

Wednesday, July 30, 2008

DAILY MARKET EDGE

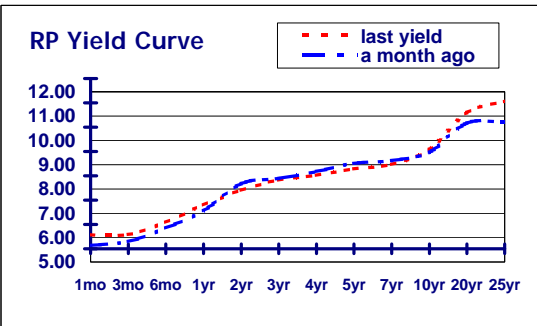
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/29/2008	7/28/2008	As of	7/30/08	10:37 AM	
91D	5.699	3.673	2.238	07/29/08	3MO	Open	44.230	44.000	\$/CURR	BID	OFFER	
182D	6.483	4.675	3.000	07/29/08	6MO	High	44.400	44.080	JPY	107.970	108.000	
364D	6.985	6.747	2.770	07/29/08	1YR	Low	44.160	43.950	IDR	9125	9130	
						Close	44.380	44.040	SGD	1.367	1.368	
						Ave.	44.301	44.017	TWD	30.483	30.491	
						Vol.	717.860	506.500	THB	33.430	33.540	
									HKD	7.803	7.804	

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/29/08	2YR	8.219%
5YR	8.750	8.750	7.000	07/29/08	5YR	9.059%
7YR	8.375	6.500	7.000	07/29/08	7YR	9.165%
10YR	7.750	5.875	7.500	07/29/08	10YR	9.512%
20YR	8.625	8.000	7.000	07/29/08	20YR	10.717%
25YR	8.500	9.375	7.000	07/29/08	25YR	10.748%

INTEREST RATES UPDATE

Philippine Government Securities

GS yields ended higher by 10-15 bps yesterday on profit taking. The 2 and 3 years traded 10 bps higher at 7.20% and 7.65% respectively. The 5 years was 15 bps higher at 8.20%. With BSP announcing that Philippine CPI slowed down in July, we could see some buying interest from the market.



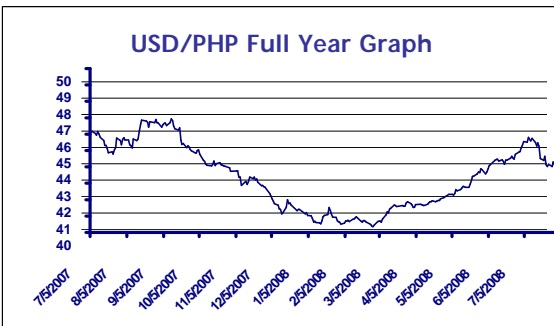
Philippine Sovereign USD Bonds

ROP prices were flat trading the tight ranges and awaiting the US GDP and employment data this week. Meanwhile, US Treasury yields were rangebound amidst the rebound in US equities due to lower oil prices and higher than expected consumer confidence at 51.9. We expect ROP prices to have an upward bias due to lower oil prices and strong equities.

CURRENCIES UPDATE

USD/PHP

The dollar continued to go higher yesterday, closing at 44.38 vs. 44.04 previously. The greenback went up on the back of weak Asian stocks and relatively higher oil prices (around \$125 per barrel). However, suspected dollar sales by the BSP halted the rally at the 44.40 level. While the dollar closed with an upward momentum, a recovery in U.S. stocks last night (Dow up 2.4%) coupled with lower oil prices (around \$122 per barrel) should pull down the greenback in today's trading. 44.20 loom as initial target. Expected range: 44.00 - 44.30.



Major Currencies

Majors were noticeably weaker against the dollar on the back of the strong showing of US Equities as well as a sizeable drop in oil prices. With no major data expected today, market looks to consolidate ahead of the release of economic data in the coming days.

NY RANGE:
 EUR USD 1.5553-1.5735
 GBP USD 1.9760-1.9904
 EUR JPY 168.30-169.48
 USD JPY 107.67-108.30



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TERM OF THE DAY

IFO (Information und Forschung, Information & Research) index – calculated once a month based on surveys in which 7000 corporations provide their input, subdivided into 150 sub-indices, of which the manufacturing sector and the export expectation index are the most important.

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