX / Money Market Sales Sheilagh Rivera AVP	888-7015
Jocelyn Uy Jill Rances Francis Buenaventura Glenn Jao Jason Yap	888-7013 888-7016 888-7014 888-7017 888-7018

TERM OF THE DAY

Housing Starts - The start of construction of a new housing unit. A start takes place when the foundation is begun. In the case of multi-family units, the start of the foundation is taken as the start of construction of all the units in the building.

* 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.