

The MARKET CALL

Capital Markets Research



FMIC and UA&P Capital Markets Research

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Executive Summary

The May report that GDP growth in Q1-2022 at 8.3% left our ASEAN and East Asia neighbors' economies way behind has revived business confidence. The latter had somewhat waned in the financial markets—bonds and equities—as the prolonged Russia-Ukraine war and faster inflation, lockdowns in China, and the prospect of substantially tighter U.S. monetary policy all weighed on sentiment, on yields and on share prices. However, we expect Q2 economic expansion to remain robust, albeit a slightly slower pace than Q1, and technocrats likely to form part of the new President's economic team can properly manage the economy to weather the lurking headwinds.

Macroeconomy

3 Since the outsized GDP expansion in Q1 rested on higher employment over the past six months, we think Q2 gain may not significantly ease. True, the economy faces a somewhat narrower window for fiscal expansion and inflation may continue to rise, the appointment of technocrats in the new President's economic team should ease concerns, since we have faced much worse fiscal and inflation episodes in the New Millennium. Industry should continue to lead GDP growth in Q2 and likely for FY 2022, but Services sector won't lag much due to the removal of capacity restrictions in accommodation and transport sub-sectors. The peso should remain in a mild depreciation mode due to burgeoning trade deficits and the technical correction of U.S. dollar from overbought levels.

- Double-digit surges in Household Consumer spending and Investment spending catapult GDP growth in Q1-2022 to 8.3% YoY, the fastest in the region
- Industry led sectoral production growth as Construction (+13.1%) and Manufacturing output (+10.5%) also had above-10% gains.
- Employment increased in all major sectors—Agriculture, Industry, Services—driving MoM uptick by 1.5-M jobs in March
- NG spending picked up by 18.1% enabling to rise by 8.2% YTD in Q1.
- Inflation speeded up to 4.9% in April, leaving February's 3% price uptick far behind.
- As the expansion in imports far outpaced that in exports, the trade deficit bloated to \$5.0-B in March, the second highest on record.
- The peso, surprisingly, had a mild 0.2% appreciation in April as U.S. dollar strengthening paused.

Bonds Market

10 The U.S. Fed will likely carry out its plans for 50 bps hikes in its next meetings, even as it seemed unlikely to do a 75 bps increase. While the U.S. job market remains tight, the Fed seems bent on bringing down the 40-year inflation rates. We expect the Fed actions and local inflation rate racing beyond 5% by May to put upward pressure on PH 10-year yields. Nonetheless, the strong NG cash position until Q3 may limit its borrowing and its addition to this pressure.

- BSP raised its policy rate by 25 bps on May 19 to 2.25%, the first increase since 2018.
- The government raised \$565.7-M from its first-ever offering of the four-tranche Sustainability Samurai Bond in Japan.
- Bond yields generally treaded upward, except for 3-month papers both in auctions and the secondary GS market
- The Fed's 50 bps hike in policy rates and faster local inflation mostly contributed to this.
- Trading volume in the secondary market, however, improved by 7.8% MoM in April.
- ROPs yields surged due to excess supply and accelerating local inflation, resulting in larger spreads over U.S. Treasuries.

Equities Market

16 Faster inflation and looming policy rate hikes both in the U.S. and the Philippines, compounded by the Russia-Ukraine war and lockdowns in China have dampened investor sentiment leading to a 6.6% tumble of the PSEi in April. Only three stocks in the PSEi—WLCON, TEL, and EMP—withstood the global selloff. The return of investors' confidence is likely to be more dependent on the continuity of reform-minded policies of the current President by the administration of President-elect Marcos Jr, but may open it more to Public-Private Partnerships (PPP) framework as debt-to-GDP ratios hit pre-Aquino III levels. Besides, earnings of listed companies should remain robust as early Q1 reports suggest.

- The risk aversion towards equities played out globally as nine out of the 12 monitored bourses fell, led by Shanghai's SSEC -6.3% MoM loss.
- All six sectors of PSEi posted losses in April. The Services sector slipped the least by -3.6% MoM pulled by Wilcon Depot, Inc. (WLCON) due to infra-related reopening play and Philippine Long Distance Telephone Co.'s (TEL) successful fund raising via cell tower sales worth P77.0-B and improved financial statements.
- Emperador, Inc. (EMP) posted the biggest jump among PSEi-constituent stocks with +39.1% MoM gain after being listed on the Singapore Exchange
- Foreigners continued to flee the market with net foreign selling amounting to P4.3-B in April, albeit smaller than the P10.5-B NFS a month ago.

Economic Indicators (% change, latest month, unless otherwise stated)	Latest Period	Previous Period	Year-to-Date (2022)	2020 (year-end)	2021 (year-end)
GDP Growth (Q1-2022)	8.3%	7.8%	8.3%	-9.6%	5.8%
Inflation Rate (Apr)	4.9%	4%	3.4	2.4%	4.5%
Government Spending (Mar)	18.1%	-5.2%	7.6%	11.3%	12.8%
Gross International Reserves (\$B) (Apr)	105.4	107.3	107.1	96.5	107.1
PHP/USD rate (Apr)	51.98	52.07	51.56	49.63	48.88
10-year T-bond yield (end-Apr)	6.00	5.89	5.55	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

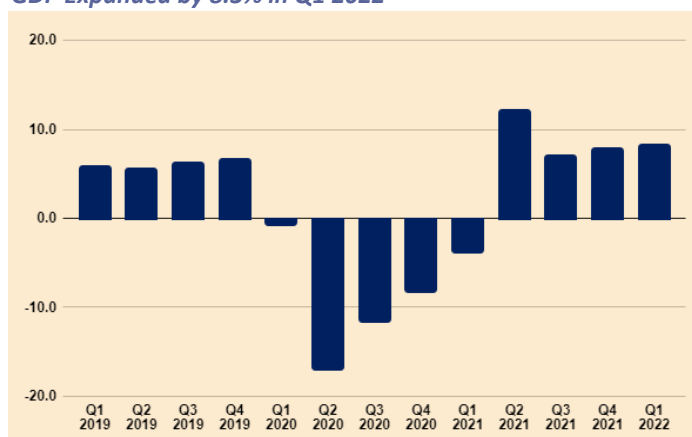
MACROECONOMY

Q1-2020 GDP GROWTH OF 8.3% TOPS IN REGION, ENKINDLES MORE OPTIMISM

The economy's rapid growth in Q1, while driven partly by pre-election spending, rests much on the 3.4-M jobs created since October 2021, as this resulted in an all-time high of employed persons in March 2022. The Q1 GDP expansion relied once more on huge gains in domestic demand (+17%) and on all three major production sectors on the upswing. Outsized increases in consumption and investment spending provided the boost from the demand side, while the industry sector lead the pack from the production side. Only the faster inflation of 4.9% in April from 4% a month earlier put an early dampener on the growing optimism. Meanwhile, the peso-dollar remained volatile but averaged with a slight uptick in April.

Outlook: The robustness in the economic recovery, founded heavily on employment gains, should spill over into Q2. And while a tighter fiscal space and inflation pose serious headwinds in H2, an economic team of high-quality technocrats in the new President's cabinet can handle the emerging scenario. The Industry sector, with expected solid gains in Mining, Manufacturing and Construction, should lead H2 growth, even as the Services sector heads towards normalization.

Figure 1 - GDP Growth Rates, Quarterly, Year-on-Year
GDP Expanded by 8.3% in Q1 2022



Source of Basic Data: Philippine Statistics Authority (PSA)

Table 1 - ASEAN Quarterly GDP (in %, Year-on-Year)

Country	Q1-2022	Q4-2021
Philippines	8.3	7.8
China	4.8	5.3
India	5.4	26.6
Indonesia	5.0	5.0
Malaysia	5.0	3.6
Thailand	2.2	1.9
Vietnam	5.0	5.2

Source of Basic Data: Philippine Statistics Authority (PSA)

PH GDP Growth of 8.3% in Q1 Tops ASEAN, China, India

With election spending on the upswing and employment hitting a new record in March, the country's Gross Domestic Product (GDP) expanded by 8.3%, beating analysts' expectations and the performance of its ASEAN neighbors. With this growth, GDP exceeded pre-pandemic levels in Q1-2019 and Q1-2020. Domestic demand (i.e., household consumption, government consumption, and investment spending) led the surge with a 17% (year-on-year, YoY) expansion, while all three production sectors (i.e., Agriculture, Industry and Services) posted gains.

Gross domestic capital formation (Investment) spending soared by 20% YoY leading the pack from the demand or expenditure side. Household consumption spending also took an exceptional leap of 10.1%, as four out of its 12 categories posted double-digit expansions. Meanwhile, Government Consumption expenditures grew slower at 3.6% from 7.8% in the previous quarter.

Even though Construction (+13.2%) and Durable Equipment (+9.8%) spending sped up, inventory investments had the biggest impact as it rebounded to P30.1-B in Q1-2022 from a decline of P42.0-B in a year earlier. As for consumer spending, the removal of capacity restrictions for restaurants and hotels had a huge impact as spending on these items went up by 20.4%. Expenditures on Recreation & Culture also surged by 18.2% for the same reason. Meanwhile, pre-election events such as rallies, and meetings pushed Food and Non-alcoholic Beverages to a rapid growth of 9.9%.

Table 2 - Labor Force Survey Summary (in '000)

	Feb 2022	Mar 2022	MoM Change	
			Levels	% Change
Labor Force	48,606	49,850	1,244	2.6%
Employed	45,480	46,975	1,495	3.3%
Underemployed*	6,382	7,422	1,040	16.3%
Underemployment Rate	14	15.8	1.77	12.6%
Unemployed	3,126	2,875	-251	-8.0%
Unemployment Rate	6.4	5.8	-0.66	-10.3%
Labor Participation Rate**	63.8	65.4	1.55	2.4%
Not in Labor Force	27,548	26,406	-1,141	-4.1%

Agriculture	10,862	11,839	977	9.0%
Industry	8,138	8,167	28	0.3%
Mining and Quarrying	228	193	-35	-15.4%
Manufacturing	3,396	3,607	211	6.2%
Electricity, Gas, Steam, and Air-Conditioning Supply	69	95	26	36.8%
Water Supply, Sewerage, etc.	48	75	27	57.0%
Construction	4,398	4,198	-200	-4.5%
Services Selected Summary	26,480	26,969	490	1.8%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	10,075	10,067	-7	-0.1%
Transportation and Storage	3,135	3,059	-75	-2.4%
Accommodation and Food Services Activities	1,666	1,559	-107	-6.4%
Information and Communication	533	504	-28	-5.3%
Financial and Insurance Services	563	744	180	32.0%
Real Estate Activities	249	260	11	4.5%
Professional, Scientific, and Technical Activities	354	286	-67	-19.1%
Administrative and Support Services Activities	1,914	2,236	322	16.8%
Public Administration and Defense; Compulsory Social Security	2,820	3,033	213	7.6%
Education	1,442	1,373	-69	-4.8%
Human Health and Social Work Activities	766	702	-64	-8.3%
Arts, Entertainment, and Recreation	339	456	117	34.5%
Other Service Activities	2,619	2,688	69	2.6%

* 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)

From the production side, the Industry sector took the fast lane as it speeded up by 10.4% with three out of four sub-sectors throttling at double-digit pace. The reopened Mining & Quarrying sub-sector clocked a 17% growth, while Construction (+13.5%) and Manufacturing (+10.1%) provided strong support.

