

The
MARKET CALL
Capital Markets Research



FMIC and UA&P Capital Markets Research

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Executive Summary

Solid data emanating from the industry sector and meaningful recoveries in previously depressed sub-sectors in the Service sector suggest only a slight weakening of the growth momentum starting Q2-2022. YTD National Government budget deficit leaves some P1.2-T available for the rest of the year, amidst stronger tax revenues. Inflation should generally exceed 5.5% in H2, but the positive forces above, together with the stimulative effect of the peso depreciation on OFW remittances, BPO earners, and exports may negate some of inflation's negative effect on consumption spending. Bloating trade deficits and strength of the U.S. dollar should keep the USDPHP rate on a depreciation mode. Lacking strong downward forces this year should lead to higher interest rates here and abroad. Bond investments may remain unappealing until Q4. Equities, while still on consolidation phase, may still avoid a bear market. PSEi remains above 6,000 which it has so far done despite continued foreign selling, and as the economy recovers and corporate earnings expand.

Macroeconomy

3 We expect sustained robust growth in Q2-2022 and the rest of the year. Indications to support this include: Manufacturing remained expansive in May, in April job gains in Manufacturing and Construction and recoveries in Accommodation & Food Services, Transportation & Storage, and Education (worst hit by the pandemic), and NG spending recovered in April. While inflation may test 6% YoY, the job increases and the stimulative effect of the peso depreciation on OFW remittances, BPO earners, and exports should offset a good part of its negative effect on consumption spending. We still expect the peso to still be in depreciation mode due to higher interest rates in the U.S. and ballooning trade deficits.

Manufacturing PMI remained robust as it clocked at 54.1 in May, slightly lower than 54.3 a month earlier. ● While the economy shed 1.5-M jobs in April, total employment held high at 45.6 2nd highest for 2022 and unemployment slipped to 5.7%. ● The P42.1-B budget surplus in April kept YTD levels on check at the back of strong tax revenue gains. ● Inflation picked up pace in May to 5.4%, much higher than the 3% recorded in February. ● Exports and capital goods imports growth slowed to single digits in April. ● USD-PHP rate depreciated by 0.7% in May and broke through P53/\$1 by early June. ●

Economic Indicators (% change, latest month, unless otherwise stated)	Latest Period	Previous Period	Year-to-Date (2022)	2020 (year-end)	2021 (year-end)
GDP Growth (Q1-2022)	8.3%	7.8%	7.8%	-9.6%	5.8%
Inflation Rate (May)	5.4%	4.9%	3.4%	2.4%	4.5%
Government Spending (Apr)	1.98%	18.1%	6.2%	11.3%	12.8%
Gross International Reserves (\$B) (Apr)	105.4	107.3	107.1	96.5	107.1
PHP/USD rate (May)	52.36	51.98	51.56	49.63	48.88
10-year T-bond yield (end-May)	6.72	6.00	5.75	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

Bonds Market

10 U.S. May inflation came in faster-than-expected at 8.6% stunning global markets and prompting the Fed to deliver a 75 bps rate hike on June 15, after raising it by 50 bps in May. The BSP followed suit with a 25 bps increase in its June meeting (replacating May rate hike), bringing the policy rate to 2.5%. Monetary tightening here and abroad, coupled with surging domestic inflation, will continue to put an upward pressure on the local 10-year yields. However, we expect domestic inflation to ease by Q4 and NG borrowing to slow down in H2 putting a cap on the 10-year T-bonds' upswing at 8% in 2022, since U.S. inflation rates exceed PH rates by more than 300 bps.

Demand for short term bonds sunk as tenders plunged by -32.6% in the May auctions. ● Trading in the secondary market declined by -6.2% MoM and -9.2% YoY in May. ● The 3-year to 10-year space took a huge leap ranging from 51.7 bps to 75.1 bps. With the latter stoking 10-year yields soared to a 41-month high of 6.722%. ● J.P. Morgan's view of low preference for PH equity investment within ASEAN drove the ROPs yields higher by mid-May but corrected towards the end of the month. ● The large spread between ROPs and its equivalent U.S. Treasuries, alongside peso weakness, can make ROPs an attractive asset for local investors. ●

Equities Market

16 PSEi eked out a 0.6% uptick in May despite high inflation globally, the rapid rise in global interest rates, and the China economic slowdown. Global headwinds will likely further drive down sentiment in the near term. We may see further consolidation of PSEi closer to 6,000 but robust support above suggest that the local equities may still avoid a bear market. The strong economic team put up by President-elect Ferdinand Marcos Jr. has provided some needed comfort to investors.

Three out of the six PSE sectors landed in positive territory with Mining & Oil leading the sectoral race with a +3.4% MoM gain from May's -7.4% drop. ● Holdings sector recorded the biggest loss as it dropped by -0.8% adding on May's 8.2% loss. ● Semirara Mining and Power Corporation (SCC, +20% MoM) had the best performance among PSEi-constituent stocks. Meanwhile, Security Bank (SECB) led the decliners with a -10.4% MoM fall. ● PSE trading volume in May increased by +104.7% from April's 53.9% contraction, with the Services sector observing the biggest volume recovery of +162.1%. ● Net foreign selling increased by 115.2% to P9.3-B in May, higher than the P4.3-B NFS a month ago. ●

MACROECONOMY

INDUSTRY DATA ON PMI AND EMPLOYMENT STILL SUGGEST GROWTH

The country's Manufacturing PMI for May and April employment data (esp. for construction and the rest of the Industry sector) showed expansions. Employment gains emerged for five out of six sub-sectors in the Industry sector (led by Construction and Manufacturing) and for three Services sub-sectors (Transport & Storage, Accommodations & Food Services, and Education) most hard hit by the pandemic. Exports and capital goods imports remained in the positive territory in April. Faster inflation at 5.4% in May from as low as 3% in February and the peso's 0.7% depreciation in May provided the negative vibes.

Outlook: The rebound in the Industry sector and badly impacted Service sub-sectors suggest sustained fast growth in Q2 and the rest of 2022, albeit at a slower pace. NG spending shall also provide a boost since a total of P1.3-B in budgeted deficit remains available for the remaining part of the year. Inflation while still on the rise will not likely reach 6% and may slow down by Q4. The peso will remain challenged as U.S. interest rates climb and the balance of trade deficits bulge to record levels. However, peso depreciation acts as a stimulus to the economy due to larger peso effect of remittances of Overseas Filipino Workers (OFW) and Business Process Outsourcing (BPO) earnings.

The IHS Markit Philippines Manufacturing PMI eased to 54.1 in May from a 4-1/2-year high of 54.3 a month earlier.

Meanwhile, the latest Volume of Production Index (VoPI) for April 2022 also showed weakening momentum to a single-digit growth pace of 3.2% YoY from the 352.3% pace in the previous month.

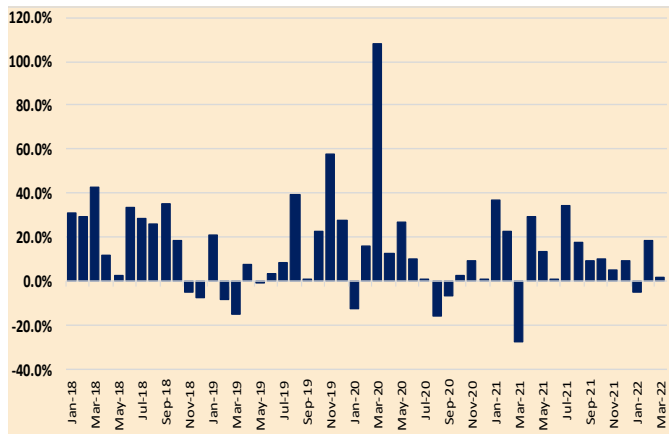
PH Manufacturing PMI Still in Expansion Mode

The S&P Global Philippines Manufacturing PMI slightly eased to 54.1 in May from a 4-1/2-year high of 54.3 a month earlier. A reading of above-50 means that Manufacturing sector expanded from the previous month. Output appears to have moderated causing PMI momentum to slowdown. However, the survey showed a rise in employment, the first time since February 2020 while inventories rose at the fastest pace since December 2016. Meantime, input supply issues remained and so prices at the factory level should continue their upswing.

The latest Volume of Production Index (VoPI) released by the Philippine Statistics Authority (PSA) for April 2022 also showed weakening momentum to a single-digit growth pace of 3.2% YoY from the 352.3% pace in the previous month. March's huge gain, however, took advantage of a very low base in March 2021. The April VOPI increase counted on 14 out of 22 industry categories still on expansion mode.

Manufacture of textiles contributed the most in April with its 45.6% surge. Manufacture of machinery and equipment except electrical (+39.2%) and manufacture of chemical and chemical products (+33.7%) also contributed to the upswing. On the other end, manufacture of electrical equipment led this month's losers with -28.1% YoY decrease followed by printing and reproduction of recorded media with -17.3% year-on-year (YoY) fall.

**Figure 1 - NG Expenditures Growth Rate, Year-on-Year
NG Spending Faintly Grew by 2% in April**



Source: Bureau of the Treasury (BTr)

NG Deficit Print in March at P187.1-B, Reverts to Surplus in April

The National Government recorded a P187.1-B budget deficit in March some -2% lower than a year earlier. This emerged despite a huge 28.7% surge in revenues supported by similar pace in the main tax collecting agencies, Bureau of Internal Revenue (BIR) (+27.8%) and Bureau of Customs (+29.3%). Besides, a latest release in data for April showed a reversal to a surplus of P42.2-B bringing year-to-date (YTD) deficits of P316.8-B and P311.2-B in March and April, respectively.

BIR collections improved dramatically as the economy reopened more fully in March. On the other hand, BOC revenues soared due to elevated petroleum and other commodity prices and raw material inputs. Other revenues more than doubled due to higher dividend remittances, income from its Bond Sinking Fund investments, and the NG's share from the Philippine Amusement and Gaming Corporation's income.

Disbursements recovered to an 18.1% YoY growth pace. Excluding interest payments, these rose by a slightly faster clip of 18.4%. The uptick included higher allocations for Local Government Units (LGUs) and budgetary support to GOCCs for the period. Larger expenditures of the DepEd and the CHED mainly for their educational assistance/scholarship programs, and by the DPWH and the DND for their capital outlay projects also contributed significantly to the increase.

All in all, we see ample fiscal space for the new administration [April details to follow in next TMC issue] since it leaves some P1.3-B additional deficit spending from May to December 2022.

