

Thursday, July 31, 2008

DAILY MARKET EDGE

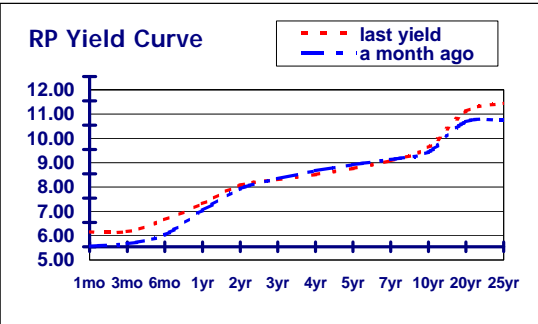
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/30/2008	7/29/2008	As of	7/31/08	11:31 AM
91D	5.699	3.673	2.238	07/30/08	3MO	Open	44.130	44.230	\$/CURR	BID	OFFER
182D	6.483	4.675	3.000	07/30/08	6MO	High	44.220	44.400	JPY	107.992	108.010
364D	6.985	6.747	2.770	07/30/08	1YR	Low	44.070	44.160	IDR	9117	9119
						Close	44.150	44.380	SGD	1.368	1.369
						Ave.	44.140	44.301	TWD	30.650	30.656
						Vol.	582.500	717.860	THB	33.510	33.570
									HKD	7.802	7.803

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/30/08	2YR	7.931%
5YR	8.750	8.750	7.000	07/30/08	5YR	8.925%
7YR	8.375	6.500	7.000	07/30/08	7YR	9.137%
10YR	7.750	5.875	7.500	07/30/08	10YR	9.429%
20YR	8.625	8.000	7.000	07/30/08	20YR	10.689%
25YR	8.500	9.375	7.000	07/30/08	25YR	10.742%

INTEREST RATES UPDATE

Philippine Government Securities

GS yields ended lower by 5-10 bps on reports of July inflation to have slowed down. The 2 and 3 years traded 10 bps lower at 7.1% and 7.55%. The 5 years was 5 bps lower at 8.15%. With lower global commodity prices, GS market could see more buying interest.



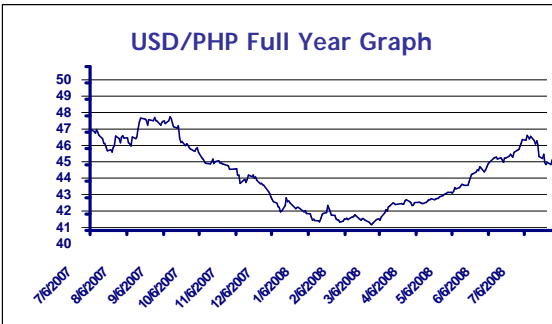
Philippine Sovereign USD Bonds

ROP prices rose by quarter of a point after the decline in oil prices. Nymex crude oil plunged \$4 to \$121.00 boosting emerging market bonds that were recently plagued by inflation concerns. Prices were taken in ROP 30 at 127.375 (7.01%), ROP 31 at 109.375 (6.92%) and ROP 32 at 96.625 (6.66%). Meanwhile, US Treasury yields were just flat towards the US Q2 GDP (preliminary) tonight expected at 2.0 from previous figure of 1.0. We expect ROP prices to be rangebound with an upward bias due to higher US equities.

CURRENCIES UPDATE

USD/PHP

The dollar went down yesterday, closing at 44.15 from 44.38 previously. The greenback dropped against the peso as strong Asian stocks coupled with weak oil prices prodded traders to buy back the local currency. Profit-taking and corporate dollar demand saved the dollar from further losses. Last night, oil prices rebounded to above \$126 per barrel. This bodes ill for the peso, and the dollar is expected to go higher today. 44.30 stands as initial target. Expected range: 44.10 - 44.40.



Major Currencies

Dollar initially stronger against the majors on a better than expected ADP number and a rally in the US Equities market. However, oil spiked after data showed a decrease in oil inventories. For the day major currencies ended mostly unchanged versus the dollar. Market will keep an eye on major data releases today, which includes US and Canada GDP figures.

NYRANGE:

EUR USD 1.5522-1.5602
 GBP USD 1.9745-1.9835
 EUR JPY 167.96-168.51
 USD JPY 107.78-108.34



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

Industrial Production Index - The measure of the output of the "goods" production sectors : manufacturing, mining and utilities (electric and natural gas). The output is expressed as an index compiled by the Federal Reserve. Industrial production directly reflects output and so is a key measure of economic activity. Consequently, increases in production represent a strengthening of economic activity and impart upward pressure on interest rates. The Fed is especially sensitive to industrial production in its regulation of monetary policy to economic activity.

* 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.