

Wednesday, July 09, 2008

DAILY MARKET EDGE

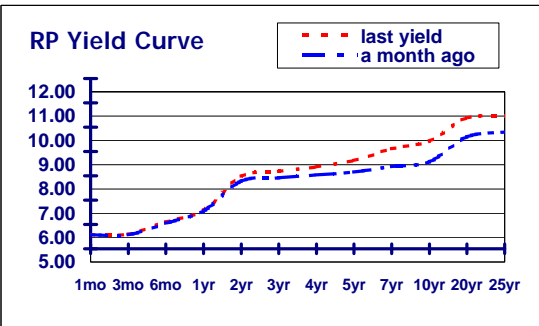
Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/8/2008	7/7/2008	As of	7/9/08	10:58 AM
91D	5.699	3.673	2.238	07/08/08	3MO	Open	45.650	45.430	\$/CURR	BID	OFFER
182D	4.675	4.659	2.000	07/08/08	6MO	High	45.880	45.720	JPY	107.480	107.480
364D	6.747	6.703	6.360	07/08/08	1YR	Low	45.630	45.370	IDR	9190	9191
						Close	45.870	45.720	SGD	1.363	1.364
						Ave.	45.797	45.513	TWD	30.398	30.399
						Vol.	695.500	633.500	THB	33.740	33.760
									HKD	7.802	7.803

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/08/08	2YR	8.335%
5YR	8.750	8.750	7.000	07/08/08	5YR	8.694%
7YR	8.375	6.500	7.000	07/08/08	7YR	8.925%
10YR	7.750	5.875	7.500	07/08/08	10YR	9.115%
20YR	8.625	8.000	7.000	07/08/08	20YR	10.148%
25YR	8.500	9.375	7.000	07/08/08	25YR	10.337%

INTEREST RATES UPDATE

Philippine Government Securities

GS yields traded 10 bps higher yesterday as the BSP announced that it would issue 3 and 5 year RTB's soon. The 2, 3 and 5 years all traded 10 bps higher at 7.15%, 8.3% and 8.8% respectively. With the market expecting BSP to raise its overnight rates next week yields are still expected to creep higher.



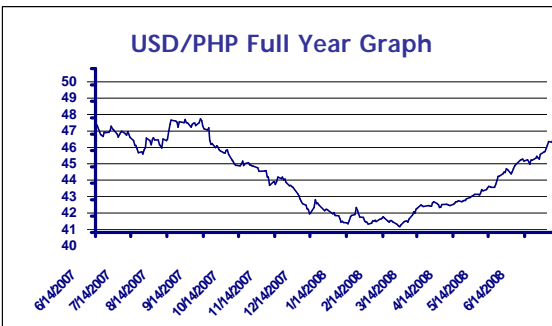
Philippine Sovereign USD Bonds

ROP prices were rangebound as bottom-fishers were immediately met by profit-taking when most global equities slumped yesterday. Meanwhile, the US Treasury yield curve flattened from Asian open yesterday as the short-end rose due to relief-rally in US equities. Fed Chair Bernanke said that they might extend the credit facility extended to primary dealers until year-end. Better than expected second quarter earnings from Alcoa and decline in oil by \$5 to \$136 also provided support for equities. We expect ROP prices to be rangebound today with an upward bias after recovery in US equities.

CURRENCIES UPDATE

USD/PHP

The dollar went up yesterday, closing at 45.87 vs. 45.72 previously. The greenback gained against the peso as investor confidence in the Philippines remained under pressure due to inflation concerns. The strong close, however, may be negated by the strong performance of U.S. stocks last night. Falling oil prices (\$135 from \$141 per barrel) should also help keep the peso supported. Expected range: 45.60 - 45.80.



Major Currencies

Dollar was stronger overnight against most major currencies as the market regained risk appetite after Fed Chair Bernanke's statements that they were considering extending the emergency lending facility available to banks beyond year end. Market is looking forward to the BoE rate decision on Thursday for comments regarding future bias.

Ny range:
 EURUSD 1.5635-1.5690
 USDJPY 107.13-107.55
 EURJPY 167.92-168.47
 GBPUSD 1.9666-1.9745



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TERM OF THE DAY

Discount - the amount by which a bond may sell below its par value.

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