The Services sector accelerated to an 8.6% YoY expansion from 8% in the previous quarter as all 11 sub-sectors headed north. Leading performers included Transportation & Storage (+26.5%), Other Services (+22.3%) and Accommodation & Food Services (+21%).

For the second consecutive quarter, Gross National Income (GNI), which includes Overseas Filipino Workers' (OFW) remittances, outperformed GDP with its 10.7% YoY increase from 8.1% in Q4-2021 (vs. 8.3% and 7.8% gains in GDP, respectively).

Employed Persons Hit a New Record of 47.0-M in March

The total number of employed persons increased again by 1.5-M month-on-month (MoM) in March to bring it to a new record of 47.0-M. This job gain came about despite a large increase in the labor force participation rate (LFPR) to 65.4% from 63.8% a month earlier. LFPR also took the all-time high prize beating the previous record of 65.2% in April 2014. With a -251,000 fall in unemployed persons, the unemployment rate broke through the 6% barrier to 5.8%, the lowest since January 2020.

All three sectors employed more people in March as against February. But just like in that month the Agriculture sector posted the largest uptick with 977,000 new jobs, followed by 490,000 in the Services sector. The Industry sector added only 28,000 jobs.

In the Services sector, while only six out of 13 sub-sectors posted gains, the increases in the positive sub-sectors overwhelmed the largely small declines in the seven negative sub-sectors. The job growth leaders included Administrative & Support Services (+322,000), Public Administration & Defense (+211,000), Finance & Insurance (+180,000) and Arts & Recreation (+117,000) which all benefitted from the loosening of restrictions due to Covid-19. On the other hand, the big losers included Accommodation & Food Services (-107,000), Transportation & Storage (-75,000) and Education (-69,000).

In the Industry front, the strong performance of Manufacturing (+211,000) got clipped by the fall of employment (-200,000) in the Construction industry, the

the latter inhibited by the ban on near-elections spending in infrastructures. Electricity, Gas, & Steam and Water Supply, Sewerage, etc. had minor job additions of 26,000 and 27,000, respectively, which together exceeded the reduction of jobs in Mining & Quarrying.

With election-related employment drawing to a close by May, the robustness of recovery may depend on the employment situation in June and in H2.

Manufacturing Sector Continues to Shine in April

The S&P Global Philippines Manufacturing PMI rose to 54.3 in April from 53.2 in March, marking the highest reading since November 2017. Higher output provided momentum to PMI amid less Covid-19- related / restrictions curbs. Meantime, supply issues remained, and prices for both inputs and outputs continue to rise. Expectations of robust aggregate demand recovery amid less mobility restrictions seem to take hold.

Official data on the Volume of Production Index (VoPI) showed vigorous expansion at a triple-digit pace of 358.2% year-on-year (YoY) in March 2022, from 82.9% in February. The increase in 15 out of 22 industry categories sustained the VoPI's momentum, with one industry in a four-digit expansion.

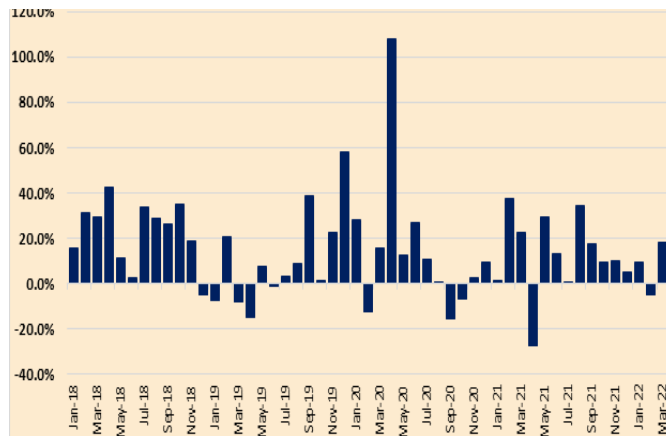
Manufacture of coke and refined petroleum products contributed the most in March with its four-digit surge of 2,175.6%. Manufacture of machinery and equipment except electrical (+43.2%) and manufacture of textiles (+24.2) also contributed to the upswing. On the other end, manufacture of electrical equipment led this month's losers with -36.5% YoY decrease followed by printing and reproduction of recorded media with -10.9% YoY loss.

NG Expenditures Rebounds by 18.1% in March

National Government (NG) expenditures in March grew by 18.1% to P481.5-B after a -5.2% drop in the previous month. For the first three months in 2022, NG spending totaled to P1.1-T or 8.2% higher than a year earlier. Meanwhile, the budget deficit in March shrank by a tiny -2% to P187.7-B from P191.4-B a year ago on the back of strong revenue collection. Year-to-date (YTD) budget gap reached P321.5-B, -1.5% lower than last year's figure of P316.8-B.

Collections in March recorded impressive gains at P293.9-B, the highest value in 21 months, or +36% higher YoY from P216.2-B. Income from the Bureau of Internal Revenue (BIR) and Bureau of the Treasury (BTr) spiked by 28% to P170.4-B and 29.3% to P70.8-B, respectively.

**Figure 2 - NG Expenditures Growth Rate, Year-on-Year
NG Spending Moved Up by 18.1% in March**



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

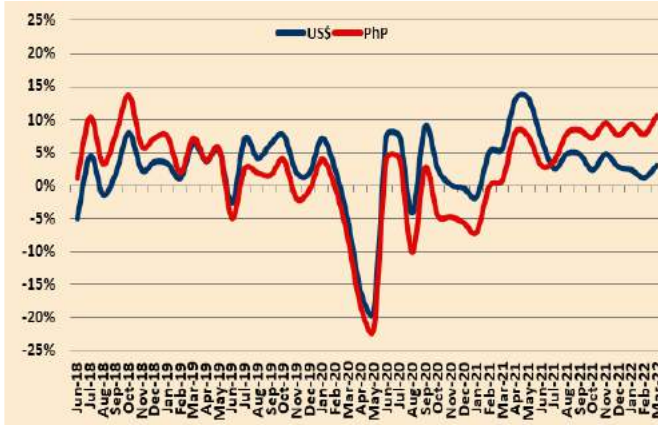
Table 3 - Major Contributors to Year-on-Year Inflation

Inflation Year-on-Year Growth Rates	Weights in CPI (%)	Mar-22	Apr-22	YTD
All items	100.00	4.0%	4.9%	3.6%
Food and Non-Alcoholic Beverages	37.74	2.6%	3.8%	2.3%
Alcoholic Beverages and Tobacco	2.16	4.8%	5.9%	5.2%
Clothing and Footwear	3.14	1.9%	2.0%	1.9%
Housing, Water, Electricity, Gas, and Other Fuels	21.38	6.2%	6.9%	5.6%
Transport	9.03	10.3%	13.0%	9.8%

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 - Dollar-Peso Remittances Growth Rates, Year-on-Year
OFW Remittances Climbed by 3.1% in March



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

On the other hand, revenues from Bureau of the Treasury (BTr) more than doubled (107.2%) to P33.4-B spurred by higher dividend remittances, together with higher income from Bond Sinking Fund (BSF) investment, guarantee fees as well as NG share from PAGCOR income.

NG disbursements climbed by 18.1% to P481.5-B in March from P407.6-B a year earlier amid higher National Tax Allocation (NTA) releases and budgetary support to government-owned and controlled corporations (GOCCs). Additionally, increased spending by the Department of Education (DepEd) and Commission on Higher Education (CHED) for scholarship programs and by the Department of Public Works and Highways (DPWH) and the Department of National Defense (DND) for their capital outlay projects contributed to its upswing. Primary expenditures and interest payments advanced by 18.4% to P426.0-B and 16.5% to P55.5-B, respectively.

Inflation Speeds to 4.9% YoY in April

The spillover of sky-high crude oil prices into Food & Non-Alcoholic Beverages (FNAB), Alcoholic Beverages & Tobacco (ABT), and utilities (HWEGO) caused headline inflation to accelerate to 4.9% YoY in April from 4% a month earlier and 3% in February. YTD, inflation remained within the BSP target at 3.6%.

Figure 4 - Export Growth Rates, Year-on-Year
Exports Grew by 5.9% in March



Source of Basic Data: Philippine Statistics Authority (PSA)

Transport costs, which take up some 9% of the Consumer Price Index, led the speed race with an incremental 2.7 percentage points to the previous month's 10.3% uptick, as fuel prices remained extraordinarily elevated. While FNAB added less, at 1.2 percentage points, to its previous climb of 2.6%, it accounted for around half of the 0.9% faster pace in April since it contributes 37.7% to CPI. The increase in HWEGO took a 14% share in the acceleration, while Transport costs contributed the second highest share of 24%, all on a weighted basis.

All types of food products took a quicker pace led by Oils & Fats, Meat products, and Sugar & Confectionaries. Their speedier climb offset the relatively stable rice prices.

Crude oil prices abroad eased in April but remained above \$100/barrel (bbl) for both West Texas Intermediate (WTI, U.S. benchmark) and Brent (European benchmark). WTI averaged \$101.78/bbl while Brent averaged \$104.58/bbl in April, but still 64.9% and 61.4% higher YoY, respectively.

On a seasonally adjusted basis, inflation climbed by 1% MoM, the same rate as in March. When annualized, this comes to 12.7% (Seasonally Adjusted Annualized Rate or SAAR), way beyond BSP's target range.

