August 2022

The MARKET CALL

Capital Markets Research

FMIC and UA&P Capital Markets Research

Executive Summary

Overall, we see the economy strong enough after the H1 GDP expansion of 7.8% to weather the global economic sluggishness and an expected H2 slowdown after the recent presidential elections. Jobs added in May-June and the peso depreciation (which benefit some 70% of the population) should offset likely fragility of inflation-beaten consumers. Besides, the NG still has firepower to spend in H2. The bond and equity markets exhibited buoyancy in July after the U.S. GDP dipped for the second successive quarter. PSEi looks well supported by solid earnings growth in Q2 which kept local investors take the slack when foreign investors left the market in the last week of July. By mid-August, however, foreign investors have returned encouraged by economy's strength, the basically unchanged weights by MSCI, and prospects that inflation may have peaked.

Macroeconomy

3 ***Robust Q2 GDP growth should contribute to a 6%-7% full year (back to the upper end) as employment increases in May-June and the peso depreciation should provide more income to some 70% of the population. These will likely offset weakness in spending by the remaining 30% constrained by the high inflation. Besides, NG spending, especially for infrastructures, has room to expand given that there is a leeway of 60% of the target full year budget deficit. The Philippine peso may recover with the seasonal inflow of OFW remittances but remains under pressure from U.S. dollar strength which will likely to continue due to the Fed's commitment to bring down inflation more quickly.***

GDP expanded by 7.4% YoY in Q1-2022, fueled by robust gains in investment and consumer spending (20.5% and 8.7%, respectively). ■ The economy added 528,000 to ranks of employed persons in June, despite a sizeable jump in the labor force participate rate, keeping the unemployment rate at 6%. ■ NG spending zoomed by 27.9% YoY in June bringing YTD budget deficit to P672.3-B, still 18.5% below program. ■ Inflation raced to 6.4% YoY in July, a 43-month high, as food, alcoholic beverages, and transport prices hastened. ■ Exports nudged by just 1% while imports remained hot, leading to a new record of $5.8-B balance of trade deficit. ■ The peso slumped by 4.7% buffeted by anticipated large Fed policy rate hike and PH's outsized trade deficits.

Bonds Market

10 ***The upward trend in 10-year T-bonds suddenly reversed in July as recession fears gripped U.S. markets despite hotter local inflation in June. Remarkable demand, both in auctions and secondary market, drove yields below 6% by mid-August, levels not seen since April. However, we see a slight upward bias and continued volatility as domestic inflation will likely remain above 6% for most of H2 in addition to a still hawkish stance from the Fed.***

The total tender-offer ratio in auctions surged to 3.132x in July from 1.814x from the previous month esp. with voracious appetite for longer tenors. ■ BTr opened the TAP facilities for 10-year and 25-year tenors with tenders amounting to P215.3-B and P94.0-B, respectively. ■ Trading volume in the secondary market soared to a 13-month high of P487.1-B or 45.9% higher MoM. ■ The front-end rose sharply ranging from 53 bps to 71.5 bps in response to the off-cycle 75 bps BSP rate hike in July.■ The 10-year tenors outperformed the curve as it plunged by -74.3 bps to 6.293%. ■ Spread of ROPs over U.S. Treasuries thinned sharply as the former corrected from their overshoot a month ago.

Equities Market

17 ***PSEi experienced a 2.6% uptick in July associated with positive sentiment from U.S. and Asian markets. Likewise, a downward trend of crude oil prices and flat inflation rate of U.S. is observed for the month of July, alongside the peaceful transition to the new administration, which likewise boosted confidence for local investors in the market. Thus, we should expect a calm market in fear of drastic Fed policy rate hikes for the rest of the year.***

Five PSE sectors landed in the positive territory with Financial registering the highest increase with a +6.2% MoM gain. ■ The Property sector recorded the only loss of -0.1% among the six PSEi sectors. ■ Aboitiz Equity Ventures (AEV, 20% gain MoM) had the best performance among PSEi-constituent stocks. ■ Converge ICT Solutions, Inc. (CNVRG) led the decliners with a -10.2%. ■ In the Mining & Oil sector, Semirara Mining & Power Corporation (SCC) added another 18.6% uptick to claim the best YTD performance of 94.4%. ■ Net foreign selling decreased by -59.6% (MoM) to P4.5-B from P11.1-B outflow, a steep decline than previous month's rise.

Economic Indicators (% change, latest month, unless otherwise stated)	Latest Period	Previous Period	Year-to-Date (2022)	2020 (year-end)	2021 (year-end)
GDP Growth (Q2-2022)	7.4%	8.2%	7.8%	-9.6%	5.8%
Inflation Rate (July)	6.4%	6.1%	4.7%	2.4%	4.5%
Government Spending (June)	27.91%	-1.1%	8.6%	11.3%	12.8%
Gross International Reserves ($B) (July)	98.8	100.9	104.5	96.5	107.1
PHP/USD rate (July)	55.89	53.57	52.63	49.63	48.88
10-year T-bond yield (end-July)	6.15	7.07	5.99	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

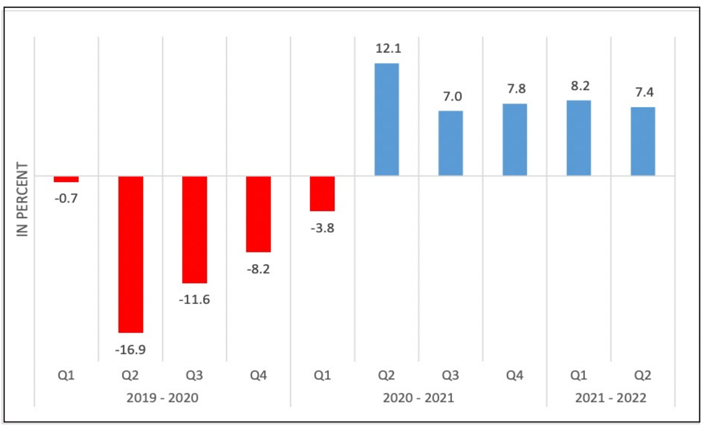
MACROECONOMY

Q2 GDP EXPANSION OF 7.4% TO OVERFLOW INTO H2

The Philippine economy greeted the new President, Mr. Ferdinand R. Marcos, Jr., with a solid expansion of 7.4% for Q2, led by muscular investment and consumer spending. While the Services led sectoral growth with a 9.1% print, it lost jobs in June (i.e., rice planting season) to agriculture, even as the economy added 508,000 jobs in June. Based on Manufacturing PMI, the sector's gains appeared slimmer than in June while the public sector looked more secure as it took in more manpower. Inflation, which speeded to 6.4% in July, appeared as the main dark spot. The peso depreciated by 4.3% in July, but that means more income in the pockets of OFW families, BPO workers, exporters, and their suppliers, with an estimated 70 million beneficiaries.

Outlook: The economy looks healthy and robust with the 7.4% GDP growth in Q2, despite widely expected and historically-based slowdown in H2 after a Presidential election. Large job gains in May-June and the peso depreciation should provide a counterweight to a likely weakening of consumer spending among a third of the population battered by high inflation. NG spending still has sufficient room for expansion since some 60% of targeted full year budget deficit remains unutilized, and so outlays for infrastructure will resume its elevated trajectory. Finally, while the peso may recover a bit in Q4 due to OFW remittances, the expected large increases in Fed policy rate hikes for the rest of 2022 will keep the pressure on the local currency.

Figure 1 - GDP Growth Rates, Quarterly, Year-on-Year
GDP Eased to 7.4% in Q2-2022



Source of Basic Data: Philippine Statistics Authority (PSA)

Q2-2022 GDP Expanded by 7.4% as PH Economy Thrives

The Philippine economy recorded another quarter of recovery with +7.4% year-on-year (YoY) GDP growth in Q2-2022, driven by robust investment (i.e., Gross Capital Formation up by 20.5%) and consumer spending (+8.6%). H1 GDP growth rate swelled by 7.8%, virtually ensuring that full year growth will exceed 6.0%. On the production side, Services and Industry sectors gained by 9.1% YoY and 6.3%, respectively.

Domestic demand pulled up the economy with an 11.7% climb. Leading demand side growth, Gross Capital Formation soared by +20.5%, as all sub-sectors except Intellectual Property turned in a green scorecard. Spending on Construction (+15.7%) and Durable Equipment (+11.7%) took the highest honors. Household Final Consumption Expenditures (HFCE) improved by +8.6% YoY, from +7.3% a year ago, albeit slower than 10.0% in Q1-2022. With the easing of pandemic-restrictions, consumers returned to malls and travelled to other parts of the country, and so we saw surges in Recreation & Culture (+35.0%), Restaurants & Accommodations (+32.3%), and Transport (+25.7%) sectors.

Meanwhile, Government Final Consumption Expenditures (GFCE) had a +11.1% boost, significantly faster than -4.2% in 2021 due to heavy election spending. The global economic slowdown hit the external sector as the current account deficit widened by 39.6% to -P649.3-B.

Table 1 - Labor Force Survey Summary

			MoM Change	
	May 2022	June 2022	Levels	% Change
Labor Force	**49,011**	**49,581**	**570**	**1.2%**
Employed	**46,084**	**46,592**	**508**	**1.1%**
Underemployed	**6,668**	**5,888**	**(780)**	**-11.7%**
Underemployment rate%	**14.5**	**12.6**	**(1.83)**	**-12.7%**
Unemployed	**2,927**	**2,990**	**62**	**2.1%**
Unemployment rate%	**6.0**	**6.0**	**0.06**	**1.0%**
Labor Participation rate%	**64.0**	**64.8**	**0.74**	**1.2%**
Not in Labor Force	**27,521**	**26,959**	**(562)**	**-2.0%**
Agriculture ('000)	**10,123**	**11,396**	**1,273**	**12.6%**
Industry ('000)	**8,774**	**8,856**	**83**	**0.9%**
Mining and Quarrying	199	338	138	69.3%
Manufacturing	3,746	3,645	(101)	-2.7%
Electricity, Gas, Steam, and Air-Conditioning Supply	94	76	(17)	-18.7%
Water Supply; Sewerage, etc.	117	75	(42)	-36.1%
Construction	4,618	4,723	105	2.3%
Services ('000)	**27,187**	**26,339**	**(848)**	-3.1%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	10,942	9,724	(1,217)	-11.1%
Transportation and Storage	3,217	3,127	(90)	-2.8%
Accomodation and Food Services Activities	1,766	1,675	(91)	-5.1%
Information and Communication	442	430	(11)	-2.6%
Financial and Insurance Services	577	522	(55)	-9.5%
Real Estate Activities	191	194	**3**	**1.8%**
Professional, Scientific, and Technical Activities	281	351	**70**	**24.8%**
Administrative and Support Services Activities	2,069	2,175	**106**	**5.1%**
Public Administration and Defense; Compulsory Social Security	2,600	2,764	**164**	**6.3%**
Education	1,356	1,497	**141**	**10.4%**
Human Health and Social Work Activities	691	672	(19)	-2.8%
Arts, Entertainment, and Recreation	349	369	**21**	**6.0%**
Other Service Activities	2,704	2,836	132	**4.9%**

Source of Basic Data: Philippine Statistics Authority (PSA)

This resulted from weak increase in exports of goods by +4.3% while imports of goods and services rose by 13.6%. Thus, the external sector put a drag on the economic expansion.

On the production side, the Services sector output—which accounted for 61.1% of the economy—accelerated to +9.1% in Q2, from 8.3% in Q1, as all subsectors posted gains. The wider opening of the economy from Covid-19 restrictions enabled rapid expansions in Accommodation and Food Services (+29.9%), Transportation and Storage (+27.1%), and Other Services (+39.5%).

The Industry sector expanded by +6.3% mainly driven by Construction which rose by +19%. Manufacturing made a minor contribution (up +2.1%), due to manufacturing of wood, bamboo, cane, rattan articles and related products (+23.5%) and fabricated metal products, except machinery and equipment at (+20.1%). Only Mining & Quarrying declined by -7.3% in Q2-2022.

The Agriculture sector inched up by +0.2% in Q2. The sector's gains can be associated with poultry and egg production (+7.8%), followed by corn (+10.2%), other animal production (+4.8%), and support activities to agriculture to agriculture, forestry, and fishing (+4.7%). These offset the fall in Sugar products output and other agricultural crops.

