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The

MARKET CALL

Capital Markets Research

FIRST METRO
INVESTMENT CORPORATION
Metrobank Group

UA&P
UNIVERSITY OF ASIA AND THE PACIFIC

FMIC and UA&P Capital Markets Research

Executive Summary

The Russian invasion of Ukraine, which resulted in sky-high crude oil and commodity prices, may have dampened the inflation and economic outlook of the country, but domestic demand fueled by the robust recovery and heavier election spending in H1 will likely offset much of the negative impact. Inflation may speed up to 4% by March, but the early food prices slowdowns should partly cushion future increases. We expect monetary policy to remain unchanged to favor growth until Q4 at the earliest. Pressure on the peso should continue until a reasonable resolution of the Russia-Ukraine conflict emerges.

Bonds Market

10 ***Peso bonds, especially longer tenors, appear increasingly unattractive for the rest of H1 amid inflationary fears due to soaring oil and key commodity prices and Fed's tighter monetary policy. Only some reasonable resolution of the Russia-Ukraine conflict can stop oil and commodity price escalation and ease the expected rise in domestic inflation.***

● BTr raised a hefty P457.8-B through its RTB-27 auction as it carried a handsome rate of 4.875% in February. ● Demand for shorter papers plummeted by -58.3% as investors shifted to the better yielding RTB-27. ● Trading volume in the secondary market slipped by -12.8% MoM to P327.9-B amid global headwinds and domestic supply pressure. ● Yields shot up across the curve ranging from 11.5 bps to 57.1 bps. ● Corporate bond trading declined by -23.7% MoM and -28% YoY. ● ROP-31 and ROP-40 yields spiked by some 50 bps due to peso depreciation and sizable fresh supply.

Macroeconomy

3 ***The Russian invasion of Ukraine has exacerbated the crude oil and commodity price spiral and will likely bring domestic inflation above the 2-4% target of BSP. However, its impact on the economy will likely turn out mild amidst heavy election spending in H1 and growing business confidence and robust earnings. Despite an acceleration in M3 growth, BSP has reiterated, and we think so too, their determination to keep policy rates unchanged for most of 2022.***

● Manufacturing output in January 2022 expanded by 16.5% YoY and appears to continue in February with Manufacturing PMI hitting a 3-year high of 52.8.● Capital goods imports increased by 16.1% YoY in January, the 9th consecutive month of gains. ● Inflation slowed further to 3% in February as lower food prices trumped fuel price increases. ● NG expenditures eased to 5.2% YoY in December as line departments and agencies adjusted spending and identified projects that would spill into 2022 given the new cash-based budget system. ● M3 growth neared 10% in January, but BSP will likely keep policy rates unchanged until the economy weathers the new crisis. ● The USD/PHP rate paused in February but will likely remain in depreciation mode due to uncertainties from the Russia-Ukraine conflict and large trade deficits amidst high oil prices.

Equities Market

16 ***PSEi ended February mildly down by -0.7% to 7,311.01 due to the Russian invasion of Ukraine. Only two sectors—Property and Mining & Oil-- landed in positive territory. With higher inflation expected due to the Russian invasion of Ukraine, volatility should characterize PSEi probably into Q2-2022. There may be momentary drop of PSEi to below 7,000 in early March. However, we see election spending to provide the partially offsetting factor for the economy and PSEi. Despite cautious foreign investors, local investors appear ready to take up any slack as seen in the past months, bolstered by strong earnings growth in Q1-2022. Thus, we remain cautiously optimistic and keep on the lookout for undervalued stocks.***

● SM Prime Holdings (SMPH) led the Property Sector with a 13.4% climb while Semirara Mining and Power Corporation's (SCC) 10.6% gain drove the Mining and Oil sector due to higher coal prices and volumes. ● The Industrial sector led the sectoral decline as it dropped by -4.6%, pulled down by Universal Robina Corporation (URC) that fell by -5.5% MoM. ● Trading volume rebounded by +54% after tumbling -50.3% a month ago, with the Services sector gaining the most, by 81.2%. ● Net foreign buying amounted to P7.4-B in February, after the P5.0-B NFS a month ago, led by SM Prime Holdings with P2.9-B.

Economic Indicators (% change, latest month, unless otherwise stated)	Latest Period	Previous Period	Year-to-Date (2022)	2020 (year-end)	2021 (year-end)
GDP Growth (Q4-2021)	7.7%	6.9%	--	-9.6%	5.6%
Inflation Rate (Feb)	3%	3%	3%	2.4%	3.9%
Government Spending (Dec)	5.2%	10.3%	--	11.3%	12.8%
Gross International Reserves ($B) (Feb)	108.0	107.7	107.9	96.5	107.1
PHP/USD rate (Feb)	51.28	52.24	51.26	49.63	48.88
10-year T-bond yield (end-Feb)	5.38	4.92	5.11	3.52%	4.16

Sources: Philippine Statistics Authority (PSA), Bangko Sentral ng Pilipinas (BSP), Department of Budget and Management (DBM), Philippine Stock Exchange (PSE), Philippine Dealing System (PDS), and Authors' Calculations

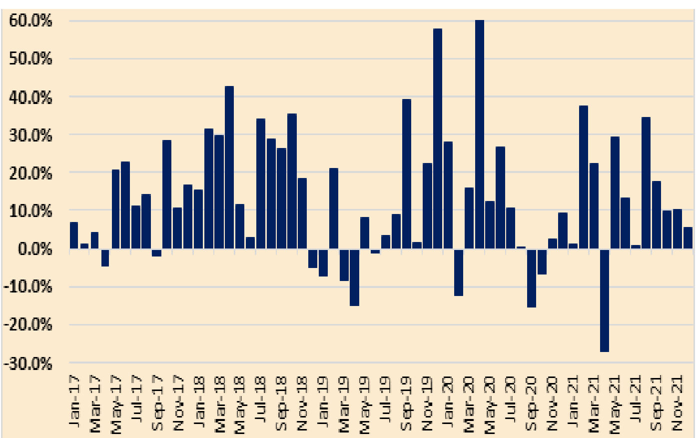
MACROECONOMY

MANUFACTURING, CAPITAL GOODS IMPORTS EXPAND IN JANUARY AS INFLATION COOLS

After two quarters of rapid recovery, business optimism returned as shown by the 3-year high of Manufacturing PMI to 52.8 in February and an actual 16.5% (year-on-year., YoY) output expansion in January. Mild and steady inflation at 3% in February looked encouraging. Besides, investment spending likely improved further as capital goods imports jumped by 16.1% YoY in January, the 9th consecutive month of growth. National Government (NG) spending rose by 5.2% YoY in December, slower than in November, but this would like arose from NG departments' care to balance their books while keeping projects spill over into 2022 under the new cash-based budget system.

Outlook: The Russian invasion of Ukraine, which resulted in sky-high crude oil and commodity prices, may have dampened the inflation and economic outlook of the country, but domestic demand fueled by the robust recovery and heavier election spending in H1 will likely offset much of the negative impact. Inflation may speed up to 4% by March, but the early food prices slowdowns should partly cushion future increases. We expect monetary policy to remain unchanged to favor growth until Q4 at the earliest. Pressure on the peso should continue until a reasonable resolution of the Russia-Ukraine conflict emerges.

Figure 1 - NG Expenditures Growth Rate, Year-onYear
NG Spending Advanced by 5.2% in December



Source of Basic Data: Bureau of the Treasury (BTr)

Unemployment Rate Falls Further to 6.4% in January

The country's unemployment rates eased further to 6.4% in January, the lowest level since the start of the pandemic. This came down from 6.6% a month earlier. The sharp fall of the labor participation rate to 60.5% from 65.1% in December meant that lower employment print for the month matched against a reduced labor force.

The slump in employment in January, which reached 3.6-M arose from (a) the retrenchment of temporarily employed people hired before and during the Christmas season, a usual phenomenon, (b) the reimposition of tighter Covid-19 restrictions in January, and (c) more young people decided to study, as supported by the increase in jobs of +95,000 in the Education sector.

Of the total reduction in jobs, the Services sector showed the largest cut of 2.6-M, as only three of the 13 sub-sectors posted gains. The job creators included Information & Communication (+62,000), Financial & Insurance (22,000), and Education (as above). The biggest subsectors under Services had the biggest drops. Wholesale & Retail Trade alone let 1.3-M go, while Public Administration & Defense had 444,000 retrenched. The two subsectors accounted for some 47.1% of total employment in the Services sector. Large declines occurred also in Administrative & Support Services (-295,000) and Human Health & Social Work (-176,000) the latter affected by the rapid decline in Covid-19 cases and hospitalizations.

Agriculture had the second highest slump in employment of 1.8-M, likely due to the return

Table 1 - Labor Force Survey Summary (in '000)

			MoM Change	
	Dec 2021	Jan 2022	Levels	% Change
Labor Force	**49,546**	**45,943**	**-3,603**	**-7.3%**
Employed	**46,274**	**43,018**	**-3,256**	**-7%**
Underemployed*	**6,811**	**6,397**	**-414**	**-6.1%**
Underemployment Rate	**14.7**	**14.9**	**0.15**	**1.0%**
Unemployed	**3,272**	**2,925**	**-347**	**-10.6%**
Unemployment Rate	**6.6**	**6.4**	**-0.24**	**-3.6%**
Labor Participation Rate**	**65.1**	**60.5**	**-4.55**	**-7.0%**
Not in Labor Force	**26,577**	**29,951**	**3,374**	**12.7%**
Agriculture	**11,833**	**10,044**	**-1.789**	**-15.1%**
Industry	**8,236**	**7,602**	**-634**	**-7.7%**
Mining and Quarrying	189	177	-12	-6.1%
Manufacturing	3,693	3,140	-552	-15.0%
Electricity, Gas, Steam, and Air-Conditioning Supply	68	70	3	4.2%
Water Supply, Sewerage, etc.	72	63	-9	-12.9%
Construction	4,215	4,151	-64	-1.5%
Services Selected Summary	**26,205**	**23,602**	**-2,603**	**-9.9%**
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	9,967	8,639	-1,328	-13.3%
Transportation and Storage	3,004	2,939	-65	-2.2%
Accommodation and Food Services Activities	1,542	1,406	-135	-8.8%
Information and Communication	402	464	62	15.5%
Financial and Insurance Services	595	618	22	3.7%
Real Estate Activities	281	196	-85	-30.1%
Professional, Scientific, and Technical Activities	326	282	-44	-13.5%
Administrative and Support Services Activities	2,059	1,765	-295	-14.3%
Public Administration and Defense; Compulsory Social Security	2,927	2,483	-444	-15.2%
Education	1,344	1,439	95	7.1%
Human Health and Social Work Activities	808	632	-176	-21.8%
Arts, Entertainment, and Recreation	410	269	-141	-34.4%
Other Service Activities	2,540	2,468	-72	-2.9%

** Underemployed persons are "employed persons who expressed desire to have additional hours of work in their present job or to have an additional job, or to have a new job with longer hours of work." (PSA). The underemployment rate is equal to the percentage of underemployed persons to total employed persons.*
*** Labor participation rate is equal to the total labor force (employed+unemployed) to the population over 15 years of age. The usual reasons (not exhaustive) why some in that population do not enter the labor force are (a) they are old and have retired, (b) they are permanently or temporarily (for long period) sick which prevents them from seeking employment, (c) those who are studying full-time, and (d) those who have given up even looking for work because they are discouraged by repeated inability to obtain gainful employment.*
Source of Basic Data: Philippine Statistics Authority (PSA)

to Industry of some of those who went back to Agriculture during the early part of the pandemic. Industry sector didn't escape the exodus as it shed 634,000 jobs. The huge cuts occurred in the Manufacturing (-552,000) and Construction (-64,000) subsectors. Electricity, Gas & Steam escaped the rout as it added a miniscule 3,000 jobs.

We find some positive aspects of the Labor Force Survey. The number of unemployed persons dropped by 347,000, as the mean hours worked by the employed went up by 2.1% to 41.8 hours in a week. Also, the number of wage & salary workers remained at 22.8-M, another explanation why the underemployment rate minimally rose by 0.2 percentage points to 14.9% much below the 16.7% rate in November 2021.

We think employment numbers will resume to rise even as early as February since the government had eased Covid-19 restrictions late that month.

Manufacturing Output Keeps Double-digit Growth Pace in January

Volume of Production Index (VoPI) continued to expand at a double-digit pace of 16.5% year-on-year (YoY) in January 2022, albeit an easing from 21.3% in December. The increase in 16 out of 22 industry categories sustained the VoPI's momentum.