Table 4 - Exports Year-on-Year Growth Rates

Exports Year-on-Year Growth Rates	Feb-22	Mar-22	YTD
Total Exports	15.0	5.9	9.8
Agro-Based Products	43.6	35.4	42.0
Mineral Products, of which	57.7	16.3	36.4
Copper Cathodes	130.2	-0.9	39.0
Others (incl. nickel)	27.5	19.7	43.0
Manufactured Goods	10.6	2.9	5.6
Electronic Products	15.1	8.1	10.3
Other Electronics	9.6	-0.1	-2.0
Chemicals	15.6	-6.5	2.0
Machinery and Transport Equipment	-22.0	-33.9	-25.6
Processed Food and Beverages	-6.6	12.4	-8.7
Others	2.9	-9.0	-3.3

Source of Basic Data: Philippine Statistics Authority (PSA)

Table 5 - Imports Year-on-Year Growth Rates

Imports Year-on-Year Growth Rates	Feb-22	Mar-22	YTD
Total Imports	20.1	27.7	28.0
Capital Goods	3.6	9.5	12.0
Power Generating and Specialized Machines	-10.3	2.2	4.3
Office and EDP Machines	-5.9	-15.5	-10.0
Telecommunication Equipment and Electrical Machines	13.5	10.8	9.5
Land Transport Equipment excluding Passenger Cars and Motorized cycle	4.7	18.2	22.3
Aircraft, Ships and Boats	46.2	170.5	124.8
Prof.Sci.and Cont. Inst., Photographic Equipment and Optical Goods	31.0	12.9	26.6
Raw Materials and Intermediate Goods	14.3	18.0	23.4
Mineral Fuels, Lubricant and Related Materials	131.6	148.0	133.8
Consumer Goods	8.4	8.6	11.7

Source of Basic Data: Philippine Statistics Authority (PSA)

Given the uncertainty on how long the Russia-Ukraine war will last and its impact on crude oil and commodity prices, it now looks like average inflation for Q2 and Q3 will exceed 5%.

Money Growth Eases to 7.6% YoY in March

Domestic liquidity (M3) increased by 7.6% YoY in March to P15.2-T, slower than the previous month's 8.5%. On a MoM seasonally adjusted basis, M3 was broadly unchanged. Narrow money (M1) grew by 14.8%, slower than the 15.1% growth in the previous month. Meanwhile, broad money (M2) rose by 8.2%, also slower than the 9% pace a month ago.

Net foreign assets (NFA) in peso terms increased by 8.4% in March from February's 6.5%. The growth in the BSP's NFA position reflected the increase in the country's level of gross international reserves. Meanwhile, the NFA of banks also grew as their foreign assets increased at a faster pace due to higher investments in marketable debt securities and deposits maintained with nonresident banks.

Lending for production increased by 9.5% in March from 9.7% in February, as outstanding loans to key industries continued, specifically information and communication (+28.4%) and real estate activities (+19.7%). Manufacturing and wholesale and retail trade, repair of motor vehicles and motorcycles also saw expansions.

Similarly, consumer loans to residents increased by 3.6% from 0.9% in February relying largely to the YoY increase in credit card loans.

OFW Remittances Climb by 3.1% in March

Personal remittances in March 2022 reached \$2.9-B, higher by 3.1% YoY than the recorded \$2.8-B during the same period last year. On cumulative basis, Q1-2022 remittances grew by 2.3% YoY to \$8.6-B from \$8.5-B during the same period last year.

The gain in personal transfers in March benefited from remittances of land-based workers with contract of one year or more which increased by 3.7% YoY to \$2.2-B from \$2.1-B in the previous month; and sea- and land-based workers with work contracts of less than one year which rose by 1.4% YoY to \$0.63-B from \$0.62-B in the same period last year. Moreover, cash remittances from OFWs coursed through banks grew by 3.2% YoY to \$2.6-B in March from \$2.5-B in the comparable month a year ago. An identical pattern as to source by type of workers as in personal remittances emerged.

**Figure 5 - Dollar-Peso Exchange Rates and Moving Averages
Philippine Peso Ended at P52.158/\$ in April**



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			
	Mar-22	Apr-22	YTD
AUD	-3.0%	0.0%	-3.0%
CNY	0.0%	1.2%	0.8%
INR	1.7%	0.0%	1.0%
IDR	0.0%	0.3%	0.4%
KRW	1.9%	1.1%	4.2%
MYR	0.3%	1.5%	1.1%
PHP	1.5%	-0.2%	3.4%
SGD	0.8%	0.5%	0.1%
THB	1.8%	1.6%	0.5%

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

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

The increase in cash remittances from U.S., Japan, and Singapore contributed greatly to the growth in remittances in Q1-2022. Meanwhile, as for origin by country, the U.S. registered the highest share of overall remittances at 41.5% followed by Singapore, Saudi Arabia, Japan, the United Kingdom, the United Arab Emirates, Canada, Taiwan, Qatar, and Malaysia. The consolidated remittances from these top 10 countries accounted for 79.1% of total cash remittances during the period.

March Exports Hit \$7.2-B, Albeit Slows Down to 5.8% YoY Growth

Outward shipments in March registered an all-time high of \$7.2-B in export value benefitting from elevated global prices. This marks the 13th straight month of growth, albeit the slowest pace in five months amid weakening global demand due to rising geopolitical tensions. MoM, it also jumped by 15.6% from \$6.2-B.

Only four out of 10 major commodities recorded gains led by Coconut Oil with 63.9%, followed by Gold and Other Mineral Products at 40% and 19.7%, respectively. Meanwhile, Electronic Products, the country's top export which accounts for 55.3% of total export earnings, mildly grew by 8.1%. On the contrary, Machinery and Transport Equipment and Metal Components declined the most by -33.9% and -21.6%, respectively.

By major type of goods, all categories posted YoY growth spearheaded by Petroleum Products with 58.8% on the back of surging oil prices. Moreover, exports of Manufactured Goods rose slightly by 2.9% boosted by triple digit increases in Telecommunication and Iron and Steel at 259.5% and 118.7%, respectively.

Capital Goods Imports Climbs by 9.5% in March

Imports of capital goods took a quicker pace as it speeded by 9.5% YoY in March, a big improvement from the 3.6% uptick a month earlier. Imports of Telecommunication Equipment & Electrical Machines grew by 10.8% YoY, which while not the fastest, accounts for nearly 50% of total capital goods imports. Land Transportation Equipment excl. passenger cars & motorized cycles actually had the fastest meaningful expansion of 18.2% YoY and accounted for close to 9% of the total. Aircraft, Ships & Boats imports took the top prize in the growth race as it soared by 170.5%, but this came from a low base and a share of some 5% of the total. Only one of the major categories of capital goods—Office & EDP Machines (-15.5%)-- headed south.

Figure 6 - USD Index vs Dollar-Peso Exchange Rate
Peso Traded Between P51.26/\$ to P52.45/\$ in April



Source of Basic Data: *Trading Economics*

The robust economic recovery in Q1 and elevated fuel prices drove total imports faster by 27.7% in March from 20.1% a month earlier. Like in past months, the Mineral Fuels, etc. category continued to surge, this time by 148% in March, due to astronomical crude oil and fuel prices. Imports of Raw Materials & Intermediate Goods accelerated to an 18% YoY rise from 14.3% a month ago, supporting the faster economic growth of the country in Q1. Imported consumer goods moved up a little faster than in February at 8.6% YoY.

Given the imports' higher base and faster growth than exports, the balance of trade deficit hit \$5.0-B, the second highest on record, from \$4.2-B in February.

We don't expect much improvement in trade deficits, as the economy continues to rebound robustly while crude oil price remains sky-high.

FX Rate Mildly Appreciates by -0.2% MoM in April

After trading below the P52-handle in the first half of April, the dollar-peso exchange rate (FX) headed back above that level in the second half of the month, but still averaged slightly stronger at P51.98/\$, some 0.2% stronger from P52.07/\$ in March. In addition, only the peso appreciated in April among its peers as investors penciled in an early rate hike in June.

The volatility measure slightly went up by 40.8% in April from 36.9% a month ago. The local unit traded between P51.26/\$ to P52.45/\$.

Technically, as the actual FX rate has basically kept above the 30-day moving average (MA) and well above the 200-day MA, the local currency will remain under pressure. Soaring oil prices and bloated trade deficit contribute to the peso's weakness

Furthermore, the greenback will continue to be supported amid faster-than-expected April inflation at 8.3%, Fed's 50 bps interest rate increase on May 4, and haven demand due to the ongoing Ukraine war.

Outlook

As the best performer in ASEAN and East Asia, the Philippine economy's impressive 8.3% Q1 GDP growth has brought the economy to pre-pandemic levels (Q1 of both 2019 and 2021) and has likely enkindled greater optimism among firms.

- To be sure, a good part of the gains may be attributed to pre-election spending, but it will likely spill over into Q2, since the present administration still has much cash to spare. As pointed out before, the growth pace may not continue in H2, based on historical precedents and the tighter fiscal space that the new administration will face.
- However, the huge number of jobs created in Q4-2021 to Q1-2022 (3.4-M) constitute the major contributor to Q1 GDP growth. With the record number of employed persons (at 46.5-M) as well as the labor force participation rate (65.4%), leading to unemployment rate of 5.8%, the lowest in the post-pandemic period, the positive impact will likely carry on until Q2. H2 performance will likely hinge on the quality of technocrats that the new President will bring into his economic team.
- The weaker peso has enabled the Manufacturing sector to shine in Q1, and the latter should keep its luster for the rest of the year, while quicker infrastructure spending should resume after the May elections.
- The main headwind for the economy emerges from rising inflation that should average above 5% for the remaining months of 2022, unless we see a sudden end in the Russia-Ukraine war and sharply lower crude oil prices. The war remains unpredictable, but the second-round effects of unusually elevated crude oil prices have affected other commodities. With higher inflation comes higher interest rates which impinges on spending by consumers and borrowing by firms.
- With money (M3) growth still very much at a single-digit pace, an early tightening by the BSP may easily result in too tight a monetary situation that would aggravate the rise in interest rate.

FIXED INCOME SECURITIES

BOND YIELDS ON THE RISE ON FED POLICY RATE HIKES AND FASTER LOCAL INFLATION

Except for 3-month tenors, government securities (GS) bond yields headed north as the Fed implemented a 50-bps hike and maintained an aggressive stance, while local inflation accelerated to 4% in March and 4.9% in April from just 3% in February. With fuel and commodity prices remaining at stratospheric levels, food prices and other consumer goods and services followed suit. Bond trading improved slightly in the secondary market, but the specter of higher U.S. policy rates and faster domestic inflation kept investors away from the long end of the curve. ROPs also soared as excess supply dominated the market and drove spreads over U.S. Treasuries significantly higher in April.

Outlook: Despite a surprising drop in U.S. GDP by -1.4% (SAAR) in Q1-2022, we think that the Fed will push through with its planned 50 bps hikes in the coming meetings. That means ruling out a 75 bps increase earlier feared by the market. The Fed appears committed to bring down inflation as much as their policy instruments can do since the job market remains robust and tight. This will put pressure on PH 10-year yields and a faster pace of domestic inflation into over-5% level will make the argument more compelling. However, the pace of yield increases may remain moderate since the National Government (NG) has built up a strong cash position good enough until Q3.