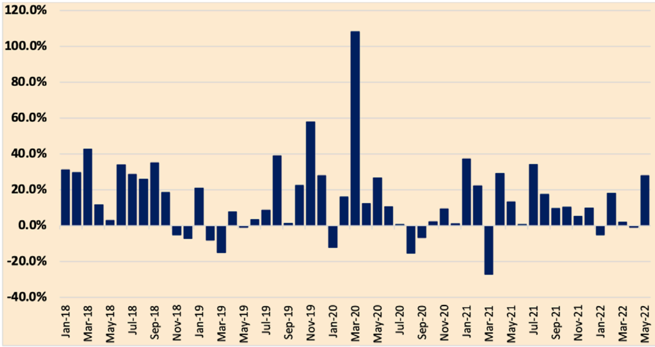
The continuation of easing of alert levels, removal of tourism restrictions, return to work and school, among other initiatives should support the economy which shows gradual recovery with respect to pre-pandemic performance (Q1 and Q2 of 2019).

We should, however, avoid excessive enthusiasm over the Q2 performance. After all, on a seasonally adjusted (s.a.) basis, the country's Gross Domestic Product (GDP) slightly slipped by -0.1% quarter-on-quarter (QoQ), hauled down by Household Final Consumption Expenditures' contraction by -2.7%. From the production side, the Services turned red by -0.4%.

508,000 Jobs Added in June, Unemployment Rate Still at 6%

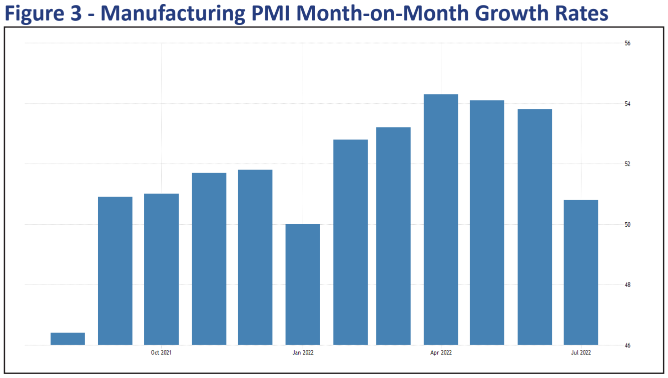
The economy added 508,000 to the rolls of employed persons in June and brought year-to-date (YTD) gain to 317,000. This kept the unemployment rate at 6% despite an increase in the labor force participation rate to 64.8% from 64% a month earlier. The ranks of the underemployed shrank by 923,000 to bring the rate down

Figure 2 - NG Expenditures Growth Rate, Year-on-Year
NG Spending Spiked by 27.9% in June



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

Figure 3 - Manufacturing PMI Month-on-Month Growth Rates



Source of Basic Data: Trading Economics

The rice planting season starting late May brought back 1.3-M to agricultural jobs, while the Services sector gave up 848,000 workers mostly (in fact, exceeding the total) from Wholesale and Retail Trade which shed 1.2-M jobs. Industry had a modest 83,000 increase in jobs due to a big jump in intake in Mining & Quarrying (+138,000) and Construction (+105,000), which offset the losses in Manufacturing (-101,000) and Water Supply & Water Management etc. (-42,000).

The biggest boosts in the Services sector came from the government (i.e, public administration & defense, SSS) which added 164,000 jobs, the Education sub-sector as it gets more into face to face mode (+141,000) and Other Services (+132,000) with BPOs and delivery services that complemented e-commerce platforms. Transportation & Storage (-90,000) and Accommodation & Food Activities (-91,000) trimmed personnel needs at the onset of the rainy season.

Manufacturing PMI Shows Slower Growth in July

While the S&P Global Philippines Manufacturing PMI slightly eased to 50.8 in July from 53.8 a month earlier, it still signaled a MoM expansion as it remains above 50. While the modest expansion showed up in employment gains, supply side issues persisted. Some of the drivers include global uncertainties, weakened client demand from foreign markets, logistical challenges, and port congestion.

Following the drop in PMI, Volume of Production Index (VoPI) slowed its momentum to a single-digit pace of 2.4% YoY in June 2022 from the 448.2% in the previous month. The increase in 13 out of 22 industry categories provided the positive impulse.

Manufacture of machinery and equipment except electrical expanded the most in June with its 45.3% growth. On the other end, printing and reproduction of recorded media led this month's decline with -25.1% YoY followed by manufacture of basic metals with a -18.5% YoY fall.

Despite NG Spending Surge by 27.9% in June, YTD Budget Deficit is 18.4% Below Target

Late election spending fueled the 27.9% surge in National Government (NG) spending in June, but due to strong tax revenues, YTD budget deficit reached only P674.2-B, or 18.4% below target. The month's deficit had climbed to P215.5-B, an 18-month high.

NG posted an 18.2% jump in revenues, powered by a 17.4% vault in tax collections.

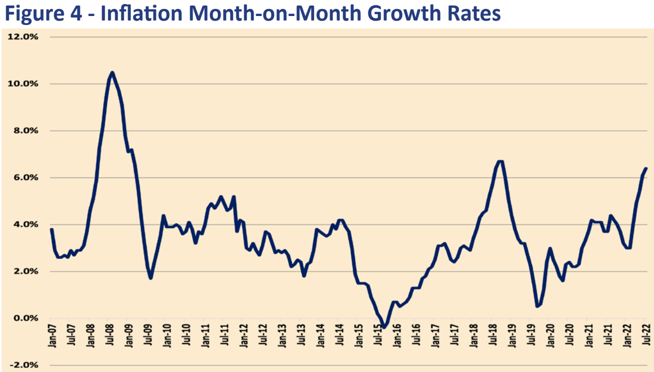
Table 2 - Major Contributors to Year-on-Year Inflation

Inflation Year-on-Year Growth Rates	June-22	July-22	YTD
	6.1%	**6.4%**	4.7%
Food and Non-Alcoholic Beverages	6.0%	6.9%	3.8%
Alcoholic Beverages and Tobacco	7.8%	8.5%	6.3%
Clothing and Footwear	2.2%	2.5%	2.1%
Housing, Water, Electricity, Gas, and Other Fuels	6.6%	5.7%	5.9%
Transport	17.1%	18.1%	12.7%
Restaurants and Accommodation	2.8%	3.4%	2.9%
Personal care & misc. goods and Services	2.6%	2.8%	2.4%

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

Source of Basic Data: Philippine Statistics Authority (PSA)

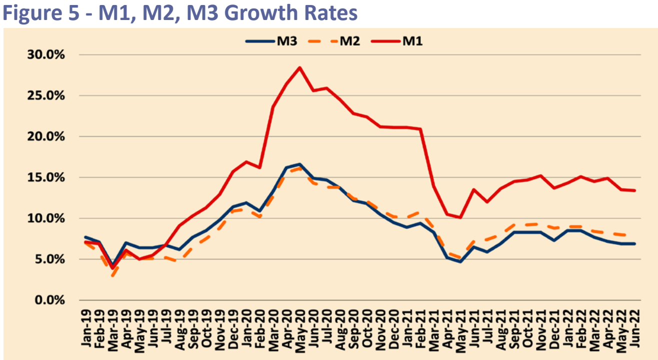
Figure 4 - Inflation Month-on-Month Growth Rates



Note: All rates from 2019 to July 2022 use the current 2018=100 base for CPI, while prior to 2019 they use 2012=100 base for CPI.

Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 5 - M1, M2, M3 Growth Rates



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

Due to high petroleum product prices, Bureau of Customs (BOC) tax take soared by 46.1%, while Bureau of Internal Revenue's income ascended by 8.9%. Non-tax revenues, mostly dividends from key government-owned and controlled corporations (GOCCs), stepped up by 23.5%.

With interest expenses rising slower than overall spending, non-interest expenditures climbed by 28.3%. Bureau of the Treasury (BTr) reported higher capital outlay disbursements for road and transport infrastructure programs of the Department of Public Works and Highways (DPWH) and Department of Transportation (DOTr), respectively, and projects under the Revised Armed Forces of the Philippines Modernization Program (RAFPMP) of the Department of National Defense (DND).

Total NG expenditures in H1 increased by 8.9% and with some P1.0-T of budget deficit still unused, we see only a slight slowdown in NG spending in H2.

Inflation Speeds Up by 6.4% in July

Headline inflation speeded up by 6.4% YoY in July from 6.1% in June. As in the past, Food & Non-Alcoholic Beverages (FNAC), Alcoholic Beverages & Tobacco and Transport sub-indexes stepped on the accelerator Consequently, YTD inflation rate averaged 4.7%, above the BSP's target of 2% to 4%.

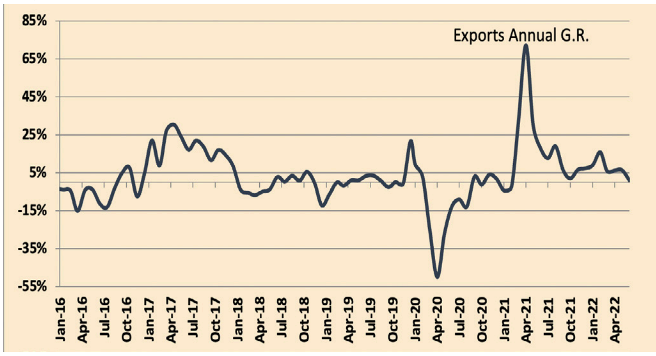
Nine out of 10 food types saw price accelerations, with Sugar & Related Products, etc. took the biggest jump to 17.6% YoY from 10.9% in June, while Corn products remained quite elevated at 27.6% YoY a bit higher than 24.7% a month ago. Fats & Oils did come close at 18.4% YoY from 15.5% in the previous month. Near double-digit increases occurred for Fish & Seafoods (9.2% from 8.7% in June) and for Meat products (+9.9% from 8.1% a month ago). These latter two constitute 5% and 5.7% of family expenditures, respectively.

Crude oil prices averaged lower in July for both West Texas Intermediate (WTI, U.S. benchmark) and Brent by -11.5% and -8.8% to $101.62/barrel and $111.93/barrel, respectively. These had a muted effect on the Transport sub-index since jeepney and bus fares had received a P2.00 increase (18.2% to 22.2%) nationwide. This and the minimum wage hike of some 6.1% (in Metro Manila) effective July 1st contributed to the higher costs in other categories.

Alcoholic Beverages & Tobacco (8.5% from 7.8%) and Restaurants & Accommodations (3.4% from 2.8%) also had faster price hikes in July.

Figure 6 - Exports Growth Rates, Year-on-Year

Export Growth at a 16-month Low at 1% in June



Source of Basic Data: Philippine Statistics Authority (PSA)

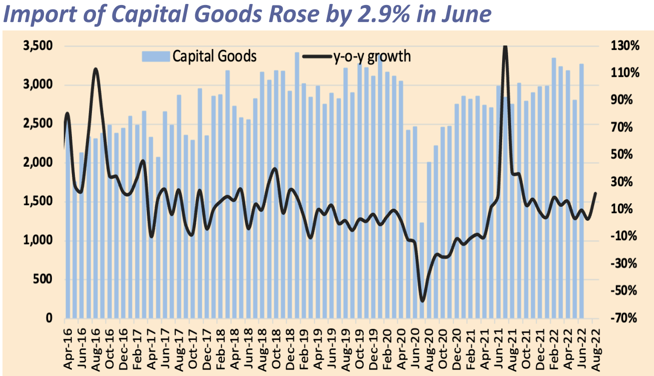
Table 3 - Exports Year-on-Year Growth Rates

	May-22	June-22	YTD
Total Exports	**6.2**	**1.0**	**7.1**
Agro-Based Products	**58.2**	**10.3**	**40.9**
Mineral Products, of which	**9.8**	**27.9**	**28.1**
Copper cathodes	-16.2	-50.1	5.0
Others (incl. nickel)	32.9	75.8	41.1
Manufactured Goods	**1.8**	-2.4	**2.8**
Electronic Products	1.3	-5.2	4.4
Other Electronics	-10.8	-8.2	-6.1
Chemicals	**25**	**27.5**	**10.9**
Machinery and Transport Equipment	-11.9	**3.6**	**-13.4**
Processed Food and Beverages	**5.9**	**16.0**	**1.0**
Others	-3.7	**1.2**	-1.8

Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 7 - Imports of Capital Goods (in Million USD)

Import of Capital Goods Rose by 2.9% in June



Source of Basic Data: Philippine Statistics Authority (PSA)

On a seasonally adjusted basis, MoM inflation actually fell by -0.1% in July from 1.2% a month earlier. When annualized (SAAR), these translated to -1.2% from 15.4% in June.

