

## Philippines

The local currency (LCY) bond market of the Philippines grew a marginal 0.2% quarter-on-quarter (q-o-q) in the fourth quarter (Q4) of 2022 to reach a size of PHP11,196.5 billion (USD200.9 billion) at the end of December. Outstanding government bonds declined, driven by maturities exceeding the issuance of Treasury bills and other government securities. The outstanding stock of corporate bonds grew 4.4% q-o-q amid increased issuance volume during the quarter. At the end of December, the Philippines' LCY bond market comprised 85.7% government bonds and 14.3% corporate bonds.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2021		Q3 2022		Q4 2022		Q4 2021		Q4 2022	
	PHP	USD	PHP	USD	PHP	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	9,880	194	11,171	190	11,196	201	0.5	14.8	0.2	13.3
Government	8,365	164	9,636	164	9,593	172	0.5	20.3	(0.4)	14.7
Treasury Bills	796	16	509	9	410	7	(15.5)	(16.1)	(19.4)	(48.5)
Treasury Bonds	7,267	143	8,669	148	8,681	156	5.6	27.0	0.1	19.5
Central Bank Securities	260	5	410	7	480	9	(40.9)	18.2	17.1	84.6
Others	42	0.8	48	0.8	22	0.4	(30.3)	(36.6)	(54.2)	(47.3)
Corporate	1,515	30	1,535	26	1,603	29	0.6	(8.1)	4.4	5.8

( ) = negative, 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. Bloomberg end-of-period local currency-USD rates are used.
2. Growth rates are calculated from a local currency base and do not include currency effects.
3. "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.
4. Peso Global Bonds (PHP-denominated bonds payable in US dollars) are not included.

Sources: Bloomberg LP and Bureau of the Treasury.

Higher borrowing costs capped corporate bond issuance as growth decelerated to 1.6% q-o-q in Q4 2022 from 37.7% q-o-q in the third quarter. Total issuance climbed to PHP127.5 billion from PHP125.5 billion in the previous quarter. In Q4 2022, 16 LCY corporate bonds were issued by eight companies. San Miguel was the top issuer during the period with PHP60.0 billion worth of multitranche bond issuances.

Table 2: Notable Local Currency Corporate Bond Issuances in the Fourth Quarter of 2022

Corporate Issuers	Coupon Rate (%)	Issued Amount (PHP billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (PHP billion)
San Miguel			Security Bank		
5.3-year bond	7.45	27.10	1.5-year bond	5.30	14.60
7-year bond	7.85	9.71			
10-year bond	8.49	23.19	Cebu Landmasters		
Metropolitan Bank			3.5-year bond	6.42	2.77
1.5-year bond	5.00	23.72	5.5-year bond	6.99	1.24
Aboitiz Equity Ventures			7-year bond	7.36	0.99
3.5-year bond	6.87	9.10			
7-year bond	7.53	10.90			

PHP = Philippine peso.

Source: Based on data from Bloomberg LP.

At the end of December, the Philippines' top 30 corporate issuers had aggregate LCY bonds outstanding of PHP1,453.0 billion, accounting for 90.6% of the total LCY corporate bond market. The banking sector continued to hold the largest market share at 32.8%, followed by property firms at 28.7% and holding firms at 22.4%. San Miguel, Ayala Land, and SM Prime Holdings were the top three issuers of LCY corporate bonds, representing 10.2%, 9.3%, and 7.5%, respectively, of the total corporate bond market at the end of December.

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.	San Miguel	163.3	2.9	No	Yes	Holding Firms
2.	Ayala Land	149.3	2.7	No	Yes	Property
3.	SM Prime Holdings	119.6	2.1	No	Yes	Property
4.	Metropolitan Bank	100.0	1.8	No	Yes	Banking
5.	BDO Unibank	96.5	1.7	No	Yes	Banking
6.	SMC Global Power	90.1	1.6	No	No	Electricity, Energy, and Power
7.	Security Bank	65.4	1.2	No	Yes	Banking
8.	Ayala Corporation	55.0	1.0	No	Yes	Holding Firms
9.	Aboitiz Power	54.4	1.0	No	Yes	Electricity, Energy, and Power
10.	Rizal Commercial Banking Corporation	48.7	0.9	No	Yes	Banking
11.	SM Investments	48.3	0.9	No	Yes	Holding Firms
12.	Aboitiz Equity Ventures	47.6	0.9	No	Yes	Holding Firms
13.	Petron	45.0	0.8	No	Yes	Electricity, Energy, and Power
14.	Vista Land	42.6	0.8	No	Yes	Property
15.	Bank of the Philippine Islands	42.4	0.8	No	Yes	Banking
16.	Union Bank of the Philippines	37.0	0.7	No	Yes	Banking
17.	Filinvest Land	35.4	0.6	No	Yes	Property
18.	China Bank	30.3	0.5	No	Yes	Banking
19.	Robinsons Land	29.6	0.5	No	Yes	Property
20.	Philippine National Bank	19.2	0.3	No	Yes	Banking
21.	Maynilad	18.5	0.3	No	No	Water
22.	Doubledragon	15.0	0.3	No	Yes	Property
23.	San Miguel Food and Beverage	15.0	0.3	No	Yes	Food and Beverages
24.	Cebu Landmasters	13.0	0.2	No	Yes	Property
25.	Philippine Savings Bank	12.7	0.2	No	Yes	Banking
26.	Bank of Commerce	12.5	0.2	No	Yes	Banking
27.	Megaworld	12.0	0.2	No	Yes	Property
28.	Puregold	12.0	0.2	No	Yes	Whole and Retail Trading
29.	Metro Pacific Investments	11.4	0.2	No	Yes	Holding Firms
30.	East West Banking	11.2	0.2	No	Yes	Banking
Total Top 30 LCY Corporate Issuers		1,453.0	26.1			
Total LCY Corporate Bonds		1,603.1	28.8			
Top 30 as % of Total LCY Corporate Bonds		90.6%	90.6%			

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

Notes:

1. Data as of 31 December 2022.

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.