

Friday, August 22, 2008

DAILY MARKET EDGE

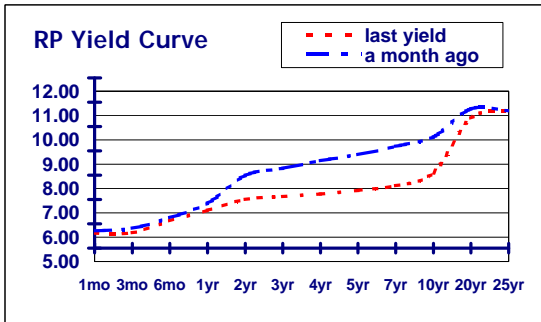
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	8/21/2008	7/24/2008	As of	8/22/08	10:42 AM
91D	5.699	3.673	2.238	08/21/08	3MO	Open	44.300	43.950	\$/CURR	BID	OFFER
182D	6.483	4.675	3.000	08/21/08	6MO	High	44.390	44.230	JPY	107.910	107.920
364D	6.95	6.923	6.565	08/21/08	1YR	Low	44.030	43.830	IDR	9112	9115
						Close	44.070	44.230	SGD	1.364	1.364
						Ave.	44.164	44.032	TWD	30.400	30.406
						Vol.	827.050	884.000	THB	33.430	33.460
									HKD	7.798	7.798

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	08/21/08	2YR	8.535%
5YR	8.750	8.750	7.000	08/21/08	5YR	9.400%
7YR	8.375	8.375	7.000	08/21/08	7YR	9.737%
10YR	7.750	5.875	7.500	08/21/08	10YR	10.121%
20YR	8.625	8.000	7.000	08/21/08	20YR	11.275%
25YR	8.500	9.375	7.000	08/21/08	25YR	11.198%

INTEREST RATES UPDATE

Philippine Government Securities

Yields ended 30-50 bps lower upon the announcement that the BSP would implement Final Withholding Tax on its overnight rates. The 3 years was 50 bps lower at 6.9%. The 4, 5 and 7 years were all 40 bps lower closing at 7.05%, 7.1% and 7.35% respectively. The 8 years was 50 bps lower at 7.5%. Market could still rally on excess liquidity.



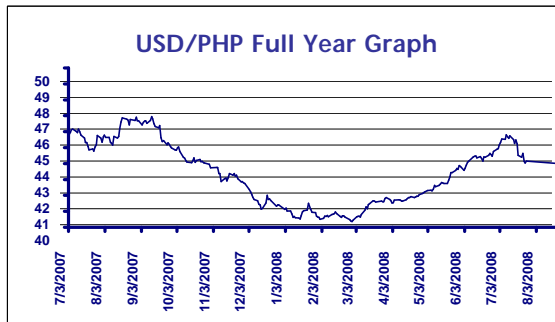
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were lower yesterday by around a quarter of a point due to lower global equity markets as well as higher oil prices. The ROP30, ROP31 and ROP32 were all given at 127.625 (6.99%), 109.375 (6.92%) and 96.25 (6.69%) respectively. Meanwhile, U.S. Treasury yields traded higher on lower than expected initial jobless claims that came out of the U.S. last night. We expect ROP prices to be range bound with a downward bias still due firmer oil prices and weakness in global equity markets.

CURRENCIES UPDATE

USD/PHP

The dollar declined yesterday, closing at 45.455 vs. 45.65 previously. The greenback succumbed to profit-taking against the peso after the failure to breach past resistance at 45.75. The dollar's weak regional tone also made it well offered in the local market. The downturn will most probably continue today, albeit on a cautious tone as higher oil prices (above \$120 per barrel) might negate the effects of the dollar's broad weakness. Expected range: 45.30 - 45.60.



Major Currencies

Majors were initially weaker after weaker than expected PMI data from the Eurozone but bounced back strongly after a rally in commodities markets, specifically oil. With oil rising amidst geopolitical tensions in Russia as well as fears that a typhoon might impair oil production in the Gulf of Mexico, currencies should continue to track its movement for the coming days.

NY RANGE:
 EURUSD 1.4743-1.4904
 GBPUSD 1.8608-1.8792
 USDJPY 108.13-108.97
 EURJPY 160.19-161.7

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TERM OF THE DAY

Money Supply - The total amount of money in the economy as measured by bank deposits that can be withdrawn on command and currency held outside of commercial.

* 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.