

Thursday, August 28, 2008

DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	8/27/2008	8/26/2008	As of	8/28/08 11:10 AM	
91D	5.699	3.673	2.238	08/27/08	3MO	Open	46.000	45.700	\$/CURR	BID	OFFER
182D	6.483	4.675	3.000	08/27/08	6MO	High	46.130	46.000	JPY	109.420	109.440
364D	6.95	6.923	6.565	08/27/08	1YR	Low	45.700	45.700	IDR	9156	9158
						Close	45.730	45.995	SGD	1.413	1.414
						Ave.	45.862	45.934	TWD	31.485	31.491
						Vol.	679.100	876.720	THB	34.050	34.060
									HKD	7.808	7.808

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	08/27/08	2YR	8.123%
5YR	8.750	8.750	7.000	08/27/08	5YR	8.777%
7YR	8.375	8.375	7.000	08/27/08	7YR	9.085%
10YR	7.750	5.875	7.500	08/27/08	10YR	9.562%
20YR	8.625	8.000	7.000	08/27/08	20YR	10.498%
25YR	8.500	9.375	7.000	08/27/08	25YR	11.571%

TREASURY DIRECTORY

Raffy Algarra	888-7030
SVP - Treasurer	
Raul Pedro	888-7042
FVP	
Asset & Liability Management (ALM)	
Sheila Gomez	888-7026
Kris Vainio	888-7028

INTEREST RATES UPDATE

Philippine Government Securities

GS yields ended higher by 5-10 bps yesterday as players lightened up their position ahead of the Monetary Board meeting later. The 4 and 5 years was 5 bps higher at 7.1% and 7.15% respectively. The 7 years was 10 bps higher at 7.55%. Rates are expected to stay range bound and would depend on MB decision on overnight rates.

CURRENCIES UPDATE

USD/PHP

The dollar declined yesterday, closing at 45.73 vs. 45.995 previously. The greenback succumbed to profit-taking across the region. Rate hike expectations also kept the dollar well-offered against the peso. The weak close suggests further losses with 45.65 looming as initial target. Expected range: 45.60 - 45.80.

Fixed Income Trading (\$)

Andre Ibarra	888-7033
Bong Cabral	888-7032
Nikki Chua	888-7020

Fixed Income Trading (Php)

Alan Atienza	888-7031
Dino Aquino	888-7044

Derivatives Desk

Aileen Chua	888-7042
Nicole Chai	888-7027
Ella Villame	888-7649

Foreign Exchange (FX)

Jon Velasquez	888-7021
Dominic Banal	888-7025
Jennie Cao Melon	888-7024

Fixed Income Securities Division (FISD)

Cheli Tabuena	888-7046
FVP	

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	888-7015
AVP	

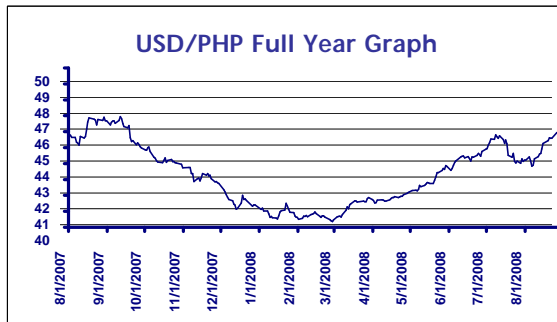
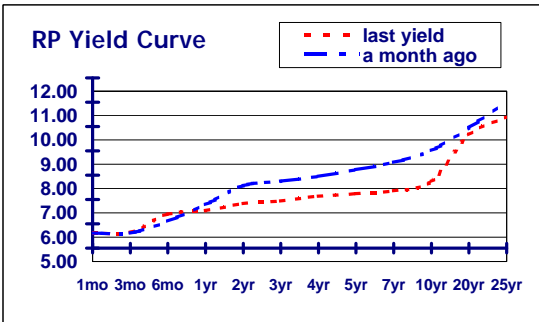
Jocelyn Uy	888-7013
Jill Rances	888-7016
Francis Buenaventura	888-7014

FX Derivatives

Raul Victor De Guzman	888-7012
SAVP	

Glenn Jao	888-7017
Jason Yap	888-7018

Treasury - Cebu Sales Desk	
Marven Tapisipan	238-0409



Philippine Sovereign USD Bonds

ROP prices were slightly higher by quarter of a point as offshore players bought on dips. Prices were taken in ROP30 at 127.75 (6.98%) ROP 31 at 109.375 (6.92%) and ROP 32 at 96.25 (6.69%). Meanwhile, US Treasury were just rangebound despite higher US equities and durable goods orders at 1.3 (headline) and 0.7 (ex-transportation). We expect ROP prices to be rangebound with a slight upward bias due to rebound in US equities.

Major Currencies

Majors were mixed versus the dollar yesterday with the Euro higher on higher oil prices and the Pound weaker after weaker than expected housing numbers. Expect stronger majors on the back of rising commodity prices in Asia time but with heavy data later tonight including US GDP figures as well as partial Eurozone CPI numbers, expect two-way volatility later tonight.

NY RANGE:
 EUR USD 1.4666-1.4766
 GBP USD 1.8285-1.8472
 USD JPY 109.15-109.90
 EUR JPY 161.00-161.52

TERM OF THE DAY

NDF (Non-Deliverable Forwards) – A cash-settled, short-term forward contract on a foreign currency. Profit or loss is calculated by taking the difference between the agreed upon exchange rate and the spot rate at the time of settlement, for an agreed upon notional amount of funds. Non-Deliverable Forwards (NDFs) allow hedging of currencies with restricted convertibility.

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