

Friday, July 30, 2010

DAILY MARKET EDGE

Latest Auction Results				RP Benchmark		PDS Summary			Asian Currencies		
TBills	Ave.	Prev.	Vol.	Date	TBills	\$/Php	7/29/2010	7/28/2010	As of	7/30/10 11:14 AM	
91D	3.985	3.956	1.500	07/29/10	3MO	Open	45.930	46.025	\$/CURR	BID	OFFER
182D	4.253	4.188	3.000	07/29/10	6MO	High	45.950	46.050	JPY	86.440	86.450
364D	4.5	4.59	8.715	07/29/10	1YR	Low	45.710	45.810	IDR	9065	9070
						Close	45.730	45.900	SGD	1.376	1.377
						Ave.	45.813	45.876	TWD	32.176	32.190
						Vol.	1095.900	1045.280	THB	32.310	32.340
									HKD	7.777	7.778

FXTN	Cpn	Prev.	Vol.	Date	FXTN	
2YR	8.500	8.500	5.000	07/29/10	2YR	5.277%
5YR	6.375	6.500	8.500	07/29/10	5YR	6.406%
7YR	7.000	7.000	8.500	07/29/10	7YR	7.242%
10YR	7.750	7.750	8.500	07/29/10	10YR	7.929%
20YR	8.750	8.750	8.500	07/29/10	20YR	8.886%
25YR	9.250	9.250	6.500	07/29/10	25YR	9.137%

TREASURY DIRECTORY

RAFFY ALGARRA - 888-7030

SVP - Treasurer

Raul Pedro - 888-7042
SVP

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

Fixed Income Trading (\$)
Andre' Ibarra - 888-7033
Bong Cabral - 888-7032

Fixed Income Trading (Php)
Alan Atienza - 888-7031
Dino Aquino - 888-7044

Derivatives Desk
Adrian Ching - 888-7021
Ella Villame - 888-7649
Jason Yap - 888-7027

Foreign Exchange (FX)
Jon Velasquez - 888-7021
Glenn Jao - 888-7025
Jennie Cao Melon - 888-7024

Fixed Income Securities Division (FISD)

Branch Sales
Johanna Songco Hernandez - 888-7003
Cheche Serrano - 888-7007
Chicco Gomez - 888-7008

Product Development
Russ Lo - 888-7006

Inventory Management
Adie Go - 888-7728

Institutional Sales
Carlyn Therese Dulay - 888-7029
Tracy Felipe - 888-7001
Nescyn Presinede - 888-7002
Chiqui Carlos - 888-7170
Gia Guiyab - 888-7043

FX / Money Market Sales

Shellagh Rivera - 888-7015
AVP

Francis Buenaventura - 888-7014
Carlo Cabral - 888-7016
Sam Young - 888-7017

Hedging and Financial Solutions Div.

Raul Victor De Guzman - 888-7012
SAVP

Aileen Chua - 888-7018
JR Ladaban - 888-7017

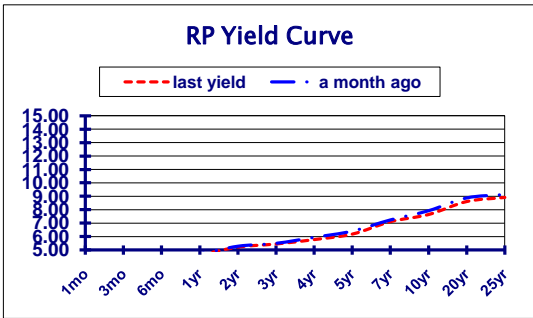
Treasury - Visayas Sales Desk
Marven Tapisipan - 231-3274

Treasury - North Luzon Sales Desk
Charlene V. Oñate - 045-6241197

INTEREST RATES UPDATE

Philippine Government Securities

GS rates ended flat yesterday on a very quiet market as players await the pricing of the new RTBs. The 4 years closed at 5.44% and the 6 years at 6.1%. Rates are still expected to be range bound on lack of fresh data.



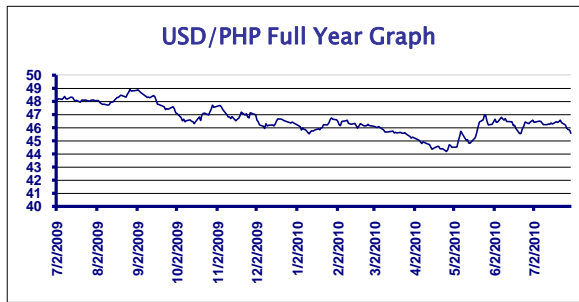
Philippine Sovereign USD Bonds

Philippine sovereign dollar bond prices were flat particularly in the benchmark ROP20. US Treasury yields fell by 2bps especially in the front-end after Fed official Dudley suggested reviving coupon purchases. He preferred this scheme rather than committing to the "extended period" of low rates language to avert a Japan-style deflation era. The \$29bio 7-year note auction got a slightly weaker demand with a bid-cover ratio of 2.78x against 2.81x average in the past auctions. We expect ROP prices to be rangebound with a slight downward bias due to decline in US equities last night.

CURRENCIES UPDATE

USD/PHP

The USD closed lower yesterday at 45.73 vs Wednesday's close of 45.90. The dollar saw another round of selling as yield spreads continued to weigh on and disadvantage the dollar from a yield perspective. Range 45.60 - 45.90



Major Currencies

The majors took a turn from a slightly bearish tone yesterday to aggressive buying today. With German yields over comparable US Tsy yields moving slowly, but steadily, in the euro's favor, it's hard to see how the USD can post only short covering rallies against it and the European majors. Market still seems to favor buying on dips especially on the EUR and the GBP.

NY Range

EUR/USD	1.3058 - 1.3107
USD/JPY	86.57 - 87.19
GBP/USD	1.5580 - 1.5658
EUR/JPY	113.21 - 114.15

TERM OF THE DAY

Veblen Good - Goods that are perceived to be exclusive as long as prices remain high or increase. Veblen goods get their name from economist Thorstein Veblen, who was one of the first to look into and write about conspicuous consumption and the concept of seeking status through consumption. Veblen goods are often referred to as "status symbols".

* 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.