Table 7 - Auction Results

Date	T-Bond/ T-Bill	Offer (Php B)	Tendered (Php B)	Accepted (Php B)	Tendered + Offered	Ave. Yield	Change bps
25 Apr	91-day	22.000	105.514	22.000	4.796	1.140	-44.7
	182-day	22.000	70.960	22.000	3.225	1.558	53.5
	364-day	20.000	41.044	20.000	2.052	1.901	49.3
Subtotal		64.000	217.518	64.000	3.399		
5 Apr	3 year	35.000	53.578	25.791	1.531	4.210	204.1
12 Apr	5 year	35.000	45.907	22.027	1.312	4.968	29.9
19 Apr	7 year	35.000	47.336	35.000	1.352	5.779	17.8
26 Apr	10 year	35.000	56.406	17.559	1.612	6.313	22.1
Subtotal		140.000	203.227	100.377	1.452		
All Auctions		204.000	420.745	164.377	2.062		

Source: Bureau of the Treasury (BTr)

Primary GS Market: Government Raised Around \$566.0-M from First Sustainable Samurai Bond

Despite higher yields amid March inflation at 4% and U.S. Treasuries at pre-pandemic highs due to aggressive Fed tightening, demand for government securities (GS) increased in Bureau of the Treasury's (BTr) auctions in April. Tilted towards the short end of the curve, the tender-offer ratio (TOR) climbed to 2.062x from 1.432x a month ago signifying some risk appetite in the belly amid hefty premiums.

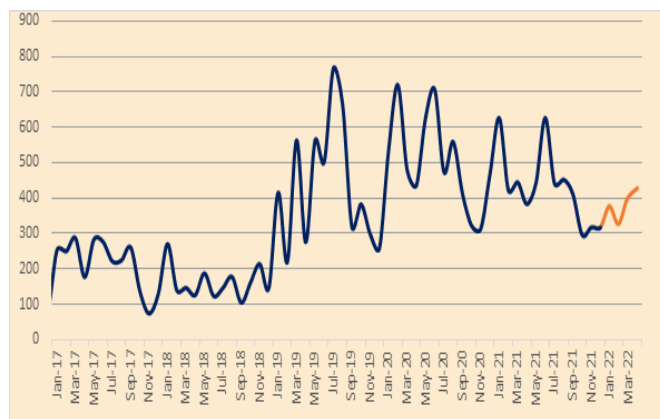
Furthermore, the government launched its maiden Sustainability Samurai Bond in Japan in April netting some \$565.7-M following the issuance of a triple tranche U.S. bond offering of \$2.3-B in March.

Robust demand for Treasury bills (T-bills) in April remained as tenders doubled to P217.5-B from P105.3-B a month earlier. The 91-day papers declined by -44.7 bps to 1.140% from 1.587% in March. Meanwhile, 182-day and 364-day T-bills soared by 53.5 bps to 1.558% from 1.023% and 49.3 bps to 1.901% from 1.408% in January, respectively.

Similarly, tenders for Treasury bonds (T-bonds) rose by 12.9% to P110.3-B in April from P63.7-B in the previous month. BTr fully awarded only 7-year tenors at 5.779%, or 17.8 bps higher from 5.601% in March. BTr became more aggressive with the 3-year debt awards which vaulted yields by 204.1 bps to 4.210% from its previous offering at 2.169% in December 2020. On the other hand, 5-year and 10-year tenors ascended by 29.9 bps to 4.968% from 4.669% and 22.1 bps to 6.313% from 6.092% in March, respectively.

Offshore, the government raised ¥70.1-B (~\$565.7-B) from its first-ever offering of the four-tranche sustainability bonds in the Samurai bond market in April. The 5-year,

Figure 7 - Monthly Total Turnover Value (in Billion Pesos) Volume Grew by 7.8% MoM in April



Source: Philippine Dealing Systems (PDS)

Figure 8 - Week-on-Week Changes on the GS Benchmark Bond Yield Curves
Only 3-Month Tenors Managed to Decline by -9.1 bps



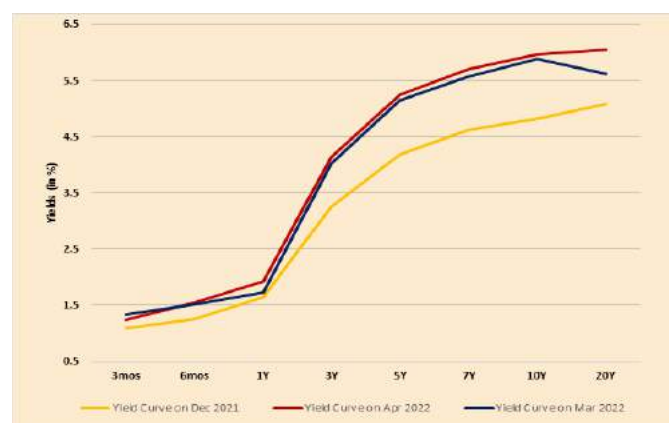
Source: Philippine Dealing Systems (PDS)

Figure 9 - 91-day T-bill and 10-year T-bond Daily Yields
Spread Widened by 16.8 bps MoM in April 2022



Source: Philippine Dealing Systems (PDS)

Figure 10 - Year-end Yield Curve in 2021 and Latest Yield Curve Versus Previous Month in 2022
Yield Curve in April Saw Minimal Movements MoM



Source: Philippine Dealing Systems (PDS)

7-year, 10-year, and 20-year bonds had coupon rates of 0.76%, 0.95%, 1.22%, and 1.83% and raised ¥52.0-B, ¥5.0-B, ¥7.1-B, and ¥6.0-B, respectively. Proceeds will be used to fund projects for sustainable development and climate change mitigation.

Secondary Market: Upward Momentum in Yields Continued in April

Despite slightly larger trading volumes in GS, secondary market yields kept climbing. April recorded total trading of P430.1-B, the largest volume in eight months, or 7.8% MoM higher than P398.9-B. Likewise, it grew by 12.3% YoY from P383.0-B a year ago.

With domestic inflation accelerating to 4% in March, together with the steady rise in U.S. Treasuries amid hawkish Fed (50 bps increase on May 4) and significant balance sheet reduction as high as \$95.0-B every month, yields moved with an upward bias in April. Additionally, BSP Governor Diokno commented that a rate hike is on the table as early as June if the Q1-2022 GDP prints around 6-7%, adding pressure to local bond yields.

Investors still preferred short-dated bonds in April. Only 3-month papers shed by -9.1 bps to 1.250% from 1.342% ahead of the Fed rate increase. The 6-month and 1-year T-bills rose by 3.2 bps to 1.560% from 1.529% and 20 bps to 1.933% from 1.733%, respectively.

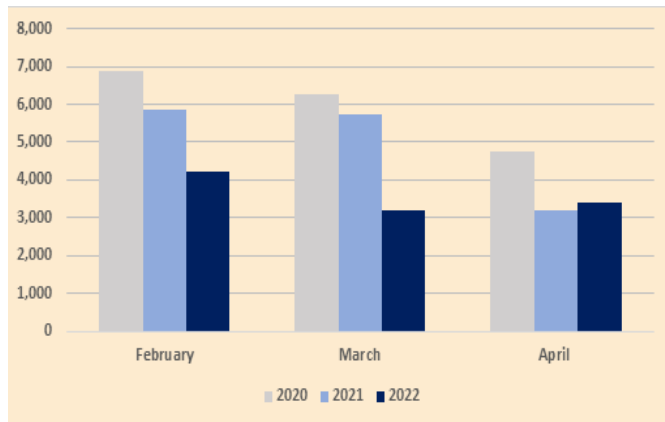
Investors demanded higher premiums for longer-dated bonds amid global uncertainties and domestic headwinds. The 3-year and 5-year securities edged up by 11.7 bps to 4.150% from 4.033% and 10.9 bps to 5.261% from 5.151%, respectively. Furthermore, 10-year tenors notched up to 5.971%, a 38-month high, 7.6 bps higher than 5.894% a month earlier. Lastly, 7-year and 20-year T-bonds jumped by 13.9 bps to 5.721% from 5.582% and 43.1 bps to 6.055% from 5.624%, respectively.

With opposite movements at both ends of the yield curve, the spread between 10-year and 2-year bond yields slightly slipped by -2 bps to 253.7 bps in April. We expect the 10-year yields to hit 6.5% in Q2 amid inflationary pressures and interest rate hikes across the globe.

Corporate Bonds: Trading Volume Bounced Back by 6.1%

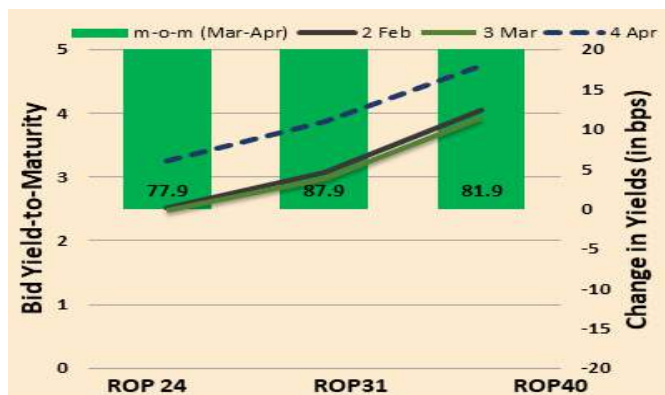
Trading of corporate bonds sprung back by 6.1% in April to P3.4-B from P3.2-B a month earlier. On a yearly basis, it went up by 5.8% from P3.2-B. The share of the top five issuers declined by -17.4% to P1.6-B (48.1% of total volume) from P2.0-B last month.

Figure 11 - Total Corporate Bond Trading Volume (in Billion Pesos)
Trading Volume Rebounded by 6.1% MoM



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

Figure 12 - ROPs Yield, Month-on-Month Changes (bps)
ROPs Yields Surged as High as 87.9 bps in April



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

Table 8 - Spreads Between ROPs and U.S. Treasuries (bps)

Spreads between ROPs and U.S. Treasuries (bps)			
Date	3-year	10-year	20-year
28-Feb	89.7	124.6	179.6
31-Mar	3.0	66.4	134.4
29-Apr	38.9	97.3	161.3

SM Prime Holdings, Inc. (SMPH) secured the top spot with P643.5-M worth of trades or 81% higher than a month earlier amid its P30.0-B listing in April (see Corporate Issuances and Disclosures). In second and third place, San Miguel Corporation (SMC) and SMC Global Power (SMCGC) accumulated P320.0-M (down by -68.7%) and P319.6-M (up by 61.7%), respectively. Meanwhile, Ayala Land, Inc. (ALI) fell to the fourth spot with P209.8-M, slightly lower by -0.6% from last month. Finally, Aboitiz Power (AP) placed last for the 3rd consecutive month at P142.3-M or -27.1% lower MoM (month-on-month).

