

Thursday, June 26, 2008

DAILY MARKET EDGE

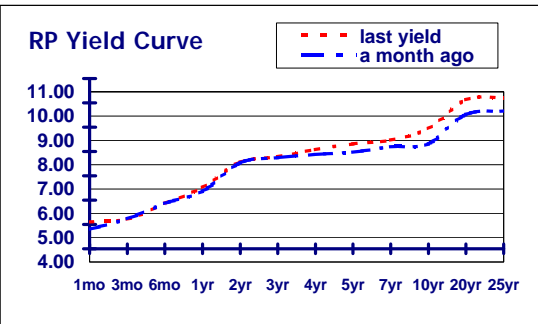
Latest Auction Results				RP Benchmark			PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	6/25/2008	6/24/2008	As of	6/26/08	10:47 AM	
91D	3.673	3.672	0.960	06/25/08	3MO	Open	44.500	44.630	\$/CURR	BID	OFFER	
182D	4.675	4.659	2.000	06/25/08	6MO	High	44.650	44.730	JPY	107.971	107.988	
364D	6.703	6.79	13.446	06/25/08	1YR	Low	44.450	44.550	IDR	9226	9230	
						Close	44.590	44.550	SGD	1.365	1.366	
						Ave.	44.557	44.643	TWD	30.352	30.356	
						Vol.	581.200	605.500	THB	33.530	33.580	
									HKD	7.806	7.807	

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	06/25/08	2YR	8.073%
5YR	8.750	8.750	7.000	06/25/08	5YR	8.519%
7YR	8.375	6.500	7.000	06/25/08	7YR	8.735%
10YR	7.750	5.875	7.500	06/25/08	10YR	8.852%
20YR	8.625	8.000	7.000	06/25/08	20YR	10.067%
25YR	8.500	9.375	7.000	06/25/08	25YR	10.212%

INTEREST RATES UPDATE

Philippine Government Securities

GS market was very quiet yesterday, but yields slightly higher by 2-3 bps on continued profit taking. The 3 years was 3 bps higher at 8.0% and the 5 years was 2 bps higher at 8.585%. With the upcoming CPI data next week, market is expected to be quiet with a slight upward bias.



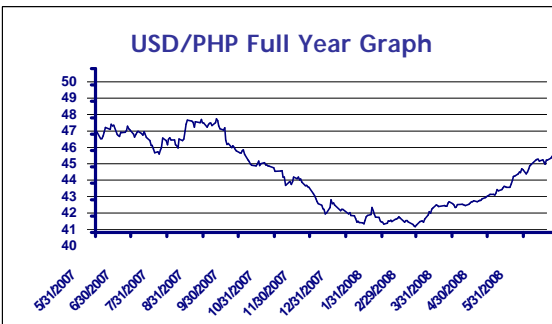
Philippine Sovereign USD Bonds

ROP prices rose by quarter of a point yesterday on bottom-fishing at 1 year low levels. Prices were taken in ROP 30 at 124.50 (7.24%), ROP 31 at 106.25 (7.18%) and ROP 32 at 93.125 (6.97%). Meanwhile, the US Treasury yield curve steepened after the Fed left benchmark interest rate unchanged at 2 percent and did not give specific indication of a rate hike in the near future. The post meeting statement basically echoed what Fed Chair Bernanke said two weeks ago that significant downside risks to growth have diminished and raised concern on inflation expectations. We expect ROP prices to be rangebound with a slight downward bias due to lower emerging market bonds overnight.

CURRENCIES UPDATE

USD/PHP

The dollar inched up yesterday, closing at 44.59 vs. 44.55 previously. The greenback range-traded within 44.45 - 44.65 on active two-way trading interest, with traders trimming down positions ahead of the results of the U.S. Fed meeting. With U.S. Fed officials leaving rates unchanged, but sounding less hawkish than expected, the dollar softened across the board last night. Dollar weakness is thus expected this morning, with 44.50 looming as initial target. Expected range: 44.35 - 44.55.



Major Currencies

US dollar pared gains against major currencies overnight right after FOMC made its statement. Significant statements from FED are easing growth risk and that upside to inflation have increased. Market is expecting that FOMC will give a more hawkish statement to support the US dollar. Also adding to the US dollars' weakness are statements from the ECB of a possible rate hike from the ECB as early as next month on inflation concerns.

NY Range:

USDJPY 107.67-108.42
 EURUSD 1.5540-1.5687
 GBPUSD 1.9655-1.9770
 EURJPY 168.32-169.16



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TERM OF THE DAY

Reserve Requirement - the percentage of a BSP member bank's deposits that must be kept in its vault in a non-interest-bearing reserve bank account.

* 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.