

Tuesday, August 19, 2008

DAILY MARKET EDGE

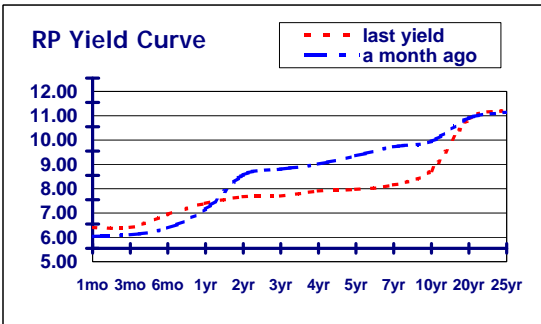
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	8/15/2008	8/14/2008	As of	8/19/08	10:07 AM	
91D	5.699	3.673	2.238	08/15/08	3MO	Open	45.080	44.750	\$/CURR	BID	OFFER	
182D	6.483	4.675	3.000	08/15/08	6MO	High	45.340	44.980	JPY	109.820	109.840	
364D	6.923	6.985	6.845	08/15/08	1YR	Low	45.080	44.750	IDR	9186	9195	
						Close	45.310	44.975	SGD	1.412	1.415	
						Ave.	45.264	44.920	TWD	31.305	31.329	
						Vol.	1122.180	778.400	THB	33.910	33.970	
									HKD	7.812	7.813	

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	08/15/08	2YR	8.566%
5YR	8.750	8.750	7.000	08/15/08	5YR	9.358%
7YR	8.375	8.375	7.000	08/15/08	7YR	9.729%
10YR	7.750	5.875	7.500	08/15/08	10YR	9.952%
20YR	8.625	8.000	7.000	08/15/08	20YR	10.906%
25YR	8.500	9.375	7.000	08/15/08	25YR	11.142%

INTEREST RATES UPDATE

Philippine Government Securities

GS yields ended higher again last Friday as market correction continued. Yields traded 10-20 bps higher across the curve. The 2 years traded 15 bps higher at 7.15%. The 3 years was 10 bps higher at 7.25%. The 4 years was 20 bps higher at 7.425%. Lastly the 5 and 8 years was 15 bps higher at 7.5% and 7.8% respectively. Market could still see some correction ahead of the MB meeting this Friday.



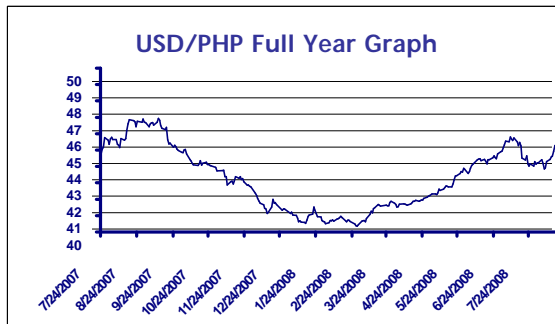
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were just flat last Friday. Meanwhile, U.S. Treasuries traded higher as investors sought the safety of government debt as U.S. equity markets tumbled. We expect ROP prices to be range bound with a downward bias due to weakness on global equity markets.

CURRENCIES UPDATE

USD/PHP

The dollar went up last Friday, closing at 45.31 vs. 44.975 previously. The greenback gained across the board, as expectations of lower growth prospects in Europe and Japan inspired traders to cover short dollar positions. BSP dollar sales saved the peso from further losses, but the trend has decisively turned bullish dollar. The strong close suggests further gains, with 45.50 looming as target. Remittances from the long weekend may initially stall the dollar rally, but regional cues should prop the greenback towards the close. Expected range today: 45.25 - 45.65.



Major Currencies

The Majors ended mostly unchanged versus the dollar in yesterday's trading. Commodities were initially higher after fears that a storm would hit US oil plants near the Gulf of Mexico, but quickly came back to about the original levels after subsequent reports predicted otherwise. The Yen was stronger again on the back of weak equities market. RBA board minutes will be out later today, market is looking for cues as to whether Australia's reserve bank is prepared to cut rates in the near future.

NY RANGE:
 EUR USD 1.4686-1.4746
 USD JPY 109.96-110.38
 GBP USD 1.8634-1.8695
 EUR JPY 161.68-162.44



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TERM OF THE DAY

Market Price - the last reported price at which a stock or bond is sold.

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