

Philippines

The Philippines' local currency (LCY) bond market modestly grew 0.3% quarter-on-quarter (q-o-q) to reach PHP9,786.6 billion (USD191.9 billion) at the end of December 2021. Total government bonds outstanding increased 0.5% q-o-q to PHP8,365.2 billion at the end of the fourth quarter (Q4) of 2021, driven entirely by Treasury bond issuance, while outstanding bonds in other government bond market segments declined. Outstanding corporate bonds fell 1.3% q-o-q to PHP1,421.3 billion due to debt maturities outpacing issuance during the quarter. Year-on-year, the Philippines' total LCY bond stock grew 14.2%. Government bonds comprised 85.5% and corporate bonds comprised 14.5% of the LCY bond market at the end of December.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2020		Q3 2021		Q4 2021		Q4 2020		Q4 2021	
	PHP	USD	PHP	USD	PHP	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	8,568	178	9,762	191	9,787	192	5.3	28.9	0.3	14.2
Government	6,956	145	8,322	163	8,365	164	7.0	35.3	0.5	20.3
Treasury Bills	949	20	943	18	796	16	8.3	95.3	(15.5)	(16.1)
Treasury Bonds	5,720	119	6,880	135	7,267	143	3.3	23.9	5.6	27.0
Central Bank Securities	220	5	440	9	260	5	340.0	-	(40.9)	18.2
Others	66	1	60	1	42	1	65.3	65.2	(30.3)	(36.7)
Corporate	1,612	34	1,440	28	1,421	28	(1.3)	7.1	(1.3)	(11.8)

(-) = 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:

- Bloomberg end-of-period LCY-USD rates are used.
- Growth rates are calculated from an LCY base and do not include currency effects.
- "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.
- Peso Global Bonds (PHP-denominated bonds payable in US dollars) are not included.

Sources: Bloomberg LP and Bureau of the Treasury.

Corporate bond issuance increased 18.4% q-o-q in Q4 2021, totaling PHP58.5 billion. The table below lists all debt sales during the quarter, comprising 11 bond issuances from eight firms. SM Prime Holding had the single-largest issuance of PHP 10.0 billion.

Table 2: Notable Local Currency Corporate Bond Issuances in the Fourth Quarter of 2021

Corporate Issuers	Coupon Rate (%)	Issued Amount (PHP billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (PHP billion)
SM Prime Holdings			Ayala Land		
7-year bond	5.10	10.00	10-year bond	4.08	3.00
Petron			AREIT, Inc.		
4-year bond	3.44	9.00	2-year bond	3.04	3.00
6-year bond	4.34	9.00	SL Agritech		
Aboitiz Power			1-year bond	zero coupon	1.87
4-year bond	4.00	4.80	Alsons Consolidated Resources		
7-year bond	5.03	7.20	1-year bond	zero coupon	0.60
Filinvest Land					
4-year bond	4.50	5.00			
6-year bond	5.26	5.00			

PHP = Philippine peso.

Source: Based on data from Bloomberg LP.

The aggregate amount of LCY bonds outstanding of the top 30 corporate issuers amounted to PHP1,274.7 billion at the end of December, representing 89.7% of the entire LCY corporate bond market. Banks continued to hold the largest sectoral share in the corporate bond market at 40.9%, followed by holding firms (24.0%) and property firms (17.4%). BDO Unibank and SM Prime Holdings were the largest LCY corporate bond issuers at the end of Q4 2021, with outstanding debt of over PHP100.0 billion each.

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.	BDO Unibank	109.9	2.2	No	Yes	Banking
2.	SM Prime Holdings	103.3	2.0	No	Yes	Holding Firms
3.	Ayala Land	95.9	1.9	No	Yes	Property
4.	Metropolitan Bank	93.8	1.8	No	Yes	Banking
5.	San Miguel	90.0	1.8	No	Yes	Holding Firms
6.	SMC Global Power	73.8	1.4	No	No	Electricity, Energy, and Power
7.	Bank of the Philippine Islands	61.8	1.2	No	Yes	Banking
8.	China Bank	61.2	1.2	No	Yes	Banking
9.	Rizal Commercial Banking Corporation	55.1	1.1	No	Yes	Banking
10.	Aboitiz Power	50.0	1.0	No	Yes	Electricity, Energy, and Power
11.	Security Bank	48.3	0.9	No	Yes	Banking
12.	Petron	45.0	0.9	No	Yes	Electricity, Energy, and Power
13.	Vista Land	42.7	0.8	No	Yes	Property
14.	Ayala Corporation	40.0	0.8	No	Yes	Holding Firms
15.	Philippine National Bank	31.8	0.6	No	Yes	Banking
16.	Filinvest Land	30.5	0.6	No	Yes	Property
17.	Aboitiz Equity Ventures	27.6	0.5	No	Yes	Holding Firms
18.	Robinsons Land	25.2	0.5	No	Yes	Property
19.	Union Bank of the Philippines	24.6	0.5	No	Yes	Banking
20.	SM Investments	23.3	0.5	No	Yes	Holding Firms
21.	Philippine Savings Bank	19.1	0.4	No	Yes	Banking
22.	Maynilad	18.5	0.4	No	No	Water
23.	East West Banking	16.2	0.3	No	Yes	Banking
24.	Doubledragon	15.0	0.3	No	Yes	Property
25.	San Miguel Food and Beverage	15.0	0.3	No	Yes	Food and Beverage
26.	Megaworld	12.0	0.2	No	Yes	Property
27.	Puregold	12.0	0.2	No	Yes	Whole and Retail Trading
28.	MTD Manila Expressway	11.5	0.2	No	No	Infrastructure
29.	Metro Pacific Investments	11.4	0.2	No	Yes	Holding Firms
30.	GT Capital	10.1	0.2	No	Yes	Holding Firms
Total Top 30 LCY Corporate Issuers		1,274.7	25.0			
Total LCY Corporate Bonds		1,421.3	27.9			
Top 30 as % of Total LCY Corporate Bonds		89.7%	89.7%			

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

Notes:

1. Data as of 31 December 2021.

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.