

Friday, August 15, 2008

# DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	8/14/2008	8/13/2008	As of	8/15/08	10:42 AM
91D	5.699	3.673	2.238	08/14/08	3MO	Open	44.750	44.580	\$/CURR	BID	OFFER
182D	6.483	4.675	3.000	08/14/08	6MO	High	44.980	44.730	JPY	110.120	110.140
364D	6.923	6.985	6.845	08/14/08	1YR	Low	44.750	44.520	IDR	9180	9190
						Close	44.975	44.720	SGD	1.413	1.414
						Ave.	44.920	44.632	TWD	31.385	31.390
						Vol.	778.400	696.000	THB	33.750	33.780
									HKD	7.813	7.813

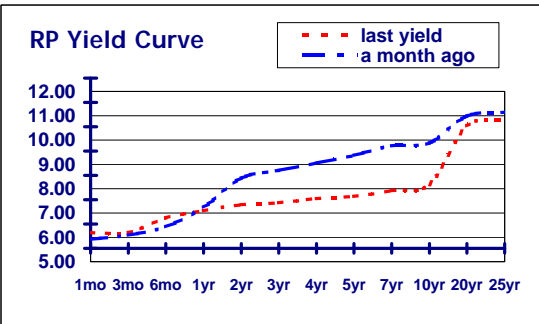
  

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	08/14/08	2YR	8.437%
5YR	8.750	8.750	7.000	08/14/08	5YR	9.371%
7YR	8.375	8.375	7.000	08/14/08	7YR	9.769%
10YR	7.750	5.875	7.500	08/14/08	10YR	9.883%
20YR	8.625	8.000	7.000	08/14/08	20YR	10.990%
25YR	8.500	9.375	7.000	08/14/08	25YR	11.148%

## INTEREST RATES UPDATE

### Philippine Government Securities

GS yields closed 25-30 bps higher yesterday as the BSP reported that inflation has yet to peak in 2008. The 2, 3 and 4 years all traded 30 bps higher at 7.0%, 7.175% and 7.275% respectively. The 5 and 8 years was 25 bps higher at 7.35% and 7.7% respectively. With BSP possibly raising their overnight rates as 50 bps, yields are still at an upward bias.



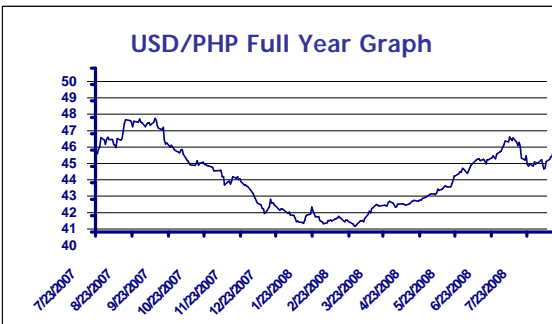
### Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were flat as most offshore players in the US are on summer holiday. Meanwhile, US Treasury yields fell despite the higher than expected consumer price index at 0.8 (headline) and 0.3 (core). Market focused in the higher jobless claims at 450,000 and lower oil prices that could dampen inflation expectations especially in the long end of the curve. We expect ROP prices to be rangebound with a slight upward bias due to rebound in US equities.

## CURRENCIES UPDATE

### USD/PHP

The dollar was stronger against the peso yesterday, opening at the day's low of 44.75 and rising quickly to around the 44.90-level in line with other Asian currencies. The afternoon was mostly quiet except from some buying interest near the close. Market closed half a cent below the intraday high. Look for another up move from the Dollar against the Peso today in line with the strong dollar seen in overnight trading. Expected range is 45.00-45.30



### Major Currencies

Majors were mixed in yesterday's trading, the dollar continued to strengthen against the Euro and Aussie on the back of slightly lower oil and metal prices. The market generally did not react to CPI figures in the Eurozone and the US in yesterday's trading, given this, majors should continue to track commodities later with choppy trading still expected.

NY range:  
 Eur usd 1.4777-1.4952  
 Usd jpy 109.31-109.99  
 Gbp usd 1.8662-1.8788  
 Eur jpy 162.23-163.72



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## TERM OF THE DAY

**Market** - all potential buyers and sellers of a good or a service.

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