October 2022

The

MARKET CALL

Capital Markets Research

First Metro Investment Corporation
Metrobank Group

UA&P
University of Asia and the Pacific

FMIC and UA&P Capital Markets Research

Executive Summary

While negative sentiment pervaded global financial markets, the Philippine economy quietly firmed up H2 recovery. Total employment rose by 0.5-M in August following through a bigger jump in July. With outperformance in tax revenues resulting in below-target deficits, National Government spending will likely accelerate for the rest of 2022, while more firms reopen to make up for lost sales during the pandemic. We expect the Industry sector, led by Construction and Manufacturing, to complement the usually strong Q4 performance of the Services sector. Yields climbed across the curve in the domestic bond market, while the PSEi shrank the most among its regional peers as fears of Fed policy rate hikes and elevated inflation gripped the markets. Nonetheless, we expect a rebound towards the end of the year and the start of 2023.

Macroeconomy

3

With consumers and firms eager to normalize, the coming Christmas season should further boost employment which saw more jobs especially in Trade and Transport & Storage sub-sectors. Thus, we expect Manufacturing output to rise further in Q4 even as NG ratchets up spending on infrastructure and agriculture. The unexpectedly strong tax collections has led to lower projected debt-to-GDP to 63% - 64% in 2022. Elevated inflation remains as the only sore point, but as pointed out earlier, its negative effect on consumer spending should be muted by higher peso incomes of OFWs, BPO workers and exporters. We, thus, see GDP growth in 2022 of 6.5%, at the upper end of our projections, while we may expect an inflation rate of 6.9% in October.

Employment rose by another 0.5-M in August to the 4th record of the year at 49.7-M led by Services sector. ▪ Manufacturing stretched its gains to September as PMI moved up to 52.9, the highest during Q3. ▪ Bureau of Internal Revenues' collections soared by 23% in August indicating more brisk activity and budget deficit lower by 40.3% YoY. ▪ Capital goods imports get back to double-digit uptick as five of six categories gained. ▪ Inflation reached a 13-year high of 6.9% in September as food price increases overtook fairly steadying Transport

Bonds Market

10

With stubbornly high inflation, rising policy rates, and heightened recession fears, global bond markets experienced a dramatic selloff in September. Domestically, lackluster demand pushed yields to surge across the curve with the trading volume in the secondary market lower by -26.5% MoM. The risk mood remains fragile in October as markets price in a 75 bps Fed rate hike on strong employment gains. We should see this rise further to 4.25% - 4.50% with the last 2 FOMC meetings for the year. However, we expect local yields to see a sharp drop by Q1-2023 due to base effects and likely easing of crude oil prices with the global slowdown.

BTr raised only P98.6-B in September or -72.6% lower MoM amid multiple rejections in auctions. ▪ Trading volume in the secondary market trekked down by -26.5% MoM in September, reflecting weak appetite for peso bonds. ▪ 91-day T-bills and 10-year tenors vaulted by 90 bps and 94.2 bps, respectively. ▪ BTr raised $2.0-B from its three-tranche dollar-denominated bond offering in October. ▪ Spread of ROPs over U.S. Treasuries widened as the peso suffered from bloated trade deficit.

Equities Market

16

Global investors exited from emerging markets (EMs) in September as risk-aversion set in and hit Philippine shores, thus PSEi crumbled by -12.8% in September. The decrease in crude oil prices in August led investors to be optimistic; however, this later on evaporated in September as interest rate increases and persistent inflation emerged. Some investors, on the other hand, may consider acquiring highly oversold stocks in the Property sector, likewise energy-related firms. If the GDP Q3 figures exceed expectations of 5.7%, we expect the PSEi to go above 6,000 by November as investors would position themselves before the end of the year for a better 2023.

All six sectors landed in the negative territory with Property registering the steepest loss with an -18.8% MoM loss. ▪ The Financial sector recorded the least decline of -8.7% among the six PSE sectors. ▪ Wilcon Home Depot (WLCON, +6.5% gain MoM) posted the best performance among PSEi-constituent stocks. ▪ Monde Nissin Corporation (MONDE) led the decliners with -26.2%. ▪ In the Mining and Oil sector, Semirara Mining & Power Corporation (SCC) further declined by -5.1%, nonetheless it still claims the best YTD performance of 82.7%. ▪ Net foreign selling grew by 51.3% (MoM) to P12.9-B, an increase from previous month's record of P8.5-B.

Economic Indicators (% change, latest month, unless otherwise stated)	Latest Period	Previous Period	Year-to-Date (2022)	2020 (year-end)	2021 (year-end)
GDP Growth (Q2-2022)	7.4%	8.2%	7.8%	-9.6%	5.8%
Inflation Rate (September)	6.9%	6.3%	5.1%	2.4%	3.9%
Government Spending (August)	6.4%	4.8%	7.8%	11.3%	12.8%
Gross International Reserves ($B) (September)	95.0	97.4	102.8	96.5	107.1
PHP/USD rate (September)	57.43	55.75	53.55	49.63	48.88
10-year T-bond yield (end-September)	7.09	6.22	6.14	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

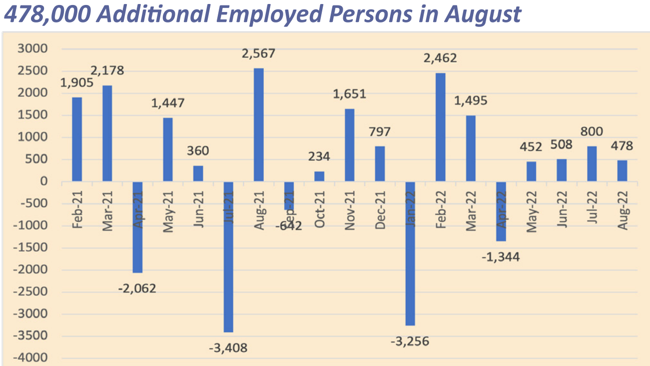
SEPTEMBER ECONOMIC DATA SUGGEST SURPRISING ACCELERATION IN H2

Skeptics may shrug it off, but the economy's recovery even after the H1 election has shown greater traction. This may be seen in the substantial rise in job creation (e.g., July and August) to bring employment to a new record of 47.9-M. Manufacturing PMI jumped in September after another gain in August, while official data on the Volume of Production Index for August confirmed a slightly improving sector. Tax revenues of the Bureau of Internal Revenue (BIR) soared by 23% in August even faster than 15.5% climb in July suggesting more business activity resulting from less quarantine restrictions and opening of more previously shuttered firms. Capital goods imports have risen at a faster double-digit pace in August implying greater business confidence. While inflation rose to a 13-year high of 6.9%, higher peso incomes due to the peso depreciation should offset much of its negative effects.

***Outlook**: With Christmas season around the corner and consumers and firms "itching" to go out after the 2-year "incarceration", we expect employment to hit new records starting September after pocketing the 4th one in August. National Government spending, especially on infrastructure, agriculture and key projects, should accelerate in the coming months, since it has still a lot of "unused" deficits for the last four months of 2022. Firms' optimism also showed in the acceleration of capital goods imports in August. We still see GDP growth for the full year at 6.5%, despite higher-than-target inflation at 5.5%.*

Figure 1 - New Jobs, Month-on-Month

478,000 Additional Employed Persons in August



Source of Basic Data: Philippine Statistics Authority (PSA)

Employment Rises by 0.5-M in August to New Record of 47.9-M

The economy continued to produce robust employment gains of 479,000 jobs according to the Philippine Statistics Authority (PSA) to a new record of 47.9-M, the 4th record posted in 2022. This came despite a large rise in the labor participation force rate to 66.1% from 65.2% a month earlier.

While the rise in jobs in August came slower than +800,000 in July, it meant the 4th consecutive monthly increase in April 2022. The increase in underemployment slightly exceeded the jump in employment by 10,000. Inflation likely caused this since despite having a job, more people felt the need for additional work to meet higher prices. Nonetheless, while those seeking extra work climbed, those who worked less than 40 hours a week actually fell to 33.2% from 34% in July, as a mean hours of work for a week remained at 40.5 hours.

Services produced the most additional jobs with 807,000. Agriculture shed 310,000 jobs, while Industry slipped by a minimal -19,000 slide.

Nine out of 13 Services sub-sectors contributed to the increase in the sector, with Trade adding 378,000 while Transportation & Storage hired 256,000 more people. Jobs in Financial and Insurance Activities rose by 83,000. The largest losses occurred in the Arts, Entertainment & Recreation (-67,000) followed by a decrease of 37,000 in both Human Health & Social Services, and Real Estate sub-sectors.

Table 1 - Labor Force Survey Summary

			MoM Change	
	July 2022	August 2022	Levels	% Change
Labor Force	49,994	50,551	557	1.1%
Employed	47,391	47,870	478	1.0%
Underemployed	6,543	7,031	488	7.5%
Underemployment rate%	13.8	14.7	0.88	6.4%
Unemployed	2,602	2,681	79	3.0%
Unemployment rate%	5.2	5.3	0.10	-1.9%
Labor Participation rate%	65.2	66.1	0.83	1.3%
Not in Labor Force	26,646	25,968	(677)	-2.5%
Agriculture ('000)	11,129	10,820	(310)	-2.8%
Industry ('000)	8,388	8,369	(19)	-0.2%
Mining and Quarrying	193	258	65	33.9%
Manufacturing	3,494	3,672	178	5.1%
Electricity, Gas, Steam, and Air-Conditioning Supply	98	117	20	20.1%
Water Supply; Sewerage, etc.	81	57	(24)	-29.2%
Construction	4,523	4,264	(258)	-5.7%
Services ('000)	27,875	28,681	807	2.9%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	10,665	11,044	378	3.5%
Transportation and Storage	3,150	3,407	256	8.1%
Accomodation and Food Services Activities	1,902	1,909	6	0.3%
Information and Communication	424	485	61	14.3%
Financial and Insurance Services	641	724	83	12.9%
Real Estate Activities	261	224	(37)	-14.3%
Professional, Scientific, and Technical Activities	338	419	82	24.1%
Administrative and Support Services Activities	2,214	2,228	14	0.6%
Public Administration and Defense; Compulsory Social Security	2,886	2,911	26	0.9%
Education	1,389	1,465	73	5.5%
Human Health and Social Work Activities	687	649	(37)	-5.4%
Arts, Entertainment, and Recreation	477	413	(64)	-13.4%
Other Service Activities	2,839	2,803	(35)	-1.2%

Source of Basic Data: Philippine Statistics Authority (PSA)

Manufacturing sub-sector added 178,000 during the month validating the improved reading of Manufacturing PMI earlier reported. Mining also added 65,000 jobs, but these job creators failed to offset the 285,000 fall (due to the usual rainy season slowdown) in Construction sub-sector.

Manufacturing PMI Recovers in September

S&P Manufacturing PMI for the country rebounded to 52.9 in September from 51.2 in August, the 13th consecutive month of expansion (above-50), despite rising input costs and elevated pace of inflation.

