

Tuesday, August 26, 2008

DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	8/22/2008	8/21/2008	As of	8/26/08	10:26 AM
91D	5.699	3.673	2.238	08/22/08	3MO	Open	45.450	45.700	\$/CURR	BID	OFFER
182D	6.483	4.675	3.000	08/22/08	6MO	High	45.690	45.750	JPY	109.485	109.500
364D	6.95	6.923	6.565	08/22/08	1YR	Low	45.450	45.450	IDR	9177	9180
						Close	45.650	45.460	SGD	1.420	1.420
						Ave.	45.601	45.576	TWD	31.533	31.541
						Vol.	629.310	789.500	THB	34.220	34.280
									HKD	7.808	7.809

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	08/22/08	2YR	8.462%
5YR	8.750	8.750	7.000	08/22/08	5YR	9.408%
7YR	8.375	8.375	7.000	08/22/08	7YR	9.640%
10YR	7.750	5.875	7.500	08/22/08	10YR	10.150%
20YR	8.625	8.000	7.000	08/22/08	20YR	11.342%
25YR	8.500	9.375	7.000	08/22/08	25YR	11.396%

TREASURY DIRECTORY

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Asset & Liability Management (ALM)	
Sheila Gomez	888-7026
Kris Vainio	888-7028

INTEREST RATES UPDATE

Philippine Government Securities

GS yields ended 2-5 bps higher last Friday on profit taking. The 3 and 4 years was 2 bps higher at 6.925% and 7.025% respectively. The 5 and 7 years was 3 bps higher at 7.1% and 7.425% respectively. The 8 years was 5 bps higher at 7.55%. Ahead of the Monetary Board meeting yields could slowly creep higher as banks tend to lighten up their positions.

CURRENCIES UPDATE

USD/PHP

The dollar appreciated last Friday, closing at 45.65 vs. 45.455 previously. The greenback opened at 45.45 and never looked back, taken all the way to 45.69 before closing at 45.65. Dollar fixing demand in the morning lifted the exchange rate despite the dollar's weak tone against Asian currencies. Weakness in Asian stocks reinforced the dollar uptrend in the afternoon. With the dollar gaining broadly over our long weekend, the dollar is expected to continue its rally against the peso. The 45.88 2008 high stands as target. Expected range: 45.70 - 46.00.

Fixed Income Trading (\$)

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Fixed Income Trading (Php)

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Ella Villame	888-7649

Foreign Exchange (FX)

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Dominic Banal	888-7025
Jennie Cao Melon	888-7024

Fixed Income Securities Division (FISD)

Cheli Tabuena FVP	888-7046
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Corporate Sales

Cheche Serrano	888-7007
Amanda Roa	888-7006
Desiree Ang	888-7009

Inventory Management

Adie Go	888-7728
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Institutional Sales

Anna Yap	888-7001
Carlyn Therese Dulay	888-7029
Mike Garcia	888-7170

Product Development & Retail Sales

Johanna Songco Hernandez	888-7003
Tracy Felipe	888-7004

FX / Money Market Sales

Sheilagh Rivera AVP	888-7015
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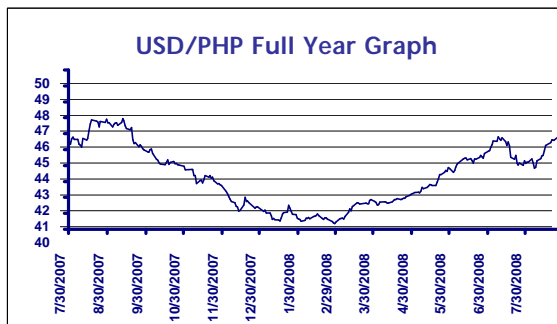
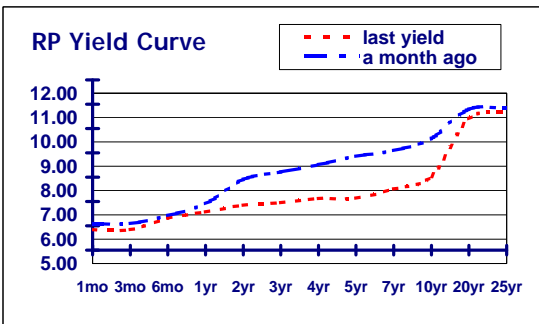
Jocelyn Uy	888-7013
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FX Derivatives

Raul Victor De Guzman SAVP	888-7012
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Glenn Jao	888-7017
Jason Yap	888-7018

Treasury - Cebu Sales Desk Marven Tapisipan	238-0409
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Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were flat as players trade the range. Meanwhile, US Treasury yields fell after the collapse of the 9th small bank in Kansas and a Credit Suisse analyst said mortgage writedowns may cause a Q3 loss of \$2.41B. We expect ROP prices to be rangebound with a slight downward bias due to slump in US equities.

Major Currencies

Majors were noticeably weaker over the long weekend as oil fell to around 115/bbl levels. The GBP was noticeably weaker after there were indications that the BoE's next move will be a rate cut. Focus today will be on commodities, however, much attention will be paid to the release of FOMC minutes, as it should provide clues on the Fed's bias towards a hike or cut.

NY RANGE:
 EUR USD 1.4744-1.4809
 GBP USD 1.8490-1.8590
 USD JPY 109.02-109.94
 EUR JPY 161.19-162.40

TERM OF THE DAY

Moody's Investors Service - This is a reputable company that rates and analyzes securities and provides investment information to investors. MIG 1 is deemed as the highest rating while MIG 4 is the lowest, with the latter still representing an adequate rating of investment grade and bank quality. Moody's also rates corporate bonds. From highest to lowest, ratings are as follows: Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C.

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