Table 1 - Major Contributors to Year-on-Year Inflation

Inflation Year-on-Year Growth Rates	Weight	April 2022	May 2022	YTD
All items	-	4.9%	5.4%	3.8%
Food and Non-Alcoholic Beverages	37.74	3.8%	4.9%	2.8%
Alcoholic Beverages and Tobacco	2.16	5.9%	6.8%	5.6%
Clothing and Footwear	3.14	2.0%	2.1%	2.0%
Housing, Water, Electricity, Gas, and Other Fuels	21.38	6.9%	6.5%	5.8%
Transport	9.03	13.0%	14.6%	10.8%
Restaurants and Accommodation	9.62	2.8%	2.8%	2.9%

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)

Headline Inflation Climbs at a Faster Pace of 5.4% in May

Although only prices in five out of thirteen product categories accelerated, headline inflation climbed at a faster clip of 5.4% YoY in May from 4.9% in April. The heavy-weighted Food & Non-Alcoholic Beverages (FNAB) and Transport items clocked a quicker pace of price increases, while Housing, Water, Electric, Gas & Other Fuels (HWEGOF) remained elevated.

The further upswing in eight out of 11 food categories took food inflation to the high ground. Leading the upward march, Vegetable, etc. prices soared by 15.2% YoY from 9.2% a month earlier, while Oils & Fats followed suit (at 13.6% from 11.7% in April). Faster upticks appeared for Fish & Other Seafoods (+5.4% from +4.2% in April) and Meat products (+6.2% from 5% a month earlier).

Table 2 - Labor Force Survey Summary

	March 2022	April 2022	MoM Change	
			Levels	% Change
Labor Force	49,850	48,393	-1,457	-2.9%
Employed	46,975	45,631	-1,344	-2.9%
Underemployed	7,422	6,399	-1,023	-13.8%
Underemployment rate%	15.8	14.0	-1.78	-11.2%
Unemployed	2,875	2,762	-113	-3.9%
Unemployed rate%	5.8	5.7	-0.06	-1.0%
Labor Participation rate%	65.4	63.4	-2.01	-3.1%
Not in Labor Force	26,406	27,980	1,574	6.0%
Agriculture ('000)	11,839	10,752	-1,087	-9.2%
Industry ('000)	8,167	8,417	250	3.1%
Mining and Quarrying	193	193	10	4.9%
Manufacturing	3,607	3,656	50	1.4%
Electricity, Gas, Steam, and Air-Conditioning Supply	95	102	8	8.1%
Water Supply; Sewerage, etc.	75	70	-5	-7.2%
Construction	4,198	4,386	188	4.5%
Services ('000)	26,969	26,462	-507	-1.9%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	10,067	9,825	-242	-2.4%
Transportation and Storage	3,059	3,147	88	2.9%
Accommodation and Food Services	1,559	1,732	173	11.1%
Activities				
Information and Communication	504	432	-72	-14.3%
Financial and Insurance Services	744	601	-143	-19.2%
Real Estate Activities	260	230	-30	-11.7%
Professional, Scientific, and Technical Activities	286	332	46	16.1%
Administrative and Support Services Activities	2,236	2,077	-160	-7.1%
Public Administration and Defense; Compulsory Social Security	3,033	2758	-275	-9.1%
Education	1,373	1,451	79	5.7%
Human Health and Social Work Activities	702	711	9	1.3%
Arts, Entertainment, and Recreation	456	458	2	0.5%

Source of Basic Data: Philippine Statistics Authority (PSA)

A rebound in crude oil prices in the world market pushed domestic Transport prices (which get passed on to fuel prices) by 14.6% YoY from 13% in April. West Texas Intermediate crude (WTI, the U.S. benchmark) soared by 65.4% to \$109.55/barrel (bbl), but Brent crude surged even more, by 68.1% to \$112.64/bbl.

On a seasonally adjusted (s.a.) basis, inflation eased to 0.5% MoM from 1% in April. When annualized these come to 6.2% from 12.7% (SAAR), respectively.

Despite the overall slower pace in both actual and seasonally adjusted terms, we think headline inflation will remain above 5.5% for the rest of the year. After all, the U.S. Energy Information Administration (EIA) has raised its forecast average for 2023 of crude oil prices now by 9.3% and 9.7%, respectively. We also have seen a quicker (s.a.) uptick in domestic food prices in May vis-à-vis April.

Employment in April Slips by 1.5-M, but Still 2nd Highest in 2022

Election ban on most public construction helped pull down total employment by 1.5-M in April to 45.6-M, still the 2nd highest in 2022. Only the Manufacturing sector posted positive job gains, as both Agriculture and Services sectors took losses.

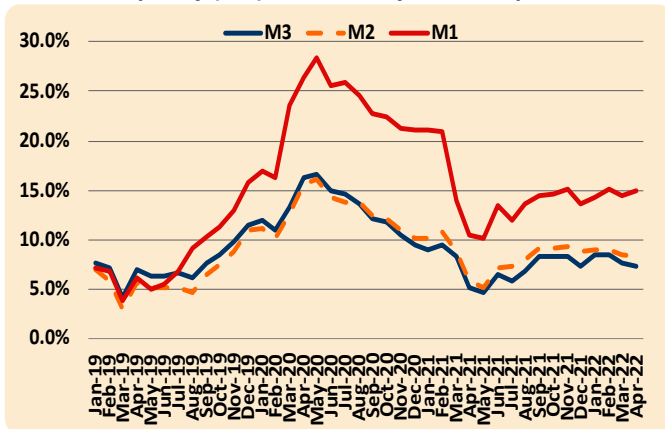
The unemployment rate and underemployment rate slipped to 5.7% and 14%, from 5.8% and 15.7%, respectively. However, we can attribute the former to the drop in labor participation rate to 63.4% from 65.4% a month earlier.

The Industry sector added 250,000 jobs as five out of six sub-sectors posted gains. The construction sub-sector contributed the most with 188,000 newly employed people, while the Manufacturing sub-sector added 50,000 people back to work. Minor increases came from the Mining & Quarrying (+10,000) and Electricity, Gas & Steam (+8,000) sub-sectors.

The Services sector gave up 507,000 jobs, but this masked the improvements in the Accommodation & Food Services (+173,000), Transportation & Storage (+88,000) and Education (+79,000) sub-sectors as these especially benefitted from the removal of practically all Covid-19 restrictions.

The employment numbers for May and June will provide data to determine if the Q1-2022 GDP gains will spillover into Q2 and H2.

Figure 2 - M1, M2, M3 Growth Rates
Domestic Liquidity (M3) Increased By 7.3% in April



Source of Basic Data: Philippine Statistics Authority (PSA)

Table 3 - Exports Year-on-Year Growth Rates

Exports Year-on-Year Growth Rates	Mar-22	Apr-22	YTD
Total Exports	5.9	6.0	8.9
Agro-Based Products	35.4	41.2	44.0
Mineral Products, of which	16.3	43.2	51.2
Copper cathodes	-0.9	17.1	32.7
Others (including nickel)	19.7	6.5	79.7
Manufactured Goods	2.9	-1.0	3.1
Electronic Products	8.1	0.8	8.0
Other Electronics	-0.1	-11.5	-4.4
Chemicals	-6.5	6.7	3.1
Machinery and Transport Equipment	-33.9	-11.6	-22.7
Processed Food and Beverages	12.4	13.0	-3.6
Others	-9	-14.8	-13.9

Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 3 - Exports Growth Rates, Year-on-Year
Exports Grew by 3.6% in April



Source of Basic Data: Philippine Statistics Authority (PSA)

Money (M3) Growth Eases to 7.3% YoY in April

Domestic liquidity (M3) increased by 7.3% YoY in April to P15.3-T, slower than March’s 7.7% pace. On a MoM seasonally adjusted basis, M3 showed an unchanged trajectory. Narrow money (M1) increased by 14.9%, faster than the 14.5% growth in the previous month. Meanwhile, broad money (M2) rose by 8.3% YoY, a tad slower than last month’s 8.4%.

Net foreign assets (NFA) in peso terms rose by 5.2% in April from March’s 8.2%. The growth in the BSP’s NFA position reflected the decrease in the country’s level of gross international reserves. Meanwhile, the NFA of banks also grew as their foreign assets increased at a slower pace on account of higher investments in marketable debt securities as well as loans and receivables with nonresident banks.

Lending for production increased by 10.3% in April from 9.4% in March, as outstanding loans to key industries continued, specifically information and communication (+26.9%) and real estate activities (+18.7%). Manufacturing and financial and insurance activities also saw expansions.

Similarly, consumer loans to residents increased by 6.7% in April from 3.6% in March relying largely to the year-on-year increase in credit card loans and salary-based general purpose consumption loans.

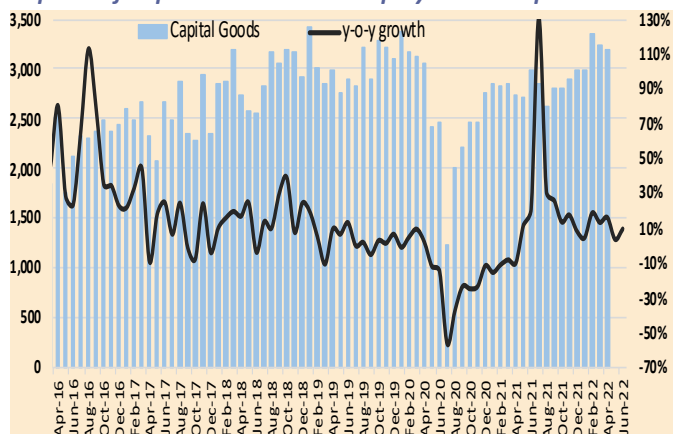
Exports Keeps Single-Digit Growth in April

As the global economy slowed with sky-high crude oil and commodity prices, export shipments of the country kept its moderate growth pace of 6% YoY in April a tad faster than a month earlier. It marked the 14th straight month of growth. Thus, while manufactured goods exports mildly slipped (-1%), exports of Mineral products and Agro-based offset this with their 43.2% and 41.2% growth, respectively.

Major agricultural exports took the high ground, with only sugar at a standstill. Coconut product shipments soared by 129.8%, while Fruits & Vegetable exports climbed by 10.4%, with total pineapple products (+10.1%) and bananas (+9%) providing steady upswing.

Elevated copper, nickel and gold prices contributed to the surge in Mineral product exports. While small in actual value, shipments of copper concentrates zoomed up by 246.5% even as copper cathodes (4x the former) vaulted by “just” 17.1%. Gold and other mineral (incl. nickel) products exports also posted strong gains of 53% and 51%, respectively.

