

Philippines

The local currency (LCY) bond market of the Philippines expanded 5.3% quarter-on-quarter (q-o-q) and 11.4% year-on-year (y-o-y) in the fourth quarter (Q4) of 2018. Outstanding bonds amounted to PHP6,098 billion (USD116 billion), up from PHP5,792 billion in the previous quarter. Outstanding LCY government bonds grew 4.1% q-o-q, spurred by growth in Treasury bills and bonds. LCY corporate bonds outstanding increased 9.7% q-o-q in Q4 2018, led by the banking industry.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2017		Q3 2018		Q4 2018		Q4 2017		Q4 2018	
	PHP	USD	PHP	USD	PHP	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	5,475	110	5,792	107	6,098	116	5.1	12.5	5.3	11.4
Government	4,456	89	4,593	85	4,783	91	5.8	12.0	4.1	7.4
Treasury Bills	314	6	439	8	494	9	(7.5)	9.2	12.6	57.2
Treasury Bonds	4,101	82	4,121	76	4,255	81	7.3	13.3	3.3	3.8
Others	40	0.8	34	0.6	34	0.6	(20.0)	(41.9)	(0.02)	(16.2)
Corporate	1,020	20	1,198	22	1,315	25	2.2	14.4	9.7	28.9

(-) = 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.

Issuances of LCY corporate bonds in Q4 2018 totaled PHP130.9 billion, increasing more than 150% from the previous quarter. Metrobank and BPI provided the largest issuances during Q4 2018. Banks increased their issuance of bonds as an alternative funding source after the Bangko Sentral ng Pilipinas relaxed its rules to allow banks to tap the domestic capital market without prior approval from the central bank.

Table 2: Notable Local Currency Corporate Bond Issuance in the Fourth Quarter of 2018

Corporate Issuers	Coupon Rate (%)	Issued Amount (PHP billion)
Metrobank		
2-year bond	7.15	28.00
6-year bond	5.38	8.68
BPI		
1-year bond	6.80	25.00
Petron		
6-year bond	7.82	13.20
7-year bond	8.06	6.80
Vista Land		
5-year bond	8.00	6.50
7-year bond	8.25	3.50
Aboitiz Power		
10-year bond	8.51	2.50

PHP = Philippine peso.

Source: Bloomberg LP.

The outstanding LCY corporate bonds of the top 30 issuers amounted to PHP1,142.6 billion at the end of December, comprising 86.9% of the entire LCY corporate bond market. Property companies Ayala Land and SM Prime Holdings led all issuers with LCY bonds outstanding of PHP112.7 billion and PHP93.8 billion, respectively. The banking industry led all sectors with a 33.7% share of the outstanding LCY corporate bonds of the top 30 issuers, followed by the property sector (26.3%) and holding firms (20.6%).

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	112.7	2.1	No	Yes	Property
2.	SM Prime Holdings	93.8	1.8	No	Yes	Property
3.	Metropolitan Bank	90.3	1.7	No	Yes	Banking
4.	San Miguel	60.0	1.1	No	Yes	Holding Firms
5.	BDO Unibank	58.6	1.1	No	Yes	Banking
6.	SM Investments	51.4	1.0	No	Yes	Holding Firms
7.	Philippine National Bank	41.5	0.8	No	Yes	Banking
8.	Ayala Corporation	40.0	0.8	No	Yes	Holding Firms
9.	Vista Land	38.0	0.7	No	Yes	Property
10.	Petron	37.9	0.7	No	Yes	Electricity, Energy, and Power
11.	Bank of the Philippine Islands	37.2	0.7	No	Yes	Banking
12.	San Miguel Brewery	34.8	0.7	No	No	Brewery
13.	Security Bank	34.4	0.7	No	Yes	Banking
14.	Maynilad	33.6	0.6	No	No	Water
15.	Aboitiz Equity Ventures	32.0	0.6	No	Yes	Holding Firms
16.	JG Summit	30.0	0.6	No	Yes	Holding Firms
17.	SMC Global Power	30.0	0.6	No	No	Electricity, Energy, and Power
18.	Filinvest Land	29.0	0.6	No	Yes	Property
19.	Manila Electric Company	28.8	0.5	No	Yes	Electricity, Energy, and Power
20.	Union Bank of the Philippines	28.0	0.5	No	Yes	Banking
21.	East West Banking	27.7	0.5	No	Yes	Banking
22.	Rizal Commercial Banking Corporation	27.2	0.5	No	Yes	Banking
23.	China Bank	26.2	0.5	No	Yes	Banking
24.	Aboitiz Power	23.2	0.4	No	Yes	Electricity, Energy, and Power
25.	GT Capital	22.0	0.4	No	Yes	Holding Firms
26.	PLDT	20.4	0.4	No	Yes	Telecommunications
27.	DoubleDragon Properties	15.0	0.3	No	Yes	Property
28.	Philippine Savings Bank	14.5	0.3	No	Yes	Banking
29.	Globe Telecom	12.5	0.2	No	Yes	Telecommunications
30.	Megaworld	12.0	0.2	No	Yes	Property
Total Top 30 LCY Corporate Issuers		1,142.6	21.7			
Total LCY Corporate Bonds		1,314.6	25.0			
Top 30 as % of Total LCY Corporate Bonds		86.9%	86.9%			

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

Notes:

1. Data as of end-December 2018.

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.