

Philippines

Yield Movements

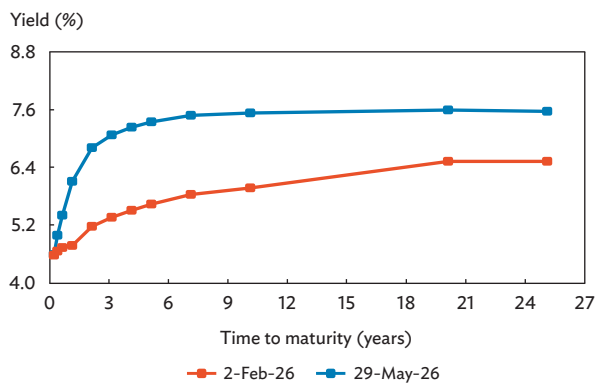
Local currency (LCY) government bond yields in the Philippines rose by an average of 120 basis points across all maturities between 2 February and 29 May, driven by the hawkish monetary policy stance of the Bangko Sentral ng Pilipinas (BSP) (Figures 1A, 1B). On 23 April, the BSP raised its policy rate by 25 basis points over mounting inflationary pressures due to the oil price shock stemming from the Middle East conflict. Investor appetite was further dampened by domestic factors, including narrowing fiscal space and sovereign outlook downgrades by S&P Global Ratings and Fitch Ratings in April.

Local Currency Bond Market Size and Issuance

The Philippines' LCY bond market expanded 2.8% quarter-on-quarter (q-o-q) to reach PHP14.1 trillion at the end of March, supported by gains in government bonds (3.9% q-o-q) and the corporate debt stock (4.3% q-o-q) on increased issuance (Figure 2A). Total issuance in the first quarter (Q1) of 2026 jumped 32.5% q-o-q as government bond issuance more than doubled (PHP1.2 trillion) from the previous quarter due to the government's front-loading policy (Figure 2B). The increase was also partly driven by the PHP297.9 billion issuance of new 10-year benchmark bonds in February. Similarly, corporate debt sales grew 67.1% q-o-q, supported by the banking industry, which accounted for 86.8% of total Q1 2026 corporate issuance, due to refinancing needs.

Figure 1: Local Currency Government Bond Yields in the Philippines

A. Yield Curve



() = negative.

Note: Data coverage is from 2 February 2026 to 29 May 2026.

Source: AsianBondsOnline calculations based on Bloomberg LP data.

B. Bond Yield Movements

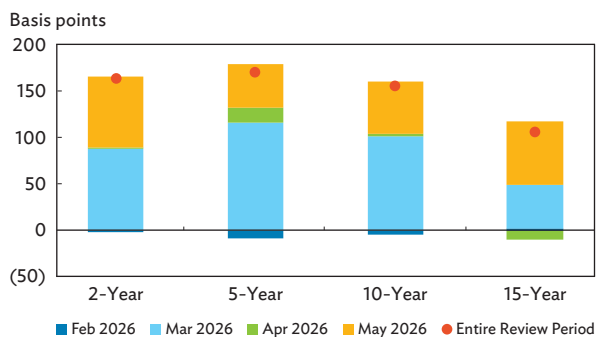
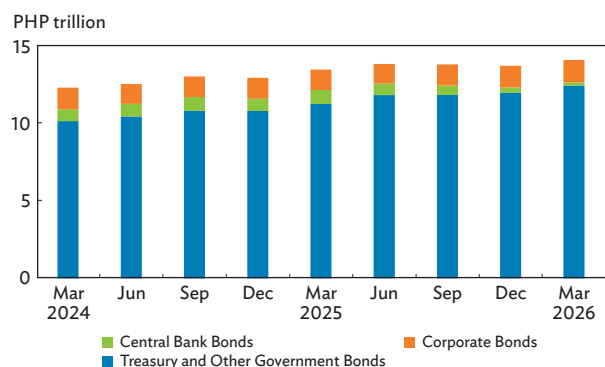
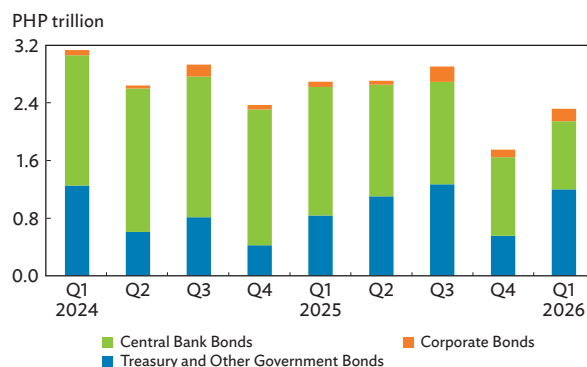