Manufacture of tobacco products contributed the most in January with its 88.4% surge. Manufacture of wood, bamboo, cane, rattan articles and related products (+86%) and manufacture of basic pharmaceutical products and pharmaceutical preparations (+47.8%) also contributed to the upswing. On the other end, manufacture of wearing apparel led this month's losers with -24.2% YoY decrease followed by manufacture of leather and related products, including footwear with -6.3% YoY loss.

Manufacturers kept a positive outlook as the IHS Markit Philippines Manufacturing PMI increased to 52.8 in February 2022 from 50.0 in the previous month. The 3-year growth highs in orders, exports, and purchases provided the impetus to PMI's highest level since December 2018. With supply chain issues still festering and fuel prices on a steep climb, producers raised their prices by 4.1% YoY from 0.6% a month earlier.

NG Expenditures Eases to 5.2% Uptick in December

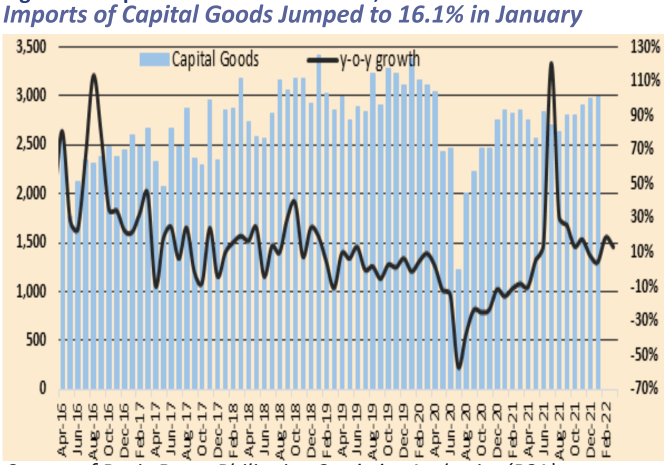
National Government (NG) expenditures in December expanded by 5.2% (YoY), a slowdown from 10.3% a month earlier. Revenues, as well, fell by -3%, a reversal from the 15.6% gain in November. NG incurred a deficit of

Table 2 - 2021 Full Year Actual vs Program National Government Cash Operations

Particulars	Program	Actual	Differences	%
January-December				
REVENUES	**2,881.50**	**3,005.50**	**124.00**	**4.3%**
Tax Revenues	**2,714.80**	**2,739.80**	**25.00**	**0.9%**
BIR	2,081.20	2,078.10	-3.10	-0.2%
BOC	616.70	643.60	26.80	4.4%
Other Offices	16.90	18.10	1.30	7.5%
Non-tax Revenues	**166.70**	**265.80**	**99.00**	**59.4%**
BTr	74.70	125.30	50.60	67.8%
Other Offices	92.00	140.40	48.40	52.6%
EXPENDITURES	**4,737.10**	**4,675.60**	**-61.50**	**-1.3%**
Operating Expenditure	4,205.60	4,246.20	40.60	1.0%
Interest Payments	531.5	429.4	-102.10	-19.2%
SURPLUS/(-)DEFICIT	**-1,855.60**	**-1,670.10**	**185.50**	**-10.0%**
Primary/Surplus	-1,324.10	-1,240.70	83.40	-6.3%

Source of Basic Data: Bureau of the Treasury (BTr)

Figure 2 - Capital Goods Growth Rates, Year-on-Year
Imports of Capital Goods Jumped to 16.1% in January



Source of Basic Data: Philippine Statistics Authority (PSA)

budget deficit hit P1.67-T, a +21.8% jump from P1.37-B in 2020 but declined as a percentage of GDP to 8.6% from 9.3% in 2020, as the economy grew. In addition, the deficit came in at 10% lower than the programmed deficit of P1.87-T.

With a lot of holidays and end-of-the-year balancing efforts by the executive department, infrastructure spending likely slowed during the month. Increased consumer spending in December had little effect on tax revenues for the month as the latter increased by 6.7%. Higher petroleum prices boosted collections of the Bureau of Customs (BOC) by 32.9% YoY, but stymied tax take at the Bureau of Internal Revenue (BIR) which slightly slipped by -0.6%.

For the full year 2021, tax revenues did improve by 9.4%, again bolstered by BOC's outperformance of 19.7%. BIR, which usually accounts for nearly 80% of tax revenues, posted a fairly soft 6.5% gain. Thus, the country's tax effort (tax revenues/GDP) inched up to 14.1% from 14% in 2020. With interest rates still low due to BSP's accommodative policy, interest payments as a percentage of total NG expenditures reached 9.2%, mildly up from 9% a year ago.

We present the full-year actual performance against the program in Table 2.

Capital Goods Imports Continue its Upswing in Jan 2022

Imports of durable equipment posted another double-digit jump of 16.1% YoY to open the New Year in a bright note, faster than 13.1% posted a month earlier. Five out of the six major categories registered robust gains, with only Office & EDP Machines in the red.

Aircraft, Ships & Boats led the charge with a huge 335.6% surge, albeit still from a low base. However, two other major categories—Land Transportation, and Professional, Scientific & Control Instruments etc.—had large double-digit gains of 41.6% and 33.1%, respectively.

Total imports soared by 27.5% YoY driven primarily by the unabated spiraling of crude oil and petroleum products prices such that Mineral Fuels, etc. vaulted by 97.2%. The 29.6% swelling of Raw Materials & Intermediate Goods imports, which constituted some 41.3% of total imports, contributed as well to the strong upswing. Imports of consumer goods eased to 11.4% YoY from 17.6% in December.

Since the escalation of imports far exceeded that of exports, the trade deficit reached $4.7-B, a huge 63.2%

Table 3 - Imports Year-on-Year Growth Rates

Imports Year-on-Year Growth Rates	Dec-21	Jan-22	YTD
Total Imports	**39.1**	**27.5**	**27.5**
Capital Goods	**13.3**	**16.1**	**16.1**
Power Generating and Specialized Machines	12.4	8.8	8.8
Office and EDP Machines	7.8	-11.7	-11.7
Telecommunication Equipment and Electrical Machines	2.3	9.1	9.1
Land Transport Equipment excluding Passenger Cars and Motorized cycle	6.8	41.6	41.6
Aircraft, Ships and Boats	186.8	335.6	335.6
Prof.Sci.and Cont. Inst., Photographic Equipment and Optical Goods	29.3	33.1	33.1
Raw Materials and Intermediate Goods	**49.2**	**29.6**	**29.6**
Mineral Fuels, Lubricant and Related Materials	**146.1**	**97.2**	**97.2**
Consumer Goods	**17.6**	**11.4**	**11.4**

Source of Basic Data: Philippine Statistics Authority (PSA)

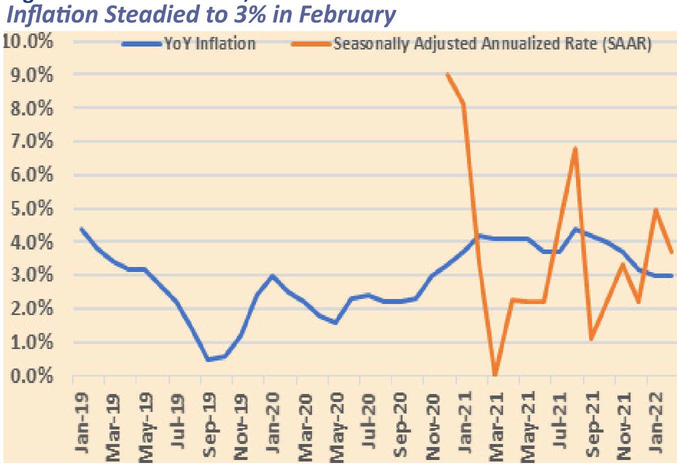
Table 4 - Major Contributors to Year-on-Year Inflation

Inflation Year-on-Year Growth Rates	Jan-22	Feb-22	YTD
All items	3.0%	3.0%	3.0%
Food and Non-Alcoholic Beverages	1.7%	1.2%	1.4%
Alcoholic Beverages and Tobacco	5.6%	4.7%	5.1%
Clothing and Footwear	2.0%	1.9%	1.9%
Housing, Water, Electricity, Gas, and Other Fuels	4.5%	4.8%	4.7%
Transport	7.0%	8.8%	7.9%
Restaurants and Accommodation Services	3.0%	2.9%	2.9%

Note: Green font - means lower rate (good) vs. previous month
Red font – means higher rate (bad) vs. previous month

Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 3 - Inflation Rates, Year-on-Year
Inflation Steadied to 3% in February



Source of Basic Data: Philippine Statistics Authority (PSA)

increase from a year earlier, albeit 10.9% lower than the record-high of $5.3-B in December 2021.

Inflation Steadies at 3% in February

Despite the unabated spiral of crude oil prices, especially due to the Russian invasion of Ukraine, headline inflation in February steadied at 3% (even though December 2021's 3% received an upward revision of +0.1%). The -0.8% month-on-month (MoM) tumble of heavily weighted food prices due to milder restrictions in mobility and weaker demand (from Christmas season's high) more than offset the 1.7% MoM jump in Transport costs.

Notably, Food and Non-alcoholic Beverages (FNAB) and Alcoholic Beverages and Tobacco (ABT) comprised 39.9% of the Consumer Price Index (with new base year of 2018). Thus, FNAB eased to 1.2% YoY increase from 1.7% a month earlier while ABT slowed to 4.7% from 5.6% in January.

While only three out of 13 product/service categories showed price increases over the same month last year, the acceleration in fuel prices translated into more expensive Transport by 8.8% YoY from 7% a month ago. West Texas Intermediate crude oil prices (WTI, or U.S. benchmark) averaged $91.64/barrel (bbl) in February 2022 and soaring by another 55.2% YoY from a year earlier. Brent crude similarly surged by 56% YoY to average $97.13/bbl for the latest month.

On a seasonally adjusted basis, inflation cooled to 0.3% from 0.4% a month earlier. Translated to an annual basis (SAAR), this slowed to 3.7% from 4.9%.

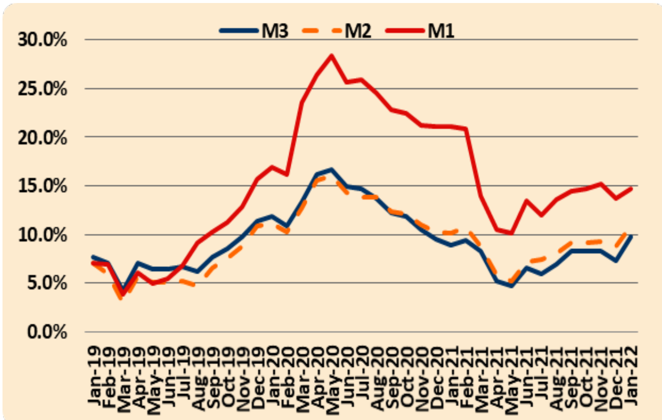
Money (M3) Growth Accelerates to 9.8% in January

Domestic liquidity (M3) increased by 9.8% YoY in January to P15.3-T, faster than the previous month's 7.7% pace. On a MoM seasonally adjusted basis, M3 rose by 2.8%. Narrow money (M1) increased by 14.7%, faster than the 13.4% growth in the previous month. Meanwhile, broad money (M2) rose by 10.9% YoY, faster than the 8.7% pace a month ago.

Net foreign assets (NFA) in peso terms rose by 6.2% in January from December's 6.5%. The growth in the BSP's NFA position reflected the decrease in the country's gross international reserves. Meanwhile, the NFA of banks moderated as their foreign assets rose at a slower pace on account of lower deposits maintained with nonresident banks. The improved credit activity reflects the expansion in business activity amidst improved Covid-19 prospects.

Figure 4 - M1, M2, M3 Growth Rates

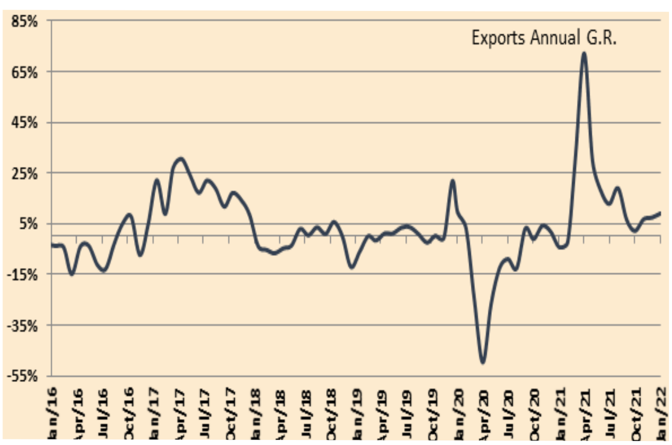
Domestic Liquidity (M3) Increased by 9.8% in January



Source of Basic Data: Bangko Sentral ng Pilipinas (BSP)

Figure 5 - Export Growth Rates, Year-on-Year

Exports Strengthened by 8.9% in January



Source of Basic Data: Philippine Statistics Authority (PSA)

Lending for production increased by 9.6% in January from 6% in December, as outstanding loans to key industries continued, specifically information and communication (+31.4%) and financial and insurance activities (+17.1%). Manufacturing and real estate activities also saw expansions.