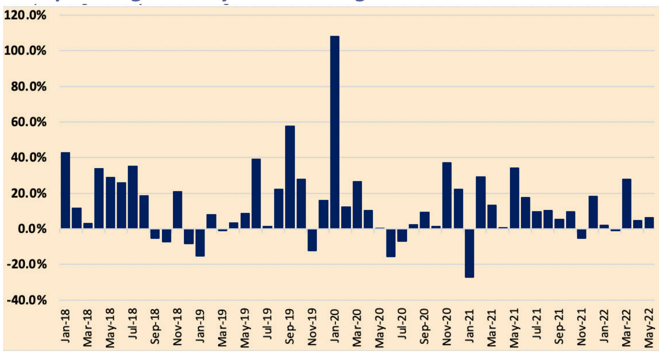
Industrial output as measured by the Volume of Production Index (VoPI) expanded by 3.2% year-on-year (YoY), an improvement from the previous three months, while VoPI was recorded at 2.5% in July.

Twenty out of the 22 industry divisions increased their output YoY, led by manufacture of machinery and equipment except electrical which soared by 78% YoY. Manufacture of fabricated metal products, except machinery and equipment products and manufacture of transport equipment followed closely with gains of 30.4% YoY and 24.6% YoY, respectively. Other manufacturing and repair and installation of machinery and equipment accelerated to a 22.7% pace from 8.2% a month earlier.

On the other side of the spectrum, four industry divisions posted lower output led by the manufacture of electrical equipment which dipped by -49.3% YoY.

Figure 2 - NG Expenditures Growth Rate, Year-on-Year

NG Spending Rose by 6.4% in August



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

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

Inflation Year-on-Year Growth Rates	July-22	Aug-22	YTD
	6.4%	**6.3%**	4.9%
Food and Non-Alcoholic Beverages	6.9%	6.3%	4.1%
Alcoholic Beverages and Tobacco	8.5%	9.3%	6.7%
Clothing and Footwear	2.5%	2.8%	2.2%
Housing, Water, Electricity, Gas, and Other Fuels	5.7%	6.8%	6.0%
Transport	18.1%	14.6%	13.0%
Restaurants and Accommodation	3.4%	4.2%	3.1%
Personal care & misc. goods and Services	2.8%	3.3%	2.5%

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)

Economy Hums as BIR Tax Take Soars by 23% in August

The economic recovery due to the removal of most quarantine restrictions continues to gain momentum as Bureau of Internal Revenue (BIR) collections soars by 23% YoY in August, an acceleration from 15.5% a month earlier. Bureau of Customs (BOC) also ratcheted up revenues by 47.8% YoY such that with NG expenditures up by 6.4% YoY, the budget deficit fell by 40.4% YoY to P72.0-B. Year-to-date (YTD) deficit reached P833.0-B, 13.1% lower than a year ago. Non-tax revenues surged by 42% eclipsing the 27.3% upswing in tax revenues, total revenues climbed by 28.2%.

The 6.4% expansion in NG spending seems weak, but when analyzed further we see that NG disbursements for current and capital expenditures (60% of total)—excluding interest payments and allotments to Local Government Units (LGUs) for the latter's share in domestic tax collections—did increase by 10.3%, a reversal of the -10.2% decline a month ago.

The next biggest items comprising 27.1% and 7.6% of total expenditures, saw huge gains in allotments to LGUs (+34.0%) and interest payments (+28.6%), respectively.

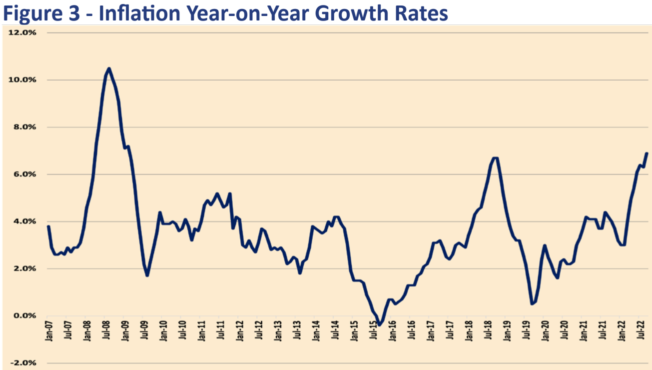
On a related note, the President's cabinet (limited to the economic cluster) approved after a round of public consultations a revised Implementing Rules and Regulations (IRR) of the Build-Operate-Transfer (BOT) Law which took effect in October 2022. The new IRR restored the use of arbitration to resolve differences with the government and re-assumed much of the regulatory risk related to Major Adverse Government Actions (MAGA), among other provisions.

Inflation Hastens to 6.9% in September, 13.5-year High

Food prices, utility rates and transportation fare hikes thrust headline inflation to a 13.5-year high of 6.9% YoY in September. YTD inflation has reached 5.1%, much above the BSP target even though this occurred beyond BSP control.

With nine out of 11 food categories on the rise, food and non-alcoholic beverage inflation, which accounts for 37.7% of the Consumer Price Index (CPI), took a big jump to 7.4% YoY from 6.3% a month earlier. Prices of Vegetables and Sugar-based products accelerated the most with the former turning positive at 3.5% from -2.7% in August, while the latter still scorched at 30.2% from 26% a month ago. Fish and Other Seafood prices also spiked at a faster pace of 9.1% from 7.2% in the previous month.

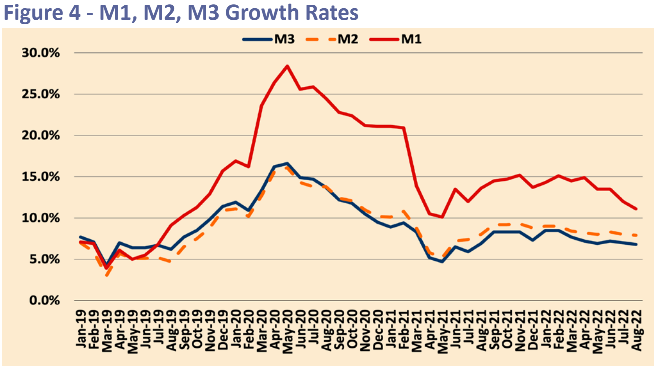
Figure 3 - Inflation Year-on-Year Growth Rates



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)

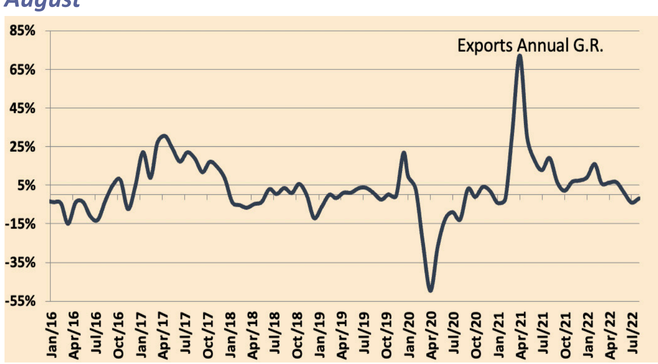
Figure 4 - M1, M2, M3 Growth Rates



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

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

Exports Growth Remained in Negative Territory at -2% in August



Source of Basic Data: Philippine Statistics Authority (PSA)

The fall in fuel prices just managed to offset the hikes in transportation fares. After all, crude oil prices abroad slumped by another 10% following a slide in August. Thus, West Texas Intermediate (WTI, or U.S. benchmark) averaged $84.26/barrel (up only 20.5% YoY versus 42% in August) while Brent (the European benchmark) averaged $89.77/barrel (easing to 17.6% YoY from 38.3% in the previous month). However, higher utility rates pushed up the sub-index for Housing, Water, Electricity, Gas, and Other Fuels by 7.3% YoY faster than the 6.8% pace a month ago.

On a seasonally adjusted basis, inflation accelerated month-on-month (MoM) to 0.6% from 0.4% in August. When annualized (seasonally adjusted annualized rate, SAAR), it reached 7.4% from 4.9% a month earlier.

Money (M3) Growth Still Slow at 6.8% YoY in August

Domestic liquidity (M3) grew by 6.8% YoY to P15.4-T. On a MoM seasonally adjusted basis, M3 increased by 0.9%.

Net foreign assets in peso terms decreased by -0.8% from July's 0.5%. The slower expansion in the BSP's NFA position reflected higher bills payable.

Lending for production hastened to a 11.5% YoY pace in August from 11.6% in July, as outstanding loans to key industries continuously rose, specifically information and communication (+28.6%) and manufacturing activities (+15.9%). Real estate activities and repair of motor vehicles and motorcycles also saw more loan availments.

Similar, consumer loans accelerated by 18.3% in August from 14.7% in July driven largely by YoY increase in credit card loans, motor vehicle loans, and salary-based general purpose consumption loans.

Exports Remain Tepid with -2% Slide in August

The country's exports continued to slide, albeit at a slower pace of -2% YoY in August from -4.2% in July. The big dampener arose from the huge -81.2% plunge of copper cathodes from the country's only smelter, Philippine Associated Smelting and Refining Corporation (PASAR) where operations got hampered by continuous rains. Only Agro-based products came in the black with a 6.3% YoY growth.

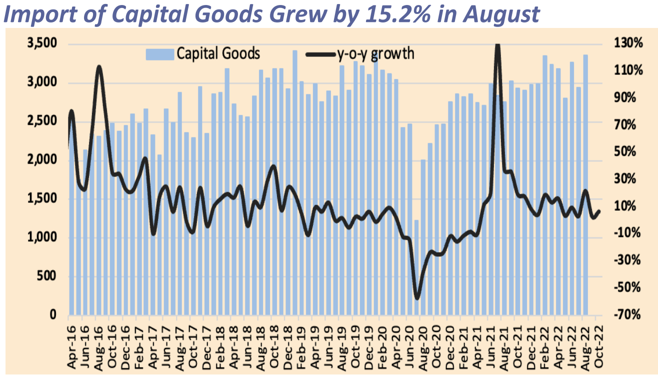
Although copper cathode exports take only a 2.5% share of total exports, its -81.2% plunge pulled down the exports of Mineral Products to -36.6% more than sufficient to bring the overall exports to negative territory. Exports of Manufactured Goods (81.3% of

Table 3 - Exports Year-on-Year Growth Rates

	July-22	August-22	YTD
Total Exports	-4.2	-2.0	4.4
Agro-Based Products	8.4	6.3	31.7
Mineral Products, of which	-12.5	-36.6	12.9
Copper cathodes	-39.9	-81.2	-10.9
Others (incl. nickel)	-9.7	-23.8	22.7
Manufactured Goods	-4.6	-0.4	1.4
Electronic Products	-7.9	-1.6	2.0
Other Electronics	5.4	3.6	-3.4
Chemicals	18.1	-2.3	10.5
Machinery and Transport Equipment	13.0	-2.4	-9.3
Processed Food and Beverages	-2.0	-14.3	-1.6
Others	4.9	10.4	0.2

Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 6 - Imports of Capital Goods (in Million USD)
Import of Capital Goods Grew by 15.2% in August



Source of Basic Data: Philippine Statistics Authority (PSA)

Table 4 - Imports Year-on-Year Growth Rates

	July-22	August-22	YTD
Total Imports	**21.5**	**26.0**	**26.0**
Capital Goods	**6.6**	**15.2**	**11.6**
Power Generating and Specialized Machines	6.3	8.5	5.5
Office and EDP Machines	-20.0	-24.9	-15.3
Telecommunication Equipment and Electrical Machines	6.7	19.6	10.8
Land Transport Equipment excluding Passenger Cars and Motorized cycle	**17.4**	**27.4**	**11.6**
Aircraft, Ships and Boats	142.4	279.1	154.4
Prof. Sci and Cont. Inst., Photographic Equipment and Optical Goods	9.2	32.6	19.3
Raw Materials and Intermediate Goods	**12.7**	**15.0**	**19.6**
Mineral Fuels, Lubricant and Related Materials	**86.5**	**75.6**	**106.8**
Consumer Goods	**26.3**	**45.9**	**19.4**

Source of Basic Data: Philippine Statistics Authority (PSA)

total exports) could not provide support as it slipped slightly by -0.4% primarily due to the -1.6% slide in exports of Electronic Products which account for 56.9% of total exports.

