

## Philippines

The Philippines' local currency (LCY) bond market grew 1.4% quarter-on-quarter (q-o-q) and 2.3% year-on-year (y-o-y) in the fourth quarter (Q4) of 2016, amounting to PHP4,869 billion (USD98 billion) at the end of December 2016. Government bonds outstanding reached PHP3,978 billion, up 0.6% q-o-q and 0.8% y-o-y, primarily driven by growth in Treasury bonds. The corporate bond market registered faster growth than the government bond market, expanding 5.5% q-o-q and 9.5% y-o-y.

**Table 1: Size and Composition of the Local Currency Bond Market in the Philippines**

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2015		Q3 2016		Q4 2016		Q4 2015		Q4 2016	
	PHP	USD	PHP	USD	PHP	USD	q-o-q	y-o-y	q-o-q	y-o-y
<b>Total</b>	<b>4,760</b>	<b>101</b>	<b>4,800</b>	<b>99</b>	<b>4,869</b>	<b>98</b>	<b>0.8</b>	<b>2.1</b>	<b>1.4</b>	<b>2.3</b>
Government	3,946	84	3,955	82	3,978	80	0.2	1.3	0.6	0.8
Treasury Bills	264	6	293	6	288	6	(6.4)	(6.1)	(1.7)	8.9
Treasury Bonds	3,596	77	3,587	74	3,621	73	0.5	2.5	1.0	0.7
Others	86	2	76	2	69	1	7.5	(16.8)	(8.4)	(19.5)
Corporate	814	17	845	17	891	18	3.8	6.0	5.5	9.5

( ) = negative, LCY = local currency, PHP = Philippine peso, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, USD = United States dollar, 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" 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 dollars) are not included.

Sources: Bloomberg LP and Bureau of the Treasury.

**Total LCY corporate bond issuance reached PHP71.9 billion in Q4 2016, an increase of 60.3% q-o-q and 147.9% y-o-y.**

**Table 2: Notable Local Currency Corporate Bond Issuance in the Fourth Quarter of 2016**

Corporate Issuers	Coupon Rate (%)	Issued Amount (PHP billion)
SM Investments		
7-year bond	5.159	20.00
Petron		
5-year bond	4.003	9.75
7-year bond	4.522	5.25
Ayala Land		
3-year bond	3.000	3.00
7-year bond	3.892	7.00
China Bank		
6-year bond	3.250	9.59

PHP = Philippine peso.

Source: Bloomberg LP.

The outstanding LCY bonds of the top 30 corporate issuers at the end of December 2016 summed to PHP774.9 billion, which comprised 86.9% of the total LCY corporate bond market. The bulk of the LCY bond stock in the top 30 list emanates from the banking industry, followed by property and holding firms. Ayala Land remained the largest corporate bond issuer in the Philippines in 2016.

Table 3: Top 30 Issuers of Local Currency 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	80.3	1.6	No	Yes	Property
2.	Metrobank	55.4	1.1	No	Yes	Banking
3.	SM Prime	55.0	1.1	No	Yes	Property
4.	SM Investments	47.3	1.0	No	Yes	Holding Firms
5.	Ayala Corporation	40.0	0.8	No	Yes	Holding Firms
6.	San Miguel Brewery	37.8	0.8	No	No	Brewery
7.	BDO Unibank	37.5	0.8	No	Yes	Banking
8.	Philippine National Bank	34.5	0.7	No	Yes	Banking
9.	JG Summit	30.0	0.6	No	Yes	Holding Firms
10.	Filinvest Land	29.0	0.6	No	Yes	Property
11.	Aboitiz Equity Ventures	24.0	0.5	No	Yes	Holding Firms
12.	Meralco	23.5	0.5	No	Yes	Electricity, Energy, and Power
13.	Security Bank	23.0	0.5	No	Yes	Banking
14.	Rizal Commercial Banking Corporation	22.1	0.4	No	Yes	Banking
15.	GT Capital	22.0	0.4	No	Yes	Holding Firms
16.	Petron	18.6	0.4	No	Yes	Electricity, Energy, and Power
17.	South Luzon Tollway	18.3	0.4	No	No	Transport
18.	Globe Telecom	17.0	0.3	No	Yes	Telecommunications
19.	East West Bank	16.8	0.3	No	Yes	Banking
20.	Maynilad Water Service	16.2	0.3	No	No	Water
21.	MCE Leisure (Philippines)	15.0	0.3	No	No	Casinos and Gaming
22.	Philippines Long Distance Telephone Company	15.0	0.3	No	Yes	Telecommunications
23.	SMC Global Power	15.0	0.3	No	No	Electricity, Energy, and Power
24.	Union Bank of the Philippines	14.0	0.3	No	Yes	Banking
25.	First Metro Investment Corporation	12.0	0.2	No	No	Banking
26.	Robinsons Land	12.0	0.2	No	Yes	Property
27.	Manila North Tollways	11.9	0.2	No	No	Transport
28.	MTD Manila Expressway	11.5	0.2	No	No	Transport
29.	Vista Land and Lifescapes	10.2	0.2	No	Yes	Property
30.	Aboitiz Power	10.0	0.2	No	Yes	Electricity, Energy, and Power
<b>Total Top 30 LCY Corporate Issuers</b>		<b>774.9</b>	<b>15.6</b>			
<b>Total LCY Corporate Bonds</b>		<b>891.2</b>	<b>18.0</b>			
<b>Top 30 as % of Total LCY Corporate Bonds</b>		<b>86.9%</b>	<b>86.9%</b>			

LCY = local currency, PHP = Philippine peso, USD = United States dollar.

Notes:

1. Data as of end-December 2016.

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

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.