While crude oil prices have stuck below $100/barrel, the upward price effect on other consumer items since its earlier sharp runup this year may linger on for another 3-4 months, and so headline inflation will likely remain above 6% for most of H2.

Money (M3) Growth Still at 6.9% YoY Pace in June

Domestic liquidity (M3) grew by 6.9% YoY to P15.4-T in June same as the previous month's 6.9% pace. On a MoM seasonally adjusted basis, M3 increased by 0.7%. Narrow money (M1) expanded by 13.4% a tad slower than the 13.5% growth in the previous month. Similarly, broad money (M2) swelling eased to a 7.9% YoY pace, hardly different from 8% a month earlier.

Net foreign assets in peso terms increased by 5.7% from May's 3.4%. The fast expansion in the BSP's NFA position reflected the increase in higher investments in marketable debt securities.

Lending for production hastened to a 12% YoY pace in June from 10.8% in May, as outstanding loans to key industries rose, specifically information and communication (+29.7%) and real estate activities (+18.1%). Manufacturing, wholesale and retail trade, repair of motor vehicles and motorcycles also saw more loan availments.

Similarly, consumer loans to residents accelerated by 10.6% in June from 8.5% in May driven largely by YoY increase in credit card loans and salary-based general purpose consumption loans.

Exports Inch Up by 1% in June

Export growth in June experienced a slowdown as it registered an uptick of 1% YoY to $6.6-B, marking the slowest growth in 16 months. However, it increased much more by 5.1% MoM from $6.3-B.

Outward shipments from five out of 10 major commodities improved in June. Other Mineral Products bagged the biggest gains at 75.8% followed by Coconut Oil (63.2%) and Chemicals (31.4%). Cathodes and Sections Of Cathodes, Of Refined Copper declined the most by -50.1% in June. Furthermore, the country's top export, Electronic Products, slumped by -5.2%.

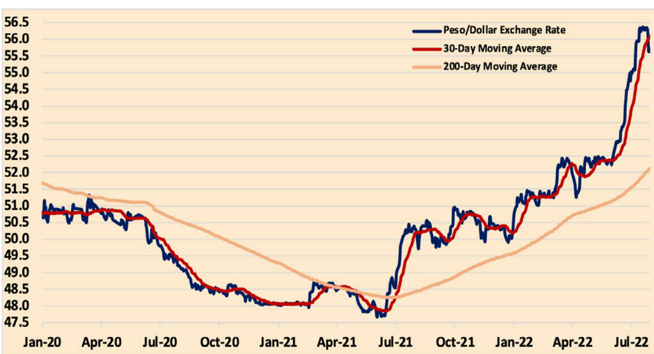
Table 4 - Imports Year-on-Year Growth Rates

	May-22	June-22	YTD
Total Imports	**31.4**	**26.0**	**26.7**
Capital Goods	**21.8**	**2.9**	**11.9**
Power Generating and Specialized Machines	13.0	5.6	4.6
Office and EDP Machines	-0.1	-15.0	-12.6
Telecommunication Equipment and Electrical Machines	14.7	13.8	10.0
Land Transport Equipment excluding Passenger Cars and Motorized cycle	-11.3	**3.2**	**8.1**
Aircraft, Ships and Boats	796.2	-46.3	151.8
Prof. Sci and Cont. Inst., Photographic Equipment and Optical Goods	15.7	8.0	18.7
Raw Materials and Intermediate Goods	**24.1**	**14.0**	**21.5**
Mineral Fuels, Lubricant and Related Materials	**128.7**	**125.1**	**117.2**
Consumer Goods	**6.6**	**30.2**	**13.8**

Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 8 - Dollar-Peso Exchange Rates and Moving Averages

Philippine Peso Hit a Year-to-Date High of P56.37/$ by end of July



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

Table 5 - Exchange Rates vs USD for Selected Asian Countries

Exchange Rates vs USD for Selected Asian Countries			
	Jun-22	**Jul-22**	**YTD**
AUD	0.2%	2.5%	4.2%
CNY	0.0%	0.5%	5.7%
INR	0.9%	1.9%	5.4%
IDR	0.8%	2.0%	4.5%
KRW	0.7%	2.3%	10.3%
MYR	0.4%	0.9%	5.3%
PHP	2.3%	4.3%	11.2%
SGD	0.1%	0.8%	2.3%
THB	1.5%	3.9%	8.1%

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

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

By major type of goods, Mineral Products and Agro-Based Products posted double-digit growth of 27.9% and 14.2%, respectively. The boost in Copper Concentrates (+210.4%) and Gold (+102.3%) contributed to the former's upshoot. Meanwhile, exports of Petroleum Products and Manufactured Goods sank by -67.6% and -2.4%, respectively. Despite the -3.9% drop in shipments, U.S. remains to be the country's top export destination at $1.0-B or 15.8% share in June. Not too far off is Japan with 15.5% share to $1.0-B. Shipments to China plunged by -18.8% to $868.7-M in June.

Imports of Capital Goods Increase by 2.9% in June

Imports of durable equipment slowed in June to a 2.9% pace after a 21% spurt a month ago. Robust gains of 13.8% YoY in imports of Telecommunications & Other Electrical Equipment (although accounting for 51.7% of the total) and 8% for Professional, Scientific & Control Instrumentation nearly got countered by the large plunges in two categories. Imports of Aircraft, Ships & Boats plummeted by -46.3% while Office & EDP Machines slumped by -15%.

Total goods imports in June still climbed by 26% due to the unabated swelling of Mineral Fuels & Related Products by 125.1% due to still elevated petroleum prices and a 30.2% spiral of inward flow of consumer goods. Raw Material and Intermediate Goods imports (which account for 37.1% of total imports) likewise had a strong 14% uptick. With exports inching up by only 1%, the balance of trade deficit scored a new record of $5.8-B.

Peso Depreciates at Faster Pace of 4.3% to P55.89/$ in July

The mighty U.S. dollar, bolstered by expectations (and actualized on July 26) of a 75 bps Fed policy rate hike and record local balance of trade deficits pressured the peso to depreciate faster by 4.3% MoM to average P55.89/$ in July. This came on top of the 2.3% weakening in June. Other currencies in the region took a similar dive. The dollar-peso exchange rate (FX) traded between P54.97/$ to P56.37/$ in July. This brings the volatility measure down to 48.8% from 86.9% in the prior month.

The USDPHP rate has treaded way beyond the 30-day Moving Average (MA) and stayed mostly above the 200-day MA in July. BSP intervention kept it slightly below the latter benchmark in early August, but the local currency will likely keep above P55.00/$ in the short-term as the U.S. dollar will remain strong in the light of large and continuing increases in Fed policy rates for the rest of 2022.

Outlook

A repeat of the above-average performance of the PH economy in H1 does not appear likely for H2, in the absence of heavy election spending (as has happened in the past) and the higher base in H2-2021.

- While we expect a slight slowdown in NG spending, we do not think it will matter much, since the private sector has stepped up with close to 1.0-M jobs added in May and June (i.e., post-election period basically). NG still has P1.0-T in unused deficits (from program) for H2 while tax revenues will likely continue to outperform.

- Services will continue its pace of recovery as the previously severely constrained sub-sectors (e.g., Accomodation & Food, Transport, Other Services) should hasten their bids to normalize operations.

- Inflation will likely average 6% in H2, assuming only a minor further slide in crude oil prices and put some brakes on consumer spending. However, the peso depreciation (YTD-June of 8%) which benefits OFW families, BPO employees, exporters, and their suppliers with an estimated total population of around 700 million should offset the likely weakness in the remaining 33% of the population's spending.

- Investment spending growth should maintain its healthy pace as firms strive to catch up capacity to the unexpectedly faster rise in spending.

- The external sector will remain challenged since imports may shift from oil to food while exports may respond positively to the peso depreciation only starting Q4.

- The peso may have a little respite from its recent weakness as OFW remittances strengthen in Q4, but the U.S. Fed's aggressive policy rate hikes (and thus, short-term interest rates) will maintain the pressure.

FIXED INCOME SECURITIES

RECESSION FEARS INVERT U.S. BOND YIELD CURVES AND DRIVE MINI-RALLY IN LOCAL BONDS

Long-term bond yields of government securities (GS) plummeted in July in both auctions and secondary markets as recession fears gripped U.S. financial markets despite an acceleration of local inflation in June. The total tender-offer ratio (TOR) in auctions soared to 3.132x from 1.814x in June, with surprisingly voracious appetite for longer tenors offered by the Bureau of the Treasury (BTr). Similarly, trading volume in the secondary market vaulted by 45.9% MoM to a 13-month high of P487.1-B in July with more active trading of longer dated GS. Spreads of U.S. dollar-denominated bonds (ROPs) over equivalent U.S. Treasuries thinned sharply as ROPs yields corrected from their "overshooting" in June while the latter eased due to the R-word.

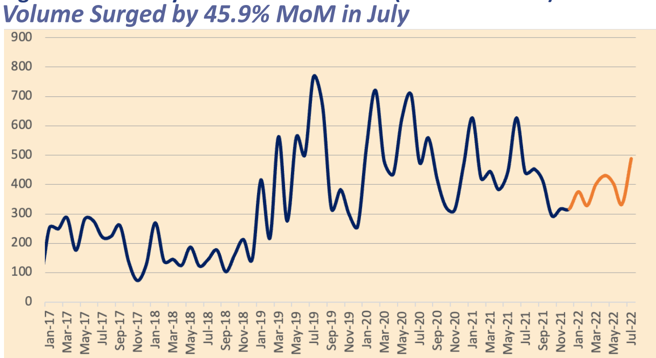
Outlook: Despite an outsized gain in U.S. employment (+528,000) and flat inflation (MoM, seasonally adjusted) in July, the U.S. Treasury yield curve's inversion worsened in the first half of August. In short, a disconnect between the real economy and the financial markets has emerged. U.S. (and global) inflation may have peaked in June as crude oil prices floated around the $90/barrel level or some 20% lower than the June average. We take to heart the Fed's resolve to beat down inflation with large and sustained policy rate hikes in the remaining months of 2022. Domestically, with inflation remaining likely above 6% until September, local 10-year bond yields may have a slight upward bias since these may react more to U.S. Fed rate increases to avoid further peso weakening.

Table 6 - Auction Results

Date	T-Bond/ T-Bill	Offer (Php B)	Tendered (Php B)	Accepted (Php B)	Tendered ÷ Offered	Ave. Yield	Change bps
25 Jul	91-day	20.000	80.425	20.000	4.021	2.273	41.8
	182-day	20.000	34.434	17.000	1.722	3.143	74.3
	364-day	20.000	26.990	17.810	1.350	3.356	72.6
Subtotal		**60.000**	**141.849**	**54.810**	**2.364**		
5 Jul	7 year	35.000	56.236	35.000	1.607	5.908	-52.0
19 Jul	10 year	70.000	215.279	70.000	3.075	6.865	-28.0
26 Jul	10 year TAP	25.000	134.440	25.000	5.378		
	25 year	35.000	93.998	35.000	2.686	6.894	190.8
	25 year TAP	10.000	94.276	10.000	9.428		
Subtotal		**175.000**	**594.229**	**175.000**	**3.396**		
All Auctions		**235.000**	**736.078**	**229.810**	**3.132**		

Source: Bureau of the Treasury (BTr)

Figure 9 - Monthly Total Turnover Value (in Billion Pesos)
Volume Surged by 45.9% MoM in July



Source: Philippine Dealing Systems (PDS)

Primary GS Market: Robust Demand for Longer Bonds During Auctions

Despite quicker June inflation at 6.1% (from 5.4% in May) and front-loading of interest rates by 75 bps on July 14 in anticipation of an aggressive Fed policy rate hike late in the month, tenders for Treasury bonds (T-bonds) more than doubled to P594.2-B in July from P240.6-B in the previous month. This prompted the Bureau of the Treasury (BTr) to open the TAP facility for the second time this year since January. Additionally, the strong reception of the T-bonds auctions dragged down the yields of longer bonds (especially 10-year papers) in the secondary market.