Figure 2: Composition of Local Currency Bonds in the Philippines

A. Outstanding



B. Issuance



PHP = Philippine peso, Q1 = first quarter, Q2 = second quarter, Q3 = third quarter, Q4 = fourth quarter.

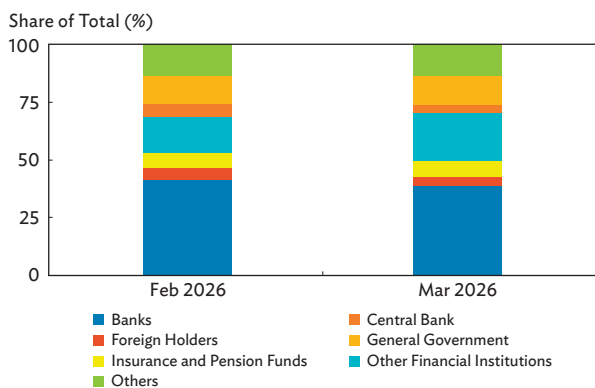
Note: Treasury and Other Government bonds comprise Treasury bonds; Treasury bills; and bonds issued by government agencies, entities, and corporations for which repayment is guaranteed by the Government of the Philippines.

Sources: Bangko Sentral ng Pilipinas, Bureau of the Treasury, and Bloomberg LP.

Investor Profile

Banks and other financial institutions were the two largest holders of LCY government bonds at the end of March, with their combined holdings share rising to 59.4% from 57.3% in February (Figure 3). In contrast, foreign holdings of government bonds declined to 4.0% from 5.0% over the same period, reflecting investors’ risk aversion over geopolitical uncertainties.

Figure 3: Investor Holdings of Local Currency Government Bonds



Notes: “Others” include nonfinancial institutions, the social security agency, and households.

Source: Bureau of the Treasury.

Sustainable Bond Market

The Philippines’ sustainable bond market expanded 11.7% q-o-q to USD17.9 billion at the end of March, supported by robust issuance during the quarter (Figure 4A). Sustainable bond issuance in Q1 2026 increased more than fivefold from the previous quarter to USD3.4 billion, driven primarily by strong private sector issuance. Public sector bonds were more concentrated in tenors of over 5 years compared with private sector bonds, resulting in a longer overall size-weighted average tenor of 9.6 years (Figure 4B).

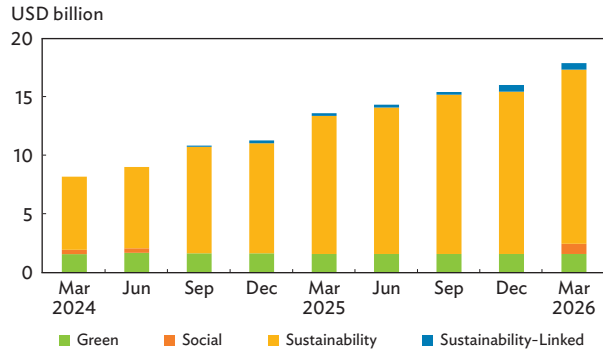
Policy and Regulatory Developments

Securities and Exchange Commission Releases New Sukuk Guidelines

On 25 February, the Securities and Exchange Commission issued new guidelines on *sukuk* (Islamic bonds) issuance. The guidelines established a comprehensive regulatory framework covering registration, permissible structures, disclosure, and reporting requirements to enhance transparency, strengthen investor protection, and ensure sharia compliance. The initiative also aims to promote financial inclusion, broaden investor participation, and boost the Islamic finance market.

Figure 4: Sustainable Bond Market in the Philippines

A. Sustainable Bonds Outstanding



RHS = right-hand side, USD = United States dollar.

Source: *AsianBondsOnline* calculations based on Bloomberg LP data.

B. Maturity Profile and Average Tenor of Sustainable Bonds Outstanding by Sector

