

Philippines

The Philippine local currency (LCY) bond market grew 5.1% quarter-on-quarter (q-o-q) and 12.5% year-on-year (y-o-y) in the fourth quarter (Q4) of 2017 to reach PHP5,475 billion (USD110 billion) at the end of December 2017. Government bonds outstanding totaled PHP4,456 billion, rising 5.8% q-o-q and 12.0% y-o-y, primarily driven by a PHP255 billion issuance of 5-year Retail Treasury Bonds. Outstanding corporate bonds grew 2.2% q-o-q and 14.4% y-o-y in Q4 2017.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2016		Q3 2017		Q4 2017		Q4 2016		Q4 2017	
	PHP	USD	PHP	USD	PHP	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	4,869	98	5,210	102	5,475	110	1.4	2.3	5.1	12.5
Government	3,978	80	4,212	83	4,456	89	0.6	0.8	5.8	12.0
Treasury Bills	288	6	340	7	314	6	(1.7)	8.9	(7.5)	9.2
Treasury Bonds	3,621	73	3,822	75	4,101	82	1.0	0.7	7.3	13.3
Others	69	1	50	1	40	1	(8.4)	(19.5)	(20.0)	(41.9)
Corporate	891	18	998	20	1,020	20	5.5	9.5	2.2	14.4

() = 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.

Sources: Bloomberg LP and Bureau of the Treasury.

LCY corporate bond issuance totaled PHP30 billion in Q4 2017, a decline of 39.1% q-o-q and 57.9% y-o-y as rising interest rates made borrowers more reluctant to take on additional debt.

Table 2: Notable Local Currency Corporate Bond Issuance in the Fourth Quarter of 2017

Corporate Issuers	Coupon Rate (%)	Issued Amount (PHP billion)
Bank of the Philippine Islands		
5.5-year bond	3.750	12.24
Security Bank		
5.5-year bond	3.875	8.60
Ayala Land		
1.3-year bond	3.250	3.10

PHP = Philippine peso.

Source: Bloomberg LP.

The outstanding LCY bonds of the top 30 corporate issuers at the end of December 2017 reached PHP1,019.7 billion, which comprised 94% of the total LCY corporate bond market. The bulk of the LCY bond stock emanates from the banking industry, followed by property and holding firms. Ayala Land remained the largest corporate bond issuer in the Philippines in 2017.

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	94.7	1.9	No	Yes	Property
2. BDO Unibank	77.3	1.6	No	Yes	Banking
3. SM Prime	73.8	1.5	No	Yes	Property
4. Metrobank	59.2	1.2	No	Yes	Banking
5. SM Investments	52.3	1.1	No	Yes	Holding Firms
6. Ayala Corporation	50.0	1.0	No	Yes	Holding Firms
7. Philippine National Bank	47.5	1.0	No	Yes	Banking
8. San Miguel Brewery	34.8	0.7	No	No	Brewery
9. Aboitiz Equity Ventures	32.0	0.6	No	Yes	Holding Firms
10. Security Bank	31.6	0.6	No	Yes	Banking
11. Rizal Commercial Banking Corporation	30.6	0.6	No	Yes	Banking
12. San Miguel Corporation	30.0	0.6	No	No	Holding Firms
13. JG Summit	30.0	0.6	No	Yes	Holding Firms
14. Meralco	29.3	0.6	No	Yes	Electricity, Energy, and Power
15. Filinvest Land	29.0	0.6	No	Yes	Property
16. East West Bank	26.8	0.5	No	Yes	Banking
17. GT Capital	22.0	0.4	No	Yes	Holding Firms
18. Philippines Long Distance Telephone Company	21.3	0.4	No	Yes	Telecommunications
19. Vista Land and Lifescapes	20.0	0.4	No	Yes	Property
20. Petron	18.6	0.4	No	Yes	Electricity, Energy, and Power
21. Maynilad Water Service	18.0	0.4	No	No	Water
22. Bank of the Philippine Islands	17.2	0.3	No	Yes	Banking
23. China Banking Corporation	15.9	0.3	No	Yes	Banking
24. SMC Global Power	15.0	0.3	No	No	Electricity, Energy, and Power
25. MCE Leisure (Philippines)	15.0	0.3	No	No	Casinos & Gaming
26. Double Dragon Properties	15.0	0.3	No	Yes	Property
27. Union Bank of the Philippines	14.0	0.3	No	Yes	Banking
28. Aboitiz Power	13.0	0.3	No	Yes	Electricity, Energy, and Power
29. Globe Telecom	12.5	0.3	No	Yes	Telecommunications
30. NLEX Corporation	12.2	0.2	No	No	Transport
Total Top 30 LCY Corporate Issuers	958.6	19.3			
Total LCY Corporate Bonds	1,019.7	20.6			
Top 30 as % of Total LCY Corporate Bonds	94.0%	94.0%			

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

Notes:

1. Data as of end-December 2017.

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.