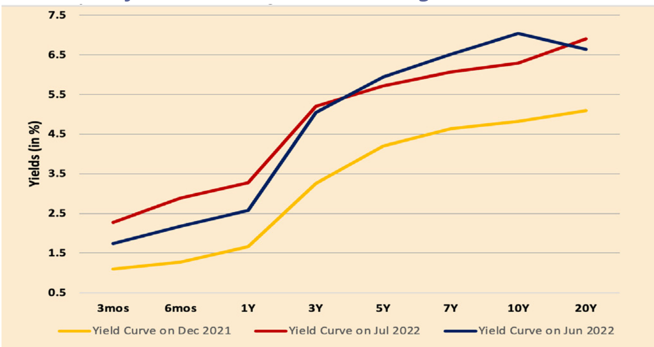
Expectedly, yields for Treasury bills (T-bills) ascended in response to BSP's policy rate hikes in July. The 91-day debt papers jumped by 41.8 bps to 2.273% from 1.855% a month ago. Furthermore, 182-day and 364-day T-bills spiraled by 74.3 bps to 3.143% from 2.400% and 72.6 bps to 3.356% from 2.630%, respectively.

Risk appetite for duration improved drastically in July as the tender-offer ratio (TOR) zoomed up to 3.396x from 1.719x a month earlier. The 7-year T-bonds plunged by -52 bps to 5.908% from 6.428% in May. Meanwhile, 10-year tenors amassed an outstanding P215.3-B worth of tenders, driving yields down by -28 bps to 6.865% from 7.145% in June.

Secondary Market: Upward Pressure in Yields Persisted in June

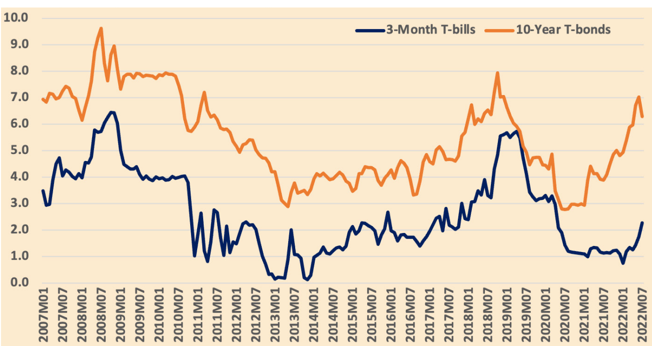
Appetite for peso bonds rebounded strongly in July as investors shrugged off the off-schedule and hefty BSP rate hike of 75 bps and hotter June inflation at 6.1%. With this, the trading volume of government securities (GS) in the secondary market registered a 13-month high at P487.1-B from P333.8-B or 45.9% higher month-on-month (MoM) in July. This marked a sharp reversal from last month's -17.2%

Figure 10 - Year-end Yield Curve in 2021 and Latest Yield Curve Versus Previous Month in 2022
Front-end of the Curve Soared on Rising Interest Rates



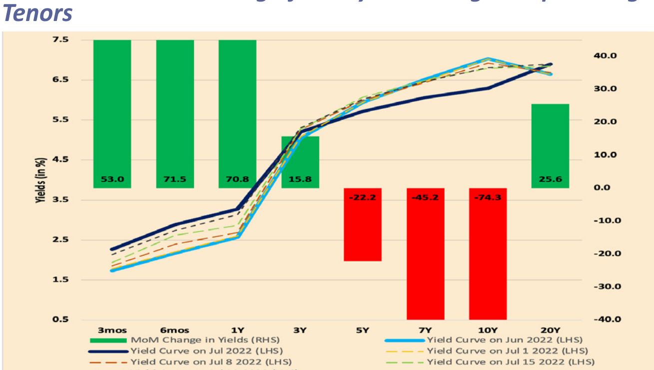
Source: Philippine Dealing Systems (PDS)

Figure 11 - 3-month T-bills and 10-year T-bonds Yields
Spread Significantly Contracted by -127.3 bps MoM in July 2022



Source: Philippine Dealing Systems (PDS)

Figure 12 - Week-on-Week and Month-on-Month Changes on the GS Benchmark Bond Yield Curves
Yield Curve Flattened Significantly Amid Huge Drop in Longer Tenors



Source: Philippine Dealing Systems (PDS)

decline. Moreover, it climbed by 10.5% from P444.1-B in the prior year.

The front-end of the curve rose sharply as investors trimmed shorter dated bills after the surprise 75 bps interest rate hike in July. BSP Governor Medalla expressed readiness to tighten further (e.g., 25 to 50 bps) in the next policy meeting on Aug 18. Consequently, the 3-month papers shot up by 53 bps to 2.268% from 1.739% a month ago. Meanwhile, 6-month and 1-year debt papers accelerated much more by 71.5 bps to 2.886% from 2.171% and 70.8 bps to 3.278% from 2.570%, respectively.

Long term bonds came in mixed in July. The 3-year and 20-year tenors gained by 15.8 bps to 5.199% from 5.042% and 25.6 bps to 6.898% from 6.642%, respectively. On the contrary, 5-year and 7-year T-bonds sank by -22.2 bps to 5.718% from 5.940% and -45.2 bps to 6.062% from 6.513%, respectively.

The 10-year papers whipsawed in the beginning of July driven by lower U.S. Treasuries on recession fears amid persistently high U.S. June inflation at 9.1% and disappointing manufacturing data. The rally extended as it closed the month at 6.293%, crashing down by -74.3 bps from 7.036% in the previous month.

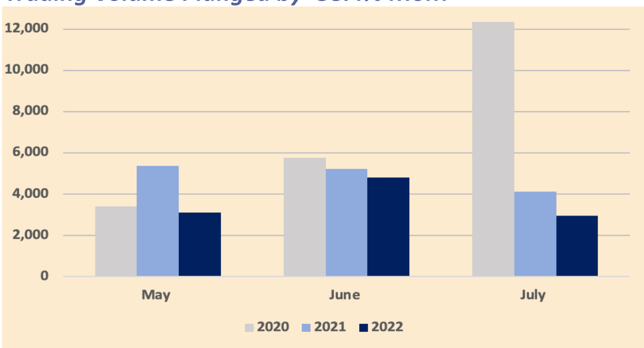
The yield curve flattened with the above movements so that the spread between 10-year and 2-year bond yields remarkably contracted by -118.4 bps to 146.7 bps in July. Investors should, however, tread cautiously amidst market volatility in the near term. Yields of the 10-year bonds may have a little room to trek down (even after its steep decline in July) on the back of flat quarter-on-quarter U.S. Q2 GDP at -0.1%, WTI crude oil prices trading below $90/ barrel, and global economic slowdown. However, a shift in risk sentiment may drive yields to revert to its previous levels given that PH 10-year tenors now provide negative real yields not to mention another huge Fed rate hike in September.

Corporate Bonds: Trading Volume Rebounded Significantly by 54.1% in June

Despite brisk activity in the GS secondary market, trading of corporate bonds in July fell by -38.4% to P3.0-B, a 7-month low, from P4.8-B a month earlier. Likewise, it dove by -28% from P4.1-B in the previous year.

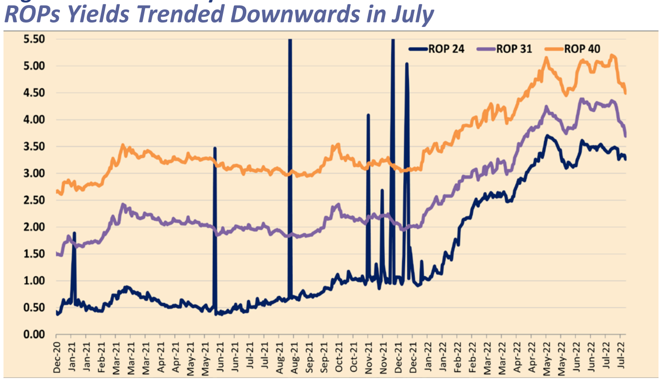
The volume of the top five corporates amounted to P2.1-B or 69.8% of the total trades in July. The top corporate issuers included SMC Global Power (SMCGP), Ayala Land, Inc. (ALI), SM Prime Holdings, Inc. (SMPH), BDO Unibank (BDO), and San Miguel Corporation (SMC).

Figure 13 - Total Corporate Trading Volume (in Billion Pesos)
Trading Volume Plunged by -38.4% MoM



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

Figure 14 - ROPs Daily Yields
ROPs Yields Trended Downwards in July



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

We substituted BDO for Aboitiz Power (AP) since the former's year-to-date (YTD) volume of P3.1-B far surpassed the latter's P813.2-M and trading these fell below P100-M in June and July.

Still leading the pack, SMCGP attracted trading volume of P1.2-B or 40.2% higher than last month. ALI switched hands with SMPH in July. ALI's volume surged by as much as 412.8% to P517.6-M while SMPH went down by -69.2% to P152.8-M. New to the list, BDO amassed P125.5-M worth of trades. Lastly, SMC fell by a tad -1.7% to P100.2-M.

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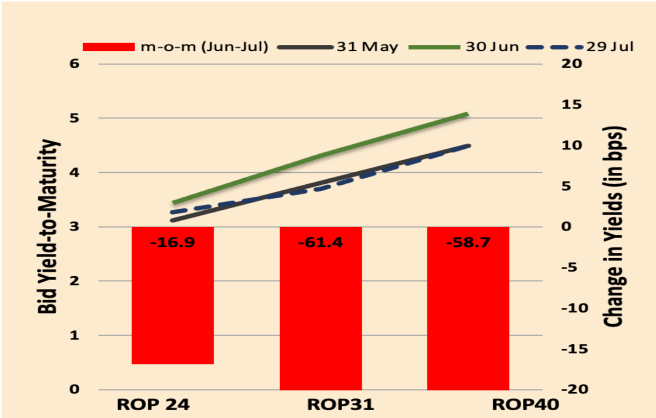
Corporate Issuances and Disclosures

- Filinvest Land, Inc (FDC) issued its third tranche of P11.9-B Fixed Rate Bonds due 2025 and 2027. The bonds carry coupon rates of 5.3455% and 6.4146%, respectively, payable quarterly.

- Alsons Consolidated Resources, Inc. (ACR) registered P1.3-B Series R and S Commercial Papers with a discount rate of 3.47% and 4.28%, respectively. ACR plans to use the proceeds to develop river hydroelectric power plants particularly for the Southern Philippines.

Figure 15 - ROPs Yield, Month-on-Month Changes (bps)
Lower Yields Across the Board

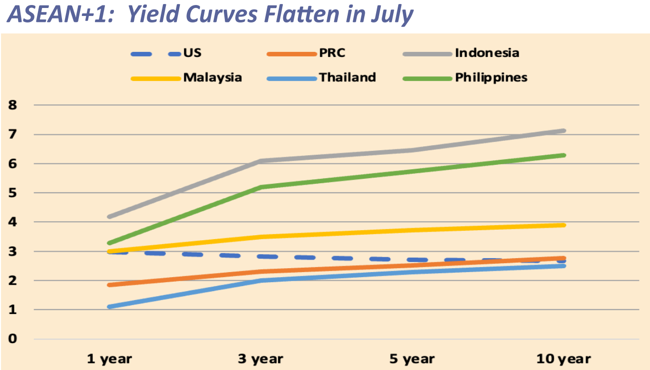


Sources: Bloomberg, First Metro Investment Corporation (FMIC)

Table 7 - Spreads Between ROPs and U.S. Treasuries (bps)

Spreads between ROPs and U.S. Treasuries (bps)			
Date	3-year	10-year	20-year
31-May	40.3	95.7	120.8
30-Jun	44.5	133.2	170.2
29-July	43.6	102.8	129.5

Figure 16 - Comparative Yield Curve Between ASEAN per Tenor
ASEAN+1: Yield Curves Flatten in July



Sources: Asian Development Bank (ADB), Federal Reserve

- Ayala Land Inc. (ALI) listed its largest issuance to date of Fixed Rate Bonds due 2024, 2027, and 2029 worth P33.0-B. The bonds fetched coupons of 4.3969%, 6.2110%, and 6.8045%, respectively, payable quarterly. ALI plans to spend the proceeds to for refinance and fund general corporate requirements, including capital expenditures for upcoming real estate projects.