Figure 4 - Imports of Capital Goods (in Million USD)
Imports of Capital Goods Inched Up by 3.4% in April



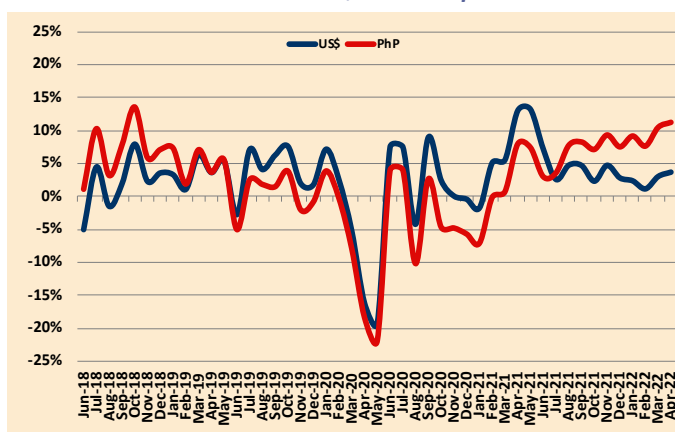
Source of Basic Data: Philippine Statistics Authority (PSA)

Table 4 - Imports Year-on-Year Growth Rates

Imports Year-on-Year Growth Rates	Mar-22	Apr-22	YTD
Total Imports	27.7	22.8	26.7
Capital Goods	9.5	3.4	9.9
Power Generating and Specialized Machines	2.2	-7.7	1.4
Office and EDP Machines	-15.5	-28.3	-14.9
Telecommunication Equipment and Electrical Machines	10.8	2.3	7.7
Land Transport Equipment excluding Passenger Cars and Motorized cycle	18.2	-9.4	14.2
Aircraft, Ships and Boats	170.5	207.8	147.1
Prof.Sci.and Cont. Inst., Photographic Equipment and Optical Goods	12.9	9.9	22.1
Raw Materials and Intermediate Goods	18	18.6	22.2
Mineral Fuels, Lubricant and Related Materials	148	133.5	134.0
Consumer Goods	8.6	7.1	10.6

Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 5 - OFW Remittances Growth Rates, Year-on-Year
Personal Remittances Reached \$2.7-B in April



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

A slight 0.8% uptick in Electronic products staved off losses in the manufacturing sector which accounted for 76.1% of total exports. Only four out of the nine electronic product categories posted gains. On the other hand, exports of Processed Food & Beverages and Chemicals retained their positive contributions with 13% and 6.7% increases, respectively.

The outlook for exports in the short-term appears challenged in view of the global slowdown, higher interest rates, and inflation. The -14.8% fall in exports of “Other” Manufactured products suggest that the sector may experience below 5% growth in Q2 and Q3.

Capital Goods Imports Milder Growth of 3.4% YoY in April

Imports of capital movements climbed at a slower pace of 3.4% YoY in April from 9.5% a month earlier, as three of the six categories dipped into negative territory. However, the positive items esp. Aircrafts, Ships & Boats (+207.8%) accounted for nearly 2/3 of capital goods imports that enabled the total to remain on the upswing.

Imports of aircrafts and vessels practically reached its pre-pandemic level of December 2019, while Telecom Equipment & Electrical Machinery’s 2.3% YoY gain provided a steadying hand as it accounted for nearly half of durable equipment imports.

Total imports growth remained elevated at 22.8% YoY boosted by the 133.5% continuing surge in Mineral Fuels, etc. The unabated rise in crude oil and other petroleum products prices also pulled up commodity prices and so Raw Materials and Intermediate Goods imports still soared by 18.6% YoY. Imports of consumer goods also eased to 7.1% YoY increase from 8.6% a month ago.

With a lower base and slower expansion of exports, the balance of trade deficit remained high at \$4.8-B in April. This brought YTD deficit to \$18.7-B, suggesting that full year deficit will likely exceed \$50.0-B for a full year record high.

OFW Remittances Up at a Faster Clip of 3.8% in April

Inward personal remittances of Overseas Filipino Workers (OFW) grew at a faster pace by 3.8% YoY to \$2.7-B in April 2022, higher than the \$2.6-B recorded in the same month last year. This brought the cumulative personal remittances in the first four months of the year to \$11.3-B, up by 2.6% YoY from \$11.0-B in the comparable period in 2021.

Table 5 - Exchange Rates vs USD for Selected Asian Countries

Exchange Rates vs USD for Selected Asian Countries			
	Apr-22	May-22	YTD
AUD	0.0%	4.6%	1.4%
CNY	1.2%	4.3%	5.1%
INR	0.0%	1.5%	2.5%
IDR	0.3%	1.3%	1.7%
KRW	1.1%	2.7%	7.1%
MYR	1.5%	2.8%	4.0%
PHP	-0.2%	0.7%	4.2%
SGD	0.5%	1.3%	1.4%
THB	1.6%	1.9%	2.5%

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

The gain in personal transfers during the year benefited from remittances of land-based workers with work contract of one year or more which increased by 4.7% to \$2.0-B from \$1.9-B in the same period last year; and sea- and land-based workers with work contracts of less than one year which rose by 1.4% to \$0.58-B from \$0.57-B a year ago. Moreover, cash remittances from OFW coursed through banks grew by 3.9% YoY to \$2.4-B in April from \$2.3-B a year ago. An identical pattern as to source by type of workers as in personal remittances emerged.

The increase in cash remittances from U.S., Saudi Arabia, Japan, Taiwan, and Singapore contributed greatly to the growth in remittances in the first four months of 2022. Meanwhile, as for origin by country, the U.S. registered the highest share of overall remittances at 41.2% followed by Singapore, Saudi Arabia, Japan, the United Kingdom, the United Arab Emirates, Canada, Qatar, South Korea, and Taiwan. The consolidated remittances from these top 10 countries accounted for 79.2% of total cash remittances in April.

Peso Depreciates by 0.7% in May, Broke Through P53/\$ Range in June

The peso-dollar rate depreciated slightly by 0.7% to P52.36 in May from P51.98 a month ago. In April it had recovered from P52.07 in March. U.S. dollar strength is due to higher expected interest rates in the U.S. and ballooning PH trade deficits. Besides, as risk sentiment remained sour, global currencies weakened with the peso declining the least among its peers. The 25 bps rate hike by the BSP on May 20 kept the local unit supported.

Figure 6 - Dollar-Peso Exchange Rates and Moving Averages



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

The dollar-peso exchange rate (FX) traded between P52.24/\$ to P52.49/\$, bringing the volatility measure down to 7.5% from 40.8% a month ago. Furthermore, the peso rose to YTD highs, breaching the P53/\$ level by mid-June as the Fed delivered a 75 bps hike in hopes of bringing down its hottest inflation (8.6% in May). Safe haven demand boosted the U.S. dollar as investors worry about the global economic slowdown on the horizon.

The actual USDPHP rate exceeds both 30-day and 200-day moving averages (MAs), and has exceeded P53.00 levels in June. The May data do suggest extended weakness of the local currency vis-à-vis the U.S. dollar in the short and longer term, unless some structural changes occur and/or the global environment improves significantly.

Outlook

Despite sky-high crude oil and commodity prices and rising domestic inflation, there still appears some growth momentum as evidence by expansive PMI in May and employment gains in April in Industry sector (esp. Construction and Manufacturing) and in more-severely affected sub-sectors of the Services sector by the pandemic (e.g., Accommodation & Food Services, Transport & Storage, and Education).

- Construction and Manufacturing should continue to lead the growth in the Industry sector. Together with the robust recovery of badly impacted sub-sectors in the Service sector, these will offset some of the expected slowdown in the consumer sector (demand side) due to higher inflation rates.
- Government spending will remain robust since the NG still has some fiscal space to keep the economy going at reasonably fast space.
- Inflation will speed up to average 5.4% in Q2 and 5.7% in Q3 but will likely start easing in Q4. The peso depreciation will encourage domestic food producers to step up their uptick with foreign products becoming more expensive.
- Exports should stay neutral as a growth driver as the global economy has slowed down and supply chain bottlenecks continue to fester. But we still see growth, albeit in single-digits.
- The peso should remain under pressure given the strength of the U.S. dollar, higher U.S. interest rates, and ballooning trade deficits that will exceed \$50.0-B in 2022.

FIXED INCOME SECURITIES

FEAR OF EVEN HIGHER INTEREST RATES HAUNTS BOND MARKETS

Demand for shorter-dated bonds amidst higher yields dogged bond markets here and abroad as both central bankers and investors braced themselves for higher interest rates. Tenders for Treasury bill (T-bill) auctions shrank by -32.6% resulting in the rise of 91-day and 182-day T-bill yields by 32 basis points (bps) and 25.4 bps, respectively. Trading in the secondary market fell by 6.2% from April, and 9.2% from a year ago. Yields of long dated bonds (3-year to 10-year) climbed a steeper wall with increases ranging from 51.7 bps to 75.1 bps, the latter emanating from the 10-year space. After a sharp rise in ROP yields until mid-May due to J.P. Morgan's view that the country stood at the bottom of attractiveness for equity investments, ROPs corrected towards end-May resulting in slightly lower spreads over U.S. Treasuries.

Outlook: While the Fed has delivered a total 125 bps hike in policy rates in May and June to 1.50-1.75% the median of Fed board members for the end of year stood at 3.4%, suggesting another 125 bps for the rest of H2. Nonetheless, not all of this will spill over into local peso bond yields, since the inflation rate in the U.S. exceeds that of the PH by more than 300 bps. The easing of domestic inflation by Q4 should put a ceiling to local 10-year yields at 8% (or slightly more due to the "overshooting" phenomenon). Investors may start considering adding ROPs to their portfolios given the 10-year yield of 4.43% [June 28, 2022], an 8-year high achieved in late June.

Table 6 - Auction Results

Date	T-Bond/ T-Bill	Offer (Php B)	Tendered (Php B)	Accepted (Php B)	Tendered ÷ Offered	Ave. Yield	Change bps
30 May	91-day	25.000	76.819	20.000	3.073	1.460	32.0
	182-day	25.000	47.860	13.500	1.914	1.812	25.4
	364-day	25.000	21.988	2.613	0.880		
Subtotal		75.000	146.667	36.113	1.956		
17 May	7 year	35.000	46.941	20.108	1.341	6.428	64.9
24 May	10 year	70.000	128.150	60.100	1.831	6.894	58.1
31 May	3 year	70.000	98.428	44.305	1.406	4.994	78.4
Subtotal		175.000	273.519	124.513	1.563		
All Auctions		250.000	420.186	160.626	1.681		

Source: Bureau of the Treasury (BTR)

Policy Rate Hikes by Fed and BSP in June

The Federal Reserve Board of the U.S. raised its policy rate by 75 bps on June 15, 2022, the largest hike since December 1994 to bring it to 1.50%-1.75%. This came in on top of the 50 bps increase it made in May. Chair Powell said the Fed could do it again, but considered the magnitude as likely to be "uncommon".