The U.S. recession and the substantial slowdown in China do not promise much relief to the sector. However, the peso depreciation may draw more exports from unexpected sectors.

Capital Goods Imports Rise Faster by 15.2% in August

With only one type out of six of equipment in negative territory, capital goods imports accelerated to a growth pace of 15.2% YoY in August from 6.6% a month earlier. Four out of the five other kinds, led by Aircraft, Ships and Boats (+279.1%), posted double-digit gains. Since it accounts for almost half of these imports, Telecommunication Equipment & Electricity and Machinery's surge by 19.6% from 6.7% in July provided much of the impetus.

The second largest segment—Power Generating & Specialized Machines—which accounts for some 22% of equipment imports had a more modest gain, speeding up to 8.5% from 6.3%. The third largest item (some 7% of total), Land Transport Equipment excluding Passenger Cars, etc. hastened to a 27.4% pace from 17.4% in the previous months.

The upswing so far seen in H2 augurs well for the economy as it reflects greater confidence of the business sector.

Total imports climbed by 26.9% YoY even faster than the 21.5% pace in July. Imports of petroleum products remained as the biggest driver with its 75.6% vault in August, accounting for some 15.6% of total imports. But imports of consumer goods (both durable and non-durable products) which have a 17.3% share to total imports also heaved by 45.9%. Raw material imports only had a relatively milder uptick of 15% from 12.7% a month ago.

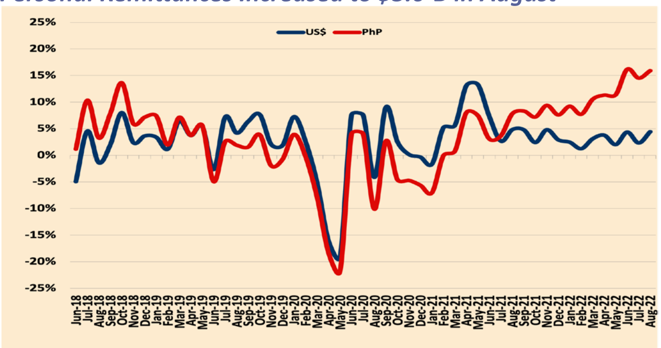
With exports still in negative territory and crude oil prices remaining elevated, the balance of trade deficit hit another record of $6.0-B in August. YTD, the deficit has reached $41.8-B only a few millions off from the full year 2021 deficit of $42.2-B.

OFW Remittances Up by 4.4% in August

Personal remittances of Overseas Filipino Workers (OFW) grew at a faster face by 4.4% YoY to $3.1-B in June 2022.

Figure 7 - OFW Remittances Growth Rates, Year-on-Year

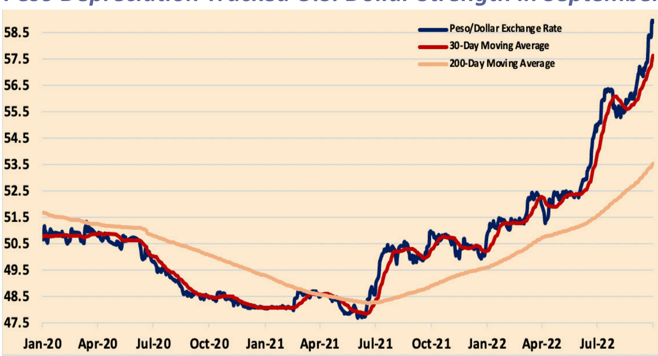
Personal Remittances Increased to $3.0-B in August



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

Figure 8 - Dollar-Peso Exchange Rates and Moving Averages

Peso Depreciation Tracked U.S. Dollar Strength in September



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			
	Aug-22	Sep-22	YTD
AUD	-1.4%	3.8%	6.7%
CNY	1.0%	3.0%	9.9%
INR	0.1%	0.7%	6.3%
IDR	-1.0%	1.0%	4.4%
KRW	1.1%	5.3%	17.4%
MYR	0.6%	1.5%	7.6%
PHP	-0.3%	3.0%	14.3%
SGD	-0.8%	2.0%	3.5%
THB	-1.3%	3.1%	10.1%

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

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

grew at a faster pace by 4.4% YoY to $3.0-B in August 2022. This brought the cumulative personal remittances in the first eight months of 2022 to $23.3-B, a 3% uptick from $22.6-B in the comparable period in 2021.

The increase in personal transfers during the year benefitted from remittances of land-based workers with contracts of one year or more which increased by 4.7% to $2.3-B from $2.2-B in the same period last year; and sea-based workers with work contracts of less than one year which rose by 3.1% to $0.65-B from $0.63-B a year ago. On the other hand, cash remittances from OFWs coursed through banks grew by 4.3% to $2.7-B I the same month a year ago.

The increase in cash remittances from the United States (U.S.), Saudi Arabia, Singapore, and Qatar contributed significantly to the growth in the remittances in the first eight months of 2022. As for the country of origin, the U.S. registered the highest share of overall remittances at 41.7%, followed by Singapore, Saudi Arabia, Japan, United Kingdom, United Arab Emirates, Canada, Qatar, Taiwan, and Republic of Korea. The consolidated remittances from these top 10 countries accounted for 79.9% of total cash remittances in August.

Strong US$ and Wide Trade Deficit Drove Down USDPHP Rate by 3% in September

The Philippine peso (USDPHP) succumbed to another round of depreciation arising from the mighty U.S. dollar and widening trade deficit of the country in September. The USDPHP fell by -3% to average P57.43/$ in September from P55.75/$ in the previous month. Year-on-year (YoY), the local currency already depreciated by 14.5%.

The volatility measure spiked to 82.4% in September from 29.1% a month earlier. It touched a high of P58.99/$ and a low of P56.17/$. The peso's free fall registered an all-time low of P59/$ in October as markets fear of the looming recession, bolstering safe haven demand for the greenback.

There is a huge gap between the USDPHP rate and the 30-day moving average (MA) signaling further pressure on the peso. However, OFW remittances and a more hawkish BSP in Q4 may limit the local unit to reach P60/$.

Outlook

Most economic data released in September would surprise pessimists since they reflect more economic activity as the quarantine restrictions and Covid fears have been set aside.

- The economy continued to add substantial new jobs for the 4th straight month with a 479,000 uptick in August to bring total employment to another record of 47.9-M. The hiring, especially in Services which got specially hit by the pandemic, should remain positive as businesses prepare for the Christmas season, given the "itch" of people, both young and old, to go out of their 2-year "incarceration".

- Manufacturing output expansion appears to gain traction as September PMI accelerated to 52.9 in September from 51.2 a month earlier, while the official VoPI showed a slightly faster gain of 3.2% YoY in August from 2.5% in July, consistent with the earlier PMI improvement for August.

- Tax collections by the BIR which soared by 23% from 15.5% a month earlier suggest lively business economic activity in H2 despite the absence of election-related spending. YTD budget deficit of P833.0-B leaves some P817.0-B for the last four months of 2022. It is now likely that the debt-to-GDP ratio for 2022 should end between 63% and 64%, lower than our earlier projections by 2 percentage points.

- Capital goods imports accelerated to a double-digit growth pace in August, dispelling the idea that businesses are still on a wait-and-see mode.

- Sure, inflation is high among consumer and government concerns after reaching 6.9% in September from 6.3% in August. We see it easing slightly slower than desired due to elevated crude oil prices. However, the latter has shown weakness after the initial announcement of the record 2.0-M barrels of OPEC output cut. OPEC apparently did the pre-emptive move to avoid a meltdown in prices (to \$50-\$70/barrel due to the spreading global recession).

- The USDPHP rate will remain under pressure, but OFW remittances in Q4 and likely more aggressive action by the BSP in both policy rates and other measures should prevent it from even coming close to P60/\$1.

FIXED INCOME SECURITIES

BOND INVESTORS' APPETITE VANISHES IN SEPTEMBER

Bond markets across the globe brutally crushed bond investor appetite in September amid the untamed rise of inflation, the specter of huge policy rate hikes by the U.S. Fed and the global recession. So also in the Philippines, where the National Government (NG) only raised P98.6-B from its auctions, a 72.6% plunge from August, as it fully rejected seven Treasury bill and the 3.5-year and 20-year T-bond auctions. Similarly, trading volume in the secondary market slumped by -26.5% to P427.4-B. With weak demand, yields across the curve surged by as much as 92.4 bps for 10-year T-bonds to 7.039% and 90.0 bps for 3-month papers to 3.153%. ROPs spread over equivalent U.S. Treasuries widened as USDPHP had suffered most due also to the bulging trade deficit.

***Outlook**: With strong employment gains still suggesting robust aggregate demand, the U.S. Fed will likely pursue its policy rate hiking cycle and raise it by 75 bps in November. On the other hand, crude oil prices headed back to mid-$80/barrel by mid-October correcting from an initial surge above $90/barrel when OPEC bared (and carried out) its plans to cut output by 2.0-M barrels a day. The global economic recession will likely temper crude oil demand and prices may ease further. This may put less pressure on domestic inflation moving forward and lower than target budget deficit should ease NG borrowing needs in Q4. Thus, we expect near term ascent in 10-year bond yields but think this should reverse by December.*

Table 6 - Auction Results

Date	T-Bond/ T-Bill	Offer (Php B)	Tendered (Php B)	Accepted (Php B)	Tendered ÷ Offered	Ave. Yield	Change bps
27 Sep	91-day	20.000	26.138	4.543	1.307		
	182-day	20.000	36.727	14.037	1.836	3.958	81.5
	364-day	20.000	17.221	0.000	0.861		
Subtotal		60.000	80.086	18.580	1.335		
6 Sep	3.5 year	35.000	40.732	0.000	1.164		
13 Sep	10 year	35.000	99.311	35.000	2.837	6.703	89.0
	10 year TAP	10.000	24.795	10.000	2.480	6.750	
20 Sep	7 year	35.000	54.844	35.000	1.567	6.588	68.0
28 Sep	20 year	35.000	49.985	0.000	1.428		
Subtotal		150.000	269.667	80.000	1.798		
All Auctions		210.000	349.753	98.580	1.665		

Source: Bureau of the Treasury (BTr)

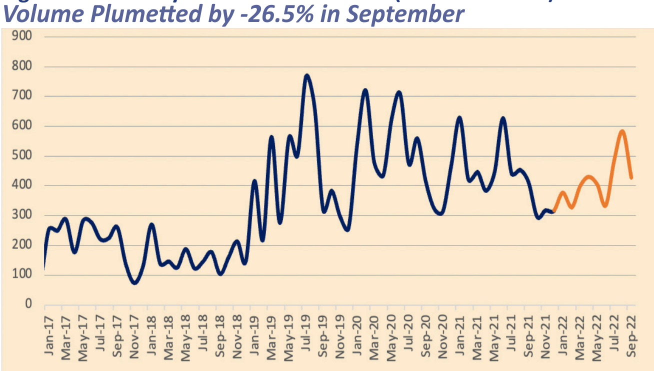
Primary GS Market: BTr Rejected Aids Amid Higher Yields

The Bureau of the Treasury (BTr) successfully raised only P98.6-B in September, or -72.6% lower than a month ago, as investors demanded for higher yields amid rising interest rates and global risk-off sentiment. Despite multiple rejected bids in September's auctions, Treasurer De Leon claimed that the BTr still has a good cash position.