- Security Bank Corporation (SECB) in July listed P16.0-B in 1.5-year bonds due 2024 with a coupon rate of 3.7407%. Huge demand for the original P1.0-B issue led SECB to exercise its oversubscription option. SECB plans to use the proceeds to support its lending activities and expand its funding base.

ROPs: Yields Retreated in July from Recent Highs

Yields of the Republic of the Philippines' U.S. dollar-denominated bonds (ROPs) shrank across the curve in July, a reversal from its recent highs which we thought reflected "overshooting" on the high side. ROP-24 slipped by -16.9 bps to 3.266% from 3.435% in the prior month. On the other hand, ROP-31 and ROP-40 took a nosedive by -61.4 bps to 3.698% from 4.312% and -58.7 bps to 4.495% from 5.082%, respectively.

U.S. PMI data, still red-hot June U.S. inflation at 9.1%, and lower GDP forecast by the International Monetary Fund (IMF) from 2.9% to 2.3% fueled recession fears in July reflected in a month-long inverted yield curve. As a result, the equivalent U.S. Treasuries declined on recession woes. Particularly, 10-year U.S. tenors dipped by -31 bps MoM to 2.67% from 2.98%. Meanwhile, 3-year and 20-year papers tumbled by -16 bps to 2.83% from 2.99% and -18 bps to 3.20% from 3.38%, respectively.

ASEAN+1: Yield Curves Flatten in July

U.S: With financial markets cowering from recession fears as the Fed raised policy rates by a record 75 bps on June 14th, 10-year U.S. T-bond yields started plunging from 3.48% on that date to 2.67% by end-July. Those fears got confirmed by the -0.9% Q-o-Q fall of Q2 GDP (the second consecutive quarter and technically a recession), a day after the Fed put another 75 bps hike in place.

The bond market got a respite with the 528,000 rise in employment in July, or more than double market expectations just as June data got upgraded to 398,000 from 372, 000. Thus, University of Michigan consumer sentiment for the U.S. increased to 55.1 in August of 2022 from 51.5 in July, while retail sales climbed by 1% MoM (SAAR) in June.

The markets cheered further as inflation MoM fell to zero (SAAR) from 1.3% in June. On YoY basis, inflation slowed 8.5% from 9.1% in June. The recently released data showed a mixed picture as Housing starts slid by -2% (SAAR) from a downwardly revised -11.9% in May. Manufacturing PMI also eased further to 52.0 in July, the slowest in 2 years from 52.7 in June.

The yield curve inverted on July 5th and kept deepening to end the month with the steepness at -0.22% (10-year less 2-year yields).

CHINA: The economy slowed sharply to 1% YoY in Q2 2022 from a 4.8% growth in Q1 weighed down by strict lockdowns in adherence to its zero-tolerance approach to Covid-19. Besides, GDP shrank by -2.6% QoQ, the first quarterly contraction since Q1-2020.

In addition, Caixin Manufacturing PMI slowed to 50.4 in July from last month's 13-month high of 51.7. With a surge in food prices, annual inflation accelerated to 2.7% in July, the fastest print since July 2020.

Exports jumped by 18% to a 7-month high of $333.0-B in July while imports grew mildly by 2.3% to $231.7-B. As a result, trade surplus unexpectedly rose to a record high of $101.3-B.

The People's Bank of China (PBoC) held steady its key rates in July. The spread between 10-year and 2-year bond yields (steepness measure) widened by a tad 2 bps to 59 bps in July.

INDONESIA: Its Q2-2022 GDP printed at 5.4%, the strongest growth in four quarters, with Ramadan and Eid-ul Fitr festivals giving further boost after more easing in pandemic curbs. On the inflation front, CPI spiked to a 7-year high of 4.9% in July (vs 4.4% in June) on the back of soaring food prices. Meanwhile, PMI remained expansive for 11 months to 51.3 in July from 50.2 a month earlier.

Outward and inward shipments leaped by 32% YoY to $25.6-B and 39.9% YoY to $21.4-B, respectively, in July. The trade surplus climbed to $4.2-B from $2.6-B in the previous year.

Despite a 7-year high inflation in July, Bank Indonesia (BI) kept its policy rate at an all-time low of 3.5%. BI Governor Warjiyo highlighted that core inflation at 3% remained within BI's target of 2-4%. He also conveyed that interest rate policy decisions will be based on core inflation and economic growth developments. The spread between 10-year and 2-year bond yields contracted by 31 bps to 177 bps in July, the steepest in ASEAN replacing the Philippines.

MALAYSIA: Benefitting from a strong rebound in household consumption (18.3% in Q2 vs 5.5% in Q1), and fixed investment (5.8% vs 0.2%), Malaysia's economy advanced by 8.9% YoY in Q2-2022. Annual inflation rate edged up to a 1-year high of 3.4% in June from 2.8% a month ago. Moreover, Manufacturing PMI increased to 50.6 in July from 50.4 in the previous month.

Exports and imports surged to fresh peaks of MYR 146.2-B (~$33.1-B, +38.8% higher YoY) and MYR 124.2-B (~$28.1-B, +49.3% YoY), respectively, in June. With faster import growth than exports, trade surplus dropped to MYR 21.9-B (~$5.0-B) from MYR 22.3-B a year earlier.

Bank Negara Malaysia (BNM) maintained its interest rate at 2% after raising it by 25 bps in May. The yield curve flattened by 34 bps to 57 bps in July.

THAILAND: Thailand's Q2 GDP came in less-than-expected at 2.5% YoY (vs 3.1% market expectations) due to softer government spending (2.4% vs 7.2%) and declining fixed investment (-1.0% vs 0.8%). Surprisingly, inflation print decelerated to 7.6% from last month's near 14-year high of 7.7%. On the other hand, PMI climbed to 52.4 in July from 50.7 in June.

Exports ascended by 11.9% YoY to $26.6-B in June while imports grew faster by 24.5% YoY to $28.1-B. Consequently, Thailand posted its third straight month of trade deficit of $1.5-B in June.

The Bank of Thailand (BoT) kicked off its tightening cycle by 25 bps to 0.75% in August, the first hike in nearly 4 years to tackle inflation. The yield curve flattened by 31 bps to 71 bps in July.

Table 8 - 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
					Jun-22	Jul-22			
U.S.	2.89	2.67	8.3	(5.63)	6	(22)	(28)	2.50	-5.80
PRC	2.18	2.77	2.1	0.67	57	59	2	2.95	0.85
Indonesia	5.35	7.12	5.3	1.82	208	177	(31)	3.50	-1.80
Malaysia	3.33	3.90	3.1	0.80	91	57	(34)	2.25	-0.85
Thailand	1.79	2.50	5.7	(3.20)	102	71	(31)	0.50	-5.20
Philippines	4.83	6.29	5.0	1.29	265	146	(119)	3.25	-1.75

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

Outlook

While global bond yields gyrated in July, the outlook for bond markets for the rest of the year look a little better.

- The U.S. Treasury yield curve's inversion for the whole of July worsened in the first half of August even as the U.S. economy added 528,000 jobs in July. This seems baffling since poor consumer confidence, which inched up to 51.2 from a record-low of 50 in June, dogged the economy. Probably, plummeting crude oil prices (and therefore gasoline prices) transformed firms' outlook to a more positive one suggestive of the view that inflation has peaked. Indeed, seasonally adjusted MoM inflation rate flattened in July from 1.3% a month ago. On a YoY basis, inflation slipped to 8.5% from 9.1% a month earlier. Nonetheless, with the Fed firmly focused on beating down inflation to its 2% long-term target, we think it will raise policy rates by 50 bps in its September meeting.

- This slightly less aggressive stance may likewise ease BSP's concerns, and it will likely raise policy rates by 50 bps in its next (August) meeting. Domestic inflation hit 6.4% in July and will remain above 6% for most of H2 since the second-round effects of the earlier surge in crude oil prices may take a few more months to dissipate. Also, while GDP growth of 7.4% YoY in Q2-2022 looks impressive, on a seasonally adjusted basis, the economy slightly slid by -0.1% QoQ, while household consumption spending contracted by -2.6%, and from the production side, the Services sector fell by -0.4%.

- NG's budget deficit reached only P674.0-B in H1 leaving it P1.0-T for H2. It will not likely borrow all that much in H2 since it padded P843.0-B into its coffers by end-H1. Besides, tax revenues have performed better than expected. The President's and DOF Secretary's inclination would keep the deficit down and thus not put additional pressure on bond yields.

- For benchmark 10-year bond yields, the tug-of-war between domestic inflation, BSP policy rates and Fed policy rate hike should result in continued volatility, but with a slight upward bias since exchange rates may weaken further if the spread between PH and U.S. 10-year bond yields widens.

- ROPs have corrected towards more usual spreads over U.S. Treasuries, but these may still have some downside in the short-term if U.S. Treasuries succumb further due to a "clearer" recession.

EQUITY MARKETS

PSEi REBOUNDS BY 2.6% IN JULY WITH REST OF THE WORLD

As crude oil prices fell and stayed below $100/barrel in the U.S. and the global markets expected an aggressive U.S. Fed policy rate hike before the end of the month, PSEi, together with most equity markets abroad, rebounded by 2.6%. With the U.S. Dow Jones Industrial Average (DJIA) taking the lead with a 6.7% upswing, equity investors returned to the Philippine market, albeit at a more modest pace. Foreign investors ended the month on the buying side to bring down the Net Foreign Selling to P4.5-B from P11.1-B a month earlier. The Financial sector gained the most with a 6.2% uptick led by Bank of Philippine Islands' (BPI) 9.7% climb. The Holdings sector followed suit with a 3.7% rise featuring Aboitiz Equity Ventures (AEV) as PSEi-constituent stocks' top performer as it vaulted by 20%. While Mining & Oil sub-sector came in third, Semirara Mining and Power Corporation (SCC) continued its winning streak with an 18.6% jump bringing its YTD gains to an impressive 94.4%.

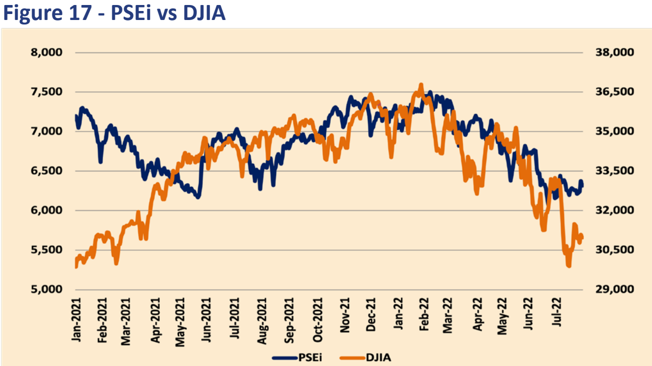
Outlook: With better-than-expected corporate earnings for Q2-2022 and a recharging Philippine economy, the PSEi may be poised for a new upswing. Even foreign investors have begun to return up to the first half of August as MSCI hardly changed the weight of PH shares in their index. Even before that, the peaceful transition to a new Presidency and high quality cabinet appointments emboldened local investors to fill up the slack when foreigners exited the market in the previous months. Thus, a "modest" 10% EPS growth, and a PE of 17.0x, should propel the PSEi to 7,100. Those counters that would benefit from a robust macroeconomic rebound would include Financials, Holdings and Utilities. With U.S. inflation flat in July (MoM, SAAR) and crude oil prices on a downward trend since July, inflation may have peaked in the U.S., which should calm market fears of drastic Fed policy rate hikes for the rest of 2022, another positive for the equities market.

