

## Philippines

The Philippines' local currency (LCY) bond market grew 5.3% quarter-on-quarter (q-o-q) and 28.9% year-on-year to reach PHP8,567.7 billion (USD178.4 billion) at the end of December 2020. Government bonds outstanding totaled PHP6,955.5 billion at the end of the fourth quarter (Q4) of 2020, rising 7.0% q-o-q. In contrast, outstanding corporate bonds fell 1.3% q-o-q to PHP1,612.1 billion due to debt maturities and declining issuance in Q4 2020 compared with the previous quarter. Government and corporate bonds comprised 81.2% and 18.8%, respectively, of the LCY bond market at the end of December 2020.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2019		Q3 2020		Q4 2020		Q4 2019		Q4 2020	
	PHP	USD	PHP	USD	PHP	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	6,646	131	8,136	168	8,568	178	(0.8)	9.0	5.3	28.9
Government	5,141	101	6,503	134	6,956	145	(2.1)	7.5	7.0	35.3
Treasury Bills	486	10	876	18	949	20	(12.1)	(1.6)	8.3	95.3
Treasury Bonds	4,615	91	5,537	114	5,720	119	(1.3)	8.5	3.3	23.9
Central Bank Securities	–	–	50	1	220	5	–	–	340.0	–
Others	40	1	40	0.8	66	1	83.4	18.3	65.3	65.2
Corporate	1,505	30	1,633	34	1,612	34	4.0	14.5	(1.3)	7.1

(-) = negative, – = not applicable, 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.

Corporate bond issuance totaled PHP59 billion in Q4 2020, down 53.3% q-o-q. Table 2 lists the notable bond sales during the quarter, led by China Bank with a PHP15.0 billion bond issuance.

**Table 2: Notable Local Currency Corporate Bond Issuances in the Fourth Quarter of 2020**

Corporate Issuers	Coupon Rate (%)	Issued Amount (PHP billion)
China Bank		
2-year bond	2.75	15.00
SM Investments		
3.5-year bond	3.36	10.00
Union Bank of the Philippines		
3-year bond	2.75	8.12
Aboitiz Equity Ventures		
3-year bond	2.84	6.85
Filinvest Land		
3-year bond	3.34	6.34
Del Monte Philippines		
3-year bond	3.48	5.83

PHP = Philippine peso.

Source: Based on data from Bloomberg LP.

The outstanding LCY bonds of the top 30 corporate issuers at the end of December 2020 totaled PHP1,438.8 billion, which comprised 89.2% of the entire LCY corporate bond market. By sector, banks comprised the largest share at 43.7% on aggregate bonds outstanding of PHP628.6 billion. By issuer, property firm Ayala Land was the leader among the top 30 list with bonds outstanding amounting to PHP117.2 billion at the end of Q4 2020.

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	117.2	2.4	No	Yes	Property
2.	BDO Unibank	109.9	2.3	No	Yes	Banking
3.	Metropolitan Bank	104.0	2.2	No	Yes	Banking
4.	SM Prime Holdings	103.6	2.2	No	Yes	Holding Firms
5.	Bank of the Philippine Islands	86.1	1.8	No	Yes	Banking
6.	SMC Global Power	80.0	1.7	No	No	Electricity, Energy, and Power
7.	China Bank	71.2	1.5	No	Yes	Banking
8.	Security Bank	66.3	1.4	No	Yes	Banking
9.	San Miguel	60.0	1.2	No	Yes	Holding Firms
10.	SM Investments	58.3	1.2	No	Yes	Holding Firms
11.	Rizal Commercial Banking Corporation	55.3	1.2	No	Yes	Banking
12.	Philippine National Bank	52.2	1.1	No	Yes	Banking
13.	Maynilad	43.9	0.9	No	No	Water
14.	Vista Land	43.5	0.9	No	Yes	Property
15.	Petron	42.9	0.9	No	Yes	Electricity, Energy, and Power
16.	Ayala Corporation	40.0	0.8	No	Yes	Holding Firms
17.	Aboitiz Power	40.0	0.8	No	Yes	Electricity, Energy, and Power
18.	Filinvest Land	31.8	0.7	No	Yes	Property
19.	Aboitiz Equity Ventures	27.9	0.6	No	Yes	Holding Firms
20.	Philippine Savings Bank	25.4	0.5	No	Yes	Banking
21.	Robinsons Land	25.2	0.5	No	Yes	Property
22.	Union Bank of the Philippines	24.6	0.5	No	Yes	Banking
23.	San Miguel Brewery	22.0	0.5	No	No	Brewery
24.	East West Banking	17.7	0.4	No	Yes	Banking
25.	Robinsons Bank	16.0	0.3	No	No	Banking
26.	GT Capital	15.1	0.3	No	Yes	Holding Firms
27.	Doubledragon	15.0	0.3	No	Yes	Property
28.	San Miguel Food and Beverage	15.0	0.3	No	Yes	Food and Beverage
29.	PLDT	15.0	0.3	No	Yes	Telecommunications
30.	NLEX Corporation	13.9	0.3	No	No	Transport
<b>Total Top 30 LCY Corporate Issuers</b>		<b>1,438.8</b>	<b>30.0</b>			
<b>Total LCY Corporate Bonds</b>		<b>1,612.1</b>	<b>33.6</b>			
<b>Top 30 as % of Total LCY Corporate Bonds</b>		<b>89.2%</b>	<b>89.2%</b>			

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

Notes:

1. Data as of 31 December 2020.

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.