

Philippines

Total local currency (LCY) bonds outstanding in the Philippines reached PHP4,429 billion (US\$99 billion) in 1Q14, declining 0.9% quarter-on-quarter (q-o-q) while increasing 10.5% year-on-year (y-o-y). Growth in the corporate bond market outpaced growth in the government bond market on a q-o-q basis due to less issuance of government securities. Government bond auctions in 1Q14 were met with relatively low demand as market players remained cautious over (i) the United States (US) Federal Reserve's quantitative easing tapering and (ii) continued inflation concerns.

Table 1: Size and Composition of the LCY Bond Market in the Philippines

	Outstanding Amount (billion)						Growth Rate (%)			
	1Q13		4Q13		1Q14		1Q13		1Q14	
	PHP	US\$	PHP	US\$	PHP	US\$	q-o-q	y-o-y	q-o-q	y-o-y
Total	4,008	98	4,469	101	4,429	99	(1.4)	12.5	(0.9)	10.5
Government	3,476	85	3,877	87	3,749	84	(1.8)	11.5	(3.3)	7.8
Treasury Bills	290	7	321	7	293	7	5.4	8.3	(8.7)	1.2
Treasury Bonds	3,073	75	3,440	77	3,340	75	(2.4)	12.8	(2.9)	8.7
Others	113	3	116	3	116	3	0.0	(10.7)	0.0	2.1
Corporate	532	13	592	13	680	15	1.1	19.8	15.0	27.9

(-) = negative, LCY = local currency, q-o-q = quarter-on-quarter, y-o-y = year-on-year.

Notes:

1. Calculated using data from national sources.
2. Bloomberg end-of-period LCY-US\$ rates are used.
3. Growth rates are calculated from an LCY base and do not include currency effects.
4. "Others" comprise bonds issued by government agencies, entities, and corporations for which repayment is guaranteed by the Government of the Philippines. This includes bonds issued by Power Sector Assets and Liabilities Management (PSALM) and the National Food Authority, among others.
5. Peso Global Bonds (PHP-denominated bonds payable in US\$) and multi-currency Retail Treasury Bonds (RTBs) are not included. As of end-March 2014, the Government of the Philippines and Petron Corporation had PHP129.7 billion and PHP20.0 billion of outstanding Peso Global Bonds, respectively. There was a total of PHP6.4 billion of outstanding multi-currency Treasury Bonds as of end-March 2014.

Sources: Bureau of the Treasury and Bloomberg LP.

LCY corporate bond issuance in 1Q14 increased 28.3% q-o-q and 409.2% y-o-y. Firms continued to raise funds in 1Q14 in anticipation of a sustained rise in interest rates as a result of quantitative easing tapering and growing inflation concerns. Firms with diversified operations and banks were the lead issuers of debt in 1Q14.

Table 2: Notable LCY Corporate Bond Issuance in 1Q14

Corporate Issuers	Coupon Rate (%)	Issued Amount (PHP billion)
JG Summit Holdings		
5-year bond	5.23	24.51
7-year bond	5.24	5.31
10-year bond	5.30	0.18
Metrobank		
10-year Tier 2 Notes	5.38	16.00
MCE Leisure		
5-year bond	5.00	15.00
PLDT		
7-year bond	5.23	12.40
10-year bond	5.28	2.60
Filinvest Development		
10-year bond	6.15	8.80
Manila North Tollways		
7-year bond	5.07	4.40
10-year bond	5.50	2.60
Toyota Financial Services		
5-year bond	5.40	1.50
ABS-CBN		
7-year bond	5.34	6.00

LCY = local currency.
Source: Bloomberg LP.

LCY bonds outstanding among the top 30 corporate bond issuers in the Philippines reached PHP612 billion at the end of 1Q14, representing 90% of total corporate bonds outstanding.

Table 3: Top 30 Issuers of LCY Corporate Bonds in the Philippines

	Issuers	Outstanding Amount		State-Owned	Listed Company	Type of Industry
		LCY Bonds (PHP billion)	LCY Bonds (US\$ billion)			
1.	Ayala Land	49.9	1.1	No	Yes	Real Estate
2.	San Miguel Brewery	45.2	1.0	No	Yes	Brewery
3.	Ayala Corporation	40.0	0.9	No	Yes	Diversified Operations
4.	JG Summit Holdings	39.0	0.9	No	Yes	Diversified Operations
5.	Meralco	37.8	0.9	No	Yes	Electricity Distribution
6.	SM Investments	36.1	0.8	No	Yes	Diversified Operations
7.	Philippine Long Distance Telephone	29.8	0.7	No	Yes	Telecommunications
8.	Philippine National Bank	27.6	0.6	No	Yes	Banking
9.	Metrobank	26.0	0.6	No	Yes	Banking
10.	BDO Unibank	23.0	0.5	No	Yes	Banking
11.	Filinvest Land	21.5	0.5	No	Yes	Real Estate
12.	RCBC	19.0	0.4	No	Yes	Banking
13.	Energy Development Corporation	19.0	0.4	No	Yes	Electricity Generation
14.	Globe Telecom	17.0	0.4	No	Yes	Telecommunications
15.	Maynilad Water Services	16.6	0.4	No	No	Water
16.	MCE Leisure Philippine	15.0	0.3	No	No	Casino Services
17.	SM Development	14.3	0.3	No	Yes	Real Estate
18.	Petron	13.6	0.3	No	Yes	Oil Refining and Marketing
19.	Manila North Tollways	13.0	0.3	No	No	Transport Services
20.	Security Bank	13.0	0.3	No	Yes	Banking
21.	First Metro Investment	12.0	0.3	No	No	Investment Banking
22.	MTD Manila Expressway	11.5	0.3	No	No	Transport Services
23.	South Luzon Tollway	11.0	0.2	No	No	Transport Services
24.	GT Capital Holdings	10.0	0.2	No	Yes	Investment Companies
25.	Robinsons Land	10.0	0.2	No	Yes	Real Estate
26.	United Coconut Planters Bank	9.5	0.2	No	Yes	Banking
27.	Filinvest Development	8.8	0.2	No	Yes	Real Estate
28.	Allied Bank	8.0	0.2	No	Yes	Banking
29.	Aboitiz Equity Ventures	8.0	0.2	No	Yes	Diversified Operations
30.	Union Bank of the Philippines	6.8	0.2	No	Yes	Banking
Total Top 30 LCY Corporate Issuers		612.0	13.8			
Total LCY Corporate Bonds		680.2	15.3			
Top 30 as % of Total LCY Corporate Bonds		90.0%	90.0%			

LCY = local currency.

Notes:

1. Data as of end-March 2014.

2. Petron has PHP20 billion of Global Peso Bonds outstanding that are not included in this table.

3. State-owned firms are defined as those in which the government has more than a 50% ownership stake.

Source: *AsianBondsOnline* calculations based on Bloomberg data.