Likewise, consumer loans to residents increased marginally by 0.1% in January from a 5.9% decline in December amid YoY rise in credit loans—the first time household loans posted growth since December 2020.

Exports Register Strongest Pace in 5 Months in January

Outward shipments in January strengthened by 8.9%, the fastest growth in five months, to $6.0-B from $5.5-B a year ago. Additionally, this is the 8th consecutive month of exceeding $6.0-B.

Five out of 10 major commodities expanded in January. Exports of Coconut Oil led the pack with 110.1%, following its 135.2% jump a month ago. Moreover, Electronic Products remained as the largest driver of export sales, accounting for 58% of total exports (8.2% higher YoY). On the other hand, Ignition Wiring Set and Other Wiring Sets Used in Vehicles, Aircrafts and Ships declined the most with -21.8%.

By major type of goods, outward shipments of Petroleum Products spiked the most at 152.6%, albeit contributing only 0.02% of total exports. Meanwhile, total-Agro Products jumped by 29.9% driven by Coconut Oil (+110.1%).

The U.S. held its position as the top export destination with $934.8-M or 8.9% higher YoY, followed by China and Japan with $885.1-M and $826.6-M, respectively. Exports to Netherlands and Singapore posted sizable gains as sales rose by 57.7% to $238.8-M and 49.1% to $413.5-M, respectively.

OFW Remittances Climb by 2.5% in January 2022

Inwards personal remittances of Overseas Filipino Workers (OFWs) climbed by 2.5% YoY to $3.0-B in January 2022, higher than the $2.9-B sent in the same month in 2021.

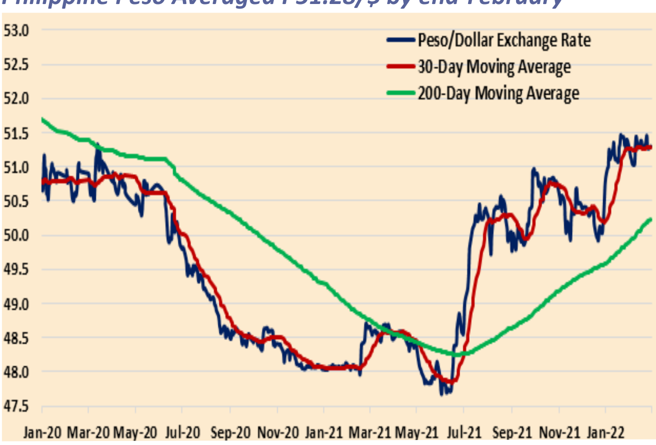
The gain in personal transfers during the year benefited from remittances of land-based workers with work contract of one or more which increased by 2.9% YoY to $2.3-B from $2.2-B in the same period last year.

Table 5 - Exports Year-on-Year Growth Rates

Exports Year-on-Year Growth Rates	Dec-21	Jan-22	YTD
Total Exports	**7.3**	**8.9**	**8.9**
Agro-Based Products	**47.8**	**33.2**	**33.2**
Mineral Products, of which	**0.1**	**17.2**	**17.2**
Copper Cathodes	-35.1	46.0	46.0
Others (incl. nickel)	-12.4	5.9	5.9
Manufactured Goods	**5.5**	**7.2**	**7.2**
Electronic Products	1.8	8.2	8.2
Other Electronics	-13.2	-14.2	-14.2
Chemicals	36.8	-2.8	-2.8
Machinery and Transport Equipment	**19.2**	**-16.9**	**-16.9**
Processed Food and Beverages	**4.7**	**-7.0**	**-7.0**
Others	35.3	34.5	34.5

Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 6 - Dollar-Peso Exchange Rates and Moving Averages
Philippine Peso Averaged P51.28/$ by end-February



Source of Basic Data: Bangko Sentral ng Pilipinas (BSP)

Table 6 - Exchange Rates vs USD for Selected Asian Countries

Exchange Rates vs USD for Selected Asian Countries			
	Jan-22	Feb-22	YTD
AUD	-0.4%	0.3%	-0.4%
CNY	-0.2%	-0.2%	-0.2%
INR	-1.3%	0.7%	-1.3%
IDR	0.3%	-0.2%	0.3%
KRW	1.0%	0.2%	1.0%
MYR	-0.6%	0.0%	-0.6%
PHP	2.0%	0.1%	2.0%
SGD	-1.0%	-0.3%	-1.0%
THB	-1.0%	-1.8%	-1.0%

Note: Green font - means it depreciated, weaker currency
Red font – means it appreciated, stronger currency

Source of Basic Data: Bangko Sentral ng Pilipinas (BSP)

Sea- and land-based workers with work contracts of less than one year rose by 1.2% YoY to $0.62-B from $0.61-B a year earlier. Moreover, cash remittances from OFWs coursed through banks grew by 2.5% YoY to $2.7-B in January from $2.6-B in January 2021. An identical pattern as to source by type of workers as in personal remittances emerged.

The increase in cash remittances from the U.S., Japan, and Singapore contributed greatly to the growth in remittances for the month. Meanwhile, as for origin by country, the U.S. registered the highest share of overall remittances at 41.2%, followed by Singapore, Japan, Saudi Arabia, the United Kingdom, the United Arab Emirates, Canada, Taiwan, Qatar, and Malaysia. The consolidated remittances from these top 10 countries accounted for 79.6% of total cash remittances in January.

Pause in Peso Depreciation in February

The dollar-peso exchange rate (FX) slightly depreciated by 0.1% in February to P51.28/$ from P51.24/$ a month ago as investors sought the U.S. dollar amid uncertainties brought by the developments in Ukraine. The pair touched a high of P51.45/$ and a low of P51.03/$, bringing the volatility measure to 12.6% from 14.2% in the previous month.

Moving forward, the U.S. dollar will highly likely extend its gains buoyed by rising geopolitical tensions boosting the haven demand (i.e. greenback) alongside the upcoming Fed rate hike in March. These circumstances already pushed the FX rate to go beyond the P52/$-handle by March. Furthermore, we expect wider trade deficit, caused by sky-high oil and commodity prices, putting an upward pressure on the peso in the short term. Lastly, the 200-day moving average (MA) continued its ascent indicating depreciation bias in the long term.

Outlook

The restrictions arising from Covid-19 eased in February raised business optimism, but the Russian invasion of Ukraine on February 24, 2022 has put a dampener on the domestic inflation outlook. However, heavy private sector and government spending before the May elections should soften its overall impact on economy, at least in H1.

- Business firms and workers anticipated the relaxation of Covid-19-related restrictions in late February and so Manufacturing PMI jumped to 52.8 in the same month from 50.0 in January 2022. This represents a 26-month high for PMI and showed the optimism building up in the Manufacturing sector.

- Imports of capital goods had a good start for 2022 as it expanded by 16.8% from 13.1% in December 2021, the 9th consecutive month of YoY gains. This suggests improving business confidence.

- Inflation eased further to 3% in February 2022, similar to the pace a month earlier. While these will likely succumb to the staggering spiral of crude oil and commodity prices, this early slowdown may soften the expected impact of fuel prices in the wake of the Russian-Ukraine conflict.

- NG spending paused in December as government agencies prepared for expenditures to carry over to 2022 in the light of newly implemented cash-based budget system. We expect a markedly faster pace of spending in H1-2022 as the May elections draw ever closer.

- M3 growth finally closed in on the 10% YoY mark in December, but the economy's growth vulnerability to the conflict in Eastern Europe will likely make the monetary authorities hold on to the existing policy rates until Q4 over favoring the use of monetary policy to contain supply-side shocks.

- The dollar-peso rate, which breached P52/$ in early March, will remain under pressure until the Russia-Ukraine conflict gets some reasonable form of resolution.

FIXED INCOME SECURITIES

BTR RAISES P457.8-B FROM RTB ISSUE AHEAD OF PROBLEMATIC RUSSIAN INVASION OF UKRAINE

Russia's invasion of Ukraine on February 24, 2022 underscored the successful fund raising of the National Government (NG) with 5-year Retail Treasury Bonds (RTBs) at 4.875% priced on February 15th. The Bureau of the Treasury (BTr) went on to raise a total P457.8-B as its offer period ended on February 28th. The secondary market trading volume slumped by -12.8% month-on-month (MoM) in February as investors stayed away from the belly to the long-end of the curve and kept their bullets for the RTB issue. While the RTB looked attractive upon offer and accepted yield, by March 11 investors fell under water as weighted trade yield proved higher at 5.0562%. Three firms led by SM Investments raised P32.3-B in their February bond issuances. Meanwhile, ROP-31 and ROP-40 yields soared by some 50 bps amidst weaker peso and large new issuance by the Philippine government. As 10-year and 20-year U.S. Treasury yields moved up by 4 bps and 8 bps, respectively, the spread of ROPs over equivalent U.S. papers spreads widened further in February bringing the year-to-date (YTD) spread increase to 77.1 bps and 63.6 bps, respectively.

Outlook: With inflation likely to hit 5% by May, driven by unabated surge in crude oil and key commodity prices, and the Fed expected to accelerate its policy rate hikes in H1, longer tenor bonds may not be so attractive in Q2 for ordinary investors. With the Russia-Ukraine conflict on the balance and the extremely elevated crude oil prices spilling over into prices of other goods and services, the investors stance appears justified. An end of the conflict and sanctions, possibly in Q3 or later, would help turn the bond markets around.

Table 7 - Auction Results

Date	T-Bond/ T-Bill	Offer (Php B)	Tendered (Php B)	Accepted (Php B)	Tendered ÷ Offered	Ave. Yield	Change bps
28 Feb	**91-day**	20.000	47.684	15.000	2.384		
	182-day	20.000	53.392	15.000	2.670		
	364-day	20.000	48.372	15.000	2.419		
Subtotal		**60.000**	**149.448**	**45.000**	**2.491**		
2 Feb	**5 year**	35.000	60.657	35.000	1.733	4.089	7.7
8 Feb	**10 year**	35.000	51.077	35.000	1.459	5.093	26.2
15 Feb	**RTB 27**	185.000	183.440	120.764	0.992	4.875	
Subtotal		255.000	295.174	190.764	1.158		
All Auctions		**315.000**	**444.622**	**235.764**	**1.411**		
All Auctions		**315.000**	**444.622**	**235.764**	**1.411**		

Source: Bureau of the Treasury (BTr)

Table 8 - RTB-27 Details

RTB-27 Details (in Billion Pesos)			
	Total	**New**	**Bond Exchange**
Feb 15 award	120.8	120.8	-
Follow-on to Feb 28	337.0	337.0	-
Totals	**457.8**	**457.8**	**-**

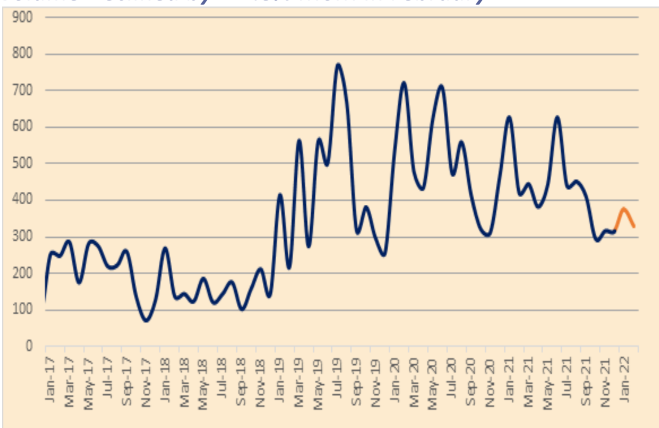
Primary GS Market: BTr Successfully Raised P457.8-B via RTB-27 Despite Cautious Investors

Regardless of the growing concerns over the Russia-Ukraine conflict and a swifter Fed tightening, the Bureau of the Treasury (BTr) managed to raise P457.8-B from its issuance of 5-year Retail Treasury Bonds (RTB-27) which carried a coupon rate of 4.875%. It awarded P120.8-B from its initial offer and an additional P337.0-B throughout the offer period.