Appetite for both treasury bills (T-bills) and treasury bonds (T-bonds) weakened as total tenders plunged by -65.7% to P349.8-B in September. BTr awarded only 182-day papers during the month-end issuance with yields surging by 81.5 bps to 3.958% from 3.143% in July. Furthermore, it rejected all bids for 91-day and 364-day debt papers in 3 and 5 consecutive auctions, respectively. If awarded, yields would have soared by 212.7 bps to 4.400% from 2.273% and 153.2 bps to 4.888% from 3.356%, respectively, in July.

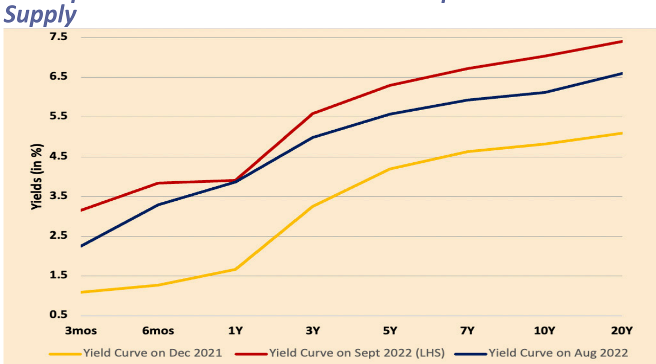
On the other hand, more aligned with the secondary market, 7-year and 10-year tenors shot up by 68 bps to 6.703% from 5.908% in July and 89 bps to 6.703% from 5.813% in August, respectively. Demand for 10-year T-bonds persisted as the tender-offer ratio (TOR) reached 2.837x, prompting the BTr to open the TAP facility for another P10.0-B. Meanwhile, BTr fully rejected 3.5-year and 20-year tenors in September auctions.

Figure 9 - Monthly Total Turnover Value (in Billion Pesos)
Volume Plumetted by -26.5% in September



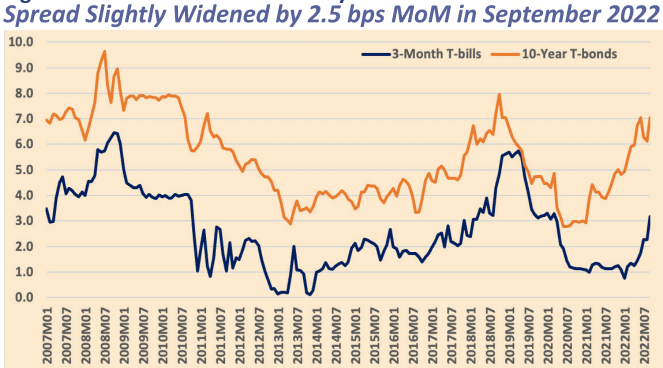
Source: Philippine Dealing Systems (PDS)

Figure 10 - Year-end Yield Curve in 2021 and Latest Yield Curve Versus Previous Month in 2022
Less Upward Movement in the 1-Year Paper Amid No Fresh Supply



Source: Philippine Dealing Systems (PDS)

Figure 11 - 3-month T-bills and 10-year T-bonds Yields
Spread Slightly Widened by 2.5 bps MoM in September 2022



Source: Philippine Dealing Systems (PDS)

Secondary Market: Dramatic Knee-Jerk Selling Pushed Yields Higher in September

Global risk aversion weighed on the peso bonds as yields surged across the curve in September. The trading volume of government securities (GS) in the secondary market dove by -26.5% to P427.4-B from a 14-month high of P581.5-B in the previous month.

Domestically, investors shrugged off the slightly lower August local inflation at 6.3% from 6.4% in the prior month. The market reacted more to news abroad such as front loading of interest rates by the Fed and ECB and recession fears triggered by EU's energy crisis, UK's unfunded tax cut, and a possible hard landing by central banks particularly the Fed.

Despite less fresh supply in September, yields zoomed up as high as 94.2 bps. The 3-month and 6-month T-bills spiked by 90 bps to 3.153% from 2.254% and 55.7 bps to 3.842% from 3.285%, respectively. Meanwhile, 1-year papers rose the least by 3.4 bps to 3.902% from 3.869% due to multiple rejections in auctions.

The 3-year and 5-year T-bonds advanced by 59.7 bps to 5.580% from 4.983% and 72.2 bps to 6.290% from 5.569%, respectively. Moreover, 10-year tenors traded above 7% by month-end as players sought to de-risk. It vaulted by 92.4 bps to 7.039% from 6.115% a month earlier. Lastly, 20-year securities climbed by 80.3 bps to 7.401% from 6.598%.

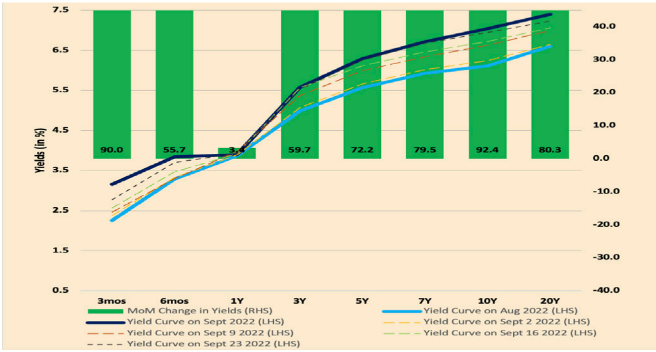
The spread between 10-year and 2-year bond yields widened by 37.3 bps to 182.3 bps in September. Increased volatility and lack of downward drivers created a gloomy environment for the local bond market in September. Investors would likely remain defensive in the near term amid lingering inflationary pressures alongside a global recession in the horizon. We expect BSP to hike more aggressively in the upcoming November meeting on account of all-time low peso and hotter September inflation at 6.9%.

Corporate Bonds: Volume Dropped by -14.7% in September

Trading of corporate securities fell by -14.7% to P4.2-B in September from last month's 7-month high of P5.0-B. Likewise, it shrank by -26.7% YoY from P5.8-B a year ago. Meanwhile, the volume of the top five corporates grew by 41.4% to P2.5-B or 59.3% of the total trades in September. Additionally, Bank of the Philippine Islands (BPI) garnered sizable trades amounting to P832.2-M.

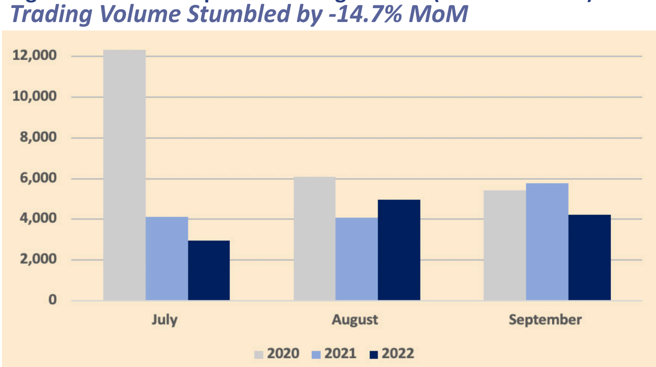
BDO Unibank (BDO) seized the top spot with a whopping P2.0-B worth of trades, 692% higher than a month ago.

Figure 12 - Week-on-Week and Month-on-Month Changes on the GS Benchmark Bond Yield Curves
10-Year Yields Surged Beyond 7% Range in September



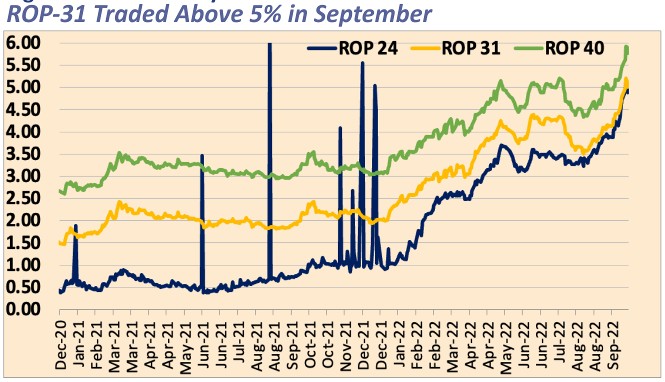
Source: Philippine Dealing Systems (PDS)

Figure 13 - Total Corporate Trading Volume (in Billion Pesos)
Trading Volume Stumbled by -14.7% MoM



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

Figure 14 - ROPs Daily Yields
ROP-31 Traded Above 5% in September



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

SM Prime Holdings, Inc. (SMPH) slipped to second place with P209.3-M (-56.5% lower MoM) followed by San Miguel Corporation (SMC) with P149.1-M (-56.5% lower MoM). Trades of SMC Global Power (SMCGP) plunged by -77.1% to P102.1-M. At the bottom we find Ayala Land, Inc. (ALI) with P97.9-M or -62.3% lower from last month's volume.

Corporate Issuances and Disclosures

- Robinsons Land Corporation (RLC) issued its Series E (due 2025) and F (due 2027) Fixed Rate Bonds amounting to P15.0-B. The bonds carry coupon rates of 5.3789% and 5.9362%, respectively, to be paid quarterly.

- ACEN Corporation (ACEN), the listed energy platform of the Ayala Group, raised P10.0-B from its maiden issuance of its ASEAN Green Bonds due 2027. It holds a coupon rate of 6.0526%, payable quarterly. Proceeds will be used to realize its vision of reaching 20 gigawatts (GW) of renewables capacity by 2030.

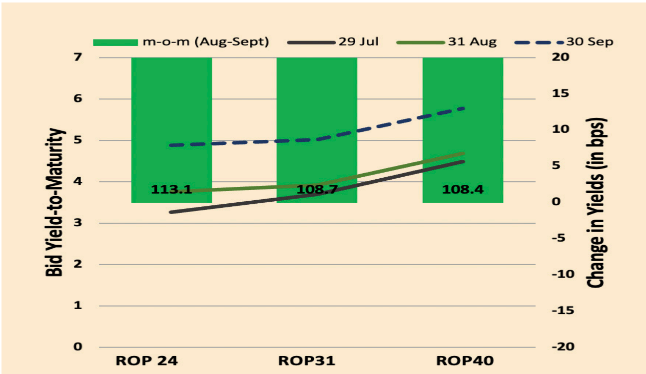
ROPs: NG Raised $2.0-B From Its Dollar Bond Offering

The National Government (NG) collected $2.0-B from its three-tranche dollar-denominated bond offering in October. It amassed $500.0-M of 5-year bonds, $750.0-M of 10.5-year bonds, and $750.0-M of 25-year sustainability bonds. They were priced at 5.170%, 5.609%, and 6.100%, respectively. The dollar bonds obtained ratings of "Baa2" from Moody's Investors Service, "BBB+" from S&P Global Ratings, and "BBB"from Fitch Ratings.