Bangko Sentral ng Pilipinas (BSP) likewise hiked its policy rate by 25 bps on June 23, 2022 to bring the total to 2.50%. The increase matched the 25 bps BSP carried out in May.

Primary GS Market: Demand for Short Term Bonds Waned Amid BSP's 25 bps Rate Hike

With domestic inflation accelerating sharply to 4.9% YoY in April from 4% a month ago, together with a robust GDP print at 8.3% in Q1-2022, that BSP would start its tightening path during its policy meeting in May. Consequently, tenders for Treasury bills (T-bills) in May shrank by -32.6% to P146.7-B from P217.5-B in the previous month. Additionally, the Bureau of the Treasury (BTr) awarded only P160.6-B out of its P250.0-B offer, or -2.3% lower than a month ago, as traders demanded higher yields.

The 91-day and 182-day debt papers spiked by 32 bps to 1.460% from 1.140% and 25.4 bps to 1.812% from 1.558%, respectively. Meanwhile, BTR fully rejected bids in four consecutive auctions as these would have fetched an average of 2.828%, 92.7 bps higher than last month's rate.

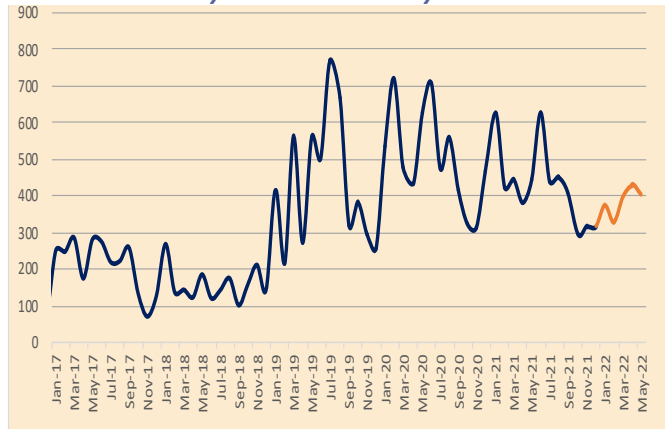
On the contrary, tenders for longer dated bonds grew by 34.6% to P273.5-B from P203.3-B in the prior month. In May, 7-year and 10-year Treasury bonds (T-bonds) yields soared by 64.9 bps to 6.428% and 58.1 bps to 6.894%, respectively. Furthermore, 3-year tenors surged the most by 78.4 bps to 4.994% from 4.210% a month earlier.

Secondary Market: Dramatic Selloff Spurred by BSP and Fed's Tightening Policies

Trading volume of government securities (GS) in the secondary market slipped by -6.2% month-on-month (MoM) to P430.4-B in May from P430.1-B. Likewise, it trekked down by -9.2% from P444.1-B a year ago.

The gradual monetary tightening kicked off on May 19 as BSP raised the policy rate by 25 bps which easily pushed yields higher across the board by end-May. BSP Governor

Figure 7 - Monthly Total Turnover Value (in Billion Pesos)
Volume Declined by -6.2% MoM in May



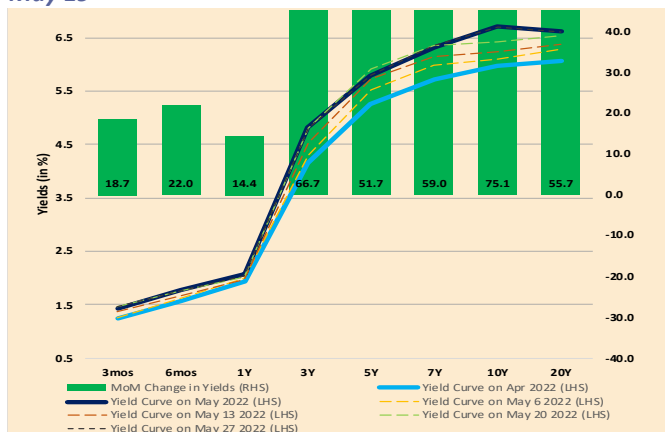
Source: Philippine Dealing Systems (PDS)

Diokno mentioned that second-round inflation effects have started to manifest and raised the inflation forecast to 4.6% from 4.3%. Furthermore, elevated U.S. Treasuries due to the Fed's 50 bps policy rate increase, faster local inflation at 5.4% in May, and strong economic recovery at 8.3% in Q1-2022 (highest among its ASEAN peers) all contributed to its upswing.

Yields of 3-month and 6-month papers climbed by 18.7 bps to 1.438% and 22 bps to 1.780%, respectively, in May. Moreover, 1-year papers traded at 2.077%, highest in nearly 2 years, or 14.4 bps more than 1.933% in the previous month.

The yields of longer tenors took a bigger jump of 51.7 bps to 75.1 bps. Similarly, the 3-year and 5-year tenors ascended by 66.7 bps to 4.817% and 51.7 bps to 5.778%, respectively. The 7-year T-bonds broke through the 6% range at 6.311% from 5.721% (59 bps higher MoM). Meanwhile, 10-year tenors underperformed the most as it notched up to a 41-month high to 6.722% from 5.971%, up by 75.1 bps. The 20-year paper jumped by 55.7 bps to 6.612% from 6.055%.

Figure 8 - Week-on-Week Changes on the GS Benchmark Bond Yield Curves
Long-End of the Curve Surged Amid BSP Interest Rate Hike on May 19



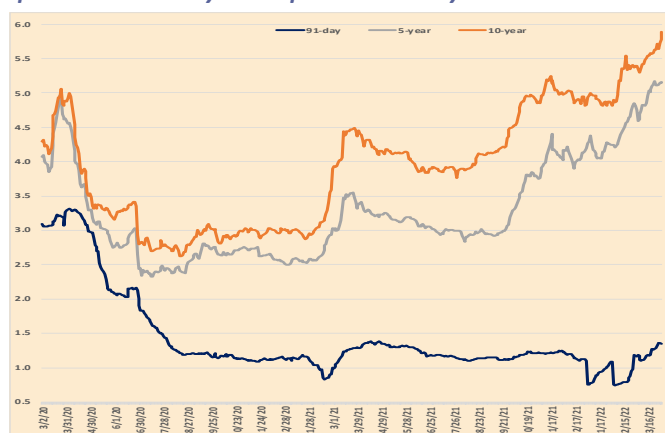
Source: Philippine Dealing Systems (PDS)

The spread between 10-year and 2-year bond yields slightly widened by 4.5 bps to 258.2 bps in May, still the highest in ASEAN+1. We see 10-year yields to remain under pressure with no relief in sight as BSP Governor Diokno hinted in May and the Monetary Board effected in June another 25 bps rate hike, on top of the 25 bps increase in May, as BSP anticipated aggressive rate hikes by the Fed in that month.

Corporate Bonds: Trading Volume Dropped to a 5-Month Low

Trading of corporate bonds deteriorated by -8.2% MoM in May, a reversal from the 6.1% gain in the prior month. Volume stood at P3.1-B from P3.4-B in April. It plunged even deeper by -41.9% YoY from P5.4-B. The top five issuers accounted for 49.2% of the total trading volume or P1.5-B in May.

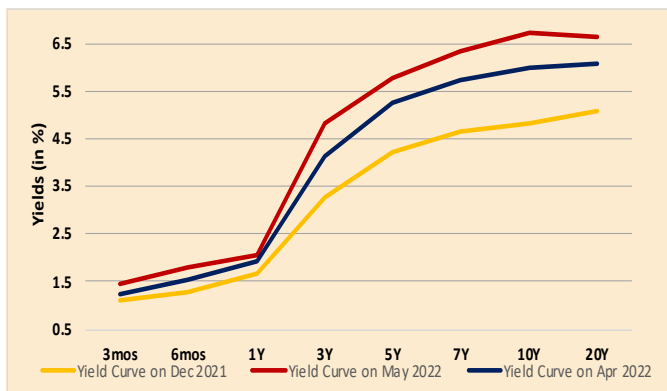
Figure 9 - 3-month, 5-year, and 10-year T-bond Daily Yields Spread Widened by 56.4 bps MoM in May 2022



Source: Philippine Dealing Systems (PDS)

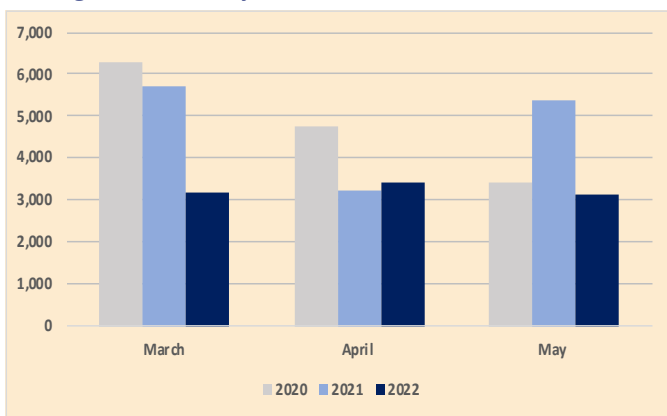
SM Prime Holdings, Inc. (SMPH) retained its top spot despite lower trades by -12.9% to P560.2-M. Ayala Land, Inc. (ALI) rose to second place with P473.7-M or 125.8% higher MoM. Placing third and fourth, SMC Global Power (SMCGC) and Aboitiz Power (AP) garnered P264.3-M (-17.3% MoM) and P141.5-M (-0.6% MoM), respectively. In last place is San Miguel Corporation (SMC) with P96.0-M or -70% lower MoM. Furthermore, while not in our top five list, Development Bank of the Philippines' (DBP) impressive debut saw P437.0-M change hands amid its bond listing in May (see Corporate Issuances and Disclosures).