Corporate Issuances and Disclosures

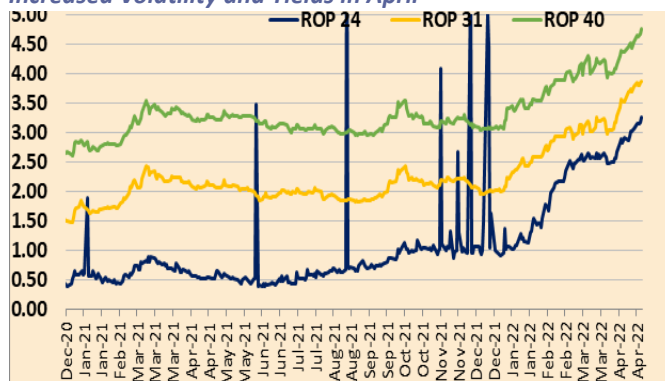
- Converge Information and Communications Technology Solutions, Inc. (CNVRG) raised P10.0-B from its maiden listing of 5-year Fixed Rate Bonds. It carried a coupon rate of 5.5942%, payable quarterly.
- SM Prime Holdings, Inc. (SMPH) listed its P30.0-B Series P (5-year), Series Q (7-year), and Series R (10-year) Fixed Rate Bonds which investors grabbed reflected by its 4x oversubscription from its P15.0-B base offer. The bonds hold coupon rates of 5.6141%, 6.1175%, and 6.5432%, respectively, payable semi-annually.

ROPs: Yields Zoomed Up Amid Global Market

Yields of the Republic of the Philippines’ U.S. dollar-denominated bonds (ROPs) soared by as much as 87.9 bps in April amid supply pressure from its recent dollar bond issuance in March and heightened market volatility as the Fed started its tightening cycle. ROP-24 and ROP-40 escalated by 77.9 bps to 3.259% from 2.480% and 81.9 bps to 4.753% from 3.934%, respectively. Moreover, ROP-31 surged the most by 87.9 bps to 3.863% from 2.984%.

Global markets expected the developments in the U.S. as the Fed raised its policy rate by 50 bps on May 4, the biggest jump in 22 years and the first time the central bank raised rates at two meetings in a row since 2006, as part of its most aggressive policy action to combat sky-high inflation. In addition, Fed Chairman Powell hinted 50 bps rate hikes for the succeeding FOMC meetings, should this prove necessary, alongside a rapid reduction of the Fed’s bond portfolio starting June.

Figure 13 - ROPs Daily Yields
Increased Volatility and Yields in April



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

The equivalent 3-year and 20-year U.S. Treasuries shot up by 42 bps to 2.87% from 2.45% and 55 bps to 3.14% from 2.59%, respectively. On the other hand, 10-year U.S. Treasuries spiraled by 57 bps to 2.89% from 2.32% in the prior month. Furthermore, it breached 3% in the beginning of May, the highest in 3.5 years, after the latest policy rate hike.

The spread between ROPs and its equivalent U.S. Treasuries, thus, widened by 26.9 bps to 35.9 bps in April.

ASEAN+1: Yield Curves Generally Flattened

- **U.S.:** As expected, the Fed raised its policy rates by 50 bps to 0.75-1.00% on May 4th. It correctly anticipated another round of job gains (+428,000) in April, the same as in March (revised downward). Thus, the unemployment rate remained unchanged at 3.6%. However, the tight labor market saw average hourly rates move up by 0.3% MoM in April from 0.5% a month ago.

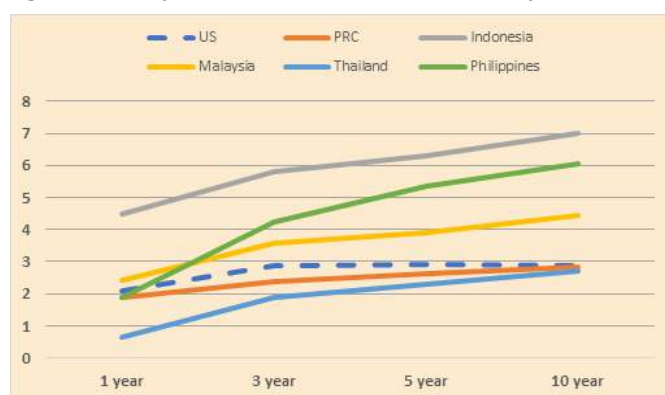
Figure 14 - U.S. Bond 10-year vs PH Bond 10-year



Source: Trading Economics

S&P Global U.S. Manufacturing PMI continued its upswing to 59.2 in April from 58.8 in March. Retail sales climbed by 0.5% MoM (s.a.) in March 2022, slower than the upwardly revised 0.8% rise in February. However, more than a third of the MoM gain came from higher fuel prices. CPI inflation increased by 0.3% MoM in April, a sizeable slowdown from a 16-year high of 1.2% in March. On a YoY basis, it increased by 8.3% from 8.5% but still higher than market expectations. Thus, the University of Michigan consumer confidence index fell to 59.1 points in May 2022, nearly a 13-year low, from 63.6 points in April.

Figure 15 - Comparative Yield Curve Between ASEAN per Tenor



Sources: Asian Development Bank (ADB), Federal Reserve

Surprisingly, the Q1-2022 GDP contracted by an annualized 1.4% (SAAR) following a 6.9% growth in Q4-2021. This resulted primarily from record trade deficits and a fall in inventories. However, GDP had exceeded pre-pandemic levels by Q3-2021.

- **CHINA:** After posting a GDP growth of 4.0% in Q4-2021, its economy sustained its growth by 4.8% in Q1-2022. China's economy will likely slowdown in Q2 as the lockdown of Shanghai due to a surge in Covid-19 (new variant) cases in late March has had profound effects on both the economy and financial markets. Retail sales in April plunged by 11.1% YoY. Fears of a deeper fall abound as the lockdowns spread to parts of Beijing and other major cities, clogging supply chains resulting in a jobless rate near a 2-year high and Caixin Manufacturing PMI dropping to a 26-month low of 46.0 in April (vs 48.1 in March). ABC News reported that some analysts have downgraded their forecast of FY GDP growth to just 2%, way below the government's target of 5.5%. Between April 18 and the end of the month, the yuan had plunged by 5.3% to Y6.65/\$1.

April inflation rate accelerated to 2.1% YoY from 1.5% in March, a 5-month high and above market forecasts of 1.8%, amid supply disruptions. Food prices turned positive for the first time during the same period. On the trade side, exports growth eased to 14.7% YoY in March from 16.3% a month earlier.

Despite these, the People's Bank of China (PBOC) kept its policy rate unchanged. The yield curve slightly steepened by 2 bps to 51 bps (i.e., spread between 10-year and 2-year bond yields).

- **INDONESIA:** The economy expanded by 5% in Q1-2022 mainly driven by household consumption (+4.3% YoY) and fixed investment (+4.1%). Additionally, Manufacturing PMI showed consistent gains at 51.9 in April from 51.3 in the previous month, pointing to the 8th straight month of expansion and the quickest pace since January.

On the inflation front, inflation speeded to 3.5% in April from 2.6% a month ago as consumption accelerated due to Ramadan and Eid-ul Fitr. Exports registered a record-high value of \$27.3-B (+ 47.8% YoY) in April on the back of surging commodity prices. Similarly, imports jumped by 22% to \$19.8-B, resulting in an all-time high trade surplus of \$7.6-B.

The Bank of Indonesia (BI) maintained its key rates at 3.5% to support economic recovery. The yield curve flattened the most by 75 bps to 162 bps as 2-year tenors surged by almost 1 percentage point.

- **MALAYSIA:** After a 3.6% gain in Q4-2021, Malaysia's GDP increased by 5% in Q1-2022 buoyed by the improvement in the Manufacturing (+6.6%) and Services sector (+6.5%) and continued recovery in the labor market. Furthermore, PMI expanded to 51.6 in April from 49.6 in the prior month.

Its annual inflation rate unexpectedly remained unchanged at 2.2% in March. Exports and imports climbed by 25.4% to MYR 131.6-B (~\$31.3-B) and 29.9% to MYR 104.9-B (~\$24.9-B), respectively, in March. Consequently, trade surplus stood at MYR 26.7-B (~\$6.4-B) or 10.3% higher YoY.

Surprisingly, Bank Negara Malaysia (BNM) raised its policy rate by 25 bps to 2% on May 11 amid improved economic and labor conditions, and mild inflationary pressure. Moreover, BNM aimed to maintain the ringgit stability as it fell to its lowest level in 2 years in April. The spread between 10-year and 2-year bond yields contracted by 14 bps to 105 bps.

- **THAILAND:** The country's GDP rose by 2.2% in Q1-2022, following the 1.8% growth in the previous quarter, supported by the pickup in private consumption (3.9% vs 0.4% in Q4) and rebound in fixed investment (0.8% vs -0.2%). In addition, PMI continued to expand as it notched up to 51.9 in April from 51.8 a month ago.

Its inflation print eased to 4.7% in April from a 13.5 year high of 5.7% in the previous month. Boosted by surging shipments of gold and electronics, exports posted its record-breaking level of \$28.9-B (up by 19.5% YoY). On the other hand, imports spiked by 18% to \$27.4-B leading to the highest trade surplus in 17 months at \$1.5-B.

Bank of Thailand (BoT) kept policy rates at 0.5% as the country's economic recovery remained fragile. However, BoT signaled that they stand ready to raise rates if the baht shows much volatility, even as it dropped to its weakest level (Bht34.28/\$1) in almost 5 years. The yield curve flattened by 10 bps to 113 bps.

Outlook

Amid extremely elevated crude oil, commodity, and even food prices pushing up inflation to above-5% levels, together with the Fed's accelerated hikes in policy rates, interest rates will likely continue to rise in Q2 and Q3.

- The Fed, as expected, hiked policy rates by 50 bps on May 4th, and portrayed a more aggressive stance. The Fed's upward bias was seen not only then but also in an interview on May 13th in which Chairman Jerome Powell expressed strong admiration for Paul Volcker's anti-inflation moves in the 1980s and stressed his commitment to price stability. We do not think that the contraction of U.S. economy by -1.4% (Q-o-Q, SAAR) in Q1-2022 would alter the Fed's plans as it can justify hikes to hasten the normalization of wage growth and inflation. But the market's earlier expectation of a 75-bps hike now seems unlikely reflected in the return of 10-year bond yields to below-3%.
- The pressure on PH 10-year bond yields remains since even a 50 bps hike in Fed policy rates would increase spread over U.S. Treasuries and make peso assets less attractive. Besides, crude oil prices are still above \$100/bbl have tended to make their way into other prices, especially food, and so inflation averaging at 5.3% in Q2 and slightly rising still for the rest of H2, will constitute another push factor.
- Corporate bond issuances may still take the current pace, albeit slightly slower, as firms may opt to still issue debt papers if they see interest rates rise unabated until an end to the Russia-Ukraine war.
- NG borrowing program for May remained at the same levels as April and should not be a major factor, until we see the fiscal plans of the new administration. Nonetheless, Q1 NG borrowings reached P1.1-T, way above the budget deficit of P0.3-T, support the view that NG borrowing may even tend to make bond yield rise more gradual, at least until, Q3.
- The sharp excess supply-driven rise in ROP yields in April and early May should trigger a technical correction and thereafter track U.S. Treasuries. In short, we expect a slight narrowing of spreads over U.S. Treasuries.