As investors took advantage of the better yielding RTB-27, demand for short term papers in BTr auctions waned in February as tenders plunged by -58.3% to P149.4-B from P358.4-B a month ago. Additionally, the tender-offer ratio (TOR) for Treasury bills (T-bills) fell to 2.491x from 4.779x in January. Furthermore, BTr fully rejected all tenders from its T-bills auctions last February 28 as bid yields exceeded those of the previous auctions and secondary market rates. The 91-day, 182-day and 364-day papers would have fetched averages of 1.490%, 1.736% and 1.865%, respectively had BTr accepted the average bids.

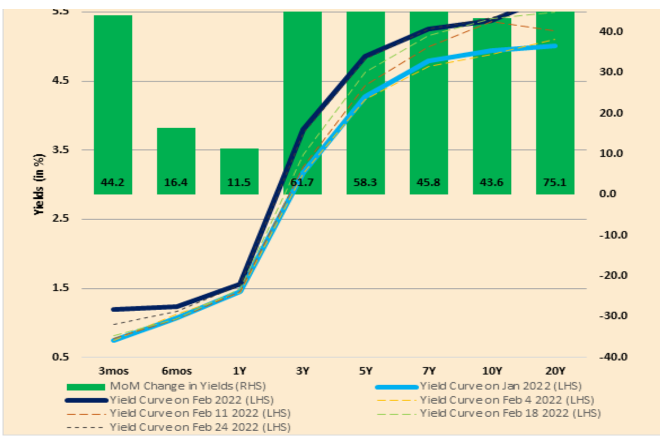
Likewise, the TOR for Treasury bonds (T-bonds) dropped to 1.158x in February from 1.613x in the previous month amid continued sell-off of U.S. Treasuries and supply pressure from the RTB-27 offering. The 5-year and 10-year tenors rose by 7.7 bps to 4.089% from 4.012% and 26.2 bps to 5.093% from

Figure 7 - Monthly Total Turnover Value (in Billion Pesos)
Volume Declined by -12.8% MoM in February



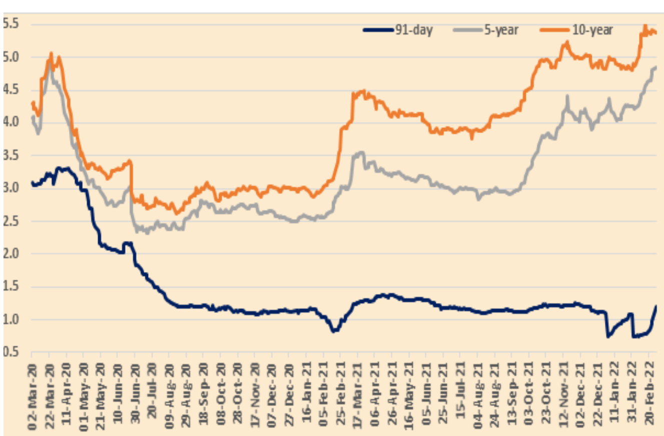
Source: Philippine Dealing Systems (PDS)

Figure 8 - Week-on-Week Changes on the GS Benchmark Bond Yield Curves
Higher Yields Across the Board



Source: Philippine Dealing Systems (PDS)

Figure 9 - 91-day T-bill and 10-year T-bond Daily Yields
Spread Slimmed by a Tad -0.6 bps MoM in February 2022



Source: Philippine Dealing Systems (PDS)

Secondary Market: Global Headwinds Spurred a Sell-Off Across the Curve

The local bond market faced another volatile session triggered by rising geopolitical tensions, higher U.S. Treasuries, oil prices surging over $100/barrel, and larger fresh local supply in February. Against a gloomier backdrop, trading volume in the secondary market declined by -12.8% to P327.9-B from P376.1-B a month earlier. Similarly, it slumped by -22.2% year-on-year (YoY) from P421.6-B.

Investors sought to reduce risk positions in February resulting in higher yields across the board. Furthermore, offshore players took profit as they trimmed local GS holdings amid peso depreciation. With this, short term papers whipsawed as 3-month T-bills jumped by 44.2 bps to 1.192% from its recent rally of 0.750% in January. On the other hand, 6-month and 1-year papers gained the least by 16.4 bps to 1.234% from 1.070% and 11.5 bps to 1.562% from 1.447%, respectively.

The belly and the long end of the curve felt the strain as yields soared as high as 75.1 bps in February. The 3-year and 5-year T-bonds shot up by 61.7 bps to 3.798% from 3.182% and 58.3 bps to 4.857% from 4.274%, respectively. Meanwhile, 7-year and 10-year tenors leaped by 45.8 bps to 5.254% from 4.796% and 43.6 bps to 5.376% from 4.940%, respectively. The 20-year debt securities saw a rapid ascent as it zoomed up by 75.1 bps to 5.761% from 5.009%.

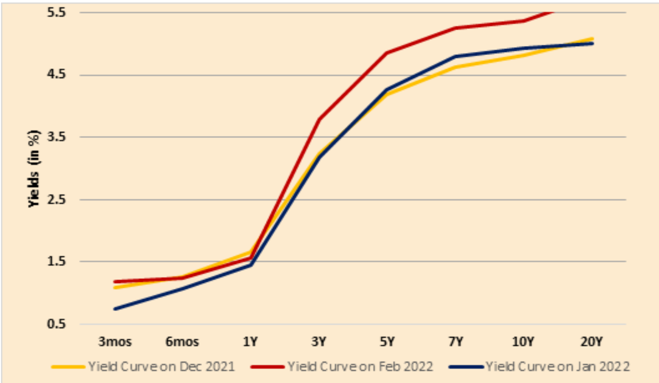
The spread between 10-year and 2-year bond yields contracted by -11.7 bps to 229.5 bps in February. The yield curve ended slightly flatter as yields of 2-year tenors rose quickly amid global uncertainties.

Corporate Bonds: Volume Dwindled by -23.7% in February

Trading of corporate bonds slumped by -23.7% in February to P4.2-B from P5.5-B in the prior month. On a yearly basis, it trekked down even deeper by -28% from P5.9-B. The top five issuers accounted for 29.5% or P1.2-B of the total trading volume.

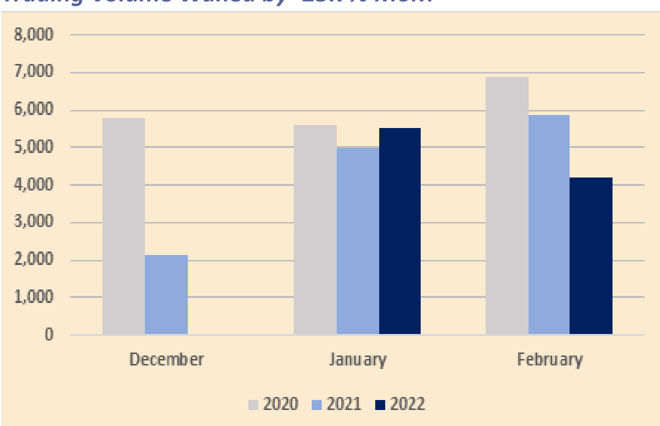
SMC Global Power (SMCGC) claimed the first spot with P414.7-M or a 47% gain from the previous month. Meanwhile, Ayala Land, Inc. (ALI) placed second as volume improved by 57.5% to P261.0-M. On the third and fourth spots were SM Prime Holdings, Inc. (SMPH) and San Miguel Corporation (SMC) with P243.2-M (-60.7% MoM) and P237.7-M (+135.8%), respectively. Lastly, AP traded only P89.8-M or -31.3% lower from last month.

Figure 10 - Year-end Yield Curve in 2021 and Latest Yield Curve Versus Previous Month in 2022
Yield Curve Steepened Even Further in February 2022



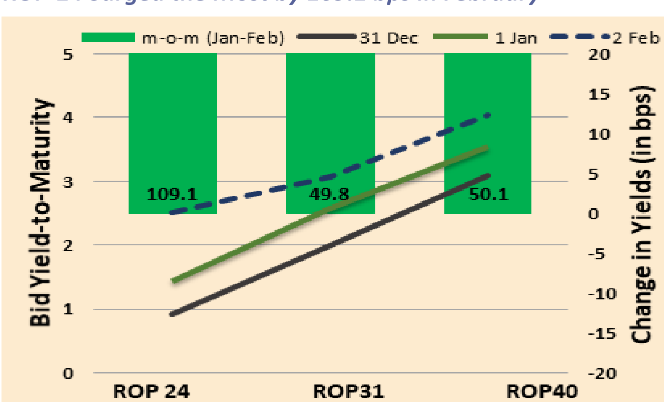
Source: Philippine Dealing Systems (PDS)

Figure 11 - Total Corporate Bond Trading Volume (in Billion Pesos)
Trading Volume Waned by -23.7% MoM



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

Figure 12 - ROPs Yield, Month-on-Month Changes (bps)
ROP-24 Surged the Most by 109.1 bps in February



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

Some notable trades above the P300.0-M mark included SM Investments Corporation (SMIC) and Rizal Commercial Banking Corporation (RCBC) with P358.8-M and P507.0-M, respectively, amid issuance of their corporate bonds in February.

Corporate Issuances and Disclosures

- SM Investments Corporation (SMIC) raised P15.0-B through its Series I (3-year) and J (5-year) Fixed Rate Bonds with a coupon rate of 3.5915% and 4.7713%, respectively, payable semi-annually.

- Rizal Commercial Banking Corporation (RCBC) listed its P14.8-B Series E ASEAN Sustainability Bonds due 2024. It carries an interest rate of 3% to be paid quarterly.

- Century Properties Group, Inc. (CPG) issued its P3.0-B 5-year Fixed Rate Bonds, the first tranche of their P6.0-B Debt Securities Program. It fetched a 5.7524% coupon, payable quarterly.

ROPs: ROPs Yields Continued to Surge in February

Yields of the Republic of the Philippines' U.S. dollar-denominated bonds (ROPs) escalated even further in February after its sharp rise in January. The risk-off tone, together with a weaker peso, pushed ROP yields to break through their thresholds in February.

ROP-24 vaulted by 109.1 bps to 2.517%, following its 51.5 bps climb a month earlier. In addition, ROP-31 and ROP-40 soared by 49.8 bps to 3.076% from 2.578% and 50.1 bps to 4.046% from 3.545%, respectively.

On the other hand, sky-high U.S. inflation of 7.5% in January and likely Fed actions in March pressured U.S. Treasuries as 10-year U.S. tenors hit a 31-month high at 2.05% by mid-February. Investors beefed up bets of seven Fed policy rate hikes in 2022. However, its upward movement got capped off by the Russia-Ukraine war, retreating below 2% by end-February. Moreover, Fed Chair Powell signaled that the Fed would proceed with caution in withdrawing the monetary stimulus, eyeing an initial 25 bps rate hike in March.

The impending rate hike sent the 3-year U.S. Treasuries to accelerate by 23 bps to 1.62% in February. Meanwhile, the 10-year and 20-year U.S. tenors edged up by 4 bps to 1.83% and 8 bps to 2.25%, respectively. Thus, the spread between the 10-year and 20-year yields narrowed to a 12-month low of 39 bps.

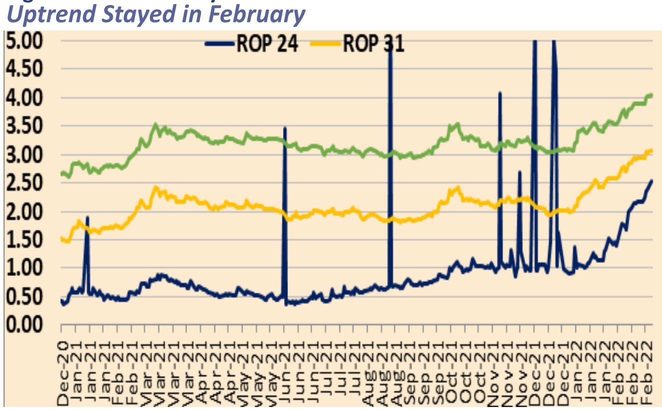
Table 9 - Spreads Between ROPs and U.S. Treasuries (bps)

Spreads between ROPs and U.S. Treasuries (bps)			
Date	3-year	10-year	20-year
31-Dec	-5.9	47.5	116.0
31-Jan	3.6	78.8	137.5
28-Feb	89.7	124.6	179.6

Figure 13 - Spread between 10-year and 2-year U.S. Treasuries
Smallest Spread since February 2020

Sources: Asian Development Bank (ADB), Federal Reserve

Figure 14 - ROPs Daily Yields
Uptrend Stayed in February



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

Figure 15 - U.S. Bond 10-year vs PH Bond 10-year

Source: Trading Economics

The spread between ROPs and its equivalent U.S. Treasuries widened significantly ranging from 42.1 bps to 86.1 bps in February.