Meanwhile, yields of the Republic of the Philippines' U.S. dollar-denominated bonds (ROPs) accelerated sharply by more than 1 percentage point amid risk-off sentiment and peso's record-slump in September. ROP-24 jumped the most by 113.1 bps to 4.887% from 3.756% in the prior month. Furthermore, ROP-31 and ROP-40 shot up by 108.7 bps to 5.015% from 3.928% and 108.4 bps to 5.777% from 4.693%, respectively.

U.S. Treasuries were sold off in September as the Fed raised its policy rate by another 75 bps to a 3.00-3.25% range. The Fed also announced that rate cuts are not seen until 2024. Consequently, the 3-year and 20-year U.S. Treasuries soared by 79 bps to 4.25% from 3.46% and 55 bps to 4.08% from 3.53%. On the other hand, 10-year U.S. tenors touched a near 15-year high of 4% in September on recession fears brought about by UK's unfunded tax cut. It finished the month at 3.83% or 68 bps higher from a month earlier.

Figure 15 - ROPs Yield, Month-on-Month Changes (bps)
ROPS Yields Zoomed Up by More Than 1 Ppt Across the Board

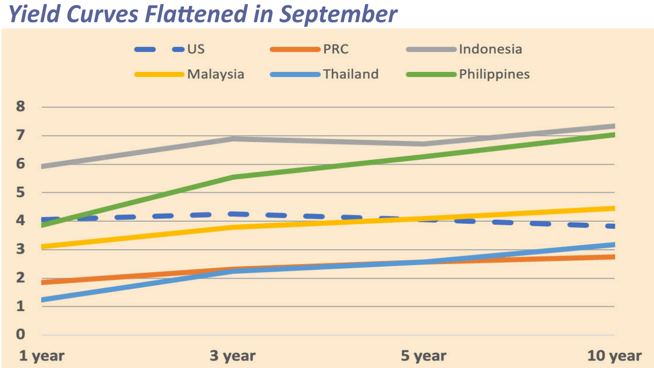


Sources: Bloomberg, First Metro Investment Corporation (FMIC)

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**
29-July	43.6	102.8	129.5
31-Aug	29.6	77.8	116.3
30-Sept	63.7	118.5	169.7

Figure 16 - Comparative Yield Curve Between ASEAN per Tenor
Yield Curves Flattened in September



Sources: Asian Development Bank (ADB), Federal Reserve

The spread between ROPs and its equivalent U.S. Treasuries expanded ranging from 34.1 bps to 53.4 bps in September as the former rose faster than the latter. We see ROPs yields to stay elevated on the back of supply pressure from the recent dollar bond offering in October, peso depreciation, and weak risk appetite.

ASEAN+1: Yield Curves Steepened Excluding Indonesia

U.S.: Despite high inflation, the U.S. economy continued to generate very good job numbers as employment in September rose by 263,000, albeit down from 317,000 in August (revised upward by 11,000). The increase got big contributions from Leisure & Hospitality, and Health services, even though Manufacturing also added 22,000 jobs. Unemployment rate fell back to 3.5% from 3.7%. Manufacturing PMI improved to 52 in September from 51.5 a month earlier, even though the last three months had the lowest readings in 2022. Retail sales flattened in September from +0.4% in August which offset July's -0.4% drop. CPI inflation rose 0.4% MoM (seasonally adjusted in September from 0.1% in August), and 8.2% YoY marginally lower than 8.3% in August, but still slowest in six months.

Despite this and higher inflation expectations, University of Michigan consumer confidence continued to improve to 59.8 in October, highest in six months, from 58.6 in September. With strong employment data, the Fed will likely raise policy rates by 75 bps in its November 1-2 meeting and another 50-75 bps in December. FOMC projects slightly higher unemployment rate in 2023. The yield curve inverted further by -17 bps to -39 bps as Fed appeared focused to pursue on its medium-term inflation target of 2% amid strong real economy.

CHINA: The country's annual inflation rose to a 29-month high of 2.8% in September from 2.5% a month earlier largely due to higher food prices specifically pork (8.8% vs 6.1% in August). Meanwhile, the Caixin China Manufacturing PMI fell sharply to 48.1 in September from 49.5 in the prior month amid fresh lockdowns due to its strict zero-covid policy. Surprisingly, China skipped its scheduled release of its September trade data. The Chinese Yuan weakened past ¥7.20/$, the lowest since February 2008, due to Fed's aggressive rate hikes and poor market sentiment on China's economy. The People's Bank of China (PBoC) decided to cut the banks' foreign-exchange reserve ratio to 6% from 8% in efforts to support its currency starting September 15. Furthermore, PBoC kept its 1-year medium-term lending facility rate (MLF) at 2.75% to defend its depreciating yuan. The spread between 10-year and 2-year bond yields (steepness measure) widened slightly by 4 bps to 63 bps in September.

INDONESIA: Indonesia's manufacturing sector registered strong performance as Manufacturing PMI jumped to 53.7 in September, the highest print since January, from 51.7 a month ago. Its September inflation print accelerated to a near 7-year high of 6% driven by higher transportation costs following the hefty fuel price hike.

Exports and imports continue to post double-digit growth of 20.3% YoY to $24.8-B and 22% YoY to $19.8-B, respectively, in September. This brings the trade surplus to $5.0-B, beating last year's figure of $4.4-B.

Bank Indonesia (BI) unexpectedly lifted its policy rate by 50 bps to 4.25% in September as the market priced in a more modest one of 25 bps. BI turned more hawkish as it sought to rein in inflation while supporting its currency. The yield curve flattened by 36 bps to 141 bps in September as the 2-year tenor rose faster than the 10-year paper.

MALAYSIA: Inflationary pressures persisted in August as CPI spiked to a 16-month high of 4.7% (vs 4.4% in July) buoyed by rising food, housing, and transport costs. On the other hand, the Manufacturing PMI recorded its first contraction since March as it dropped to 49.1 in September from 50.3 a month prior.

Malaysia posted its strongest export growth in 16 months with 48.2% YoY to MYR 141.3-B ($29.9-B) in August. Likewise, imports zoomed up by 67.6% to MYR 124.4-B ($26.4-B), biggest gain since August 1974. With faster imports, trade surplus declined to MYR 16.9-B ($3.6-B) in August from MYR 21.4-B (4.5-B) in the previous year.

Bank Negara Malaysia (BNM) raised its policy rate by 25 bps to 2.50% for three consecutive meetings in September. This brings the interest rate to its highest level in over two years. BNM expressed that the monetary policy remains accommodative, and any further hikes will be gradual. The yield curve steepened by 29 bps to 86 bps in September.

THAILAND: Thailand bagged another fresh record high for the manufacturing sector as PMI went up to 55.7 in September from 53.7 in the previous month. Meanwhile, inflation print decelerated to 6.4% in September from 7.9% a month earlier.

Thailand listed its largest trade deficit since 2013 at $4.2-B in August from $1.0-B in the prior year as imports surpassed exports. The former surged by 21.3% to $27.9-B while the latter grew by 7.5% to $23.6-B in August.

Bank of Thailand (BoT) tightened its monetary policy by 25 bps, bringing the key interest rate to 1% in September to control 14-year high inflation while ensuring continued economic recovery. BoT Governor Suthiwartnarueput noted that they are ready to adjust the pace of tightening and would prepare to hold an off-cycle meeting if necessary. The hawkish remarks resulted in a wider 10-year minus 2-year yields spread by 66 bps to 137 bps in September.

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
					Jul-22	Aug-22			
U.S.	4.22	3.83	7.9	(4.07)	(22)	(39)	(17)	3.25	-4.65
PRC	2.12	2.75	2.4	0.35	59	63	4	2.75	0.35
Indonesia	5.93	7.34	4.9	2.44	177	141	(36)	4.25	-0.65
Malaysia	3.60	4.46	3.1	1.36	57	86	29	2.50	-0.60
Thailand	1.81	3.18	6.0	(2.82)	71	137	66	1.00	-5.00
Philippines	5.21	7.04	5.6	1.44	146	183	37	4.25	-1.35

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

Outlook

September woes dogged bond markets around the world including the Philippines. Seemingly intractable inflation, rising policy rates, and serious threat of a global recession have all conspired to scare the wits out of bond investors.

- The U.S. Fed will continue to ramp up policy rates amid a rise in August inflation and jobs still on a 263,000 addition in September after 317,000 in the previous month. Federal Reserve Bank of San Francisco President Mary Daly said in a recent Bloomberg interview that the inflation is 50% demand-driven (cf. employment gains) and 50% supply driven, and so the Fed will continue with its hiking cycle unless inflation drops suddenly. Thus, from 3.00-3.25% Fed Funds (policy) rate, we should see this rise further to 4.25%-4.50% with the last two Fed FOMC meetings for the year. However, we expect local inflation to see a sharp drop by Q1-2023 due to base effects and likely easing of crude oil prices with the global slowdown. Despite this, BSP will likely raise policy rates by 75 bps in its November meeting to address concerns of inflation hawks and at the same time ease the pressure on the exchange rate.

- The global inflation spiral owes much to the surge in crude oil and commodity prices especially in early 2022. OPEC justified its unprecedented 2.0-M barrel cut as a pre-emptive move to avoid a sharp fall in crude oil prices to $50-$60/barrel that may occur with the global economic recession that has set in, confirmed by the latest (October) IMF report. This appears reasonable since prices have flowed back to around $85/bbl by mid-October after an initial spurt above $90/bbl with the OPEC announcement. This will provide an upward push to domestic bond yields.

- Domestically, inflation has hit a 13-year high at 6.9% in September on account of the second round effects of the rise in petroleum prices. With October rice harvests, headline inflation rate may not go beyond 7% this year or next, but should remain elevated in Q4. However, Q1-2023 may see a sharp drop especially due to base effects and likely easing of crude oil prices with the global recession. This should give a negative pull to yields.

- BSP will likely respond to the two fronts by a 75 bps hike in policy rates in November. Thus, while we see a further increase in bond yields in early Q4, it would likely ease up towards the end of the year and into Q1-2023.

- ROPs will likely follow U.S. Treasuries, but spreads will tend to narrow as the specter of a credit

EQUITY MARKETS

RISING INTEREST RATE AND ELEVATED INFLATION MAKE INVESTORS RISK-AVERSE

The puddle of optimism that emerged in August as crude oil prices fell occasionally below $80/barrel evaporated in September as interest rate increases and persistent inflation allowed the dark clouds of risk aversion globally to pervade among investors. Most bourses in advanced economies (AE) slumped while only the Malaysian stock market posted gains in ASEAN. Foreign investors fled emerging markets (EM) and sent the PSEi crumbling by -12.8% to 5,741.07 as all six sectors slumped. Only two counters—Wilcon Home Depot (WLCON) and San Miguel Corporation (SMC)—landed in positive territory with upticks of 6.5% and 2.5%, respectively.

