

Tuesday, August 05, 2008

DAILY MARKET EDGE

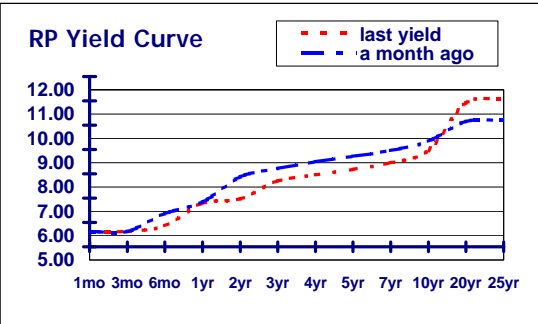
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	8/4/2008	8/1/2008	As of	8/5/08	10:29 AM
91D	5.699	3.673	2.238	08/04/08	3MO	Open	44.280	44.220	\$/CURR	BID	OFFER
182D	6.483	4.675	3.000	08/04/08	6MO	High	44.480	44.270	JPY	108.250	108.270
364D	6.985	6.747	2.770	08/04/08	1YR	Low	44.270	44.150	IDR	9080	9086
						Close	44.420	44.225	SGD	1.375	1.376
						Ave.	44.422	44.213	TWD	30.705	30.712
						Vol.	621.500	800.000	THB	33.580	33.620
									HKD	7.804	7.804

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	08/04/08	2YR	8.415%
5YR	8.750	8.750	7.000	08/04/08	5YR	9.267%
7YR	8.375	6.500	7.000	08/04/08	7YR	9.502%
10YR	7.750	5.875	7.500	08/04/08	10YR	9.888%
20YR	8.625	8.000	7.000	08/04/08	20YR	10.700%
25YR	8.500	9.375	7.000	08/04/08	25YR	10.742%

INTEREST RATES UPDATE

Philippine Government Securities

GS Yields ended lower yesterday by 10-15 bps across the curve as players are anticipating inflation for the 2nd half of 2008 to slow down. Market players seem to be comfortable with the 12% CPI as buyers pushed yields lower and sellers eventually retreated. The 2 and 3 years traded 10 bps lower at 7.05% and 7.475% respectively. The 4 and 5 years was 15 bps closing at 7.8% and 8.0% respectively. If YOY inflation numbers fetch a rate of lower than 12%, market could still see yields trade lower.



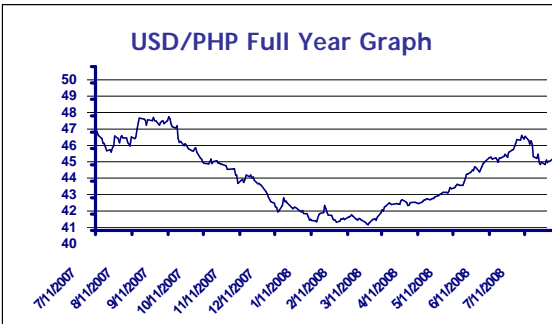
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were just flat yesterday ahead of the FOMC meeting tomorrow. Meanwhile, U.S. Treasury yields were higher due to higher than expected inflation figures that came out of the U.S. last night. We expect ROP prices to be range bound with an upward bias as oil prices fell last night in NY time.

CURRENCIES UPDATE

USD/PHP

The dollar went up yesterday, closing at 44.42 vs. 44.225 previously. The greenback rose on the back of relatively higher oil prices and weak Asian stocks. Credit crunch concerns only added to the peso's woes. The strong momentum was however negated by a slide in oil prices last night (down to \$121 per barrel). This should bode well for Asian currencies including the peso. 44.30 stands as initial target. Expected range: 44.20 - 44.40.



Major Currencies

Majors were weaker against the dollar on the back of dropping commodities prices. We look toward a quiet day ahead of the FOMC meeting later today. Also, market is looking towards Reserve Bank of Australia's rate decision today. Although no change is expected with regard to both countries' overnight rate, market players are listening closely to comments that may show bias for future rate decisions.

NY RANGE:
 EUR USD 1.5554-1.5632
 GBP USD 1.9601-1.9720
 USD JPY 107.91-108.29
 EUR JPY 168.36-168.79



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TERM OF THE DAY

Initial Public Offering (IPO)- The first time an issuer sells stock to the public and is listed in an official exchange.

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