Figure 10 - End-May Yield Curve Versus Previous Month in 2022 and end-2021
10-Year Yields Breached 6.5% Range



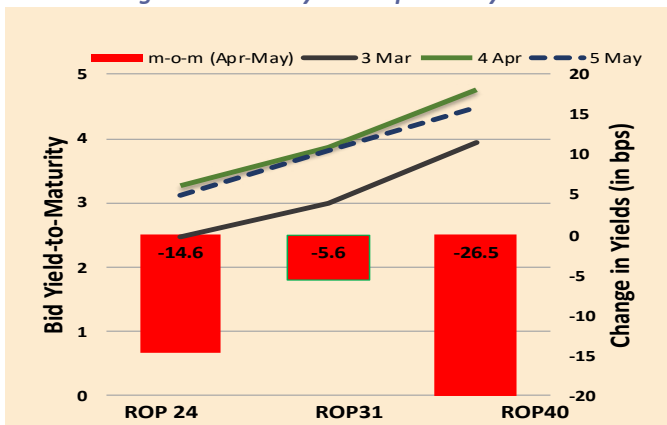
Source: Philippine Dealing Systems (PDS)

Figure 11 - Total Corporate Bond Trading Volume (in Billion Pesos)
Trading Volume Slid by -8.2% MoM



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

Figure 12 - ROPs Yield, Month-on-Month Changes (bps)
ROP-40 Plunged the Most by -26.6 bps in May



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

Corporate Issuances and Disclosures

- Development Bank of the Philippines (DBP) listed its P12.0-B 2.5-year Fixed Rate Series 3 Bonds (due 2024) which will pay a coupon rate of 4.05% p.a., on a quarterly basis.
- Ayala Land, Inc. (ALI) raised P12.0-B from its Fixed Rate Bonds due 2028. It carries a coupon rate of 5.8086%, payable quarterly.

ROPs: Yields Ended Lower in May

Yields of the Republic of the Philippines’ U.S. dollar-denominated bonds (ROPs) trekked down ranging from -5.6 bps to -26.5 bps in May after surging more than 77 bps a month ago. Before declining by month-end, it climbed up by mid-May as the JP Morgan Global Research downgraded and ranked the Philippines last in ASEAN equity investment preference.

ROP-24 and ROP-31 slid by -14.6 bps to 3.113% from 3.259% and -5.6 bps to 3.807% from 3.863%, respectively. Furthermore, ROP-40 shed the maximum -26.5 bps to 4.488% from 4.753%. Fed Chair Powell downplayed a 75 bps rate hike after delivering a 50 bps interest rate increase on May 4. Additionally, he claimed that the Fed will keep raising interest rates until there is “clear and convincing” evidence that inflation is in retreat.

The 10-year U.S. Treasuries stayed trapped below 3% by end-May (after hitting 3.5-year high of 3.12%) as recession fears looms large. Thus, equivalent 3-year and 10-year U.S. tenors declined by -16 bps to 2.71% from 2.87% and -4 bps to 2.85% from 2.89%, respectively. On the contrary, 20-year U.S. Treasuries went up by 14 bps to 3.28% from 3.14%.

The spread between ROP-24 and 3-year U.S. Treasuries widened slightly by 1.4 bps to 40.3 bps in May. Meanwhile, the spread between ROP-31 and ROP-40 with their equivalent U.S. Treasuries slimmed by -1.6 bps to 95.7 bps and -40.5 bps to 120.8 bps, respectively.

ASEAN+1

China: The Caixin Manufacturing PMI sharply increased to 49.1 in May from a 26-month low in April, albeit still contractionary. China’s inflation rate remained unchanged at 2.1% in May.

Outward shipments jumped by 16.9% to \$308.3-B in May, a 4-month high. Meanwhile, imports grew less by 4.1% to \$229.5-B, a revival from last month’s slump. With this, China’s trade surplus soared to \$78.8-B from \$43.3-B a year ago.

The People's Bank of China (PBoC) left its policy rate at 2.95%. Moreover, the spread between 10-year and 2-year bond yields (steepness measure) widened by 6 bps to 57 bps in May.

Indonesia: Indonesia's inflation print rose to a near 4.5-year high at 3.6% in May (vs 3.5% in April) driven by higher consumption during the Eid-ul Fitr celebration. Furthermore, Manufacturing PMI dropped to 50.8 in May from 51.9 in the prior month, Nonetheless, it marked nine consecutive months of growth.

Exports and imports climbed by 27% to \$21.5-B and 30.7% to \$18.6-B in May, respectively. Trade surplus slightly edged up to \$2.9-B from \$2.7-B in the previous year.

The Bank of Indonesia (BI) retained its 7-day reverse repurchase rate steady at 3.5% and signaled to raise the reserve requirement ratio for banks to 9% in September (currently at 5%) from previously announced 6.5%. With the central bank tightening financial conditions, the yield curve steepened the most among its ASEAN+1 peers by 29 bps to 191 bps.

Malaysia: Its Manufacturing PMI slid to 50.1 in May from 51.6 a month ago, indicating a slowdown in factory operations. In the inflation front, inflation advanced to 2.3% in April from a 5-month low of 2.2% in March amid Ramadan and Eid-ul Fitr holidays.

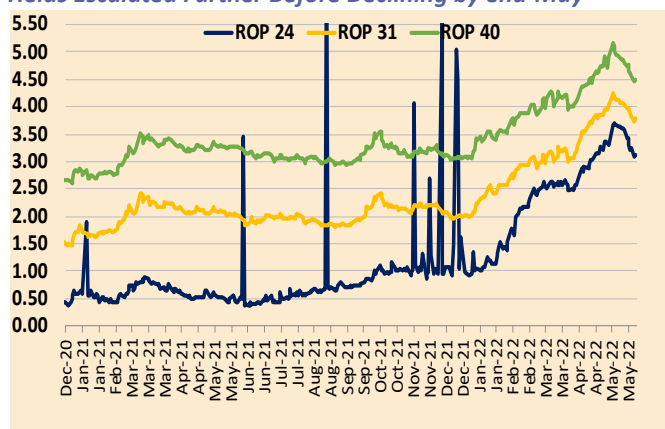
Export expansion continued for the 20th straight month by 20.7% to MYR 127.6-B (~\$39.4-B) in April. On the other hand, imports shot up by 22% to MYR 103.9-B (~\$24.7-B), resulting in a wider trade surplus at MYR 23.5-B (~\$5.6-B) from MYR 20.4-B in 2021.

Bank Negara Malaysia (BNM) unanimously kept its key overnight policy at 2% after unexpectedly raising it by 25 bps on May 11. The yield curve flattened by 16 bps to 89 bps in May.

THAILAND: Surprisingly, the annual inflation sharply accelerated to 7.1% in May (vs 4.7% in April), marking the highest reading since July 2008 on the back of higher food (8.2% vs 4.8%) and transportation (13.1% vs 10.7%) costs. Additionally, PMI stood at 51.9 in May, unchanged from last month's figure.

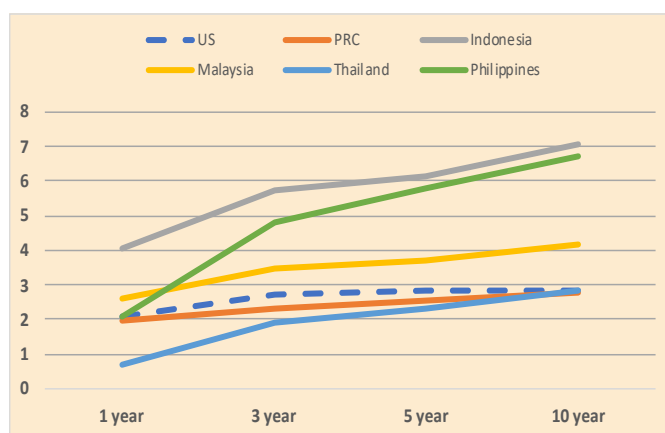
Thailand unexpectedly registered a trade deficit of \$1.9-B in April, a reversal from a surplus of \$0.2-B a year ago as exports rose by 9.9% to \$23.5-B while imports grew faster by 21.5% to \$25.4-B.

Figure 13 - ROPs Daily Yields
Yields Escalated Further Before Declining by end-May



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

Figure 14 - Comparative Yield Curve Between ASEAN per Tenor



Sources: Asian Development Bank (ADB), Federal Reserve

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-Mar	3.0	66.4	134.4
29-Apr	38.9	97.3	161.3
31-May	40.3	95.7	120.8

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



Sources: Trading Economics

The Bank of Thailand (BoT) maintained its interest rate at a record low of 0.5%. However, analysts pencil in a rate hike as early as August as the Monetary Policy Committee (MPC) came with a split decision of four to three with three members voting to raise rates by 25 bps during the June policy meeting. The spread between 10-year and 2-year bond yields expanded by 6 bps to 119 bps in May.

Outlook

The Fed’s 75 bps rate increase on June 15, the largest since 1994, on top of a 50 bps hike in May has the Fed Funds rate (policy rate) up to 1.50% to 1.75%, calming markets that feared the Fed falling much behind the curve. The BSP’s own hiking cycle started with 25 bps in May and a similar one in June to bring the O/N Reverse Repurchase rate to 2.50%.

- The Fed won’t stop raising its policy rates any time soon. The median estimates of FOMC from the estimates by Fed board members suggest these to rise to some 3.4% by the end of 2022 and further on to 3.8% in 2023. They project it to ease by 2024. The cumulative increase in 2022, from 0.25% tops 300 bps, which should bring U.S. 10-year bond yields to 3.75% to 4% by the end of 2022. This will, thus, put an upward pressure on local peso bond yields.
- Domestically, the two main factors to consider are: (1) local inflation rates, and (2) NG borrowing. While we see an acceleration of headline rates from 5.4% in May closer to 6% in Q3, this will likely ease in Q4, the pace of which will depend on crude oil and commodity prices. The latter, on the other hand, depend much on the status of the Russia-Ukraine war. Since we project average inflation for 2022 now at 5%, we could see a peak of 8% in local 10-year yields, which may not last despite the Fed hikes in 2023.

- The NG borrowing program will ease in H2 as it will likely revise downward the projected budget deficit to 7% of GDP as tax revenues have gained better than expected and NG has raised more than P900.0-B up to May 2022. It will probably need to borrow P500.0-B to P600.0-B (net of loan repayments) from the domestic market in H2. This will not have a major impact on long term bond yields.
- ROPs may have emerged as an attractive asset for local investors, given the large spread between ROPs and equivalent U.S. Treasuries and the peso's tendency to weaken.