Outlook: Despite the PSEi treading in bear market territory (and failing to go beyond 6,000) the market had begun to look cheap. While firms' balance sheets remain strong, and the trajectory of the PH economy's recovery still on the high side, investors may remain risk averse and skeptical about the robustness of earnings moving forward. Braver souls may find it worthwhile to start getting into some highly oversold stocks in the Property sector and energy-related firms. This and positioning for 2023 will likely drive PSEi above 6,000 by November.

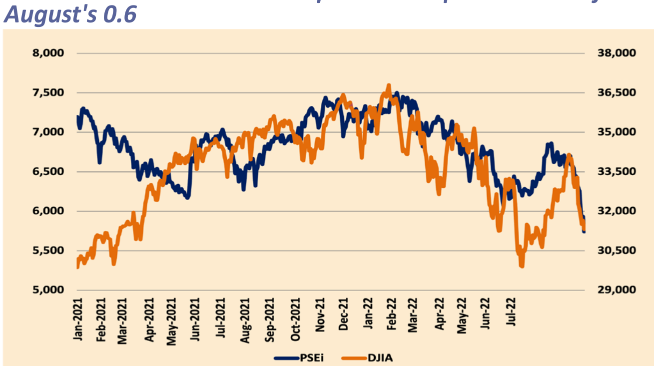
Table 9 - Global Equities Markets Performances

Global Equities Markets Performances				
Region	Country	Index	September M-o-M Change	2022 % Change
Americas	US	DJIA	-8.8%	-20.9%
Europe	Germany	DAX	-5.6%	-23.7%
	London	FTSE 101	-5.4%	-6.6%
East Asia	Hong Kong	HSI	-13.7%	-26.4%
	Shanghai	SSEC	-5.6%	-16.9%
	Japan	NIKKEI	-7.7%	-9.9%
	South Korea	KOSPI	-12.8%	-27.6%
Asia-Pacific	Australia	S&P/ASX 200	-7.3%	-13.0%
Southeast Asia	Indonesia	JCI	-1.9%	7.0%
	Malaysia	KLSE	0.2%	-3.5%
	Thailand	SET	-3.0%	-4.1%
	Philippines	PSEi	-12.8%	-19.4%

Sources: Bloomberg and Yahoo Finance

Figure 17 - PSEi vs DJIA

PSEi vs DJIA Correlation in September Improved to 0.9 from August's 0.6



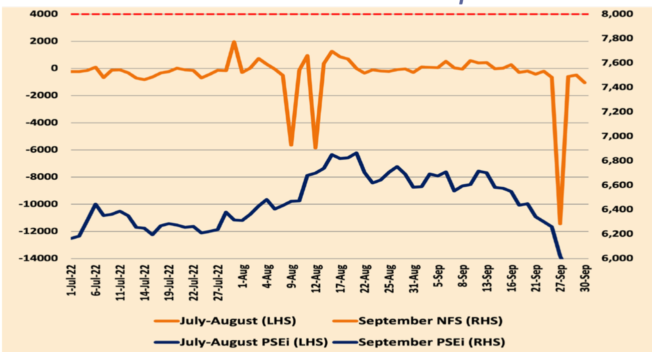
Sources: Wall Street Journal, Bloomberg

Global Picture. Following through a few losses in August, investors suffered a bearish September. Malaysia's KLSE recorded the only and highest gain in share prices during the period as it peaked by +0.2% month-on-month (MoM) in September. Notably, Hong Kong's HSI recorded the steepest loss of -13.7% MoM. Contributing to HSI's decline, Alibaba and Tencent fell by -17% in September. Likewise, HSBC sank by -15% and Country Garden crashed by -22%. Philippines' PSEi followed suit, ending the month with the second steepest loss in share prices during the period, with a -12.8% MoM loss. PSEi dropped as investors weighed concerns over pervasive inflation, sharply rising interest rates, and weakening peso.

PSEi and DJIA. The Dow Jones Industrial Average (DJIA) closed a highly volatile month of trading. DJIA ended September at 31,318.44 from August's close of 32,726.82. Meanwhile, PSEi finished to close September at 5,741.07. The correlation between the two indices in September rose to +0.9 from August's +0.6 despite PSEi seeing a highly volatile performance towards month-end, while DJIA showcased a last-minute decline.

Figure 18 - PSEi vs Net Foreign Selling

PSEi vs NFS Posted a +0.4 Correlation in September



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	14,781.03	-37.2%	703.86	-34.3%
Industrial	28,705.98	-17.5%	1,366.95	-13.6%
Holdings	29,722.17	-26.7%	1,415.34	-23.2%
Property	35,229.67	2.0%	1,680.94	6.8%
Services	21,391.21	-20.6%	1,018.63	-16.8%
Mining and Oil	3,635.69	-60.5%	173.13	-58.6%
Total	**133,535.75**	-21.3%	**6,358.85**	-17.6%
Foreign Buying	61,177.76	-12.2%	2,913.23	-8.0%
Foreign Selling	74,030.02	-5.3%	3,525.24	-0.8%
Net Buying (Selling)	(12,852.26)	51.3%	(612.01)	58.5%

Source of Basic Data: PSE Quotation Reports

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

Top Foreign Buy	
Company	Total Value
SMC PM Equity	5,985.66
JFC PM Equity	1,447.20
PHN PM Equity	271.78
BPI PM Equity	244.25
BLOOM PM Equity	208.00
Total Buy Value	**8,156.88**

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

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

Top Foreign Sell	
Company	Total Value
ALI PM Equity	-1,667.83
SMPH PM Equity	-1,638.63
BDO PM Equity	-662.77
AC PM Equity	-657.82
MONDE PM Equity	-580.20
Total Sell Value	**-5,207.27**

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

Net Foreign Buying/Selling. The PSEi experienced a more volatile month, as it fluctuated in September due to volatile market conditions. The correlation between net foreign selling (NFS) and PSEi in September increased to +0.4 from +0.2 in the previous month.

PSE trading volume dipped by -21.3%, reversing the previous month's +19.1% gain. Five sectors landed on the red, with the Mining & Oil sector observing the steepest decline in volume of -60.5%. Meanwhile, only the Property sector landed on the green from its recorded gain of +2% in September. Foreigners accelerated net selling to the tune of P12.9-B from P8.5-B a month earlier.

The top five favorite stocks (net buying) of foreign investors amounted to P8.1-B, with San Miguel Corporation (SMC) (P5.9-B) and Jollibee Foods Corporation (JFC) (P1.4-B) leading the list. The top five most sold stocks (net selling) in September amounted to P5.2-B with Ayala Land Inc. (ALI) (P1.6-B) and SM Prime Holdings Inc. (SMPH) (P1.6-B) in the front rows.

All six sectors of PSEi registered losses from the previous month's figures. Notably, the Property sector led the sub-indexers losers with an -18.8% MoM loss, probably associated with high inflation and high interest rates. Nonetheless, Colliers Philippines remains optimistic with Property's sustained growth, as businesses will continue to reopen and as travel restrictions continue to ease in the country. Thus, individuals and businesses should avoid pessimism as regards the momentum of the Property sector since like other countries, it is still gradually recovering from the pandemic's crippling effect.

Table 13 - Monthly Sectoral Performance

Monthly Sectoral Performance					
	31-Aug-2022		30-Sep-2022		2022 YTD
Sector	Index	% Change	Index	% Change	
PSEi	6,583.65	4.2%	5,741.08	-12.8%	-19.4%
Financial	1,606.85	4.9%	1,466.60	-8.7%	-8.7%
Industrial	9,739.44	5.2%	8,576.21	-11.9%	-17.6%
Holdings	6,200.19	4.5%	5,498.89	-11.3%	-19.2%
Property	3,024.91	6.8%	2,454.80	-18.8%	-23.8%
Services	1,676.95	0.2%	1,503.69	-10.3%	-24.3%
Mining and Oil	11,631.58	1.7%	10,455.68	-10.1%	8.9%

Source of Basic Data: PSE Quotation Reports

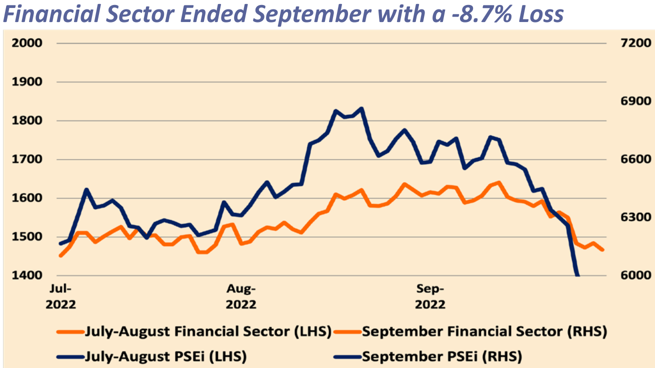
Table 14 - Financial Sector Constituent Stocks

Company	Symbol	8/31/2022 Close	9/30/2022 Close	M-o-M % Change	2022 YTD
Metropolitan Bank and Trust Company (MBT)	MBT	52.60	48.50	-7.8%	-12.9%
BDO Unibank, Inc.	BDO	128.80	111.50	-13.4%	-7.6%
Bank of the Philippine Islands	BPI	94.45	89.50	-5.7%	-2.9%

Source of Basic Data: PSE Quotation Reports

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

Financial Sector Ended September with a -8.7% Loss



Source of Basic Data: PSE Quotation Reports

Ranking as the least decliner in the sectoral race, the Financial sector ended September with a -8.7% MoM loss, after a +4.9% MoM increment in August, with all PSEi-constituent stocks landing on the red.

Bank of the Philippine Islands (BPI) shares dipped by -5.7%, wiping out its +2.1% MoM gain in August. On September 30, the Board of Directors of BPI and Robinsons Bank Corporation (RBank) approved the merger between BPI and Robinsons Bank. Upon the effectivity of the merger, RBank shareholders will collectively hold an estimate of 6% of outstanding capital stock of BPI.

Metropolitan Bank & Trust Company's (MBT) share prices likewise tumbled by -7.8%, from its +8.2% jump a month ago. Volatile market conditions amidst the pandemic and the rise in digital platforms for banking and/or investing led MBT to launch a comprehensive dynamic financial education e-book and platform. Called Moneybility, it covers a collection of money management topics to aid individuals who wish to start developing smart money habits on budgeting, dealing with debt, insurance, investing, and many more. This initiative aims to make Filipinos financially resilient.

BDO Unibank, Inc. (BDO) share prices suffered the largest sectoral loss as it decreased by -13.4% in September, after gaining +7.8% a month ago. Putting aside its steep decline in September, BDO recently reported its partnership with leading Asian banks as it ramps up efforts in advancing energy transition finance, to better manage the energy transition for Asian nations by collaborating with others. BDO also imposed stricter conditions for coal-related financing, as it will reduce its coal exposure by half; nonetheless, the bank will continue to provide short-term working capital to companies that need to transition out of the coal business.

The Industrial sector recorded the second deepest decline in the sectoral race, as it registered a -11.9% loss MoM in September.

