

Friday, August 08, 2008

DAILY MARKET EDGE

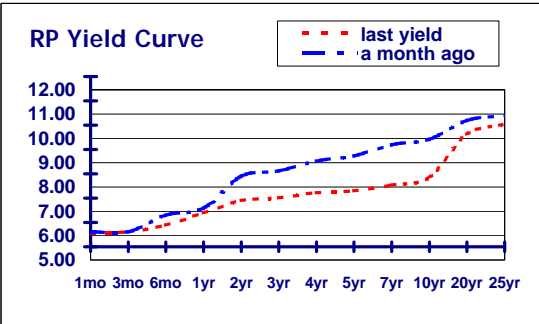
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	8/7/2008	8/6/2008	As of	8/8/08 10:25 AM	
91D	5.699	3.673	2.238	08/07/08	3MO	Open	43.770	44.000	\$/CURR	BID	OFFER
182D	6.483	4.675	3.000	08/07/08	6MO	High	44.000	44.000	JPY	109.615	109.632
364D	6.923	6.985	6.845	08/07/08	1YR	Low	43.760	43.800	IDR	9100	9150
						Close	43.940	43.820	SGD	1.398	1.399
						Ave.	43.904	43.842	TWD	31.136	31.149
						Vol.	654.000	1222.320	THB	33.660	33.700
									HKD	7.807	7.807

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	08/07/08	2YR	8.447%
5YR	8.750	8.750	7.000	08/07/08	5YR	9.273%
7YR	8.375	6.500	7.000	08/07/08	7YR	9.735%
10YR	7.750	5.875	7.500	08/07/08	10YR	9.960%
20YR	8.625	8.000	7.000	08/07/08	20YR	10.737%
25YR	8.500	9.375	7.000	08/07/08	25YR	10.929%

INTEREST RATES UPDATE

Philippine Government Securities

GS yields ended higher by 10-15 bps yesterday as the BTR announced that they would push through with their 7 year auction next week. The 2 and 3 years traded 10 bps higher at 6.8% and 7.05% respectively. The 4 and 5 years traded 15 bps higher at 8.25% and 8.325% respectively. Yields are range bound with a slightly upward bias on profit taking ahead of the auction next week.



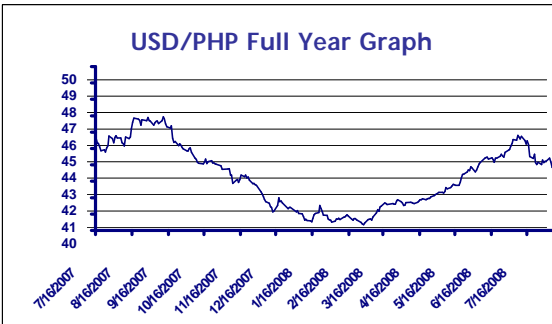
Philippine Sovereign USD Bonds

ROP prices fell by half a point as Asian equities tumbled on renewed risk aversion. Prices were given in ROP 30 at 127.625 (6.99%), ROP 31 at 109.375 (6.92%) and ROP 32 at 96.625 (6.66%). Meanwhile, US Treasury yields fell after AIG reported Q2 loss of \$5.36bio and jobless claims rose to 455,000. We expect ROP prices to have a downward bias due to slump in US equities.

CURRENCIES UPDATE

USD/PHP

The dollar went up yesterday, closing at 43.94 vs. 43.82 previously. The greenback rebounded after Asian stocks retreated on renewed credit concerns. The market got caught short dollars, the resulting squeeze pushed the exchange rate at the close. The strong close suggests further gains for the greenback. With U.S. stocks tumbling last night (Dow Jones down 1.9%), expect the dollar to shoot up today. 44.20 stands as initial target. Expected range: 44.10 – 44.40.



Major Currencies

Majors were weaker in yesterday's trading. While market expected the ECB and BoE to keep key rates unchanged, dovish statements from ECB's Trichet dampened chances of rate hikes in the Eurozone in the near future. With no major data coming out today, upticks for majors should be limited.

NY RANGE:

EUR USD 1.5310-1.5505
 USD JPY 109.13-109.69
 GBP USD 1.9420-1.9538
 EUR JPY 167.59-169.48



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TERM OF THE DAY

Leading Indicators – This is a composite index of 11 economic indicators that have been found to lead business cycle turning points (peaks and troughs). The index of leading indicators have been found to have a good track record at giving early warnings – 2 – 15 months – of turning points in 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.