Table 9 - 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
					Mar-22	Apr-22			
U.S.	2.70	2.89	7.2	(4.31)	4	19	15	1.00	-6.20
PRC	2.34	2.85	2.2	0.65	49	51	2	2.95	0.75
Indonesia	5.37	6.99	4.2	2.79	237	162	(75)	3.50	-0.70
Malaysia	3.38	4.43	2.9	1.53	119	105	(14)	2.00	-0.90
Thailand	1.56	2.69	5.0	(2.31)	123	113	(10)	0.50	-4.50
Philippines	3.48	6.07	4.6	1.47	256	259	3	2.00	-2.60

Sources: Asian Development Bank (ADB), The Economist & UA&P

*1-year yields are used for PH because 2-year papers are illiquid

EQUITY MARKETS

FASTER INFLATION AND LOOMING POLICY RATE HIKES BOTH HERE AND ABROAD STALL INVESTORS

A nearly 200 basis points jump in domestic inflation since February and earlier policy rate hikes both by the Fed (and possibly the Bangko Sentral ng Pilipinas (BSP)), compounded by the inflation impact of the Russia-Ukraine war and lockdowns in China have dampened investor sentiment leading to a 6.6% tumble of the PSEi in April. The risk aversion towards equities played out globally as nine out of the 12 monitored bourses fell as well. Only three stocks in the PSEi—WLCON, TEL, and EMP—withstood the global selloff.

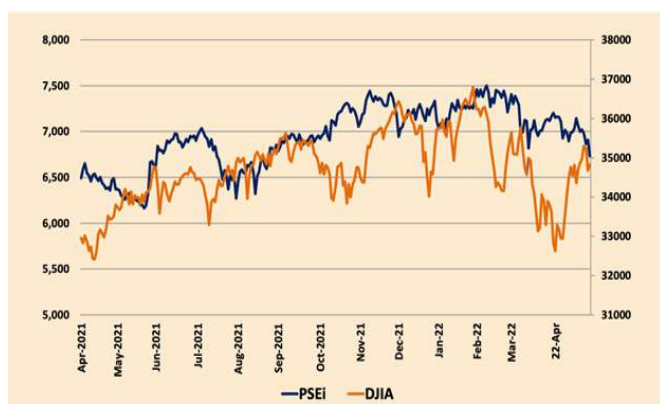
Outlook: With the election of a new President by a majority vote, the return of investors' confidence is likely to be more dependent on the continuity of reform-minded policies. The presumptive President-elect Marcos Jr. will likely continue the Build-Build-Build program of the current President but may open it more to Public-Private-Partnerships (PPP) framework as debt-to-GDP ratios hit pre-Aquino III levels. Besides, earnings of listed companies should remain robust as early Q1 reports suggest.

Table 10 - Global Equities Markets Performances

Global Equities Markets Performances				
Region	Country	Index	April M-o-M Change	2022 % Change
Americas	US	DJIA	-4.9%	-9.2%
Europe	Germany	DAX	-2.2%	-11.2%
	London	FTSE 101	0.4%	2.2%
East Asia	Hong Kong	HSI	-4.1%	-9.9%
	Shanghai	SSEC	-6.3%	-16.3%
	Japan	NIKKEI	-3.5%	-6.8%
	South Korea	KOSPI	-2.3%	-9.5%
Asia-Pacific	Australia	S&P/ASX 200	-0.9%	-0.1%
Southeast Asia	Indonesia	JCI	2.2%	9.8%
	Malaysia	KLSE	0.6%	1.9%
	Thailand	SET	-1.6%	0.6%
	Philippines	PSEi	-6.6%	1.1%

Sources: Yahoo Finance

Figure 16 - PSEi vs DJIA
PSEi vs DJIA Correlation Decreased to -0.5 in April

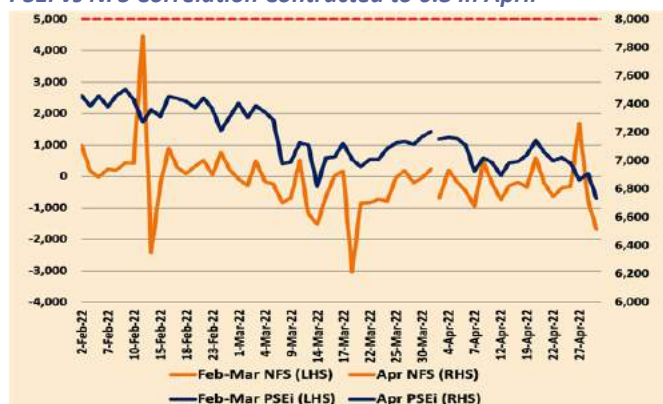


Source: Yahoo Finance

Equity investors found the first quarter of the year challenging and April proved no different. The war in Ukraine, lockdowns in China, and the prospect of substantially tighter U.S. monetary policy all weighed on sentiment. However, despite a majority of our covered global equity indexes falling sharply, pockets of growth did emerge, such as Indonesia, which achieved the highest gains in share prices during the period. Indonesia's JCI rose by +2.2% month-on-month (MoM). Malaysia's KLSE followed suit, ending the month with a 0.6% MoM increment. Foreign investors hunting for Indonesian stocks throughout April provided a bright streak to JCI, in contrast with volatile market sentiment in the West. Meanwhile, Shanghai's SSEC continued to record the biggest loss of -6.3% MoM and -16.3% year-to-date (YTD). Shanghai spent all of April in full lockdown, and market sentiment was dented further when reports emerged of new containment measures being implemented in Beijing.

The Dow Jones Industrial Average (DJIA) tumbled -4.9% MoM in April's technology-led sell-off. Technology stocks have been the epicenter of the April sell-off as high interest rates hurt valuations, while supply chain issues stemming from Covid-19 and the Russia-Ukraine war disrupt production. Despite solid overall earnings of listed U.S. companies, the positive results may get overshadowed by some of the broader concerns related to inflation and the Fed's policy rate increases. DJIA closed at 32,977.21, down 1,701.14 points, from March's close of 34,678.35, a -9.2% YTD fall. Meanwhile, PSEi finished 472.22 MoM points lower to close April at 4,731.25. The correlation between the two indices in April decreased to -0.5 from March's 0.3 as PSEi saw large drops in mid-April while DJIA tended to move upward except towards end-April.

Figure 17 - PSEi vs NFS (Feb 2022 - Apr 2022)
PSEi vs NFS Correlation Contracted to 0.3 in April



Source: Yahoo Finance

Table 11 - Monthly Turnover (in Million Pesos)

Monthly Turnover (in Million Pesos)				
Sector	Total Turnover		Average Daily Turnover	
	Value	% Change	Value	% Change
Financial	13,618.56	-45.7%	716.77	-34.2%
Industrial	17,265.04	-57.3%	908.69	-48.3%
Holdings	19,144.74	-59.3%	1,007.62	-50.8%
Property	18,455.05	-48.9%	971.32	-38.1%
Services	22,917.42	-50.3%	1,206.18	-39.8%
Mining and Oil	4,204.39	-66.4%	221.28	-59.3%
Total	95,605.20	-53.9%	5,031.85	-44.2%
Foreign Buying	57,420.68	-39.3%	3,022.14	-26.6%
Foreign Selling	61,738.98	-41.3%	3,249.42	-28.9%
Net Buying (Selling)	(4,318.30)	-58.8%	(227.28)	-50.2%

Source of Basic Data: PSE Quotation Reports

Table 12 - Top Foreign Buy in April (in Million Pesos)

Top Foreign Buy	
Company	Total Value
CNVRG PM Equity	693.25
ICT PM Equity	395.62
BDO PM Equity	331.77
TEL PM Equity	252.25
NIKLA PM Equity	229.79
Total Buy Value	1,902.68

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

The PSEi in April seesawed due to oil price movements, the lockdown in China, and hawkish comments from the Bangko Sentral ng Pilipinas. PSEi ended with a drop of -6.6% MoM, continuing back-to-back minor falls of -1.5% and -0.7% in February and March. The market will remain volatile due to fears of rate hikes amid inflation concerns heightened by supply constraints due to the pandemic, the protracted Russia-Ukraine war, and China's lockdown. Meanwhile, the final week of the national and local campaign in May could lead to increased election-related spending, thereby boosting economic and business activities and could also benefit some listed companies in terms of higher sales, net income, and valuations. The correlation between net foreign selling (NFS) and PSEi in April went down to 0.3, from March's 0.6.

PSE trading volume decreased by -53.9%, a contraction from the previous month's 11.8% increase. All six sectors landed on the red with the Mining & Oil sector observing the biggest volume reversal of -66.4% from +152.8% a month ago. The Holdings (-59.3%) and Industrial sectors (-57.3%) followed suit.

Foreigners continued to flee the market with net foreign selling (NFS) amounting to P4.3-B in April, albeit smaller than the P10.5-B NFS a month ago. The top five favorite stocks (net buying) of foreign investors amounted to P1.9-B, with Converge ICT Solutions, Inc. (P0.7-B) and International Container Terminal Services Inc. (P0.4-B) leading the list. The top five stocks (net selling) in April amounted to P4.1-B with Ayala Land Inc. (P1.2-B) and SM Investments Corporation (P1.1-B) in the front rows.

Due to stubbornly high crude oil prices, the lockdown in China, and hawkish comments from the Bangko Sentral ng Pilipinas, all six sectors of PSEi posted losses in April. The Services sector, which had the only two gainers among PSEi-constituent stocks, slipped by -3.6%, the least among the six sectors. The Holdings and Property sectors led the sub-indexes on the red, with -8.2% MoM and -7.8% MoM pull back. Nonetheless, the Mining and Oil sector observed the biggest YTD gain with a 20% uptick.

The Financial sector pulled back by -5.1% in April, after a 0.3% increment in March, with all of its PSEi-constituent stocks landing on the red.