Stagflation Fears Caused the Spread between 10-year and 2-year U.S. Treasuries to Shrink

With the global economy still recovering from the effects of the pandemic, the current backdrop posts risks to the growth outlook. Analysts have now focused on closely monitoring the spread between 10-year and 2-year U.S. bonds as it hit 24 bps in the first week of March. This marks the lowest figure since February 2020 when investors were anticipating an economic downturn brought about by the Covid-19 virus. Presently, markets are pricing in a growing odds of a stagflation, a mix of faster inflation and slower growth, in the wake of the Russia-Ukraine conflict.

Heightened geopolitical tensions presents a two-edged effect on the U.S. bond market. It can provide a boon as the risk-off sentiment boosts demand for haven assets. On the other hand, it can drive yields higher amid surging inflation, bolstered by spiking oil prices, adding urgency for a tighter monetary policy. In this case, players are more worried how the Fed will contain the hottest inflation without derailing economic recovery.

With the expectation that the Fed remains on the cusp of raising rates in March, alongside talks of the U.S. banning Russian oil imports, we expect the 10-year minus 2-year U.S. Treasuries spread to hold tight in the near-term as markets fret on stagflation, unless tensions over Ukraine ease.

ASEAN+1: Yield Curve Steepens for INDO, TH Bonds

- U.S.: The economy generated 678,000 jobs in February, a 7-month high, from 481,000 (revised upward from 467,000) a month earlier, bringing unemployment rate to 3.8%. This is the lowest unemployment rate since the outbreak of the pandemic in March 2020. Inflation YoY climbed another 40-year record at 7.9% in February, up from 7.5% in January, as it accelerated MoM from 0.6% to 0.8%, amidst spiking crude oil and other commodity prices. Retail sales in the U.S. jumped by 3.8% MoM in January 2022, a 10-month high, as it rebounded from an upwardly revised 2.5% drop in December, and much better than market forecasts of a 2% rise.

  The IHS Markit U.S. Manufacturing PMI moved up to 57.3 last month, above the previous month's final reading of 55.5, as output and order books posted gains. Housing starts slid by -4.1% MoM to a seasonally adjusted annual rate of 1.6-M in January 2022, the lowest in the past quarter, as labor shortages and supply constraints dogged the market. The University of Michigan consumer sentiment sank to a 10-year low of 59.7 in March, receding further from 62.8 in February. Consumers now expect high inflation as fuel prices surge, fueled by the Russian invasion of Ukraine.

By end-February, the spread between 10-year and 2-year bond yields narrowed further to 39 bps from 61 bps a month earlier, as fears of stagflation gripped markets (see article above).

- **CHINA:** The Chinese government announced its GDP target of “about 5.5%” for 2022 amid sluggish consumer spending, downturn in the property market, and its stringent “zero-Covid” policy. Meanwhile, inflation remains soft as CPI held steady at 0.9% in February, unchanged from the previous month. The Caixin Manufacturing PMI unexpectedly climbed to 50.4 in February from 49.1 a month ago despite the week-long Lunar New Year holiday.

  China’s trade activity saw a good start as exports and imports rose by 16.3% to $544.7-B and 15.5% to $428.8-B, respectively, for the first two months of the year. Moving forward, shipments may weaken in Q2 amid supply-chain disruptions in the wake of the Ukraine crisis. Its trade surplus widened to $116.0-B from $97.1-B a year earlier.

  The People's Bank of China (PBoC) left its benchmark interest rates untouched in February. Another drop in the 1-year loan prime rate (LPR) following cuts of 5 bps and 10 bps in December and January, respectively, would signal heightened concerns on the growth outlook. The spread between 10-year and 2-year bond yields contracted by a tiny 1 bp to 57 bps.

- **INDONESIA:** The recent surge in Covid-19 cases, driven by the Omicron variant, weighed heavily on its manufacturing industry as PMI fell to its lowest reading in six months at 51.2 in February from 53.7 last month. Moreover, its annual inflation eased to 2.1% from January's 20-month high of 2.2%.

  Exports and imports spiked by 34.1% to $20.5-B and 25.4% to $16.6-B in February, marking the 12th and 13th straight month of double-digit increases, respectively. As a result, trade surplus sharply rose to $3.8-B from $2.0-B a year ago and may likely widen further as most of the country’s exports benefit from surging commodity prices.

  The Bank of Indonesia maintained its key 7-day reverse repurchase rate at a record low of 3.5%. The yield curve steepened the most among its peers by 18 bps to 228 bps.

- **MALAYSIA:** Its Manufacturing PMI edged up to 50.9 in February from 50.5 in the previous month, pointing to the five consecutive months of growth. On the other hand, its inflation print dropped to a four-month low of 2.3% in January from 3.2% in the previous month amid easing prices for housing (0.7% vs 3.4% in December) and transport (6% vs 9.5%).

  Malaysia’s exports and imports extended its double-digit growth in January as the former escalated by 23.5% to MYR 110.7-B while the latter jumped by 26.4% to MYR 92.3-B. Its trade surplus widened to MYR 18.4-B from MYR 16.6-B in the previous year.

  Bank Negara Malaysia kept its policy rate fixed at 1.75%. The yield curve slightly flattened by 1 bp to 126 bps.

- **THAILAND:** Thailand’s GDP advanced by 1.9% in Q4-2021 on the back of the recovery in private consumption (0.3% vs -3.2% in Q3) and rapid government spending (8.1% vs 1.5%). With this, the economy grew by 1.6% in 2021, rebounding from a revised 6.2% contraction in 2020.

  PMI rose to a new peak of 52.5 in February from 51.7 in the prior month amidst easing Covid-19 restrictions. CPI accelerated sharply to 5.3% in February (vs 3.2% in January), the highest reading since September 2008. Meanwhile, exports increased mildly by 8% YoY to $21.3B in January whereas imports jumped by 20.5% YoY to $23.8-B. This pushed the trade deficit to widen to $2.5-B from $0.2-B a year earlier.

  The Bank of Thailand retained its interest rate at 0.5% to support economic recovery. The spread between 10-year and 2-year bond yields expanded by 8 bps to 155 bps.

Outlook

The Russian invasion of Ukraine on February 24, 2022 sent Brent crude oil prices skyrocketing above $100/barrel (with WTI following in early March) and fueled another record high inflation of 7.9% in the U.S. after the Fed has raised its policy rates by 25 bps on March 16. These will likely pressure domestic inflation and interest rates upwards since the war may last longer than earlier expected. Peso bonds appear increasingly unattractive for the rest of H1.

- As inflation in the U.S. scaled to a new 40-year record amidst strong employment gains, the Fed has raised its policy rates by 25 bps on March 16 and expects six more increases in 2022. The Fed's move may curtail rising inflation expectations, but crude oil prices should keep oil prices above $100/barrel unless the Russia-Ukraine war ends with an acceptable accord soon or the U.S. and Canada manage to significantly boost their crude oil output.

- The unabated spiraling not only of oil prices, but also of commodity prices like wheat (+40.3% YoY), soybeans (+13.2% YoY), milk (+10.0% YoY), and sugar (4.8% YoY) would put much pressure on domestic inflation, even though Thai rice prices have dipped slightly since end-January 2022 and India's rice output look promising.   We expect inflation to hit 4% in March and 5% in May, and together with the higher Fed policy rates, the 10-year T-bond yields will likely hit 6% by June.

- NG borrowing may not accelerate in Q2 as the election season ends, while it has already pre-funded much of the fiscal deficit for 2022.

- The pipeline for corporate issues remains healthy as firms anticipate higher rates in H2.

- ROPs spread over equivalent U.S. Treasuries should ease as the recent runup resulted from the Russian invasion of Ukraine. However, the spreads will likely find a bottom as the country's trade and current account deficits bulge in Q2.

Table 10 - Spreads Between 10-year and 2-year T-Bonds

Spreads between 10-year and 2-year T-Bonds									
Country	2-year Yields	10-year Yields	Projected Inflation Rates	Real 10-Year Yield	10-Year and 2-Year Spread (bps)		Spread Change (bps)	Latest Policy Rate	Real Policy Rate
					Jan-22	Feb-22			
U.S.	1.44	1.83	4.3	(2.47)	61	39	(22)	0.10	-4.20
PRC	2.22	2.79	2.3	0.49	58	57	(1)	2.95	0.65
Indonesia	4.24	6.52	3.5	3.02	210	228	18	3.50	0.00
Malaysia	2.41	3.67	2.8	0.87	127	126	(1)	1.75	-1.05
Thailand	0.59	2.14	1.8	0.34	147	155	8	0.50	-1.30
Philippines	3.08	5.38	3.7	1.68	241	230	(11)	2.00	-1.70

Sources: Asian Development Bank (ADB), The Economist & UA&P
**1-year yields are used for PH because 2-year papers are illiquid*

EQUITY MARKETS

RUSSIAN MONKEY WRENCH STYMIES PSEi

The Russian invasion of Ukraine put a money wrench into the local bourse's climb. PSEi ended February mildly down by -0.7% to 7,311.01. The fall in indexes in the U.S. and Europe pulled PSEi down, making it the lone loser in ASEAN in February. Only two sectors—Property and Mining & Oil-- landed in positive territory. The former benefited from having huge cash pile due to reopening play and revenge travel, while the latter gained from spiraling crude oil and commodity prices. SM Prime Holdings (SMPH) led winners with a 13.4% gains while Semirara Mining and Power Corporation (SCC) drove the latter due to higher coal prices and volumes.

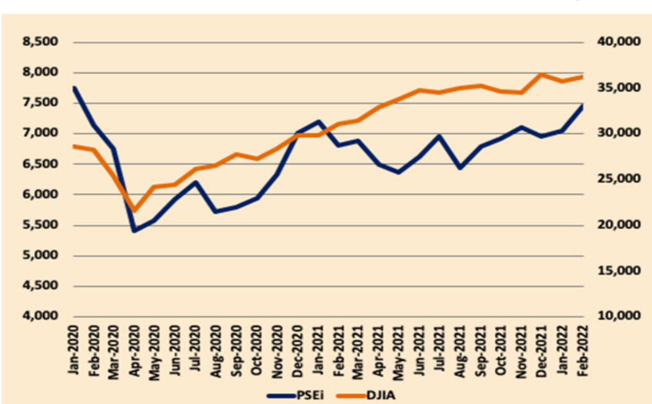
Outlook: With higher inflation expected due to the Russian invasion of Ukraine, uncertainty and thus volatility should characterize the local bourse probably into Q2. The momentary drop of PSEi to below 7,000 in early March attests to this. However, election spending should provide the partially offsetting factor for the economy and PSEi. Even if foreign investors would stay in the sidelines during that period, local investors appear ready to take up any slack as may be seen in the past months bolstered by strong earnings growth in Q1. Thus, we remain cautiously optimistic and keep on the lookout for undervalued stocks.