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
					Apr-22	May-22			
U.S.	2.53	2.85	7.7	(4.85)	19	32	13	1.00	-6.70
PRC	2.23	2.80	2.2	0.60	51	57	6	2.95	0.75
Indonesia	5.13	7.04	5.3	1.74	162	191	29	3.50	-1.80
Malaysia	3.30	4.19	3.0	1.19	105	89	(16)	2.00	-1.00
Thailand	1.66	2.85	6.2	(3.35)	113	119	6	0.50	-5.70
Philippines	4.14	6.72	5.0	2.12	259	258	(1)	2.5	-2.5

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

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

EQUITY MARKETS

PSEI EKES OUT 0.6% GAIN IN MAY AMIDST GLOBAL VOLATILITY

Despite unabated volatility in the global equity markets due to spiraling crude oil and commodity prices triggering high inflation in the U.S., Eurozone and the Philippines, the rapid rise in global interest rates and the China economic slowdown, PSEi eked out a 0.6% uptick in May. This proved sufficient to beat other ASEAN equity markets. Three out of the six PSE sectors landed in positive territory with Mining & Oil (+3.4%) and Financials (+3.2%) leading the sectoral race. Semirara Mining and Power Corporation (SCC, +20%) and Monde Nissin Corporation (MONDE, +14%) had the best performance among PSEi-constituent stocks. Security Bank (SECB, -10.4%) took the cellar post.

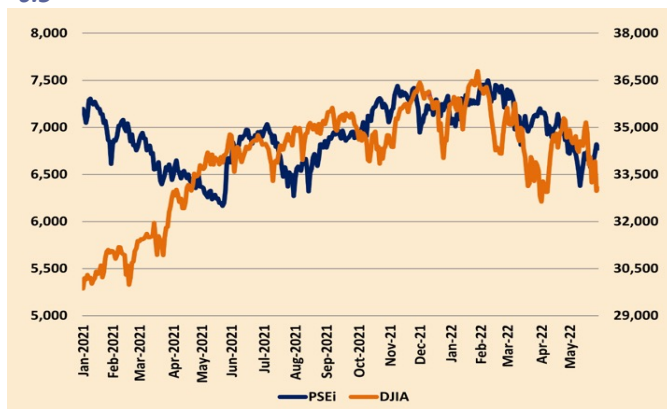
Outlook: Global headwinds, esp. decades high inflation rates and rising interest rates due to stratospheric crude oil and commodity prices, and weakening currency, will likely further drive down sentiment in the near term. We may see further consolidation of PSEi closer to 6,000 but robust support above suggest that the local equities may still avoid a bear market. A strong economic team put up by President-elect Ferdinand Marcos Jr. has provided some needed comfort to investors.

Table 9 - Global Equities Markets Performances

Global Equities Markets Performances				
Region	Country	Index	May M-o-M Change	2022 % Change
Americas	US	DJIA	0.0%	-9.2%
Europe	Germany	DAX	2.1%	-9.4%
	London	FTSE 101	0.9%	3.0%
East Asia	Hong Kong	HSI	1.5%	-8.5%
	Shanghai	SSEC	4.6%	-12.5%
	Japan	NIKKEI	1.6%	-5.3%
Asia-Pacific	South Korea	KOSPI	-0.3%	-9.8%
	Australia	S&P/ASX 200	-3.0%	-3.1%
	Southeast Asia	Indonesia	JCI	-1.1%
	Malaysia	KLSE	-1.8%	0.2%
	Thailand	SET	-0.2%	0.3%
	Philippines	PSEi	0.6%	-4.9%

Sources: Bloomberg and Yahoo Finance

Figure 16 - PSEi vs DJIA
PSEi vs DJIA Correlation in May Improved to -0.1 from April's -0.5

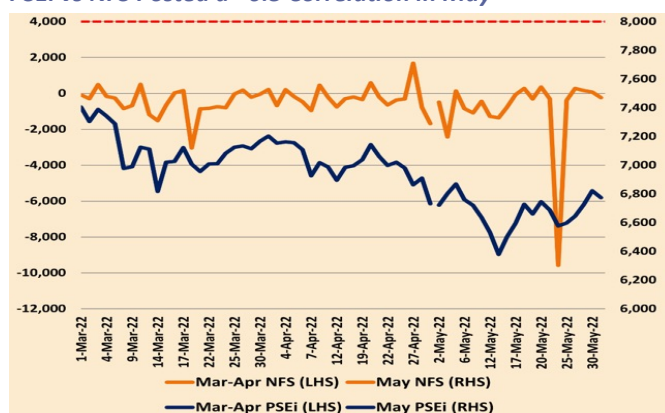


Sources: Wall Street Journal, Bloomberg

Global Picture. After a painful April, investors gained some respite with majority of our covered global equity indexes rising in May or at least end the month broadly flat, but significant intra-month volatility remained. Shanghai's SSEC achieved the highest gain in share prices during the period. SSEC reversed by +4.6% month-on-month (MoM) in May after recording the biggest loss of -6.3% a month ago. In China, stocks like Alibaba and others got a boost after Shanghai lifted Covid-19 restrictions and officials unveiled stimulus measures such as tax incentives and subsidies. Germany's DAX followed suit, ending the month with a +2.1% MoM increment, as European traders continued to assess new data on inflation and economic activity. Meanwhile, Australia's S&P/ASX 200 recorded the biggest drop of -3% MoM. The key macro risks of war in Ukraine, tightening monetary policy and Covid-19 restrictions in China remain, and markets lacked a clear catalyst for a change in sentiment.

PSEi and DJIA. Rising oil and a record high U.S. and Eurozone prices renewed inflation concerns, which sent the 10-year Treasury yield surging—the Federal Reserve (Fed) increased rates by 50 bps in May, with another one looming in June. But despite the wild swings in May, the Dow Jones Industrial Average (DJIA) closed a volatile month of trading flat. DJIA ended May at 32,990.12, up 12.91 MoM points, from April's close of 32,977.21, still also a -9.2% year-to-date (YTD) fall. Meanwhile, PSEi finished 43.43 MoM points higher to close May at 6,774.68. The correlation between the two indices in May improved to -0.1 from April's -0.5 as DJIA saw large drops towards end-May while PSEi tended to move upward towards end-May.

Figure 17 - PSEi vs NFS
PSEi vs NFS Posted a +0.3 Correlation in May



Sources: Bloomberg & Yahoo Finance

Table 10 - Monthly Turnover (in Million Php)

Monthly Turnover (in Million Pesos)				
Sector	Total Turnover		Average Daily Turnover	
	Value	% Change	Value	% Change
Financial	22,358.91	64.2%	1,117.95	56.0%
Industrial	43,659.60	152.9%	2,182.98	140.2%
Holdings	28,924.31	51.1%	1,446.22	43.5%
Property	35,510.09	92.4%	1,775.50	82.8%
Services	60,074.50	162.1%	3,003.72	149.0%
Mining and Oil	5,171.89	23.0%	258.59	16.9%
Total	195,699.30	104.7%	9,784.97	94.5%
Foreign Buying	84,003.59	46.3%	4,200.18	39.0%
Foreign Selling	93,295.56	51.1%	4,664.78	43.6%
Net Buying (Selling)	(9,291.97)	115.2%	(464.60)	104.4%

Source of Basic Data: PSE Quotation Reports

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

Top Foreign Buy	
Company	Total Value
MONDE PM Equity	1,446.07
TEL PM Equity	1,018.57
SMPH PM Equity	988.56
ABA PM Equity	243.65
EMP PM Equity	157.00
Total Buy Value	3,853.85

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

Net Foreign Buying/Selling. The PSEi in May continued to seesaw due to stagflation* concerns, higher global inflation, and anticipation for the economic plans of President-elect Ferdinand Marcos Jr. Nonetheless, support for the market in May included BSP's decision to raise the key policy interest rate by 25 basis points to 2.25% amid rising inflation expectation and the release of better-than-expected Q1-2022 GDP of 8.3% which beat analysts' expectations and meets the government's target. The correlation between net foreign selling (NFS) and PSEi in May remained flat at 0.3.

PSE trading volume increased by +104.7%, a recovery from the previous month's -53.9% contraction. All six sectors landed on the green with the Services sector observing the biggest volume recovery of +162.1% from -53.9% a month ago. The Holdings (+152.9%) and Industrial sectors (+92.4%) followed suit.

Foreigners continued to flee the market with net foreign selling (NFS) amounting to P9.3-B in May, higher than the P4.3-B NFS a month ago. The top five favorite stocks (net buying) of foreign investors amounted to P3.9-B, with Monde Nissin Corporation (P1.4-B) and Philippine Long Distance Telephone Company (P1.0-B) leading the list. The top five stocks (net selling) in May totaled P7.8-B with Ayala Land Inc. (P2.5-B) and MREIT Inc. (P1.7-B) in the front rows.

Due to stagflation concerns, higher global inflation, anticipation of the economic plans of the new administration, new policy rate of the BSP, and glowing GDP data, the six sectors of PSEi were mixed in May. Three of the six sectors posted gains, as Mining and Oil sector led the sub-indexes on the green in both MoM and YTD with +3.4 and +24.1%, respectively. This Financial sector followed with +3.2% MoM gain. On the losing side, the Holdings and Services sectors led the sub-indexes on the red with -0.8% MoM and -0.6% MoM pull back, respectively.

Ranking second in the sectoral race, the Financial sector ended May with a +3.2% MoM gain, after a -5.1% pull back in April, with three of its PSEi-constituent stocks landing on positive territory.

Metropolitan Bank & Trust Company's (MBT) Q1-2022 net income reached P8.0-B, up by 3% from P7.8-B. With that, MB's stock prices led the sector as it rebounded by +7.6% gain, after a decline of -10.4% a month earlier.

* Stagflation describes a combination of high inflation and economic stagnation as reflected by a slow growth rate and high unemployment.