Table 9 - Global Equities Markets Performances

Global Equities Markets Performances				
Region	Country	Index	July M-o-M Change	2022 % Change
Americas	US	DJIA	6.7%	-9.6%
Europe	Germany	DAX	5.5%	0.5%
	London	FTSE 101	3.5%	-13.9%
East Asia	Hong Kong	HSI	-7.8%	-10.6%
	Shanghai	SSEC	-4.3%	-3.4%
	Japan	NIKKEI	5.3%	-17.7%
	South Korea	KOSPI	5.1%	-6.7%
Asia-Pacific	Australia	S&P/ASX 200	5.7%	5.6%
Southeast Asia	Indonesia	JCI	0.6%	-4.8%
	Malaysia	KLSE	3.3%	-4.9%
	Thailand	SET	0.5%	-11.3%
	Philippines	PSEi	2.6%	2.8%

Sources: Bloomberg and Yahoo Finance

Figure 17 - PSEi vs DJIA

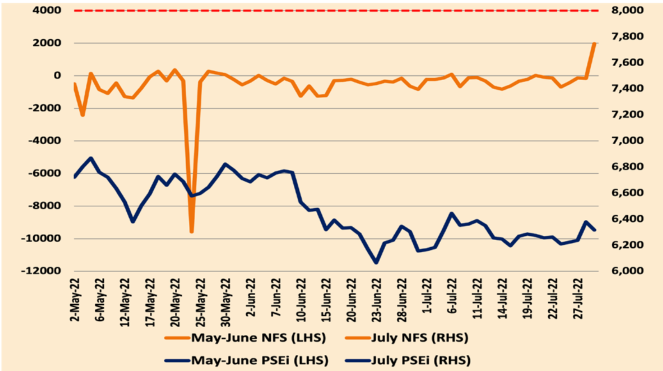


Sources: Wall Street Journal, Bloomberg

Global Picture. After a bearish June, equity investors globally gained some confidence in July. U.S.' DJIA recorded the highest gain in share prices as it peaked by +6.7% month-on-month (MoM) after posting a -6.7% loss in June. Robust job growth coupled with unexpectedly strong data on services activity underpinned the rebound. Moreover, a center of global chipmaking was the focus on China-U.S. tensions over House Speaker Nancy Pelosi's historic visit to Taiwan. Australia's S&P/ASX 200 followed suit, with a +5.7 MoM increment, led by energy and utilities sectors. Meanwhile, Hong Kong's HSI took the deepest dive of -7.8% MoM as tech stocks wilted under pressure, led by Alibaba's plunge after China imposed fines on the firm.

PSEi and DJIA. Despite the wild swings in the previous months, the Dow Jones Industrial Average (DJIA) trended upward in July to close at 32,845.13, 6.7% above June's close of 30,775.43. Meanwhile, PSEi ended a volatile July at 6,315.93, still 2.6% higher MoM. The correlation between the two indices in July slightly eased to +0.1 from June's +0.2 as the stronger DJIA dominated the upward movements.

Figure 18 - PSEi vs Net Foreign Selling



Sources: Bloomberg & Yahoo Finance

Table 10 - Monthly Turnover (in Million Php)

Monthly Turnover (in Million Pesos)				
	Total Turnover		Average Daily Turnover	
Sector	Value	% Change	Value	% Change
Financial	18,731.40	-3.2%	891.97	1.4%
Industrial	40,681.30	36.8%	1,937.20	43.3%
Holdings	26,185.27	-5.0%	1,246.92	-0.4%
Property	23,069.46	-48.9%	1,098.55	-46.5%
Services	25,176.29	-41.9%	1,198.87	-39.2%
Mining and Oil	8,628.13	60.0%	410.86	67.7%
Total	**142,471.85**	-16.5%	**6,784.37**	-12.5%
Foreign Buying	41,228.16	-20.4%	1,963.25	-16.6%
Foreign Selling	45,722.61	-27.3%	2,177.27	-23.9%
Net Buying (Selling)	(4,494.45)	-59.6%	(214.02)	-57.7%

Source of Basic Data: PSE Quotation Reports

Table 11 - Top Foreign Buy in July (in Million Php)

Top Foreign Buy	
Company	Total Value
SMPH PM Equity	637.54
SCC PM Equity	345.38
ACEN PM Equity	294.84
ABA PM Equity	220.76
EMP PM Equity	170.02
Total Buy Value	**1,688.54**

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

Table 12 - Top Foreign Sell in July (in Million Php)

Top Foreign Sell	
Company	Total Value
ALI PM Equity	-2,329.12
SM PM Equity	-1,084.16
TEL PM Equity	-903.43
ICT PM Equity	-645.72
MBT PM Equity	-629.25
Total Sell Value	**-5,591.69**

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

Net Foreign Buying/Selling. Foreign investors took net selling positions for most of July but ended with a positive run. Thus, net foreign selling (NFS) went down to P4.5-B in the month from P11.1-B in June. The correlation between net foreign selling (NFS) and PSEi in June remained flat at +0.3.

PSE trading volume further slumped by -16.5% in July, after the previous month's -12.8% loss. Four sectors landed on the red with the Property sector taking the largest cut of -48.9% from +27.2% a month ago. On the other hand, two sectors landed on the green, with the Mining & Oil sector observing the biggest volume gain of +60%. The Industrial sector followed suit with a +36.8% surge.

The top five favorite stocks (net buying) of foreign investors amounted to P1.6-B, with Semirara Mining and Power Corporation (SCC) (P6.5-M) and Monde Nissin Corporation (MONDE) (P3.3-M) leading the list. The top five stocks (net selling) in July amounted to P5.5-B with Ayala Land (ALI), Inc. (P2.3-B) and SM Investments Corporation (SMIC) (P1.0-B) in the front rows.

Despite the continuous rise in prices and recent monetary policy rate hikes, all five sectors of PSEi (excluding the Property sector) outperformed the previous month's figures but fell short of overtaking the earlier losses. The Financial sector led the sub-indexes on the green with +6.2% MoM. Meanwhile, the lone dark spot among the sectors, the Property sector showed the only decline by -0.1% MoM.

Table 13 - Monthly Sectoral Performance

Monthly Sectoral Performance					
	30-June-2022		29-July-2022		2022 YTD
Sector	Index	% Change	Index	% Change	
PSEi	6,155.43	-9.1%	6,315.93	2.6%	-11.3%
Financial	1,442.36	-13.0%	1,532.38	6.2%	-4.6%
Industrial	9,110.72	-2.6%	9,262.41	1.7%	-11.0%
Holdings	5,720.24	-9.1%	5,934.73	3.7%	-12.8%
Property	2,835.31	-7.0%	2,832.21	-0.1%	-12.0%
Services	1,649.01	-11.8%	1,674.25	1.5%	-15.7%
Mining and Oil	11,235.17	-5.7%	11,442.61	1.8%	19.2%

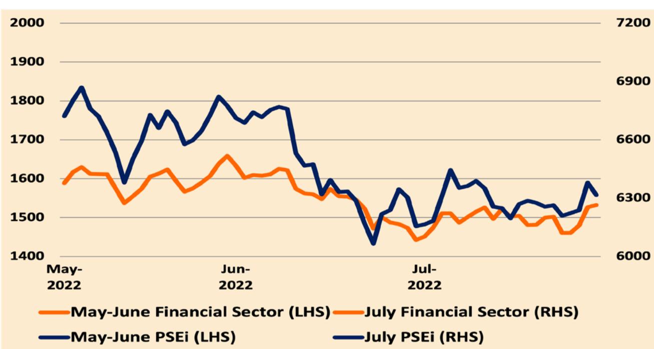
Source of Basic Data: PSE Quotation Reports

Table 14 - Financial Sector Constituent Stocks

Company	Symbol	6/30/2022 Close	7/29/2022 Close	M-o-M % Change	2022 YTD
Metropolitan Bank and Trust Company (MBT)	MBT	47.80	48.60	1.7%	-12.7%
BDO Unibank, Inc.	BDO	110.50	119.50	8.1%	-1.0%
Bank of the Philippine Islands	BPI	84.80	93.00	9.7%	0.9%
Security Bank Corporation	SECB	91.40	90.55	-0.9%	-23.9%

Source of Basic Data: PSE Quotation Reports

Figure 19 - Financial Sector Index (May 2022 - July 2022)



Source of Basic Data: PSE Quotation Reports

Ranking top in the sectoral race, the Financial sector ended July with a +6.2% MoM gain, after a -13% loss in June, with gainers and losers of its PSEi-constituent stocks equally divided into two's. After reporting an 82.4% YoY surge in net income to P12.4-B in Q2-2022 on July 22nd, Bank of the Philippine Islands (BPI) led the sector as it rebounded in the last week with a +9.7% MoM gain, after a decline of -14.2% a month earlier. BPI saw its net interest income increase by 16.2% to P39.3-B and non-interest income increase by 28.3% to P18.3-B. BPI also announced its plans to roll out the country's first ever property-themed mutual fund called ALFM Real Estate Income Fund (ALMF REIF) to be launched this month, offering up to 100.0-B units with an initial net asset value of P10 each. The minimum investment is P5,000.

BDO Unibank, Inc. (BDO) stock showed improvement as its share prices experienced an +8.1% gain, after a decline of -17.2% a month earlier. BDO reported a 12% growth in its net income amounting to P23.9-B in H1-2022, comparing it from its P21.4-B net income in the same period last year. The bank reported its customer loan portfolio increased by 9% as funded by an 11% rise in its CASA (current and savings accounts) deposits which account for 85% of total deposits. Their asset quality (NPL ratio) sustained improvement with a 2.39% from 2.72% in the previous quarter and 3.12% in the same period last year.

Metropolitan Bank & Trust Company's (MBT) share prices rose +1.7% MoM in July after a -13.1% the previous month. MBT bagged the 'Best Bank in the Philippines' award at the recently held Euromoney Awards for Excellence 2022, continuing to embody its strong position and reliability as the Philippines' second largest bank. Recently, MBT also expanded its partnership with PERA HUB of the Aboitiz Group to boost its remittance channels nationwide.

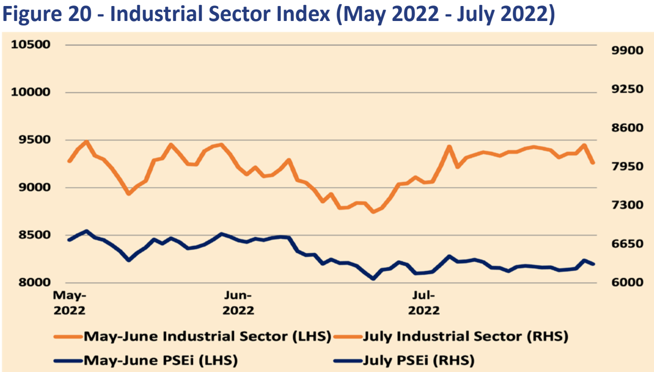
Security Bank Corporation (SECB) share prices dropped by -0.9% MoM in July, from its -1% decrease a month ago. SECB said it generated P16.0-B in fresh funds through its successful sale of fixed rate peso corporate bonds due 2024 (1.5-year tenor) with a coupon rate of 3.74%

Table 15 - Industrial Sector Constituent Stocks

Company	Symbol	6/30/2022 Close	7/29/2022 Close	M-o-M % Change	2022 YTD
Meralco	MER	360.00	340.00	-5.6%	15.2%
Aboitiz Power	AP	29.50	32.65	10.7%	9.9%
Jollibee Foods Corporation	JFC	203.60	201.20	-1.2%	-7.0%
Universal Robina Corporation	URC	111.00	111.00	0.0%	-13.3%
AC Energy Corporation	ACEN	8.04	8.37	4.1%	-24.0%
Emperador Inc.	EMI	19.04	18.88	-0.8%	-9.3%
Monde Nissin Corporation	MONDE	13.00	14.24	9.5%	-12.1%

Source of Basic Data: PSE Quotation Reports

Figure 20 - Industrial Sector Index (May 2022 - July 2022)



Source of Basic Data: PSE Quotation Reports

The Industrial sector recovered by +1.7% MoM in July, stopping its back-to-back MoM slide of -2.6% and -6.3% in June and May, respectively.

Wiping out two successive months of losses, Aboitiz Power (AP) share prices vaulted by +10.7% MoM in July, after contracting by -7.2% a month ago. AP reported a 78% increase in net income to P7.1-B in Q2-2022 from P4.0-B in Q2-2021. Moreover, AP's core net income expanded by 59% to P6.2-B for Q2-2022 mainly due to new power plants and less downtime at existing power-plants.