Table 11 - Global Equities Markets Performances

Global Equities Markets Performances				
Region	Country	Index	February M-o-M Change	2022 % Change
Americas	US	DJIA	-3.5%	-6.7%
Europe	Germany	DAX	-6.5%	-9.0%
	London	FTSE 101	-0.1%	1.0%
East Asia	Hong Kong	HSI	-4.6%	-2.9%
	Shanghai	SSEC	3.0%	-4.9%
	Japan	NIKKEI	-1.8%	-7.9%
	South Korea	KOSPI	1.3%	-9.4%
Asia-Pacific	Australia	S&P/ASX 200	1.1%	-5.3%
Southeast Asia	Indonesia	JCI	3.9%	4.7%
	Malaysia	KLSE	6.3%	2.6%
	Thailand	SET	2.2%	1.7%
	Philippines	PSEi	-0.7%	2.6%

Sources: Yahoo Finance

Figure 16 - PSEi vs DJIA
PSEi vs DJIA Correlation Decreased to +0.2 in February

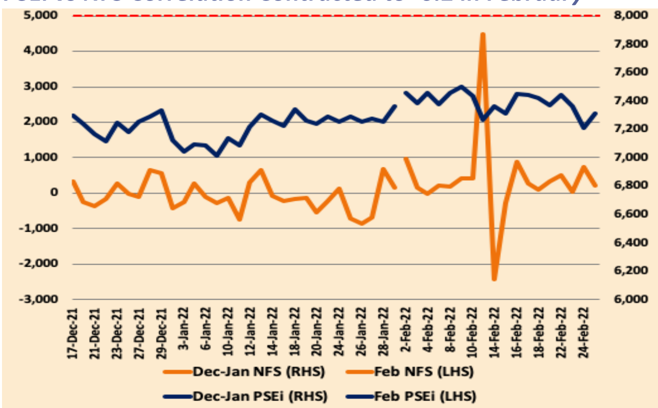


Source: Yahoo Finance

Russia astounded the world with its invasion of Ukraine on February 24th, and its severe humanitarian and economic impact has reverabated throughout the world. Oil and commodity prices initially skyrocketed as investors assessed the possible economic impact of sanctions on Russia, a major oil exporter. As a result of their limited trade and financial linkages with Russia or Ukraine, most of our covered Asian economies surfaced as the best performing markets in February. Despite some volatility throughout the month, share prices in Malaysia's KLSE rose the highest, by +6.3% month-on-month (MoM). Indonesia followed suit, ending the month with a +3.9% MoM gain. While it's likely that local business and consumer confidence would suffer, the Russia-Ukraine conflict would have to worsen severely for this to have a major impact on Asian markets at a macro level. Commodity prices are expected to have the greatest influence, with oil prices expected to rise to $120-$140 per barrel. Rising energy prices would erode people's purchasing power, putting a damper on many Asian economies' recovery efforts, since private consumption remains well below pre-pandemic levels in most countries. Meanwhile, European stocks performed the worst , with Germany's DAX losing -6.5% MoM, likely due to the region's substantial reliance on Russian energy supplies.

DJIA share prices fell by -3.5%, finishing 1,001.87 MoM points lower to close February at 35,405.24, as investors fretted about the economic implications of Russia's invasion of Ukraine. The U.S. imposed a broad range of severe sanctions on Russia after the invasion. It has prohibited dealings with Russia's central bank and attempted to prevent it from deploying foreign reserves. Russia has also been banned out of the SWIFT International Payments System by the U.S. Beyond these events, the U.S. economic picture remained

Figure 17 - PSEi vs NFS (Dec 2021 - Feb 2022)
PSEi vs NFS Correlation Contracted to -0.2 in February



Source: Yahoo Finance

Table 12 - Monthly Turnover (in Million Php)

Monthly Turnover (in Million Pesos)				
	Total Turnover		Average Daily Turnover	
Sector	Value	% Change	Value	% Change
Financial	27,277.09	51.4%	1,515.39	68.3%
Industrial	51,500.67	47.9%	2,861.15	64.3%
Holdings	24,581.44	22.3%	1,365.64	35.9%
Property	32,208.11	71.3%	1,789.34	90.4%
Services	44,834.46	81.2%	2,490.80	101.3%
Mining and Oil	4,949.06	27.3%	274.95	41.5%
Total	**185,350.83**	54.0%	**10,297.27**	71.1%
Foreign Buying	74,547.03	80.6%	4,141.50	100.7%
Foreign Selling	67,135.02	52.0%	3,729.72	68.9%
Net Buying (Selling)	7,412.01	-248.6%	411.78	-265.1%

Source of Basic Data: PSE Quotation Reports

Table 13 - Top Foreign Buy in February (in Million Php)

Top Foreign Buy	
Company	Total Value
SMPH PM Equity	2,854. 85
EMP PM Equity	2,156.83
ALI PM Equity	2,004.55
MONDE PM Equity	1,172.74
ICT PM Equity	840.20
Total Buy Value	**9,029.17**

Source of Basic Data: Bloomberg, First Metro Investment Corporation (FMIC)

broadly unchanged. Meanwhile, PSEi finished 50.64 MoM points lower to close February at 7,311.01. The correlation between the two indices in February dropped mildly to 0.2 from January's 0.3.

PSEi ended February with a slight loss of -0.7% MoM from January's 3.4% gain as geopolitical risk escalated after Russia launched its attack on Ukraine. Concerns that the European conflict may disrupt energy supply pushed oil prices to multi-year highs near $100/barrel*. Furthermore, to avoid growing risk ahead of these events, local investors took advantage of end-February's long weekend to sell down, significantly dampening the index. Nonetheless, PSEi closed the market in the green in terms of year-to-date (YTD) with a +2.6% increase following the IATF's statement that Alert Level 1, the most relaxed Covid-19 alert level, will be implemented in Metro Manila and 38 other locations from March 1, 2022 to March 15, 2022. The correlation between net foreign selling (NFS) and PSEi in February contracted to -0.2, from January's +0.3. We may note also the volatility of net foreign selling vis-à-vis the PSEi.

PSE trading volume rebounded by +54% after tumbling -50.3% a month ago. All six sectors landed on the green with the Services sector observing the biggest volume reversal by +81.2% from -25.9% in the previous month. The Financial (+51.4%) and the Industrial sectors (+47.9%) followed suit.

Foreigners returned to the market with net foreign buying (NFB) amounting to P7.4-B in February, after the P5.0-B NFS a month ago. The top five favorite stocks of foreign investors totaled P9.0-B, with SM Prime Holdings, Inc. (P2.9-B) and Emperador, Inc. (P2.2-B) leading the list. The top five sold stocks in February amounted to P3.9-B with Globe Telecom, Inc. (P1.7-B) and Universal Robina Corporation (P2.2-B) in the front row.

Due to the large degree of uncertainty surrounding the economic and financial implications arising from the ongoing geopolitical turmoil in Eastern Europe, four sub-indexes of the six sectors of PSEi posted losses in February, landing the index slightly on the red. The Industrial sector recorded the biggest sectoral loss with -4.6% MoM, followed by the Holdings sector's -4% fall. Meanwhile, the Mining & Oil and the Property sectors, the two sub-indexes on the green, soared by +18.9% MoM and +9.7% MoM, respectively. The former benefited from spiraling crude oil and commodity prices, while the latter gained from reopening play, the malls increasing in foot traffic, rents normalizing, and revenge traveling.

**Went above $100/bbl in the first 11 days of March.*

Table 14 - Top Foreign Sell in February (in Million Php)

Top Foreign Sell	
Company	**Total Value**
GLO PM Equity	-1,737.65
URC PM Equity	-677.93
CNVRG PM Equity	-551.48
MPI PM Equity	-516.13
RLC PM Equity	-383.33
Total Sell Value	**-3,866.53**

Source of Basic Data: Bloomberg, First Metro Investment Corporation (FMIC)

Table 15 - Monthly Sectoral Performance

Monthly Sectoral Performance					
	31-January -2022		28-February -2022		2022 YTD
Sector	Index	% Change	Index	% Change	
PSEi	7,361.65	3.4%	7,311.01	-0.7%	2.6%
Financial	1,703.86	6.1%	1,689.88	-0.8%	5.2%
Industrial	10,841.53	4.2%	10,341.27	-4.6%	-0.6%
Holdings	7,184.84	5.5%	6,895.99	-4.0%	1.3%
Property	3,227.59	0.2%	3,540.79	9.7%	10.0%
Services	1,950.30	-1.8%	1,913.55	-1.9%	-3.7%
Mining and Oil	10,285.12	7.1%	12,232.74	18.9%	27.4%

Source of Basic Data: PSE Quotation Reports

Table 16 - Financial Sector Constituent Stocks

Company	Symbol	1/31/2022 Close	2/28/2022 Close	M-o-M % Change	2022 YTD
Metrobank	MBT	58.90	58.90	-3.1%	2.5%
BDO Unibank, Inc.	BDO	135.00	135.00	-4.3%	7.0%
Bank of the Philippine Islands	BPI	98.10	98.10	1.9%	8.5%
Security Bank Corporation	SECB	107.20	107.20	8.9%	-1.9%

Source of Basic Data: PSE Quotation Reports

The Financial sector contracted by -0.8% MoM in February, a minor slice from January's +6.1% uptick with half of its PSEi-constituent stocks in negative territory.

Security Bank Corporation (SECB) stock prices jumped the most by +8.9%, a recovery from January's -9.9% slump. Due to a one-time change for deferred tax assets, SECB's earnings in 2021 slipped. In 2021, SECB earned P6.9-B, down 6.8% YoY. After the enactment of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law, which slashed corporate taxes in the expectation that enterprises' tax savings would support business recovery from the epidemic, SECB paid P1.2-B for deferred tax assets. Without this penalty, SECB earnings would have increased by 141% YoY to P10.3-B.

Bank of the Philippines Islands (BPI) share prices climbed by +1.9% MoM in February, adding on to its 6.5% jump in the previous month. BPI generated P23.9-B in net earnings for 2021. Better-than-expected net interest income, record high fee income (+23.3% YoY), and lower provisions at P13.1-B (-53.1% YoY) drove earnings for the year.

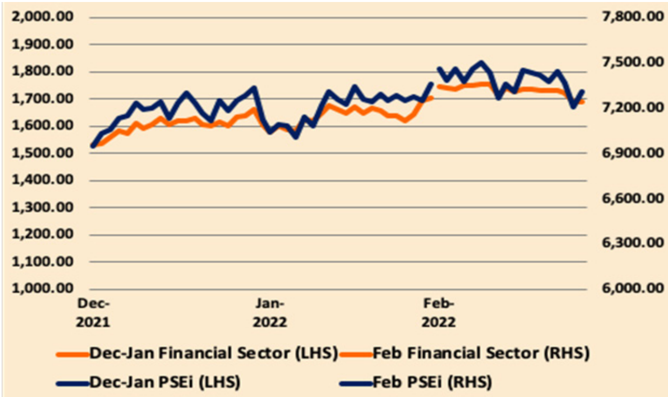
BDO Unibank, Inc. (BDO) stock prices led the sectoral decline with a -4.3% MoM loss, which ate into its 11.8% increase a month ago in the absence of positive catalysts. Investors failed to anticipate BDO's net income rising by 51% YoY in 2021 to P42.8-B from P28.2-B in 2020. BDO recorded a higher net income in 2021 following the recovery of its non-interest earnings and lower loan loss provisions.

Metropolitan Bank & Trust Company (MBT) saw its stock prices slid by -3.1%, breaking its consecutive stock gain from January's 5.7% gain. MBT saw its net income grow by +60% YoY to P22.2-B in 2021 on the back of the gradual reopening of the economy amid the Covid-19 pandemic.

The Industrial Sector led the sectoral decliners as it contracted by -4.6% MoM in February. This wiped out the rebound of 4.2% a month ago.

Bucking the sub-index's trend, Manila Electric Company (MER) share prices surged by +9.9% MoM in February, continuing its 13.5% gain a month earlier. MER's stock rose on anticipation of a rebound in energy demand in H1-2022, as well as a partnership with Vena Energy for a 68-megawatt (MW) solar power project in Ilocos Norte.

Figure 18 - Financial Sector Index (Dec 2021 - Feb 2022)
Financial Sector Contracted by -0.8% MoM in February



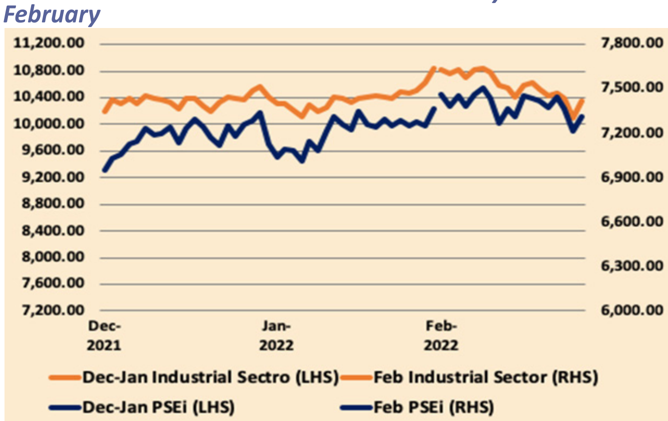
Source of Basic Data: PSE Quotation Reports

Table 17 - Industrial Sector Constituent Stocks

Company	Symbol	1/31/2022 Close	2/28/2022 Close	M-o-M % Change	2022 YTD
Meralco	MER	335.00	368.00	9.9%	24.7%
Aboitiz Power	AP	35.30	36.00	2.0%	21.2%
Jollibee Foods Corporation	JFC	240.00	241.00	0.4%	11.4%
First Gen Corporation	FGEN	28.00	27.90	-0.4%	0.2%
Universal Robina Corporation	URC	127.00	120.00	-5.5%	-6.3%
Petron Corporation	PCOR	3.26	3.44	5.5%	8.5%

Source of Basic Data: PSE Quotation Reports

Figure 19 - Industrial Sector Index (Dec 2021 - Feb 2022)
Industrial Sector Led the Sectoral Decliners by -4.6% MoM in February



Source of Basic Data: PSE Quotation Reports

Aboitiz Power Corporation (AP) share prices continued its upswing with a +2% gain in February after January's 18.9% gain. AP's net income soared by 66% to P20.8-B in 2021 from P12.6-B in 2020. AP ascribed the rise to the commissioning of the 668 MW Unit 1 of the GN-Power Dinginin (GNPD) coal-fired power plant. Higher water inflow from the company's hydropower facilities, as well as increased electricity availability from subsidiaries Therma Luzon, Inc., Therma South, Inc., and Therma Visayas, Inc. also padded its bottom line.