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

Top Foreign Sell	
Company	Total Value
ALI PM Equity	-2,543.57
MREIT PM Equity	-1,710.55
AC PM Equity	-1,394.34
SM PM Equity	-1,128.66
CNVRG PM Equity	-1,022.45
Total Sell Value	-7,799.58

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

Table 13 - Monthly Sectoral Performance

Monthly Sectoral Performance					
Sector	29-April -2022		31-May-2022		2022 YTD
	Index	% Change	Index	% Change	
PSEi	6,731.25	-6.6%	6,774.68	0.6%	-4.9%
Financial	1,607.85	-5.1%	1,658.62	3.2%	3.3%
Industrial	9,181.43	-6.3%	9,351.59	1.9%	-10.1%
Holdings	6,341.57	-8.2%	6,291.16	-0.8%	-7.6%
Property	3,056.13	-7.8%	3,049.62	-0.2%	-5.3%
Services	1,882.12	-3.6%	1,870.55	-0.6%	-5.8%
Mining and Oil	11,524.76	-7.4%	11,920.22	3.4%	24.1%

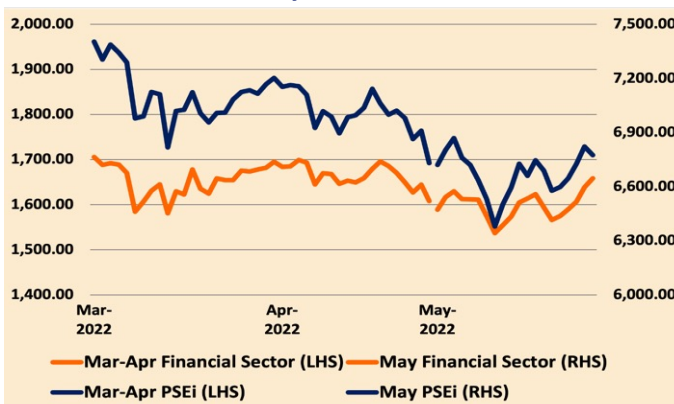
Source of Basic Data: PSE Quotation Reports

Table 14 - Financial Sector Constituent Stocks

Company	Symbol	4/29/2022 Close	5/31/2022 Close	M-o-M % Change	2022 YTD
Metrobank	MBT	51.10	55.00	7.6%	-1.3%
BDO Unibank, Inc.	BDO	130.00	133.40	2.6%	10.5%
Bank of the Philippine Islands	BPI	94.90	98.85	4.2%	7.3%
Security Bank Corporation	SECB	103.00	92.30	-10.4%	-22.4%

Source of Basic Data: PSE Quotation Reports

Figure 18 - Financial Sector Index (Mar 2022 - May 2022)
Financial Sector Ended May with a +3.2% Gain



Source of Basic Data: PSE Quotation Reports

Bank of the Philippines Islands (BPI) share prices reversed by +4.2% MoM in May after sliding by -4.7% a month ago. Investors likely reacted to BPI's Q1-2022 net income as it reached by P8.0-B, swelling by 60% from P5.0-B in the same period last year. BPI issued up to P100.0-B peso-denominated bank bonds and commercial papers last May 18.

BDO Unibank, Inc. (BDO) stock prices redeemed its -2% loss a month ago as it registered a +2.6% MoM gain in May. BDO reported a net income of P11.7-B in Q1-2022, up by 13% from P10.4-B. BDO issued its first ever international bonds aimed at sustainable water resources and cleaner seas. BDO raised \$100.0-M "blue bond" through an investment from the International Finance Corporation (IFC).

The lone stock on the red, Security Bank Corporation (SECB) share prices further dropped by -10.4% MoM in May, adding on its -5.5% decrease a month ago. Negative sentiment prevailed for the first half of May and so investors failed to anticipate SECB's reported net income of P2.7-B in Q1-2022 which grew by 64% from P1.6-B in the same period last year.

The Industrial sector recovered by +1.9% MoM in May, stopping its back-to-back MoM slide of -6.3% and -5.2%.

Bouncing back from a 3-month fall until April, Monde Nissin Corporation (MONDE) grabbed the top spot in May within the sector with a 14% MoM gain. MONDE reported a Q1-2022 net income of P2.3-B, up by 4% from P2.2-B a year ago. Stellar performance of its domestic Asia-Pacific branded food and beverage (APAC BFB) segment which grew 10.5% YoY on the back of both price and volume increases provided the stimulus to MONDE shares. Moreover, MONDE was also one of the stocks up-weighted in MSCI rebalancing in May.

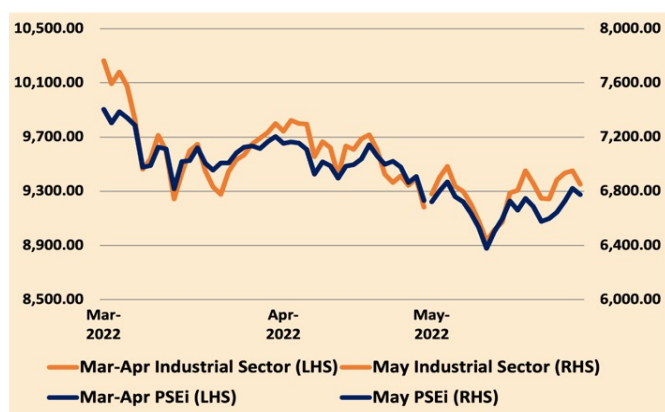
Manila Electric Company (MER) share prices jumped by +5.9% MoM in May practically erasing April's -5.7% slump. MER generated P5.6-B in core net earnings in Q1-2022, up by 10% from Q1-2021's P4.3-B. Its earnings was buoyed by higher mobility in the Retail, Quick Service Restaurants, and Public Transport sectors as restrictions were more relaxed. MER highlighted that Real Estate power demand (i.e., offices and rentable spaces) have reverted back to pre-pandemic levels, while Retail, Restaurants, and Hotels operated at full capacity.

Table 15 - Industrial Sector Constituent Stocks

Company	Symbol	4/29/2022 Close	5/31/2022 Close	M-o-M % Change	2022 YTD
Meralco	MER	352.40	373.20	5.9%	26.4%
Aboitiz Power	AP	32.15	31.80	-1.1%	7.1%
Jollibee Foods Corporation	JFC	215.00	209.40	-2.6%	-3.2%
Universal Robina Corporation	URC	102.50	108.00	5.4%	-15.6%
AC Energy Corporation	ACEN	7.22	7.15	-1.0%	-35.1%
Emperador Inc.	EMP	19.50	17.86	-8.4%	-14.2%
Monde Nissin Corporation	MONDE	12.98	14.80	14.0%	-8.6%

Source of Basic Data: PSE Quotation Reports

Figure 19 - Industrial Sector Index (Mar 2022 - May 2022)
Industrial Sector Recovered by +1.9% in May



Source of Basic Data: PSE Quotation Reports

Table 16- Holdings Sector Constituent Stocks

Company	Symbol	4/29/2022 Close	5/31/2022 Close	M-o-M % Change	2022 YTD
Ayala Corporation	AC	737.50	697.00	-5.5%	-16.1%
Metro Pacific Investments Corporation	MPI	3.80	3.68	-3.2%	-5.6%
SM Investments Corporation	SM	851.50	858.00	0.8%	-9.0%
Aboitiz Equity Ventures	AEV	50.60	53.00	4.7%	-2.7%
GT Capital Holdings, Inc.	GTCAP	504.00	502.50	-0.3%	-6.9%
San Miguel Corporation	SMC	106.30	101.50	-4.5%	-11.7%
Alliance Global Group, Inc.	AGI	11.82	10.70	-9.5%	-9.3%
LT Group Inc.	LTG	8.52	8.21	-3.6%	-17.1%
JG Summit Holdings, Inc..	JGS	55.70	54.50	-2.2%	2.8%

Source of Basic Data: PSE Quotation Reports

After a 7-month downward trend, Universal Robina Corporation (URC) share prices rebounded by +5.4% MoM in May, after contracting by -15.3% a month ago. URC reported a 16% increase in net income to P3.5-B in Q1-2022 from P3.0-B in Q1-2021.

Aboitiz Power (AP) reported net income of P2.9-B, down by -53%, in Q1-2022 from Q1-2021's P6.2-B, hence, AP share prices also went down by -1.1% MoM in May. The drop in income came below consensus estimates, amid outages related to Typhoon Odette, advanced planned outages in anticipation of the country's 2022 national elections, and the absence of business interruption claims.

Despite quadrupling reported income to P2.3-B in Q1-2022, up by 1,412%, Jollibee Food Corporation (JFC) share prices continued to decline by -2.6% MoM in May, after its back to back decline of -4.4% and -6.6%. Investors may have factored in its very high PE ratio.

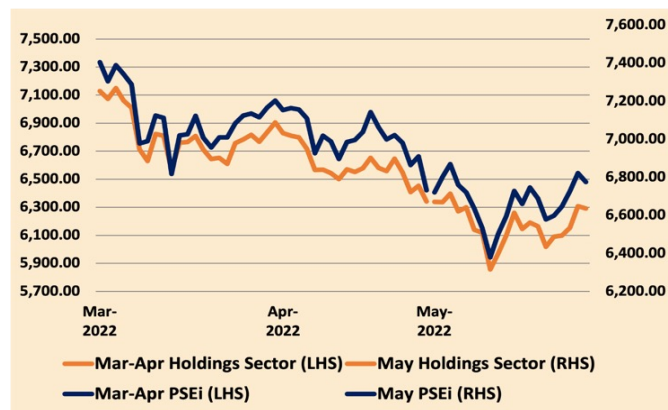
AC Energy Corporation (ACEN) share prices dropped by -1% MoM in May, after slumping by -17.3% a month ago. ACEN reported that Q1-2022 net income declined by -51% to P405.0-M from P829.0-M in Q1-2021. Driving the decline in earnings, the purchase of higher replacement power cost in the Wholesale Electricity Spot Market (WESM) took its toll. ACEN had to fulfill its contracts due to the maintenance (plus extended) outage of South Luzon Thermal Energy Corporation (SLTEC) unit 2.

Leading the sectoral decliners, Emperador Inc. (EMP) share prices slumped by -8.4% MoM in May back to March 2020 levels, after its 39.1% gain a month ago. EMP reported that its net income to owners stood at P2.1-B in Q1-2022 as its revenues inched up by 2% to P12.3-B during the period.

The Holdings sector index continued to lead the sectoral decliners with a -0.8% MoM dropped after an -8.2% tumble in the previous month since only two of its nine PSEi-constituent firms landed in positive territory.

Aboitiz Equity Ventures' (AEV) Q1-2022 net income only reached P3.9-B, down by -55% from P8.6-B, below consensus estimates, dragged by its power, financials, cement, and food businesses. Still, AEV's stock prices registered the highest gain in its sector with a +4.7% MoM gain, as the prospects of its SBUs remained bright.