Monde Nissin Corporation (MONDE) share prices rebounded by +9.5% MoM in July, after contracting by -12.2% a month ago. Despite viral controversies about its instant noodle chemicals (i.e., ethylene oxide at low levels), MONDE confirmed that they are compliant with food safety based on Hazard Analysis Critical Control Points and the Good Manufacturing Practice requirements based on latest inspections done in Q1-2022 and Q2-2022, respectively.

AC Energy Corporation (ACEN) share prices ranked third in the sub-index's uptick as it stayed on the green by +4.1% MoM in July, after its +12.4% gain in the previous month. ACEN sought approval from the SEC of its P10.0-B maiden Peso Green Bond offering (part of its P30.0-B shelf registration), which received the highest PRS triple-A rating with a stable outlook by Philippine Rating Services Corporation (PhilRatings).

Emperador, Inc. (EMI) share prices slumped by -0.8% MoM in July, after its +6.6% gain a month ago. Nonetheless, EMI reported that it managed to grow sales and profit during the pandemic with revenues increasing by 5.9% to P55.9-B year-on-year, while profit jumped by 26.3% to P10.1-B as international sales expanded. EMI reported the delay in its secondary listing in the Singapore Stock Exchange to August 2022.

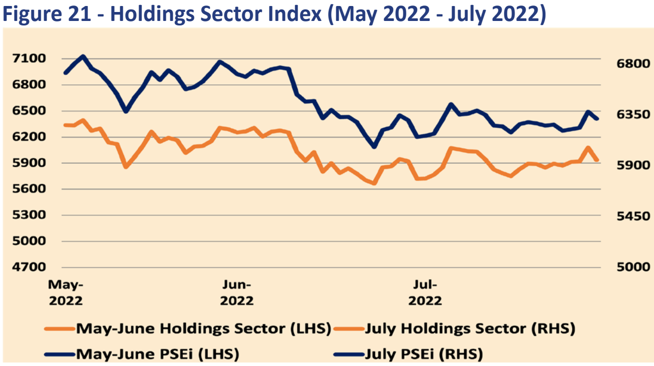
Jollibee Foods Corporation (JFC) share prices contracted by -1.2% MoM in July from June's -2.8%. Although JFC expects to sustain an aggressive international expansion on the back of easing restrictions in global markets and businesses worldwide, it denied eyeing Mom's Touch, a South Korean hamburger franchise.

Table 16 - Holdings Sector Constituent Stocks

Company	Symbol	6/30/2022 Close	7/29/2022 Close	M-o-M % Change	2022 YTD
Ayala Corporation	AC	600.00	620.00	3.3%	-25.4%
Metro Pacific Investments Corporation	MPI	3.53	3.69	4.5%	-5.4%
SM Investments Corporation	SM	782.00	775.50	-0.8%	-17.8%
Aboitiz Equity Ventures	AEV	47.55	57.05	20.0%	4.8%
GT Capital Holdings, Inc.	GTCAP	489.00	453.40	-7.3%	-16.0%
San Miguel Corporation	SMC	107.90	105.50	-2.2%	-8.2%
Alliance Global Group, Inc.	AGI	8.80	9.89	12.4%	-16.2%
LT Group Inc.	LTG	8.10	8.80	8.6%	-11.1%
JG Summit Holdings, Inc..	JGS	48.70	51.50	5.7%	-2.8%

Source of Basic Data: PSE Quotation Reports

Figure 21 - Holdings Sector Index (May 2022 - July 2022)



Source of Basic Data: PSE Quotation Reports

Manila Electric Company (MER) share prices went down by -5.6% MoM in July, a significant dip from -3.5% MoM in June. However, MER reported a net income increase of 32% to P13.1-B in H1-2022 from P9.9-B in the same period last year. Likewise, MER's consolidated revenues grew by 34% to P199.6-B from P149.1-B linked with higher pass-through generation and other charges on accounts as faced with increase in global fuel prices.

The Holdings sector index ranked second in sectoral gains with a +3.7% MoM in July associated with six PSEi constituent firms landing in positive territory and only three firms emerging in the negative territory. This is a significant improvement compared to its decline of -9.1% MoM in the previous month when eight of its PSEi constituent firms landed in the red.

Aboitiz Equity Ventures (AEV) stock prices strengthened by +20% MoM in July erasing its -10.3% loss a month earlier. AEV reported its consolidated net income jumped by 60% to P7.9-B from P4.9-B in the same period last year. The company also recognized its non-recurring gains worth P2.7-B associated with foreign exchange gains from the reevaluation of dollar-denominated assets, from P169.0-M in non-recurring losses in the same period last year.

Alliance Global Group, Inc. (AGI) share prices ended July with a +12.4% MoM gain which recovered part of its -17.8% decline in the previous month. AGI reported its plans to spend P4.0-B on expansion projects in 2022 at its jointly owned integrated resort, Resorts World Manila (RWM). Likewise, AGI reported its P60.0-B capital expenditure plan across its many business arms in 2022 which would provide funding to RWM parent Travellers International Hotel Group Incorporated's ongoing expansion projects.

LT Group, Inc. (LTG) share prices rose by +8.6% MoM in July, after its -3.6% drop in the previous month. Nonetheless, LTG reported a 1% earnings growth in Q1-2022 to P6.5-B due to slowdown of its tobacco business because of higher taxes.

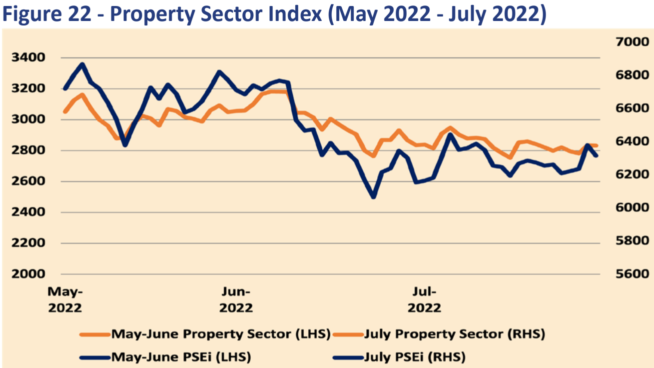
JG Summit Holdings, Inc. (JGS) share prices ended July with a +5.7% increase, after slumping by -10.6% a month ago. JGS raised P12.4-B from the sale of 36.0-M Meralco shares for P344 per piece, 6% lower than the July 28 closing price of P366 per share.

Table 17 - Property Sector Constituent Stocks

Company	Symbol	6/30/22 Close	7/29/22 Close	M-o-M % Change	2022 YTD
Ayala Land, Inc.	ALI	25.50	25.25	-1.0%	-31.2%
SM Prime Holdings, Inc.	SMPH	36.55	36.60	0.1%	8.0%
Robinsons Land Corppration	RLC	17.24	17.00	-1.4%	-11.5%
Megaworld Corporation	MEG	2.16	2.26	4.6%	-28.3%

Source of Basic Data: PSE Quotation Reports

Figure 22 - Property Sector Index (May 2022 - July 2022)



Source of Basic Data: PSE Quotation Reports

After its -4.1% dip in June, Metro Pacific Investments Corporation (MPI) share prices rebounded by +4.5% MoM in July. MPI reported a 24% YoY growth in its consolidated core net income to P7.5-B for H1-2022 from P6.0-B a year ago. Improved financial and operating results of the constituent companies contributed a 15% increase from the company's operations.

Ayala Corporation (AC) recorded a +3.3% hike MoM in July from its -13.9% loss a month earlier. AC reported its plans to deploy P285.0-B in its capital expenditures (CAPEX) and investments this year, 25% higher than the same period last year.

SM Investments Corporation (SM) share prices ended July with a -0.8% MoM, from its -8.9% steep decline in the previous month. Continued net foreign selling of SM shares hindered the stock's recovery.

San Miguel Corporation (SMC) stock prices slumped by -2.2% MoM in July from its +6.3% MoM gain in June. Investors seem to have ignored the Department of Transportation's approval of its Southern Access Link Expressway (SALEX) Project that links its Skyway project to other parts of Manila.

GT Capital (GTCAP) recorded a decline of -7.3% MoM in July following its -2.7% slide in June. Nonetheless, Toyota's robust car and commercial vehicle sales continue to account 51.7% in H1-2022.

The lone sector on the red, Property sector, slipped by -0.1% MoM, after back-to-back shedding of -7% and -0.2% in value in June and May, respectively. Two of its PSEi-constituent stocks landed on the green, namely SM Prime Holdings, Inc. (SMPH) and Megaworld Corporation (MEG), while Ayala Land, Inc. (ALI) and Robinsons Land Corporation (RLC) landed on the red in July.

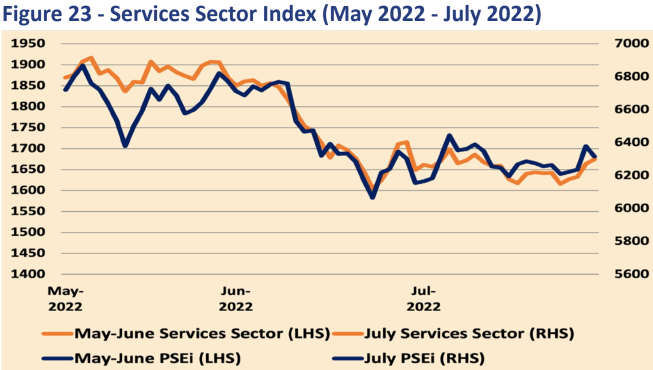
Megaworld Corporation (MEG) share prices grabbed the top spot in July within the sector with a +4.6% MoM jump, redeeming its -21.7% dip a month ago. A subsidiary of MEG, namely Global-Estate Resorts Inc., announced its plans to open a 1,200-seat convention facility in Boracay island as domestic tourism recovers from the two-year travel slump resulted from the Covid-19 pandemic.

Table 18 - Services Sector Constituent Stocks

Company	Symbol	6/30/2022 Close	7/29/2022 Close	M-o-M % Change	2022 YTD
Philippine Long Distance Telephone Co.	TEL	1,680.00	1,656.00	-1.4%	-8.6%
Globe Telecom	GLO	2,268.00	2,062.00	-9.1%	-37.9%
Converge ICT Solutions, Inc.	CNVRG	21.15	19.00	-10.2%	-40.4%
Puregold Price Club Inc.	PGOLD	30.10	30.20	0.3%	-23.2%
Wilcon Depot, Inc.	WLCON	23.80	27.65	16.2%	-9.3%
International Container Terminal Services, Inc.	ICT	184.00	194.20	5.5%	-2.9%

Source of Basic Data: PSE Quotation Reports

Figure 23 - Services Sector Index (May 2022 - July 2022)



Source of Basic Data: PSE Quotation Reports

SM Prime Holdings, Inc. (SMPH) share priced recovered with a +0.1% increment in July after its -0.9% slide in the previous month. Additionally, in Q2-2022, SMPH announced the resumption of its full rental fees across its local mall network, ending over two years of rental moratorium or discounts it has provided to help SM tenants cope with the debilitating effects of the pandemic.

Ayala Land, Inc. (ALI) ranked second in the sub-index's decline as it share prices slid by -1% MoM in July, coming from its -13.9% dip a month earlier. Still, ALI reported its newest mixed-use estate, the new Lipa City Hall, and Lipa Trading Center, which will rise within the up-and-coming 92-ha Areza Project. The first-class component city in Batangas will soon have a more modern and sustainable city hall. Likewise, ALI reported its plans to create a new downtown in the city, in which a diverse mix of uses will be integrated, providing opportunities for future locators and residents.

Leading the sub-index's decline, Robinsons Land Corporation (RLC) share prices dropped by -1.4% MoM in July, from its -11.1% drop in the previous month. Nonetheless, RLC reported plans to raise up to P15.0-B from a bond issuance worth P10.0-B with an oversubscription option of up to P5.0-B as the initial tranche of its P30.0-B shelf-registered bonds. Moreover, RLC, expected to benefit from GoTyme, a joint venture of multi-country digital banking group Tyme and members of the Gokongwei group of companies. GoTyme has already obtained a license from BSP to operate as a digital bank.

The Services sector recovered by +1.5% MoM in July, stopping its consecutive MoM slide of -11.8% and -0.2% in June and May, respectively.