Jollibee Foods Corporation (JFC) stock prices slightly gained by +0.4% MoM in February, a continuation from its 10.9% rise in January. JFC finished 2021 on a high note, generating P3.2-B in earnings in Q4-2021. JFC's total earnings for FY 2021 increased to P5.9-B, owing to improved top-line, positive operating leverage, and profit increases from Smashburger and The Coffee Bean & Tea Leaf. JFC's 2021 results marked a considerable improvement over its net losses of P11.5-B in 2020.

Petron Corporation (PCOR) stock prices climbed by +5.5% MoM in February, pushing further its 2.8% gain in the previous month. PCOR turned a profit of P6.1-B in 2021, partly erasing the massive P11.4-B net loss it incurred during the coronavirus outbreak in 2020. PCOR sold 82.2-M barrels of oil in 2021, resulting to a 5% increase in overall sales, due to the lifting of limitations and resumption of economic activity that enhanced overall demand throughout the year.

The lead stock in the red, Universal Robina Corporation (URC) share prices fell by -5.5% MoM in February after January's 0.8% slide. URC's net income increased by 109% to P24.3-B in 2021, thanks to the extraordinary gains from the sale of its Australian and New Zealand businesses. The sales allowed URC to monetize the efficiencies and synergies it developed in Australia and New Zealand while reinvesting in higher-growth core markets like Munchy's in Malaysia, which it recently obtained.

The Holdings sector index contracted by -4% in February after its 5.5% rebound in the previous month with only three of its 10 PSEi-constituent firms landing on the green.

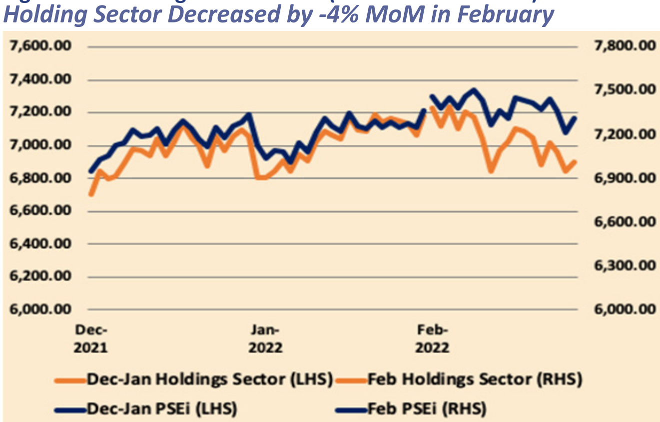
GT Capital Holdings (GTCAP) share prices led the sectoral race with a +1.4% increment in February adding on its 5.6% jump in January. Toyota Motor Philippines (TMP), a GTCAP subsidiary, has announced that it has

Table 18 - Holdings Sector Constituent Stocks

Company	Symbol	1/31/22 Close	2/28/22 Close	M-o-M % Change	2022 YTD
Ayala Corporation	AC	870.00	850.00	-2.3%	2.3%
Metro Pacific Investments Corporations	MPI	3.85	3.86	0.3%	-1.0%
SM Investments Corporation	SM	949.00	892.00	-6.0%	-5.4%
DMC Holdings, Inc.	DMC	8.47	8.48	0.1%	10.0%
Aboitiz Equity Ventures	AEV	63.00	59.90	-4.9%	10.0%
GT Capital Holdings, Inc.	GTCAP	570.00	578.00	1.4%	7.0%
San Miguel Corporation	SMC	112.50	106.20	-5.6%	-7.6%
Alliance Global Group, Inc.	AGI	12.80	12.80	0.0%	8.5%
LT Group Inc.	LTG	10.00	9.68	-3.2%	-2.2%
JG Summit Holdings, Inc..	JGS	62.50	60.30	-3.5%	13.8%

Source of Basic Data: PSE Quotation Reports

Figure 20 - Holdings Sector Index (Dec 2021 - Feb 2022)
Holding Sector Decreased by -4% MoM in February



Source of Basic Data: PSE Quotation Reports

surpassed the 2.0-M unit sales mark. Toyota's dominant position in the Philippine vehicle industry certainly influenced investors' decisions. According to the Chamber of Automotive Manufacturers of the Philippines (CAMPI), Toyota captured 46.3% of the market in 2021.

Metro Pacific Investments Corporation (MPI) share prices gained +0.3% MoM in February after its -1.3% slide a month ago. The Board of Directors of MPI has approved the initiation of a P5.0-B share repurchase program on February 17, 2022.

DMCI Holdings, Inc. (DMC) stock prices also gained an increment of +0.1% MoM in February adding on its 9.9% climb in January. DMC recorded a core net income of P5.0-B in Q4-2021, up 145% YoY, bringing full-year core earnings to P17.4-B, up 164%. Surging commodity prices, rebounding power rates, and increased productivity improved the earnings of DMC in 2021.

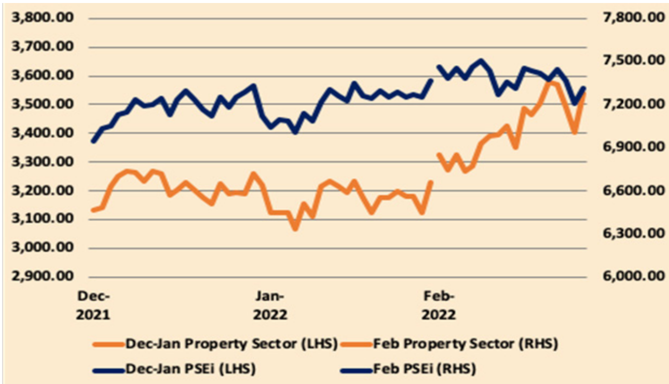
Moving basically sideways through February, Alliance Global Group, Inc. (AGI) ended at P12.80/share, similar to last month's price. AGI announce it would inject P7.8-B into Travellers International Hotel Group. The infusion of new capital to supplement Travellers' operating capital will allow AGI's entertainment and hotel businesses to stay on track with their commitments and take advantage of the window of opportunity created by the relaxation of Covid-19 limitations.

Ayala Corporation (AC) share prices retreated by -2.3% MoM in February, failing to sustain its 4.7% gain in the previous month. AC reported a 62% vault in net profits to P27.8-B in 2021 from the P17.1-B earned in 2020. AC will allocate P285.0-B in combined capital expenditures and investments to execute the growth initiatives for its business units.

Aboitiz Equity Ventures (AEV) share prices contracted by -4.9% MoM after its 15.7% expansion a month earlier. Investors also failed to anticipate AEV's double-digit gain in full-year net income in 2021, with its power segment accounting for some 57% of total earnings. AEV declared a profit of P27.3-B in 2021, up 77% from P15.4-B in 2020. In Q4-2021 alone, AEV's net income increased by 9% to P7.8-B in, compared to P7.1-B a year earlier. Its financial services segment contributed 23% to total earnings.

San Miguel Corporation (SMC) stocks incurred the second biggest sector value loss in February slumping by -5.6% MoM after its 2.1% drop a month ago. Investors

Figure 21 - Property Sector Index (Dec 2021 - Feb 2022)
Property Sector Rose by +9.7% in February



Source of Basic Data: PSE Quotation Reports

Table 19 - Property Sector Constituent Stocks

Company	Symbol	1/31/2022 Close	2/28/2022 Close	M-o-M % Change	2022 YTD
Ayala Land, Inc.	ALI	35.90	39.00	8.6%	6.3%
SM Prime Holdings, Inc.	SMPH	35.10	39.80	13.4%	17.4%
Robinsons Land Corporation	RLC	18.30	19.22	5.0%	0.1%
Megaworld Corporation	MEG	3.09	3.20	3.6%	1.6%

Source of Basic Data: PSE Quotation Reports

missed out on SMC's earnings report with its consolidated net income up by 120% to P48.2-B in 2021, which matched pre-pandemic levels. SMC's total revenues increased by 30% to P941.2-B. Meanwhile, its consolidated operating income increased by 64% to P117.2-B, but interest expenses ate into it given SMC's huge debt pile which reached P1.0-T by end-2021. Its Food and Liquor divisions both had robust recoveries, while its Fuels division saw a return to profitability.

Leading the sub-indexes decline, SM Investments Corporation (SM) share prices plummeted the most by -6% MoM in February wiping out handily January's 0.6% increment. SM reported 65% higher profit of P38.5-B in 2021 from P23.4-B in 2020, as its full-year revenues gained by 9% to P428.1-B from P394.2-B.

The Property sector continued its upswing with a +9.7% MoM uptick, after its 0.2% increment a month ago with all four of its PSEi-constituent stocks landing in positive territory. Property development in the Philippines appears on the verge of a robust rebound. Omicron appears to have had less of an impact than anticipated, as mall foot traffic has recovered while their REITs have provided ammunition for expansion.

Boosted by large net foreign buying at P956.0-M, SM Prime Holdings, Inc. (SMPH) stocks led the PSEi and sectoral gains with share prices moving up by +13.4% MoM in February after jumping by 3.5% a month ago. SMPH's performance hinged on its upbeat earnings report. In Q4-2021 , SMPH's net income climbed by a quarter to P6.2-B driving full-year bottom line to P21.8-B, up 21% from the previous year.

Ayala Land, Inc. (ALI) share prices recovered by 8.6% MoM in February from January's 2.2% fall. ALI's net income of P3.6-B in Q4-2021, higher by +54% YoY, brought full year earnings to P12.2-B. ALI's performance got a boost from the approval of a property-for-share swap with Ayala Corporation (AC) and Mermac, Inc. (Mermac) by its Board of Directors. Subject to regulatory clearances, AC and Mermac would transfer five assets to ALI, eventually for AREIT in consideration for a total of 311.6-M main common shares valued at P55.80/share.

Robinsons Land Corporation (RLC) share prices rebounded by 5% MoM in February after its 4.7% downtrend a month earlier. RLC net income jumped 62% in 2021 to P8.5-B, a level closer to its pre-pandemic performance. Consolidated revenues grew 30% to P36.5-B for the year.

Megaworld Corporation (MEG) share prices also recovered with a +3.6% MoM gain after its 1.9% slump in the previous month. MEG posted a 36% gain in net income to P14.4-B in 2021 from P10.6-B in 2020, bolstered by the listing of its real estate investment trust (MREIT). MEG's earnings soared by 36% to P13.4-B in 2021 from P9.9-B the year before.

The Services sector continued with its downward trend with a -1.9% MoM dip in February adding on its -1.8% fall a month ago.

Puregold Price Club Inc. (PGOLD) grabbed the top spot in February within the sector with a +5.3% MoM jump, nearly wiping out its -5.6% slump a month ago. As the Ukraine war cause rising commodity prices, and as a retailer PGOLD will hold a better position to pass on higher input costs to its consumers.

Globe Telecom (GLO) share prices led the sectoral decline as it pulled back by -17.4% MoM in February adding on its -6.4% loss in January, after Q4-2021 earnings dropped by 24.7% YoY as its home broadband revenues fell as wireless subscribers declined.

Converge ICT Solutions, Inc. (CNVRG) share prices pulled back by -15.2% MoM adding on its -3.9% slide a month ago due to significant net foreign selling at P551.5-M.

After its removal from the PSEi effective last February 14, 2022, Robinsons Retail Holdings, Inc. (RRHI) faced selling pressure with its share prices slipping by -5.3% MoM in February adding on its -13.8% drop in the previous month. Investors didn't expect a big jump in RRHI's P1.8-B net earnings in Q4-2021, from Q4-2020's P0.8-B, which brought full year profits to P4.5-B, above +39.2% YoY.