Table 13 - Top Foreign Sell in April (in Million Pesos)

Top Foreign Sell	
Company	Total Value
ALI PM Equity	-1,225.60
SM PM Equity	-1,082.01
AC PM Equity	-710.31
URC PM Equity	-620.85
BPI PM Equity	-551.89
Total Sell Value	-4,190.66

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

Table 14 - Monthly Sectoral Performance

Monthly Sectoral Performance					
Sector	31-March -2022		29-April -2022		2022 YTD
	Index	% Change	Index	% Change	
PSEi	7,203.47	-1.5%	6,731.25	-6.6%	-5.5%
Financial	1,694.89	0.3%	1,607.85	-5.1%	0.1%
Industrial	9,800.04	-5.2%	9,181.43	-6.3%	-11.8%
Holdings	6,905.12	0.1%	6,341.57	-8.2%	-6.8%
Property	3,315.15	-6.4%	3,056.13	-7.8%	-5.1%
Services	1,953.33	2.1%	1,882.12	-3.6%	-5.2%
Mining and Oil	12,440.47	1.7%	11,524.76	-7.4%	20.0%

Source of Basic Data: PSE Quotation Reports

Table 15 - Financial Sector Constituent Stocks

Company	Symbol	3/31/2022 Close	4/29/2022 Close	M-o-M % Change	2022 YTD
Metrobank	MBT	57.00	51.10	-10.4%	-8.3%
BDO Unibank, Inc.	BDO	132.70	130.00	-2.0%	7.7%
Bank of the Philippine Islands	BPI	99.60	94.90	-4.7%	3.0%
Security Bank Corporation	SECB	109.00	103.00	-5.5%	-13.4%

Source of Basic Data: PSE Quotation Reports

BDO Unibank, Inc. (BDO) share prices observed the least loss by -2% MoM, but it registered a 7.7% YTD gain. BDO recorded a higher net income in 2021 following the recovery of its non-interest earnings and lower loan loss provisions. The bank's net income rose by 51% YoY to P42.8-B from P28.3-B a year ago.

Bank of the Philippine Islands (BPI) saw its stock prices slide by -4.7% MoM in April, after a 0.4% loss a month ago. Nonetheless, it registered a 3% YTD growth. BPI reported a net income of P23.9-B in 2021, up 12% YoY, from 2020's net income of P21.4-B.

Metropolitan Bank & Trust Company's (MBT) FY 2021 net income reached P22.2-B, swelling by 60% from P13.8-B, above market expectations. Still, MBT's stock prices dropped by -10.4% MoM, after a decline of -0.2% a month earlier, amid generally poor market sentiment.

Security Bank Corporation (SECB) share prices continued to decline with a -5.5% MoM loss in April, adding on its -6.6% decrease a month ago. Investors may have taken the cue from the drop of SECB's reported net income in 2021 to P6.9-B, down by -7% YoY from P7.4-B a year ago, unlike the three top banks which showed huge gains in FY 2021.

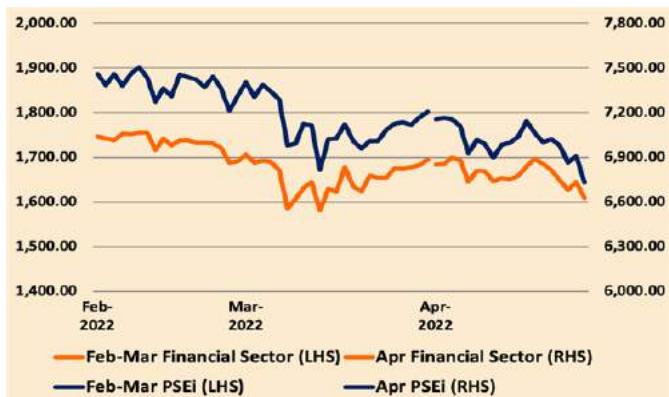
The Industrial sector further pulled down by -6.3% MoM in April, piling on its back-to-back MoM slide of -5.2% and -4.6%.

Emperador Inc. (EMP) grabbed the top spot in April within the sector and 30-PSEi constituent stocks, with a +39.1% MoM gain. Investors got excited after EMP announced it had obtained conditional listing eligibility on the Singapore Exchange (SGX) as part of its bid to achieve dual listing in the Philippines and Singapore.

Ending its winning streak, Manila Electric Company (MER) share prices contracted by -5.7% MoM in April from March's 1.5% increment. MER bottom line climbed to P5.6-B in Q1-2022, a 10% increase from P5.1-B last year. The firm attributed its double-digit increase to its power generation business and the increase in energy volumes sold.

Jollibee Foods Corporation (JFC) share prices continued to decline as it dropped by -4.4% MoM in April after its 6.6% contraction in March. JFC appointed Richard Shin as its new chief financial officer (CFO) starting May 2022.

Figure 18 - Financial Sector Index (Feb 2022 - April 2022)
Financial Sector Pulled Back by -5.1% MoM in April



Source of Basic Data: PSE Quotation Reports

Table 16 - Industrial Sector Constituent Stocks

Company	Symbol	3/31/2022 Close	4/29/2022 Close	M-o-M % Change	2022 YTD
Meralco	MER	373.60	352.40	-5.7%	19.4%
Aboitiz Power	AP	36.00	32.15	-10.7%	8.2%
Jollibee Foods Corporation	JFC	225.00	215.00	-4.4%	-0.6%
Universal Robina Corporation	URC	121.00	102.50	-15.3%	-19.9%
AC Energy Corporation	ACEN	8.73	7.22	-17.3%	-34.4%
Emperador Inc.	EMP	14.02	19.50	39.1%	-6.3%
AC Energy Corporation	ACEN	13.70	12.98	-5.3%	-19.9%

Source of Basic Data: PSE Quotation Reports

Figure 19 - Industrial Sector Index (Feb 2022 - April 2022)
Industrial Sector Declined by -6.3% MoM in April



Source of Basic Data: PSE Quotation Reports

Monde Nissin Corporation (MONDE) share prices fell by -5.3% MoM in April, adding on its 20.6% loss in the previous month. MONDE reported a net income of P3.1-B in 2021, down by -61% from 2020's P8.1-B.

Universal Robina Corporation (URC) contracted by -15.3% MoM in April, after edging up by 0.8% a month ago. URC posted FY 2021 aggregate revenues of P117.0-B, up by +3% YoY, driven by the continuous recovery of its international markets in Thailand and Vietnam and the growth in commodities unit, offsetting the weakness in the Branded Consumer Foods Group.

Leading the sectoral decliners, AC Energy Corporation (ACEN) share prices slumped by -17.3% MoM in April, after its 2.6% gain a month ago. ACEN reported earnings of P5.3-B, up by 23% YoY, from FY 2020's P4.3-B. ACEN also announced plans to spend P55.0-B on capital expenditures to expand its renewable energy business in 2022.

The Holding sector index led the sectoral declines with an -8.2% MoM tumble after a slight 0.1% gain in the previous month since all its nine PSEi-constituent firms landed in negative territory.

JG Summit Holdings Inc. (JGS) share prices contracted by -9.1% MoM in April, after March's 1.7% gain. JGS' consolidated revenues came in at P230.6-B, up by +13% YoY, driven by expanded capacity and improved utilization rates in its petrochemicals business, Chengdu's contribution, and recognition of lot sales in Robinsons Land Corporation (RLC).

GT Capital Holdings (GTCAP) share prices lost -8.7% MoM in share value in April, after its 4.5% loss in the previous month. Nonetheless, GTCAP had a 48% surge in core net income to P11.0-B in FY 2021. Its earnings growth came from higher earnings contributions from Metropolitan Bank & Trust Company (MBT) and Toyota Motor Philippines.

LT Group, Inc. (LTG) share prices slumped by -4.3% MoM in April, continuing its -8.1% drop in the previous month. LTG reported FY 2021 net income of P20.3-B, down by -3% YoY, as the improved performance of its distilled spirits, tobacco, and beverage segments failed to cover the lower contribution from the banking business.

Table 17 - Holdings Sector Constituent Stocks

Company	Symbol	3/31/22 Close	4/29/22 Close	M-o-M % Change	2022 YTD
Ayala Corporation	AC	824.00	737.50	-10.5%	-11.3%
Metro Pacific Investments Corporation	MPI	3.80	3.80	0.0%	-2.6%
SM Investments Corporation	SM	909.00	851.50	-6.3%	-9.7%
Aboitiz Equity Ventures	AEV	59.50	50.60	-15.0%	-7.1%
GT Capital Holdings	GTAP	552.00	504.00	-8.7%	-6.7%
San Miguel Corporation	SMC	110.00	106.30	-3.4%	-7.5%
Alliance Global Group, Inc.	AGI	12.52	11.82	-5.6%	0.2%
LT Group, Inc.	LTG	8.90	8.52	-4.3%	-13.9%
JG Summit Holdings, Inc.	JGS	61.30	55.70	-9.1%	5.1%

Source of Basic Data: PSE Quotation Reports

Leading the sub-index's decline, Aboitiz Equity Ventures (AEV) share prices skidded by -15% MoM in April, continuing its 0.7% drop in the previous month. This appeared as an offshoot of the 54% YoY plunge in AEV consolidated net income of P3.9-B for Q1-2022.

Ayala Corporation (AC) share prices ranked second in the sub-index's decline as its share prices slumped by -10.5% MoM in April, after its 3.1% retreat a month earlier. The selloff by foreigners amounting to P710.3-M contributed to its fall.

One of the most sold stocks with NFS amounting to P1.1-B, SM Investments Corporation (SM) share prices retreated to negative territory with a -6.3% MoM loss, a reversal from its 1.9% increment in the previous month.

San Miguel Corporation (SMC) stock prices contracted by -3.4% MoM, a reversal from its 3.6% gain a month ago. While SMC's Q1-2022 posted consolidated revenues of P316.8-B, up 57% YoY, its recurring net income inched up by only 2.8% to P13.9-B, as four of its largest (out of eight) business units showed lower earnings.

Alliance Global Group, Inc. (AGI) share prices sunk by -5.6% MoM in April, continuing its fall from March's -2.2%, despite reporting a +132% vault in net income to P23.8-B in FY 2021.

Figure 20 - Holdings Sector Index (Feb 2022 - Apr 2022)
Holding Sector Led Sectoral Decline by -8.2% MoM in April



Source of Basic Data: PSE Quotation Reports

The Property sector ranked second as sectoral decliners as it tumbled further by -7.8% MoM in April, after contracting by 6.4% a month ago. Investors likely further shunned property firms as global interest rates rise and BSP's recent signal that it may raise policy rates as early as June.

With the highest NFS of P1.2-B, Ayala Land Inc. (ALI) share prices led the sectoral decliners by -8.6% MoM, adding on its 10.1% contraction in March. ALI shares further dropped after it announced that it sold P3.5-B worth of AREIT shares at a discount. ALI plans to raise nearly \$400.0-M from the sale of its stake in the Light Rail Transit (LRT) Line 1, coal power plants and smaller business to fund new investments and reduce debt.