As best performer, Aboitiz Power (AP) share prices slightly declined by -1.6% MoM in September from its recorded +10.7% gain in the previous month. Recently, AP's subsidiary Therma Marine Inc. (TMI) and the Aboitiz Foundation recently donated livelihood packages to Barangay San Roque and Barangay San Juan

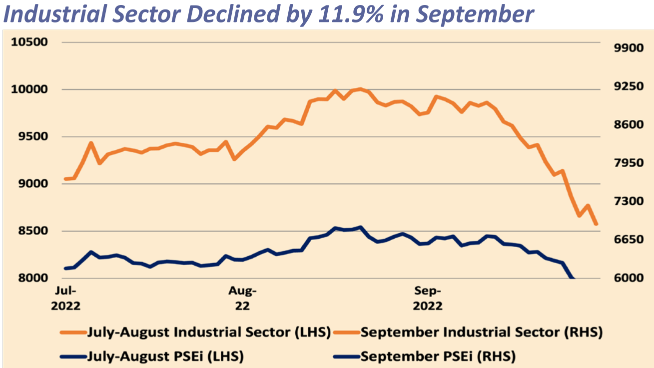
Table 15 - Industrial Sector Constituent Stocks

Company	Symbol	8/31/2022 Close	9/30/2022 Close	M-o-M % Change	2022 YTD
Meralco	MER	301.20	263.00	-12.7%	-10.9%
Aboitiz Power	AP	31.30	30.80	-1.6%	3.7%
Jollibee Foods Corporation	JFC	239.60	229.00	-4.4%	5.8%
Universal Robina Corporation	URC	122.00	114.00	-6.6%	-10.9%
AC Energy Corporation	ACEN	7.50	5.60	-25.3%	-49.1%
Emperador Inc.	EMI	19.80	19.24	-2.8%	-7.5%
Monde Nissin Corporation	MONDE	16.50	12.18	-26.2%	-24.8%

Source of Basic Data: PSE Quotation Reports

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

Industrial Sector Declined by 11.9% in September



Source of Basic Data: PSE Quotation Reports

in the province of Davao de Oro, including fishing nets, diving goggles, nylon, and other fishing supplies, to provide sufficient support for two fishing communities and to help them sustain their primary source of income.

Emperador Inc. (EMP) contracted by -2.8% MoM in September from its +15.9% MoM climb in August. Effective September 19, 2022, EMP achieved dual listing at the Singapore Exchange (SGX) and inclusion in the Straits Time Index (STI), after meeting all eligibility requirements. Additionally, both stocks and trading volumes went up after EMP's inclusion in STI, tracking the performance of the top 30 companies listed on SGX.

After its turnaround story in August, Jollibee Foods Corporation (JFC) share prices dropped by -4.4% MoM in September. JFC recently reported plans to expand its presence in the U.S. and Canada, ultimately aimed at becoming one of the top five restaurant operators in the world. Apart from being one of the most beloved brands in the country, JFC showed the way in terms of integrating digital payments and financial services into their businesses. JFC first incorporated digital payments in 2020, allowing it to adapt to the change and meet demand of consumers even at the height of the pandemic.

Giving up some of its recorded +9.9% gain in the previous month, Universal Robina Corporation (URC) share prices contracted by -6.6% MoM in September. Nonetheless, URC announced the recent opening of two more collection sites to attain 'plastic neutrality' as part of its recycling initiative or to recover and repurpose the same amount of plastic it generated.

Manila Electric Company (MER) share prices declined by -12.7% in September, further tumbling from -11.4% MoM in August. After two months of reduction in its power rates, MER increased electricity rates for the month of September due to increase in fuel prices and weaker local currency which pulled up generation costs.

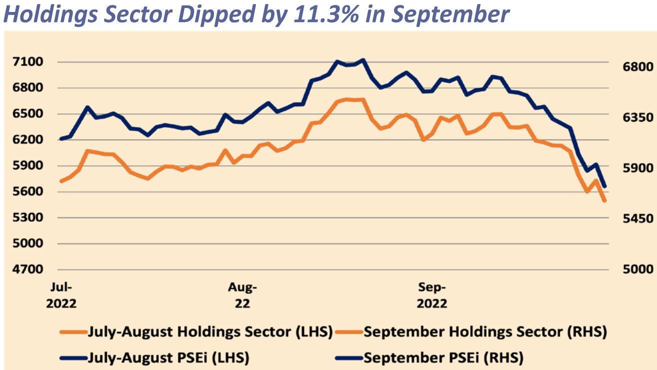
AC Energy Corporation (ACEN) share prices followed its previous month's performance, still recording the second steepest decline, as it dropped by -25.3% MoM in September. Nonetheless, ACEN recently announced its new corporation vision and strategy, targeting 20 GW of attributable renewables capacity by 2030, as it continues to lead the charge in the RE revolution and modern technology.

Table 16 - Holdings Sector Constituent Stocks

Company	Symbol	8/31/2022 Close	9/30/2022 Close	M-o-M % Change	2022 YTD
Ayala Corporation	AC	702.00	616.00	-12.3%	-25.9%
Metro Pacific Investments Corporation	MPI	3.73	3.33	-10.7%	-14.6%
SM Investments Corporation	SM	831.00	725.00	-12.8%	-23.1%
Aboitiz Equity Ventures	AEV	56.15	53.65	-4.5%	-1.5%
GT Capital Holdings, Inc.	GTCAP	482.00	415.60	-13.8%	-23.0%
San Miguel Corporation	SMC	95.55	97.95	2.5%	-14.8%
Alliance Global Group, Inc.	AGI	10.04	8.25	-17.8%	-30.1%
LT Group Inc.	LTG	8.84	8.26	-6.6%	-16.6%
JG Summit Holdings, Inc..	JGS	51.20	42.05	-17.9%	-20.7%

Source of Basic Data: PSE Quotation Reports

Figure 21 - Holdings Sector Index (July 2022 - September 2022)
Holdings Sector Dipped by 11.3% in September



Source of Basic Data: PSE Quotation Reports

Monde Nissin Corporation (MONDE) share prices suffered the largest sectoral loss as it decreased by -26.2% in September, erasing its +15.9% MoM climb in August, when it reported a big rebound in earnings.

The Holdings sector index ranked third least decline with an -11.3% MoM in September, a steep fall from a month ago.

The lone gainer in the sector, San Miguel Corporation (SMC) share prices ended September with a +2.5% increase, after slumping by -9.4% in the previous month. SMC recently approved a P80.0-B bond offer and confirmed that the provincial government of Cavite has accepted the unsolicited proposal of San Miguel Holdings Corporation (SMHC) to construct the Cavite-Batangas Expressway project.

Aboitiz Equity Ventures (AEV) stock prices shed by -4.5% in value in September adding to a minimal -1.6% loss in August. AEV is diversifying into the data center business to address the rising data usage in the Philippines through a partnership with EdgeConneX (ECX) of the U.S.

Metro Pacific Investments Corporation (MPI) share prices declined by -10.7% after its +1.1% uptick in August. Nonetheless, Metro Pacific Tollways Corporation (MPTC), the tollway unit of MPI, aims to expand its portfolio of services with new mobility solutions. Moreover, MPI seeks to develop a health insurance product, to cater to those who can least afford healthcare.

Ayala Corporation (AC) share prices tumbled by -12.3% after its +13.2% upswing in August. While AC actively sells its noncore assets, nonetheless it will not shy away from attractive deals, most especially those within its core expertise such as banking. In other news, after Fernando Zobel de Ayala's (FZA) sudden resignation from his executive positions in various companies due to health reasons, Cezar "Bong" Consing assumed the AC presidency and chief executive officer (CEO) position.

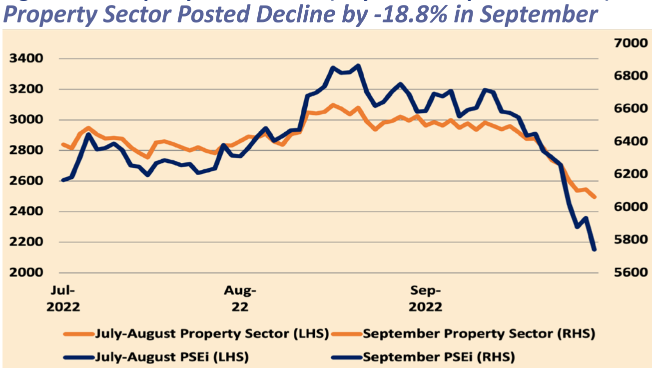
SM Investments Corporation (SM) share prices ended September with a -12.8% loss, after its +7.2% rebound in the previous month. SM was recently cited as a Hall of Famer in the Corporate Governance category of the Asia Responsible Enterprise Awards (AREA) 2022, for demonstrating transparency and completeness of disclosure and reporting of governance practices in their annual report.

Table 17 - Property Sector Constituent Stocks

Company	Symbol	8/31/22 Close	9/30/22 Close	M-o-M % Change	2022 YTD
Ayala Land, Inc.	ALI	28.65	22.85	-20.2%	-37.7%
SM Prime Holdings, Inc.	SMPH	37.85	30.10	-20.5%	-11.2%
Robinsons Land Corppration	RLC	18.80	16.48	-12.3%	-14.2%
Megaworld Corporation	MEG	2.50	2.04	-18.4%	-35.2%

Source of Basic Data: PSE Quotation Reports

Figure 22 - Property Sector Index (July 2022 - September 2022)
Property Sector Posted Decline by -18.8% in September



Source of Basic Data: PSE Quotation Reports

Table 18 - Services Sector Constituent Stocks

Company	Symbol	8/31/2022 Close	9/30/2022 Close	M-o-M % Change	2022 YTD
Philippine Long Distance Telephone Co.	TEL	1,679.00	1,508.00	-10.2%	-16.8%
Globe Telecom	GLO	2,098.00	2,030.00	-3.2%	-38.9%
Converge ICT Solutions, Inc.	CNVRG	17.40	13.10	-24.7%	-58.9%
Puregold Price Club Inc.	PGOLD	34.25	28.25	-17.5%	-28.1%
Wilcon Depot, Inc.	WLCON	29.95	31.95	6.7%	4.8%
International Container Terminal Services, Inc.	ICT	181.20	156.60	-13.6%	-21.7%

Source of Basic Data: PSE Quotation Reports

After its +6.3% MoM increment in August, GT Capital (GTCAP) stock prices took the third biggest hit with a slump of -13.8% MoM in September. GTCAP, a leading player in the Philippines' banking and auto markets, aims to tap the country's real estate industry as its next big growth driver. Recently, GTCAP is leveraging in a long line of tie-ups with Japanese partners. GTCAP and Nomura Real Estate currently have four development projects planned, estimated to cost a total of $5.2-B.

JG Summit Holdings, Inc. (JGS) stock prices took the biggest hit with a further slump of -17.9% MoM in September after its -0.6% loss in August.

The Property sector share prices led the sectoral decliners as it slumped by -18.8% MoM, handily undoing its +6.8% uptick in the previous month. All its PSEi-constituents stocks landed on the red in September.

Robinsons Land Corporation (RLC) share prices declined by -12.3% MoM in September. Despite the decline, RLC is hoping for a full recovery by the end of the year as its mall businesses, hotel businesses, office revenues, and industrial facilities revenues is continuing to pick up better than pre-pandemic performance.

Megaworld Corporation (MEG) share prices slipped by -18.4% MoM in September. MEG recently announced its tie-up with Landers Superstore as it opens its new branch inside the Upper East development in Bacolod City

Ayala Land Inc. (ALI) share prices took the second biggest fall by -20.2% MoM in September. Nonetheless, Ayala Land Premier (ALP), the upscale unit of ALI, has reported the launch of the second tower of its P28.0-B Parklinks Towers after having sold out an estimated 75% of the first tower despite the ongoing pandemic.