Philippine Long Distance Telephone Company (TEL) stock prices tumbled by -1.9% MoM in February after its 1.2% increment a month ago. Local investors missed out on TEL's core income increase of 8% to P30.2-B in 2021, with its service revenues hitting P182.1-B, an all-time high, thanks to hybrid work, home learning, streaming, gaming, and e-commerce during the pandemic.

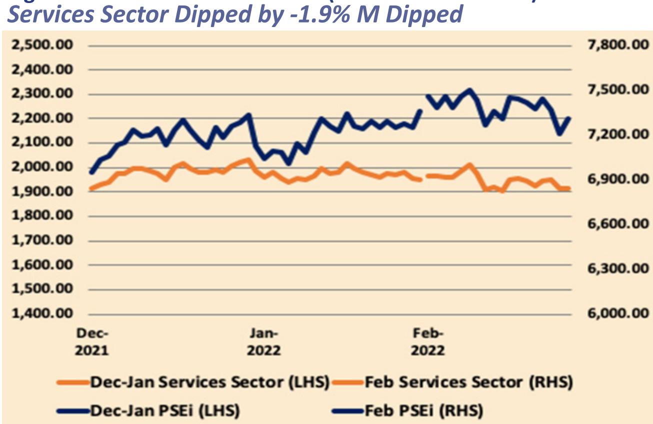
Table 20 - Services Sector Constituent Stocks

Company	Symbol	1/31/2022 Close	2/28/2022 Close	M-o-M % Change	2022 YTD
Philippine Long Distance Telephone Co.	TEL	1,834.00	1,799.00	-1.9%	-0.7%
Globe Telecom	GLO	3,110.00	2,568.00	-17.4%	-22.7%
Converge ICT Solutions, Inc.	CNVRG	30.65	26.00	-15.2%	-18.5%
Robinsons Retail Holdings, Inc.	RRHI	56.40	35.15	-5.3%	-10.6%
Puregold Price Club Inc.	PGOLD	37.10	210.60	5.3%	5.3%
International Container Terminal Services, Inc.	ICT	200.00	1,799.00	-1.9%	-0.7%

Source of Basic Data: PSE Quotation Reports

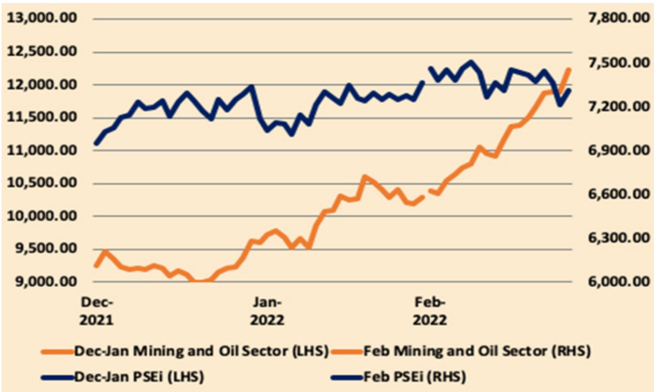
Figure 22 - Services Sector Index (Dec 2021 - Feb 2022)

Services Sector Dipped by -1.9% M Dipped



Source of Basic Data: PSE Quotation Reports

Figure 23 - Mining & Oil Sector Index (Dec 2021 - Feb 2022)
Mining and Oil Sector Led the Sectoral Race by +18.9% MoM in February



Source of Basic Data: PSE Quotation Reports

Table 21 - Mining and Oil Sector Constituent Stock

Company	Symbol	1/31/2022 Close	2/28/2022 Close	M-o-M % Change	2022 YTD
Semirara Mining and Power Corporation	SCC	25.05	27.70	10.6%	29.7%

Source of Basic Data: PSE Quotation Reports

International Container Terminal Services, Inc. (ICT) slipped by -1.9% MoM in February after moving sideways through January. ICT posted a 321% increase in net income to $428.6-M in 2021, from the $101.8-M earned in 2020, mainly due to higher operating income and non-recurring charges in 2020.

The Mining & Oil sector retained the crown as the best-performer as its gain of +18.9% added on its 7.1% increase in January. Semirara Mining and Power Corporation (SCC) share prices soared by +10.6% after its +17.3% leap in the previous month. SCC's FY 2021 net income skyrocketed by 640% to P16.2-B from FY 2020's P3.3-B, above consensus as coal prices zoomed and SCC shipment volume improved. In the electricity side, WESM rates also trended upwards. SCC's coal and power generation segments will likely sustain their outperformance amid high coal prices and the surge in demand.

Recent Economic Indicators

NATIONAL INCOME ACCOUNTS, CONSTANT PRICES (In Million Pesos)

	2019		2020		3rd Quarter 2021			4th Quarter 2021		
	Levels	Annual G.R.	Levels	Annual G.R.	Levels	Quarterly G.R.	Annual G.R.	Levels	Quarterly G.R.	Annual G.R.
Production										
Agri, Hunting, Forestry and Fishing	1,780,545	-0.2%	1,775,566	-0.3%	398,287	-4.3%	-1.7%	527,005	32.3%	1.4%
Industry Sector	5,112,115	-12.5%	5,531,828	8.2%	1,203,946	-15.7%	8.1%	1,621,106	34.6%	9.5%
Service Sector	10,634,575	-9.4%	11,201,019	5.3%	2,816,493	0.9%	7.7%	3,047,108	8.2%	7.9%
Expenditure										
Household Final Consumption	12,913,709	-7.9%	13,456,458	4.2%	3,244,666	3.6%	7.1%	3,923,938	20.9%	7.5%
Government Final Consumption	2,652,951	10.0%	2,838,333	7.0%	693,392	-14.8%	13.8%	680,815	-1.8%	7.4%
Capital Formation	3,366,707	-33.8%	4,005,983	19.0%	904,430	-20.3%	20.8%	1,119,260	23.8%	12.6%
Exports	4,743,508	-31.7%	5,115,043	7.8%	1,350,406	5.0%	9.1%	1,264,384	-6.4%	8.3%
Imports	6,149,641	-21.2%	6,943,662	12.9%	1,732,860	-1.3%	13.0%	1,811,818	4.6%	13.7%
GDP	17,527,234	-9.5%	18,508,413	5.6%	4,418,726	-4.7%	6.9%	5,195,219	17.6%	7.7%
NPI	1,340,175	-29.6%	667,056	-50.2%	159,443	-1.3%	-50.6%	233,953	46.7%	15.0%
GNI	18,867,410	62.4%	19,175,470	1.6%	4,578,170	-4.6%	2.7%	5,429,172	18.6%	8.0%

Source: Philippine Statistics Authority (PSA)

NATIONAL GOVERNMENT CASH OPERATION (In Million Pesos)

	2019		2020		Nov-2021			Dec-2021		
	Levels	Growth Rate	Levels	Growth Rate	Levels	Monthly G.R.	Annual G.R	Levels	Monthly G.R.	Annual G.R
Revenues	3,137,498	10.1%	2,855,959	0.2%	259,702	5.2%	6.7%	232,209	-10.6%	4.1%
Tax	2,828,012	10.2%	2,504,421	-2.4%	242,220	8.9%	6.1%	205,967	-15.0%	4.5%
BIR	2,175,506	11.5%	1,951,023	0.0%	192,048	16.5%	7.1%	150,837	-21.5%	-0.3%
BoC	630,310	6.3%	537,687	-9.3%	47,902	-14.4%	3.3%	54,637	14.1%	21.2%
Others	21,006	0.7%	15,711	-24.7%	2,270	40.0%	-10.4%	493	-78.3%	-27.8%
Non-Tax	308,971	8.7%	351,412	23.6%	17,482	-28.3%	14.7%	26,213	49.9%	0.5%
Expenditures	3,797,734	11.4%	4,227,406	24.0%	298,820	-2.5%	18.5%	313,251	4.8%	-5.1%
Allotment to LGUs	617,982	7.4%	804,546	39.8%	44,059	-1.2%	5.3%	44,168	0.2%	-1.3%
Interest Payments	359,874	3.1%	380,412	8.9%	24,660	2.7%	19.8%	29,213	18.5%	42.1%
Overall Surplus (or Deficit)	-660,236	18.3%	-1,371,447	145.7%	-39,118	-34.7%	353.6%	-81,042	107.2%	-24.4%

Source: Bureau of the Treasury (BTr)

POWER SALES AND PRODUCTION INDICATORS
Manila Electric Company Sales (In Gigawatt-hours)

	2020		Oct-2021			Nov-2021		
	Annual Levels	Growth Rate	Levels	Y-o-Y G.R.	YTD	Levels	Y-o-Y G.R.	YTD
TOTAL	43,067.10	-7.0%	3,839.70	3.8%	13.1%	4,001.00	10.6%	17.9%
Residential	16,478.90	13.0%	1,428.00	3.3%	15.91%	1,448.80	11.2%	17.60%
Commercial	14,489.60	-20.3%	1,256.10	3.2%	8.3%	1,147.40	10.3%	5.5%
Industrial	11,472.50	-12.0%	1,099.40	4.3%	18.0%	1,097.90	-0.8%	23.2%

Source: Meralco

BALANCE OF PAYMENTS (In Million U.S. Dollar)

	2019		2020		3rd Quarter 2021		4th Quarter 2021	
	Levels	Annual G. R.	Levels	Annual G. R.	Levels	Annual G. R.	Levels	Annual G. R.
I. CURRENT ACCOUNT								
Balance of Trade	-3,386	-62.0%	-4,236	25.0%	-13,231	220.9%	-15,533	247.3%
Balance of Goods	-49,313	-3.3%	-31,840	-35.0%	-13,766	75.8%	-16,533	97.5%
Exports of Goods	53,475	2.9%	47,411	-11.0%	14,286	9.3%	13,799	1.2%
Import of Goods	102,788	-0.2%	79,250	-23.0%	28,052	34.2%	30,332	37.8%
Balance of Services	12,890	11.0%	13,005	1.0%	3,967	7.1%	3,751	-3.7%
Exports of Services	41,030	6.9%	31,331	-24.0%	3,240	-59.6%	3,049	-63.2%
Import of Services	28,140	5.0%	18,326	-35.0%	2,705	-37.3%	2,049	-53.2%
Current Transfers & Others								
II. CAPITAL AND FINANCIAL ACCOUNT								
Capital Account	85	30.9%	50	-42.0%	20	9.8%	24	19.3%
Financial Account	-7,260	-22.20%	-4,406	-39.0%	-2,746	135.1%	-4,973	-23.5%
Direct Investments	-4,376	-25.0%	-2,843	-35.0%	-2,357	152.1%	-2,138	657.0%
Portfolio Investments	-3,486	-340.8%	454	-113.0%	953	-38.1%	161	-106.3%
Financial Derivatives	-173	223.7%	-239	38.0%	-165	177.6%	-195	128.9%
Other Investments	775	-115.8%	-1,779	-330.0%	-1,177	-31.4%	-2,801	-22.1%
III. NET UNCLASSIFIED ITEMS	3,884	-237.4%	-1,369	-135.0%	26	-101.0%	965	-162.2%
OVERALL BOP POSITION	7,843	-440.2%	16,022	104.0%	1,274	-54.0%	2,009	-54.0%
Use of Fund Credits								
Short-Term								
Memo Items								
Change in Commercial Banks	1,621	-450.2%	7,722	377.0%	2,630	-22.7%	-2,255	-21.3%
Net Foreign Assets	1,589	-433.7%	7,674	383.0%	2,589	-24.4%	-2,286	-20.2%
Basic Balance	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a

Source: Bangko Sentral ng Pilipinas (BSP)

MONEY SUPPLY (In Million Pesos)

	2020		Nov-2021		Dec-2021	
	Average Levels	Annual G. R	Average Levels	Annual G.R.	Average Levels	Annual G.R.
RESERVE MONEY	3,181,292	1.8%	3,316,622	3.1%	3,598,649	5.8%
Sources:						
Net Foreign Asset of the BSP	5,555,554	16.8%	6,385,959	8.8%	6,494,178	6.5%
Net Domestic Asset of the BSP	13,444,424	10.3%	14,702,686	8.1%	15,058,709	8.2%
MONEY SUPPLY MEASURES AND COMPONENTS						
Money Supply-1	4,951,804	22.9%	5,939,833	15.1%	6,186,397	13.4%
Money Supply-2	12,735,552	12.8%	14,240,336	9.3%	14,747,369	8.8%
Money Supply-3	13,440,507	12.8%	14,816,495	8.3%	15,323,708	7.8%
MONEY MULTIPLIER (M2/RM)	4.01		4.29		4.10	

Source: Bangko Sentral ng Pilipinas (BSP)

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