

Philippines

The Philippine local currency (LCY) bond market barely moved in the fourth quarter (Q4) of 2015, expanding a mere 0.6% quarter-on-quarter (q-o-q) and 1.9% year-on-year (y-o-y) to PHP4,752 billion (USD101 billion) at the end of December. Outstanding fixed-income securities issued by the Philippine government and government-controlled companies increased 0.2% q-o-q and 1.3% y-o-y to close at PHP3,946 billion at the end of December. Growth in the corporate bond market outpaced growth in the government bond market in Q4 2015 on both a q-o-q and y-o-y basis.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2014		Q3 2015		Q4 2015		Q4 2014		Q4 2015	
	PHP	USD	PHP	USD	PHP	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	4,663	104	4,723	101	4,752	101	1.5	5.6	0.6	1.9
Government	3,895	87	3,939	84	3,946	84	1.3	2.0	0.2	1.3
Treasury Bills	282	6	282	6	264	6	(1.2)	(12.2)	(6.4)	(6.1)
Treasury Bonds	3,510	78	3,577	77	3,596	77	1.9	3.7	0.5	2.5
Others	103	2	80	2	86	2	(10.8)	(10.8)	7.5	(16.8)
Corporate	768	17	784	17	806	17	2.6	28.7	2.8	5.0

(-) = negative, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, y-o-y = year-on-year.

Notes:

1. Calculated using data from national sources.
2. Bloomberg end-of-period LCY-USD rates are used.
3. Growth rates are calculated from an LCY base and do not include currency effects.
4. "Others" comprises 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 and the National Food Authority, among others.
5. Peso Global Bonds (PHP-denominated bonds payable in USD) and multi-currency Retail Treasury Bonds are not included.

Sources: Bureau of the Treasury and Bloomberg LP.

Corporate bond issuance in the Philippines totaled PHP29 billion in Q4 2015, 83% of which was issued by real estate companies. Notable LCY corporate bond issuances in Q4 2015 are listed in Table 2.

Table 2: Notable LCY Corporate Bond Issuance in Q4 2015

Corporate Issuers	Coupon Rate (%)	Issued Amount (PHP billion)
SM Prime Holdings		
5.25-year bond	4.510	17.97
10-year bond	4.799	2.03
Asia United Bank		
10-year Tier 2 notes	5.625	5.00
Sta. Lucia Land		
3-year bond	6.728	2.00
5.25-year bond	6.715	2.00

LCY = local currency, Q4 = fourth quarter.
Source: Bloomberg LP.

LCY bonds outstanding among the top 30 corporate bond issuers in the Philippines reached PHP718.4 billion at the end of Q4 2015, representing 89% 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 (USD billion)			
1. Ayala Land	63.9	1.4	No	Yes	Real Estate
2. Metrobank	46.8	1.0	No	Yes	Banking
3. SM Prime	45.0	1.0	No	Yes	Real Estate
4. Ayala Corporation	40.0	0.9	No	Yes	Diversified Operations
5. San Miguel Brewery	37.8	0.8	No	No	Brewery
6. BDO Unibank	37.5	0.8	No	Yes	Banking
7. Philippine National Bank	34.6	0.7	No	Yes	Banking
8. Filinvest Land	32.0	0.7	No	Yes	Real Estate
9. Aboitiz Equity Ventures	32.0	0.7	No	Yes	Diversified Operations
10. JG Summit Holdings	30.0	0.6	No	Yes	Diversified Operations
11. SM Investments	28.3	0.6	No	Yes	Diversified Operations
12. Meralco	23.5	0.5	No	Yes	Electricity Distribution
13. Security Bank	23.0	0.5	No	Yes	Banking
14. RCBC	22.1	0.5	No	Yes	Banking
15. GT Capital Holdings	22.0	0.5	No	Yes	Investment Companies
16. South Luzon Tollway	18.3	0.4	No	No	Transport Services
17. Globe Telecom	17.0	0.4	No	Yes	Telecommunications
18. East West Bank	16.8	0.4	No	Yes	Banking
19. Maynilad Water Services	16.4	0.3	No	No	Water
20. MCE Leisure Philippines	15.0	0.3	No	No	Casino Services
21. Philippine Long Distance Telephone	15.0	0.3	No	Yes	Telecommunications
22. Union Bank of the Philippines	14.0	0.3	No	Yes	Banking
23. Manila North Tollways	13.0	0.3	No	No	Transport Services
24. Robinsons Land	12.0	0.3	No	Yes	Real Estate
25. First Metro Investment	12.0	0.3	No	No	Investment Banking
26. MTD Manila Expressway	11.5	0.2	No	No	Transport Services
27. Energy Development	10.5	0.2	No	Yes	Electricity Generation
28. Aboitiz Power	10.0	0.2	No	Yes	Electricity Generation
29. United Coconut Planters Bank	9.5	0.2	No	No	Banking
30. SM Development	9.0	0.2	No	Yes	Real Estate
Total Top 30 LCY Corporate Issuers	718.4	15.3			
Total LCY Corporate Bonds	806.2	17.2			
Top 30 as % of Total LCY Corporate Bonds	89.1%	89.1%			

LCY = local currency.

Notes:

1. Data as of end-December 2015.

2. Petron Corporation 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.