Wilcon Depot, Inc. (WLCON) share prices soared by +16.2% MoM gain blotting out the -11.6% loss a month ago. WLCON reported a net income of P1.0-B in Q2 2022, up by 56.4% from the same period last year. The company aims to grow its network to 100 stores by 2025.

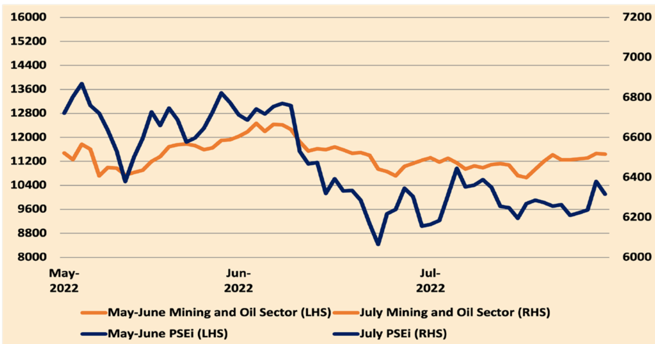
International Container Terminal Services, Inc. (ICT) shares performed second best in the sector as it took a +5.5% gain, slashing part of its -15.2% loss a month ago. ICT eyes more investments in technology to shield terminals from future disruptions, as well as to generate efficiencies across their operations worldwide. The company also partnered with telco giant Philippine Long Distance Tel. Co. (TEL) last year for the 5G rollout at Manila International Container Terminal (MICT).

Table 19 - Mining and Oil Sector Constituent Stock

Company	Symbol	6/30/2022 Close	7/29/2022 Close	M-o-M % Change	2022 YTD
Semirara Mining Corporation	SCC	35.00	41.50	18.6%	94.4%

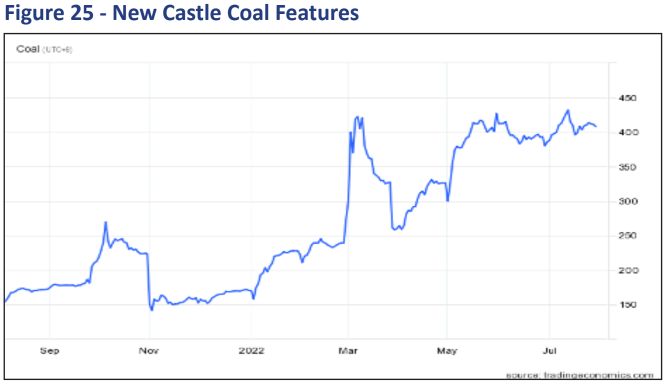
Source of Basic Data: PSE Quotation Reports

Figure 24 - Mining & Oil Sector Index (May 2022 - July 2022)



Source of Basic Data: PSE Quotation Reports

Figure 25 - New Castle Coal Features



Source of Basic Data: Trading Economics

Puregold Price Club Inc. (PGOLD) share prices edged up by +0.3% MoM in July after its -8.8% dip in June. PGOLD reported a net income of P2.0-B YoY in Q2-2022, a slight improvement from P1.9-B in the same period the past year. Higher sales boosted by newly opened stores and eased mobility restrictions provided the boost. With 435 stores nationwide, PGOLD expects to sustain its digital edge to better cater to digital users and offer a unique shopping experience for its customers.

Philippine Long Distance Telephone Co. (TEL) share prices ended July with a -1.4% MoM loss after a -11.6% drop a month ago. TEL projected core income growth to P33.0-B in 2022 from the recorded P30.0-B in the previous year.

Globe Telecom (GLO) shares recorded the second largest fall in the sector with -9.1% MoM slump, which added on its -6.5% MoM decline in June. GLO reported that it will work with its Ayala partner to explore new opportunities and expand its digital solution ecosystems. Notably, GLO also announced that it has passed the MEF 3.0 Carrier Ethernet services certification, a benchmark for connectivity which should enable GLO to deliver the better level of performance, assurance, and agility in the market.

Converge ICT Solutions, Inc. (CNVRG) share prices tumbled by -10.2% after its -20.2% loss a month ago. CNVRG, along with 3,1000 companies globally, pledged to support the International Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TFCD) to prepare for climate-related risks and to mitigate its impact on the environment, on a larger scale. CNVRG takes pride in its nationwide rollout of fiber network which has reached 12-M homes as of Q1-2022. By end-June it still had P7.5-B to spend from its P10.0-B bond issue in April 2022.

The Mining & Oil sector climbed by 1.8%, an improvement from its -5.7% MoM loss in the previous month. Semirara Mining and Power Corporation (SCC) share prices jumped another +18.6% in July after its +6.1% gain in June. Newcastle coal prices had soared by some 170% YoY in July to above $380/MT, while its power subsidiary got better yields from sales to the Wholesale Electricity Spot Market (WESM). SCC share prices surged by more than 80% YTD in 2022 alone and has already replaced SECB in the 30-member PSEi.

Recent Economic Indicators

NATIONAL INCOME ACCOUNTS, CONSTANT PRICES (In Million Pesos)

	2020		2021		4th Quarter 2021			2nd 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%	480,456	-3.9%	5.8%
Industry Sector	5,151,945	-11.8%	5,607,009	8.8%	1,760,803	50.2%	11.4%	1,649,022	11.3%	15.1%
Service Sector	10,963,799	-6.6%	11,849,213	8.1%	3,321,517	10.8%	9.8%	3,264,614	11.0%	13.1%
Expenditure										
Household Final Consumption	12,911,851	-8.0%	13,456,531	4.2%	3,923,916	20.9%	7.5%	3,401,517	-2.1%	8.6%
Government Final Consumption	2,652,447	10.0%	2,839,963	7.1%	683,320	-1.4%	7.8%	903,920	34.3%	11.1%
Capital Formation	3,382,434	-33.5%	4,060,997	20.1%	1,144,071	25.0%	14.2%	1,383,303	34.6%	20.5%
Exports	4,735,076	-31.8%	5,128,006	8.3%	1,251,031	-7.2%	7.7%	1,355,710	-0.1%	4.3%
Imports	6,146,212	-21.2%	6,947,443	13.0%	1,814,149	4.8%	14.3%	2,005,024	6.2%	13.6%
GDP	17,530,785	-9.5%	18,538,053	5.7%	5,201,501	17.5%	7.8%	4,990,139	8.2%	7.4%
NPI	1,325,383	-30.4%	642,515	-51.5%	226,214	50.2%	16.0%	256,388	13.4%	64.8%
GNI	18,856,166	62.3%	19,180,570	1.7%	5,427,716	18.6%	8.1%	5,246,527	8.4%	9.3%

Source: Philippine Statistics Authority (PSA)

NATIONAL GOVERNMENT CASH OPERATION (In Million Pesos)

	2020		2021		May-2022			June-2022		
	Levels	Growth Rate	Levels	Growth Rate	Levels	Monthly G.R.	Annual G.R	Levels	Monthly G.R.	Annual G.R
Revenues	2,855,959	0.2%	3,005,539	0.2%	304,915	-12.4%	18.9%	290,268	-4.8%	18.2%
Tax	2,504,421	-2.4%	2,739,350	-2.4%	285,558	-7.0%	21.9%	250,887	-12.1%	17.5%
BIR	1,951,023	0.0%	2,078,108	0.0%	216,618	-9.6%	17.9%	173,540	-19.9%	8.9%
BoC	537,687	-9.3%	643,563	-9.3%	66,288	0.9%	36.3%	76,201	15.0%	46.1%
Others	15,711	-24.7%	18,157	-24.7%	2,652	56.3%	30.3%	1,146	-56.8%	-46.6%
Non-Tax	351,412	23.6%	265,357	23.6%	19,014	-53.5%	-13.8%	39,300	106.7%	23.4%
Expenditures	4,227,406	24.0%	4,675,639	10.6%	451,700	31.7%	-1.1%	505,791	12.0%	27.9%
Allotment to LGUs	804,546	39.8%	892,698	39.8%	88,982	4.1%	16.3%	89,478	0.6%	22.3%
Interest Payments	380,412	8.9%	429,432	8.9%	33,831	-9.3%	16.9%	36,752	8.6%	22.8%
Overall Surplus (or Deficit)	-1,371,447	145.7%	(1,670,100)	145.7%	(146,785)	-3,073.8%	-26.7%	(215,523)	46.8%	43.8%

Source: Bureau of the Treasury (BTr)

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

	2021		May-2022			June-2022		
	Annual Levels	Growth Rate	Levels	Y-o-Y G.R.	YTD	Levels	Y-o-Y G.R.	YTD
TOTAL	45,524.20	5.7%	4,212.90	5.0%	6.4%	4,952.40	15.3%	8.1%
Residential	16,906.10	2.6%	1,567.90	-0.5%	3.0%	1,613.20	-3.8%	1.7%
Commercial	14,950.30	3.2%	1,468.90	16.1%	11.5%	1,707.20	23.2%	13.7%
Industrial	12,897.30	12.4%	1,123.40	2.2%	5.5%	1,632.00	41.2%	12.0%

Source: Meralco

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

	2020		2021		4th Quarter 2021		1st Quarter 2022	
	Levels	Annual G. R.	Levels	Annual G. R.	Levels	Annual G. R.	Levels	Annual G. R.
I. CURRENT ACCOUNT								
Balance of Trade	11,578	-480%	-6,922	-160%	-3,953	-224.1%	-4,808	14915.3%
Balance of Goods	33,775	-32%	53,781	59%	16,533	75.0%	16,353	49.1%
Exports of Goods	48,212	-10%	54,169	12%	13,799	4.0%	14,450	11.3%
Import of Goods	81,987	-20%	107,950	32%	30,332	33.5%	30,803	28.6%
Balance of Services	-13,866	6%	-14,174	2%	-3,751	-8.0%	-3,195	-4.8%
Exports of Services	31,822	-23%	33,627	6%	9,214	10.1%	8,666	11.1%
Import of Services	17,956	-36%	19,453	8%	5,463	27.2%	5,470	23.2%
Current Transfers & Others								
II. CAPITAL AND FINANCIAL ACCOUNT								
Capital Account	63	-50%	80	26%	24	19.3%	-20	-217.3%
Financial Account	-6906	-14%	-6,942	1%	-4,973	-34.3%	-4,944	-220.8%
Direct Investments	- 3,260	-39%	-8,116	149%	-2,138	328.9%	-1,391	-31.4%
Portfolio Investments	-1680	-32%	8,046	-579%	161	-104.7%	298	-96.3%
Financial Derivatives	-199	15%	-603	203%	-195	178.6%	-219	120.6%
Other Investments	- 6,268	255%	-8,152	30%	-2,801	0.0%	-3,632	0.0%
III. NET UNCLASSIFIED ITEMS	1245	-149%	361	-71%	965	0.0%	379	0.0%
OVERALL BOP POSITION	16,022	104%	1,345	-92%	2,009	-78.0%	495	-117.4%
Use of Fund Credits								
Short-Term								
Memo Items								
Change in Commercial Banks	7,713	378%	294	-96%	-2,256	-21.3%	342	411.6%
Net Foreign Assets	7,665	384%	433	-94%	-2,286	-20.2%	65	-14.0%
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		May-2022		June-2022	
	Average Levels	Annual G. R	Average Levels	Annual G.R.	Average Levels	Annual G.R.
RESERVE MONEY	3,303,261	8.8%	3,533,294	7.5%	3,333,660	3.5%
Sources:						
Net Foreign Asset of the BSP	6,296,263	39.5%	6,383,828	3.4%	6,524,592	5.7%
Net Domestic Asset of the BSP	14,211,531	26.7%	15,265,626	8.8%	15,597,539	9.7%
MONEY SUPPLY MEASURES AND COMPONENTS						
Money Supply-1	5,659,905	52.6%	6,321,233	13.5%	6,372,287	13.4%
Money Supply-2	13,795,976	30.2%	14,695,645	7.9%	14,826,540	8.0%
Money Supply-3	14,432,021	30.4%	15,272,213	6.9%	15,387,114	6.9%
MONEY MULTIPLIER (M2/RM)	4.18		4.16		4.45	

Source: Bangko Sentral ng Pilipinas (BSP)

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