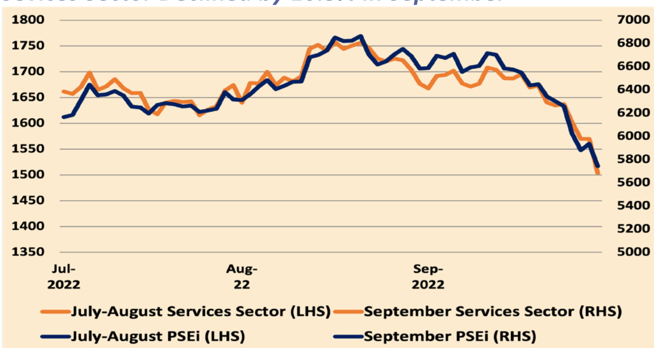
SM Prime Holdings Inc. (SMPH) took the steepest decline in its share prices by -20.5% MoM in September versus its +3.4% MoM gain in August. Nonetheless, SMPH recently entered a collaboration with the leading conservation organization World Wild Fund for Nature (WWF) Philippines in adopting a more robust reporting framework to address climate crisis.

The Services sector placed third least decline among all sectors as it dipped by -10.3% MoM in September, after its +0.2% uptick in August.

Wilcon Depot Inc. (WLCON) share prices performed the best in the sector as it ended September +6.7% higher

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

Sevices Sector Declined by 10.3% in September



Source of Basic Data: PSE Quotation Reports

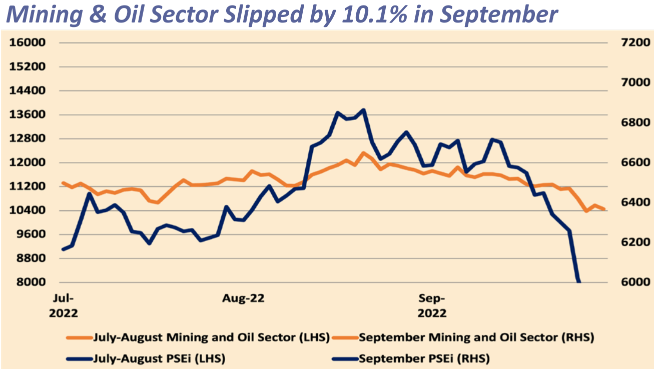
Table 19 - Mining and Oil Sector Constituent Stock

Company	Symbol	8/31/2022 Close	9/30/2022 Close	M-o-M % Change	2022 YTD
Semirara Mining and Power Corporation	SCC	41.10	39.00	-5.1%	82.7%

Source of Basic Data: PSE Quotation Reports

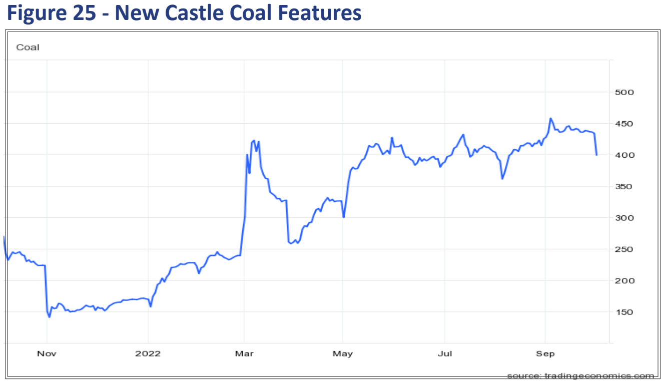
Figure 24 - Mining & Oil Sector Index (July 2022 - September 2022)

Mining & Oil Sector Slipped by 10.1% in September



Source of Basic Data: PSE Quotation Reports

Figure 25 - New Castle Coal Features



Source of Basic Data: Trading Economics

MoM. WLCON introduced its Virtual Reality Store Experience, an immersive virtual reality experiential shopping tour, and one of WLCON's key strategic endeavors that focuses on technology, innovation, and digitization to provide a world-class online shopping experience to Filipinos across the globe.

Globe Telecom (GLO) share prices tumbled by -3.2% wiping out its +1.7% uptick in August. GLO expects to raise an estimated P20.0-B from the sale and leaseback agreement with Phil-Tower Consortium Inc. which covers 1,350 towers. Seventy five percent (75%) of the proceeds from the deal will be used to finance capital expenditures, support ongoing network expansion, and maintain industry-leading network consistency and reliability scores.

Philippine Long Distance Telephone Co. (TEL) share prices ended September with a -10.2% MoM loss, reversing a +1.4% MoM gain a month ago. TEL welcomed SIM card registration bill and is working closely with authorities and regulators as SMS-linked scams continue to evolve. PLDT and Smart reported that they have invested nearly P3.0-B in cybersecurity infrastructure in 2021 alone.

International Container Terminal Services, Inc. (ICT) share prices tumbled by -13.6% after its -6.7% loss in August. Even so, ICT plans to integrate forward into freight forwarding and logistics business through a joint venture with Prime Alta Holdings, Inc. The transaction aims to reduce costs and improve operational efficiency associated with the processing of cargo that are intended to be used by ICT for various operations in the Philippines.

Converge ICT Solutions, Inc. (CNVRG) suffered the largest setback with a -24.7% MoM in September, following its -8.4% decline a month ago. Nonetheless, CNVRG recently signed a memorandum of understanding with Union Bank Philippines, Inc. to join efforts in fighting online and financial cybercrimes. With the spike in financial fraud in the emergence of digital platforms during the pandemic, CNVRG wants to help prevent more Filipinos from being victimized by online fraud.

The Mining & Oil sector declined by -10.1% easily erasing its +1.7% gain in the previous month. Semirara Mining and Power Corporation (SCC) share prices declined by -5.1% in September after its -1% loss in August. SCC remains as top YTD stock performer of PSEi with its +82.7% gain. Besides, SCC appears bent on pursuing the 700-MW Calaca expansion in Batangas.

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		July-2022			August-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%	308,632	6.3%	20.5%	332,440	7.7%	28.2%
Tax	2,504,421	-2.4%	2,739,350	-2.4%	281,908	12.4%	22.7%	308,438	9.4%	28.2%
BIR	1,951,023	0.0%	2,078,108	0.0%	197,390	13.7%	15.5%	228,938	16.0%	23.0%
BoC	537,687	-9.3%	643,563	-9.3%	83,596	9.7%	46.2%	78,884	-5.6%	47.8%
Others	15,711	-24.7%	18,157	-24.7%	922	-19.5%	-53.1%	616	-33.2%	-48.3%
Non-Tax	351,412	23.6%	265,357	23.6%	26,408	-32.8%	1.3%	23,988	-9.2%	28.8%
Expenditures	4,227,406	24.0%	4,675,639	10.6%	395,395	-21.8%	4.8%	404,476	2.3%	6.4%
Allotment to LGUs	804,546	39.8%	892,698	39.8%	86,406	-3.4%	29.7%	109,491	26.7%	34.0%
Interest Payments	380,412	8.9%	429,432	8.9%	52,091	41.7%	-11.7%	30,773	-40.9%	28.6%
Overall Surplus (or Deficit)	-1,371,447	145.7%	(1,670,100)	145.7%	(86,763)	-59.7%	-28.4%	(72,036)	-17.0%	-40.4%

Source: Bureau of the Treasury (BTr)

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

	2021		July-2022			August-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%	4,137.80	5.9%	5.7%	4,155.30	7.4%	5.9%
Residential	16,906.10	2.6%	1,489.10	1.0%	1.5%	1,471.90	1.4%	1.5%
Commercial	14,950.30	3.2%	1,465.60	12.9%	11.7%	1,485.70	19.0%	12.6%
Industrial	12,897.30	12.4%	1,129.80	5.0%	5.1%	1,143.70	4.1%	5.0%

Source: Meralco

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

	2020		2021		4th Quarter 2021		2nd 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%	-7,922	457.7%
Balance of Goods	33,775	-32%	53,781	59%	16,533	75.0%	19,232	53.7%
Exports of Goods	48,212	-10%	54,169	12%	13,799	4.0%	13,945	6.4%
Import of Goods	81,987	-20%	107,950	32%	30,332	33.5%	33,177	29.5%
Balance of Services	-13,866	6%	-14,174	2%	-3,751	-8.0%	-2,975	-4.0%
Exports of Services	31,822	-23%	33,627	6%	9,214	10.1%	9,177	16.1%
Import of Services	17,956	-36%	19,453	8%	5,463	27.2%	6,202	28.9%
Current Transfers & Others								
II. CAPITAL AND FINANCIAL ACCOUNT								
Capital Account	63	-50%	80	26%	24	19.3%	18	-8.2%
Financial Account	-6906	-14%	-6,942	1%	-4,973	-34.3%	-2,870	-13.4%
Direct Investments	- 3,260	-39%	-8,116	149%	-2,138	328.9%	-1,375	-13.7%
Portfolio Investments	-1680	-32%	8,046	-579%	161	-104.7%	29	-102.8%
Financial Derivatives	-199	15%	-603	203%	-195	178.6%	-273	89.8%
Other Investments	- 6,268	255%	-8,152	30%	-2,801	0.0%	-1,250	130.4%
III. NET UNCLASSIFIED ITEMS	1245	-149%	361	-71%	965	0.0%	1,439	-242.7%
OVERALL BOP POSITION	16,022	104%	1,345	-92%	2,009	-78.0%	-3,596	-497.2%
Use of Fund Credits								
Short-Term								
Memo Items								
Change in Commercial Banks	7,713	378%	294	-96%	-2,256	-21.3%	-1,592	976.3%
Net Foreign Assets	7,665	384%	433	-94%	-2,286	-20.2%	-1,587	-2995.9%
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		July-2022		August-2022	
	Average Levels	Annual G. R	Average Levels	Annual G.R.	Average Levels	Annual G.R.
RESERVE MONEY	3,303,261	8.8%	3,506,011	6.4%	3,362,472	2.6%
Sources:						
Net Foreign Asset of the BSP	6,296,263	39.5%	6,493,065	-0.5%	6,339,086	-0.8%
Net Domestic Asset of the BSP	14,211,531	26.7%	15,748,732	11.5%	15,945,506	11.5%
MONEY SUPPLY MEASURES AND COMPONENTS						
Money Supply-1	5,659,905	52.6%	6,287,934	12.0%	6,312,455	11.1%
Money Supply-2	13,795,976	30.2%	14,822,043	8.0%	14,898,012	8.0%
Money Supply-3	14,432,021	30.4%	15,377,977	7.0%	15,423,257	6.7%
MONEY MULTIPLIER (M2/RM)	4.18		4.23		4.43	

Source: Bangko Sentral ng Pilipinas (BSP)

CONTRIBUTORS

Jose Patricio A. Dumlao	President, FMIC
Dr. Victor A. Abola	Senior Economist, UA&P
Michaela Nicole Meriño	Research Assistant, UA&P
Kristine Roy Lauren Mulliken	Research Assistant, UA&P

FIRST METRO INVESTMENT CORPORATION
Metrobank Group

UA&P
UNIVERSITY OF ASIA AND THE PACIFIC