SM Prime Holdings, Inc. (SMPH) share shed -7.5% in value MoM in April after plummeting -4.9% a month ago, with NFS at P465.0-M. SMPH reported net income of P21.8-B for FY 2021, up by 21% YoY from FY 2020's P18.0-B.

Figure 21 - Property Sector Index (Feb 2022 - Apr 2022)
Property Sector Tumbled by -7.8% MoM in April



Source of Basic Data: PSE Quotation Reports

Table 18 - Property Sector Constituent Stocks

Company	Symbol	1/31/2022 Close	2/28/2022 Close	M-o-M % Change	2022 YTD
Ayala Land, Inc.	ALI	35.05	32.05	-8.6%	-12.7%
SM Prime Holdings, Inc.	SMPH	37.85	35.00	-7.5%	3.2%
Robinsons Land Corporation	RLC	20.50	19.12	-6.7%	-0.4%
Megaworld Corporation	MEG	3.01	2.86	-5.0%	-9.2%

Source of Basic Data: PSE Quotation Reports

Figure 22 - Services Sector Index (Feb 2022 - Apr 2022)
Services Sector Contracted by -3.6% MoM in April



Source of Basic Data: PSE Quotation Reports

Robinsons Land Corporation (RLC) share prices moved down by -6.7% MoM in April to wipe out its-best-in-sector gain of 6.7% a month ago. RLC reported a net income of P8.1-B for FY 2021, a 53% increase from P5.3-B registered in 2020.

Megaworld Corporation (MEG) prices plummeted by -5% MoM in April, pulling down further from March's -5.9% loss. MEG aims to hike its capital spending by P10.0-B for its 34-hectare township near the Bacolod Government Center. Investments in its Bacolod townships will increase to P45.0-B from P35.0-B.

The Services sector lost the best-sectoral performer prize, as it contracted by -3.6% MoM, a reversal from March's 2.1% gain.

Wilcon Depot, Inc. (WLCON) share prices grabbed the top spot in April within the sector with a +3.7% MoM jump, reversing its 7.7% pullback a month ago. WLCON reported earnings of P851.0-M in Q1-2022, up 40.7% YoY from P604.0-M last year, as the Philippine construction sector continues to rebound strongly this year.

Philippine Long Distance Telephone Company (TEL) stock prices rose by 0.9% MoM in April adding on its 2.8% gain in the previous month. Investors likely reacted to TEL's successful fund raising via cell tower sales worth P77.0-B to subsidiaries of Kuala Lumpur-based edotco Group and US-headquartered EdgePoint Infrastructure. TEL also reported a net income of P26.7-B for FY 2021, a 10% increase from P24.3-B in the previous year. Net foreign buying of P252.3-M helped buoy its share price.

Converge ICT Solutions Inc (CNVRG) share prices contracted by -4.6% MoM in April, eating part of its 16.2% gain a month ago. It reported a full year FY 2021 net income of P7.2-B, nearly 111% increase from FY 2020's P3.4-B. CNVRG consolidated revenues last year reached P26.5-B, up by +69.2% YoY, as the residential business grew 83.2% YoY to P23.1-B.

Despite NFB amounting to P395.6-M, International Container Terminal Services, Inc. share prices contracted by -4.1% MoM in April slicing part of its 6.7% gain in the previous month. Investors pulled back on ICT following the trade-related risks to its performance this year, due to Russia's invasion of Ukraine as well as the renewed lockdowns in China.

Table 19 - 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	1,850.00	1,866.00	0.9%	3.0%
Globe Telecom	GLO	2,540.00	2,270.00	-10.6%	-31.7%
Converge ICT Solutions, Inc.	CNVRG	30.20	28.80	-4.6%	-9.7%
Puregold Price Club Inc.	PGOLD	35.75	33.00	-7.7%	-16.0%
Wilcon Depot, Inc.	WLCON	27.00	28.00	3.7%	-8.2%
International Container Terminal Services, Inc.	ICT	224.80	215.60	-4.1%	7.8%

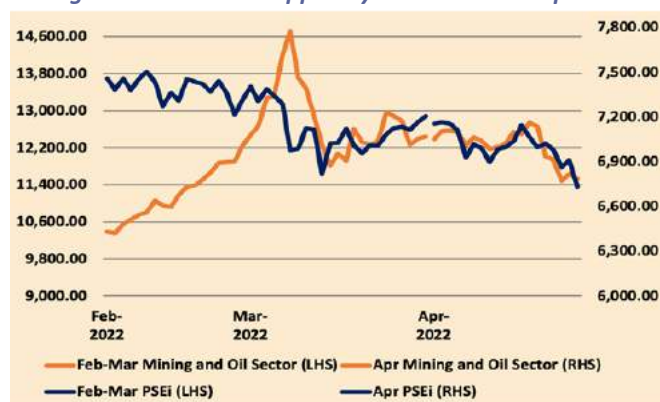
Source of Basic Data: PSE Quotation Reports

Puregold Price Club Inc. (PGOLD) share prices contracted by -7.7% MoM in April, after its 1.7% gain in the previous month. PGOLD consolidated net income reached P8.8-B for FY 2021, only 1.4% higher compared to 2020, but this failed to excite investors. Puregold had opened 30 new Puregold stores and two new S&R warehouse clubs in the past year.

Pulled down by net foreign selling of P330.9-M, Globe Telecom (GLO) share prices continued to lead sectoral loss with a -10.6% drop adding on its -1.1% plunge a month ago.

The Mining & Oil sector gave up some of its consecutive gains of 1.7% and 18.9% in the previous month as it dropped by -7.4% MoM in April. Pulling down the sector, Semirara Mining Corporation (SCC) share prices tumbled by -10.4% MoM after its 10.8% leap in the previous month. SCC announced an P8.8-B spending program for 2022, with majority going to the company's mine equipment refueling program.

Figure 23 - Mining & Oil Sector Index (Feb 2022 - Apr 2022)
Mining and Oil Sector Dropped by -7.4% MoM in April



Source of Basic Data: PSE Quotation Reports

Table 20 - Mining and Oil Sector Constituent Stock

Company	Symbol	3/31/2022 Close	2/29/2022 Close	M-o-M % Change	2022 YTD
Semirara Mining and Power Corporation	SCC	30.70	27.50	-10.4%	28.8%

Source of Basic Data: PSE Quotation Reports

Recent Economic Indicators

NATIONAL INCOME ACCOUNTS, CONSTANT PRICES (In Million Pesos)

	2020		2021		4th Quarter 2021			1st Quarter 2022		
	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	1,818,007	1.9%	1,954,345	7.5%	580,203	33.8%	5.2%	499,949	-13.8%	2.7%
Industry Sector	5,151,945	-11.8%	5,607,009	8.8%	1,760,803	50.2%	11.4%	1,482,188	-15.8%	19.4%
Service Sector	10,963,799	-6.6%	11,849,213	8.1%	3,321,517	10.8%	9.8%	2,948,249	-11.2%	11.5%
Expenditure										
Household Final Consumption	12,911,851	-8.0%	13,456,531	4.2%	3,923,916	20.9%	7.5%	3,476,450	-11.4%	10.1%
Government Final Consumption	2,652,447	10.0%	2,839,963	7.1%	683,320	-1.4%	7.8%	673,241	-1.5%	3.6%
Capital Formation	3,382,434	-33.5%	4,060,997	20.1%	1,144,071	25.0%	14.2%	1,024,126	-10.5%	20.0%
Exports	4,735,076	-31.8%	5,128,006	8.3%	1,251,031	-7.2%	7.7%	1,356,492	8.4%	10.3%
Imports	6,146,212	-21.2%	6,947,443	13.0%	1,814,149	4.8%	14.3%	1,892,215	4.3%	15.6%
GDP	17,530,785	-9.5%	18,538,053	5.7%	5,201,501	17.5%	7.8%	4,618,133	-11.2%	8.3%
NPI	1,325,383	-30.4%	642,515	-51.5%	226,214	50.2%	16.0%	223,735	-1.1%	103.2%
GNI	18,856,166	62.3%	19,180,570	1.7%	5,427,716	18.6%	8.1%	4,841,868	-10.8%	10.7%

NATIONAL GOVERNMENT CASH OPERATION (In Million Pesos)

	2020		2021		Feb-2022		Mar-2022			
	Levels	Growth Rate	Levels	Growth Rate	Levels	Monthly G.R.	Annual G.R.	Levels	Monthly G.R.	Annual G.R.
Revenues										
Tax	2,855,959	-9.0%	3,005,539	5.2%	212,402	-23.6%	-3.3%	293,883	38.4%	36.0%
BIR	2,504,421	-11.4%	2,739,350	9.4%	197,805	-22.5%	-2.7%	244,096	23.4%	28.7%
BoC	1,951,023	-10.3%	2,078,108	6.5%	136,607	-30.2%	-11.4%	170,384	24.7%	27.8%
Others	537,687	-14.7%	643,563	19.7%	59,433	1.9%	26.0%	70,778	19.1%	29.3%
Non-Tax	15,711	-25.2%	18,157	15.6%	1,765	50.5%	-9.8%	2,934	66.2%	85.0%
	351,412	13.7%	265,357	-24.5%	14,538	-36.2%	-10.2%	49,782	242.4%	88.1%
Expenditures										
Allotment to LGUs	4,227,406	11.3%	4,675,639	10.6%	318,202	5.6%	-5.2%	481,549	51.3%	18.1%
Interest Payments	804,546	30.2%	892,698	11.0%	93,367	16.8%	29.2%	94,067	0.7%	33.5%
	380,412	5.4%	429,432	12.9%	28,230	-56.9%	-9.4%	55,548	96.8%	16.5%
Overall Surplus (or Deficit)	-1,371,447	107.7%	-1,670,100	21.8%	-105,800	352.5%	-8.8%	-187,666	77.4%	-2.0%

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)

	2021		Feb-2022		Mar-2022	
	Average Levels	Annual G. R.	Average Levels	Annual G. R.	Average Levels	Annual G. R.
RESERVE MONEY	3,303,261	3.8%	3,431,219	6.1%	3,287,599	-0.1%
Sources:						
Net Foreign Asset of the BSP	6,296,263	13.3%	6,533,390	6.5%	6,592,041	8.4%
Net Domestic Asset of the BSP	14,211,531	5.7%	14,996,765	8.9%	14,872,558	7.4%
MONEY SUPPLY MEASURES AND COMPONENTS						
Money Supply-1	5,659,905	14.3%	6,188,091	15.1%	6,283,158	14.8%
Money Supply-2	13,795,976	8.3%	14,532,051	9.1%	14,597,724	8.4%
Money Supply-3	14,432,021	7.4%	15,165,379	8.6%	15,243,735	7.7%
MONEY MULTIPLIER (M2/RM)	4.18		4.24		4.44	

Source: Bangko Sentral ng Pilipinas (BSP)

CONTRIBUTORS

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