

Thursday, August 07, 2008

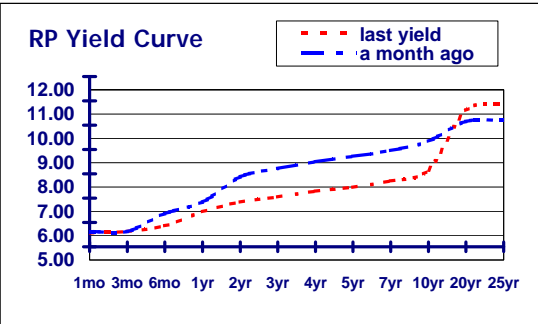
DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	8/6/2008	8/5/2008	As of	8/7/08	10:59 AM
91D	5.699	3.673	2.238	08/06/08	3MO	Open	44.000	44.300	\$/CURR	BID	OFFER
182D	6.483	4.675	3.000	08/06/08	6MO	High	44.000	44.450	JPY	109.440	109.455
364D	6.923	6.985	6.845	08/06/08	1YR	Low	43.800	44.090	IDR	9112	9115
						Close	43.820	44.125	SGD	1.382	1.383
FXTN	Cpn	Prev.	Vol.	Date	FXTN	Ave.	43.842	44.183	TWD	30.840	30.844
2YR	8.500	8.500	5.000	08/06/08	2YR	Vol.	1222.320	894.250	THB	33.630	33.670
5YR	8.750	8.750	7.000	08/06/08	5YR				HKD	7.804	7.805
7YR	8.375	6.500	7.000	08/06/08	7YR						
10YR	7.750	5.875	7.500	08/06/08	10YR						
20YR	8.625	8.000	7.000	08/06/08	20YR						
25YR	8.500	9.375	7.000	08/06/08	25YR						

INTEREST RATES UPDATE

Philippine Government Securities

GS yields ended lower by 30-50 bps yesterday as market felt comfortable to enter the market on signs of slowing inflation. The 2 and 3 years traded 30 bps lower at 6.6% and 6.95% respectively. The 4 and 5 years was 50 bps lower at 7.1% and 7.3% respectively. The 8 years closed 45 bps lower at 7.95%. Market still very liquid and yields could continue to trade lower.



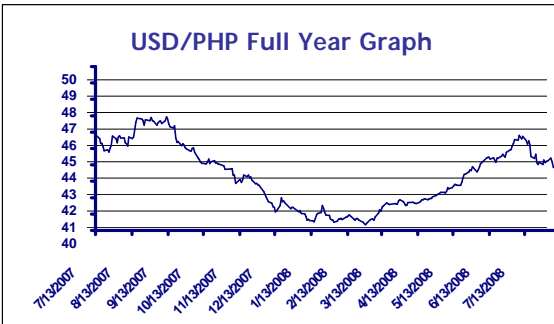
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were flat as local players book profits on any rallies. Meanwhile, US Treasury yields rose after the Treasury's auction of \$17b in new 10-year notes. We expect ROP prices to be rangebound with a slight downward bias on persistent profit-taking.

CURRENCIES UPDATE

USD/PHP

The dollar declined yesterday, closing at 43.82 vs. 44.125 previously. The greenback dropped against the peso as soft oil prices coupled with strong Asian stocks continued to inspire the market to buy up the local currency. The easy breach of the 44.00 level added to the dollar selling momentum. With oil prices staying soft (below \$119 per barrel), expect the dollar to open lower today. However, the dollar's broad strength plus weak U.S. stock futures might limit peso gains. 43.75 looms as initial target. Expected range: 43.70 - 43.90.



Major Currencies

After oil closed below 120/bbl level, dollar continued its rally against major currencies. JPY markedly weaker against USD after comments by analysts saying that Japan looks like it is heading into a recession. JPY as much as 150 pips weaker versus the USD as a result. With Bank of England and EB rate decisions expected to remain unchanged tonight, market will be looking for hawkish commentary from both central banks to provide a boost for majors.

NY RANGE:
 EUR USD 1.5398-1.5484
 GBP USD 1.9467-1.9548
 USD JPY 108.52-109.89
 EUR JPY 167.90-169.32



TREASURY DIRECTORY

Raffy Algarra SVP - Treasurer	888-7030
Raul Pedro FVP	888-7042
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TERM OF THE DAY

Interest Rate - interest payable each year, expressed as percentage of the principal.

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