Figure 20 - Holdings Sector Index (Mar 2022 - May 2022)
Holdings Sector Dropped by -0.8% in May



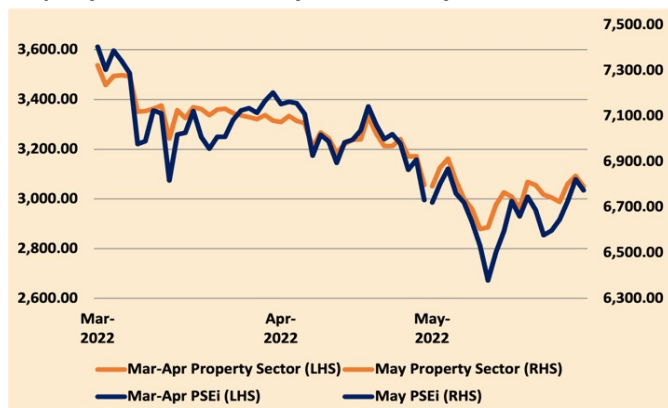
Source of Basic Data: PSE Quotation Reports

Table 17 - Property Sector Constituent Stocks

Company	Symbol	4/29/22 Close	5/31/22 Close	M-o-M % Change	2022 YTD
Ayala Land, Inc.	ALI	32.05	29.60	-7.6%	-19.3%
SM Prime Holdings, Inc.	SMPH	35.00	36.90	5.4%	8.8%
Robinsons Land Corporation	RLC	19.12	19.40	1.5%	1.0%
Megaworld Corporation	MEG	2.86	2.76	-3.5%	-12.4%

Source of Basic Data: PSE Quotation Reports

Figure 21 - Property Sector Index (Mar 2022 - May 2022)
Property Sector Tumbled by -0.2% in May



Source of Basic Data: PSE Quotation Reports

Despite being one of the stocks with the most NFS amounting to P1.1-B, SM Investments Corporation (SM) share prices ended May with +0.8% gain MoM, a mild reversal from its -6.3% loss in the previous month. Investors most likely reacted to SM's reported net income of P12.0-B in Q1-2022, a 27% increase from P9.5-B in Q1-2021.

Metro Pacific Investments Corporation (MPI) reported a net income of P3.1-B in Q1-2022, down by -55% from P7.0-B in the same period last year. Hence, MPI stocks went down by -3.2% MoM in May, after ending flat a month ago.

GT Capital Holdings (GTCAP) share prices slid by -0.3% MoM in share value in May, after its -8.7% loss in the previous month. Nonetheless, GTCAP posted a core net income of P4.0-B, up by +18% YoY, in Q1-2022 driven by higher earnings contributions from MBT and Toyota Motor Philippines.

LT Group, Inc. (LTG) share prices slumped by -3.6% MoM in May, continuing its -4.3% drop in the previous month. LTG's Q1-2022 flattish net income at P6.5-B, inching up by 1% YoY from P6.4-B. Its earnings growth came from higher earnings contributions from Philippine National Bank (PNB) and Tanduy Distillery (TDI).

San Miguel Corporation (SMC) stock prices further went down by -4.5% MoM, adding on its -3.4% loss a month ago. SMC reported core net income decreased by -32% to P6.3-B in Q1-2022 from P9.3-B last year. Lower earnings in its brewery, food and power businesses dragged SMC's bottom line down.

Ayala Corporation (AC) share prices ranked second in the sub-index's decline as its share prices slumped by -5.5% MoM in May, after its 10.5% retreat a month earlier. Still, AC reported a net income of P7.8-B in Q1-2022, up by 45% from P5.4-B in the same period a year ago. Foreigners continued to exit from AC as they awaited signs of a more robust rebound.

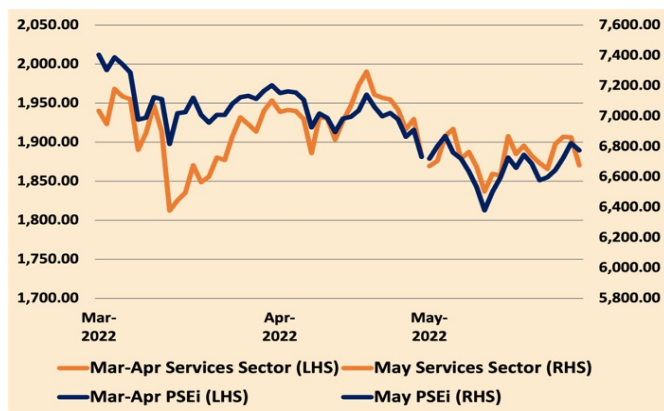
Leading the sub-index's decline, Alliance Global Group, Inc. (AGI) share prices skidded by -9.5% MoM in May, continuing its -5.6% drop in the previous month. Nonetheless, AGI booked a double-digit growth in its reported net income of P5.4-B in Q1-2022, up 67% from P3.2-B a year earlier.

Table 18 - Services Sector Constituent Stocks

Company	Symbol	4/29/2022 Close	5/31/2022 Close	M-o-M % Change	2022 YTD
Philippine Long Distance Telephone Co.	TEL	1,866.00	1,900.00	1.8%	4.9%
Globe Telecom	GLO	2,270.00	2,425.00	6.8%	-27.0%
Converge ICT Solutions, Inc.	CNVRG	28.80	26.50	-8.0%	-16.9%
Puregold Price Club Inc.	PGOLD	33.00	33.00	0.0%	-16.0%
Wilcon Depot, Inc.	WLCON	28.00	26.50	-5.4%	-13.1%
International Container Terminal Services, Inc.	ICT	215.60	217.00	0.6%	8.5%

Source of Basic Data: PSE Quotation Reports

Figure 22 - Services Sector Index (Mar 2022 - May 2022)
Services Sector Inched Down by -0.6% in May



Source of Basic Data: PSE Quotation Reports

Table 19 - Mining and Oil Sector Constituent Stock

Company	Symbol	4/29/2022 Close	5/31/2022 Close	M-o-M % Change	2022 YTD
Semirara Mining and Power Corporation	SCC	27.50	33.00	20.0%	54.6%

Source of Basic Data: PSE Quotation Reports

The Property sector tumbled by -0.2% MoM, after back-to-back shedding of -7.8% and -6.4% in value in March and April, respectively.

Pulled up by its P989.0-M foreign buying, SM Prime Holdings, Inc. (SMPH) led the sectoral gainers by +5.4% MoM, reversing its -7.5% shed a month ago. SMPH reported net income of P7.4-B in Q1-2022, up by 14% from Q1-2021's P6.5-B. Confidence in the rebound of its Mall revenues pervaded as the economy opened up by March.

Megaworld Corporation (MEG) reported a 30% growth in net income, from P2.4-B in Q1-2021 to P3.1-B in Q1-2022, below market expectations. Hence, MEG share prices went down by -3.5% MoM in May from April's -5% drop. Nonetheless, MEG expects growth as business environmental conditions improve and Covid-19 restrictions abate.

Despite having a reported net income of P1.7-B, down by -40%, Robinsons Land Corporation (RLC) share prices ended May with a +1.5% MoM gain after a -6.7% loss a month ago. RLC shares likely hit a YTD bottom in mid-May.

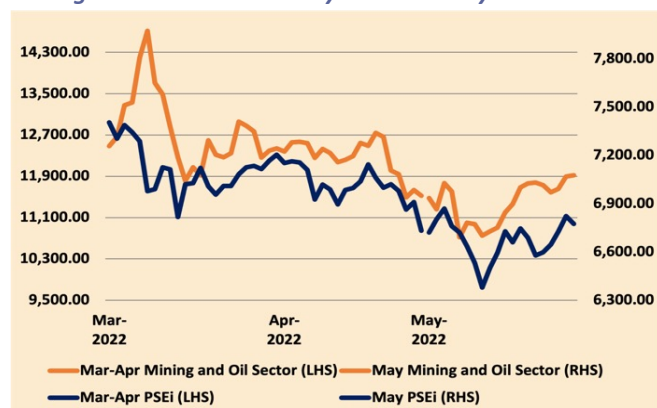
With the highest NFS of P2.5-B, Ayala Land Inc. (ALI) share prices led the sectoral decliners by -7.6% MoM, adding on its -8.6% contraction in April. Still, ALI reported a net income of P3.2-B in Q1-2022, a 9% growth from Q1-2021's P2.9-B. ALI has executed a property for share swap deal valued at P11.3-B with its real estate investment trust, AREIT Inc.

The Services sector ranked second in the sectoral decliners with a -0.6% MoM drop in May, adding on April's -3.6% contraction.

Globe Telecom (GLO) share prices grabbed the top spot in May within the sector with a +6.8% MoM jump, clawing back from its -10.6% pullback a month ago. GLO reported Q1-2022 net income of P13.6-B, up 86% YoY, from P7.3-B last year—in line with consensus estimates.

Pulled up by net foreign buying of P1.0-B, Philippine Long Distance Telephone Company (TEL) share prices increased by +1.8% MoM in May steadily building on its 0.9% increment a month ago. TEL reported a net income of P9.1-B in Q1-2022, up by 56% YoY from P5.8-B in Q1-2021.

Figure 23 - Mining & Oil Sector Index (Mar 2022 - May 2022)
Mining & Oil Sector Gained by +3.4% in May



Source of Basic Data: PSE Quotation Reports

Figure 24 - New Castle Coal Features
Coal Prices Consolidated Above \$400/tonne in May



Source of Basic Data: Trading Economics

International Container Terminal Services, Inc. (ICT) share prices recovered with a +0.6% increment in May after its -4.1% plunge in the previous month. ICT reported a 69% increase in net income to P7.3-B in Q1-2022 from P4.4-B a year ago.

Puregold Price Club Inc. (PGOLD) share prices ended May flat, after it contracted by -7.7% in April. PGOLD reported a 6% YoY increase in Q1-2022 net income to P2.2-B from P2.0-B last year on the back of the steady organic expansion of retail outlets, strategic cost management, and sustained strong consumer demand.

Pulled down by net foreign selling of P1.-0-B, Converge ICT Solutions Inc. (CNVRG) share prices led sectoral losses with an -8% slump, compounding its -4.6% slide a month ago. Still, CNVRG reported Q1-2022 net income of P2.0-B, a 27% increase from P1.5-B a year ago, as strong growth in subscribers drove up residential segment revenues.

The Mining & Oil sector led the sectoral gainers in both MoM and YTD with +3.4% and +24.1% in May, respectively.

Pulling up the sector, Semirara Mining and Power Corporation (SCC) share prices skyrocketed by +20% MoM after its 10.4% tumble in the previous month. SCC soared after Newcastle coal futures consolidated above the \$400/tonne, supported by continued robust demand against a tightening market backdrop. Along with increasing demand for power generation with a resumption in economic activity after the coronavirus-induced slump, soaring natural gas prices in Europe and Asia in late 2021 boosted coal consumption.

Recent Economic Indicators

NATIONAL INCOME ACCOUNTS, CONSTANT PRICES (In Million Pesos)

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

Source: Philippine Statistics Authority (PSA)

NATIONAL GOVERNMENT CASH OPERATION (In Million Pesos)

	2020		2021		Mar-2022		Apr-2022			
	Levels	Growth Rate	Levels	Growth Rate	Levels	Monthly G.R.	Annual G.R.	Levels	Monthly G.R.	Annual G.R.
Revenues										
Tax	2,855,959	0.2%	3,005,539	0.2%	293,883	38.4%	36.0%	347,949	18.4%	19.2%
BIR	2,504,421	-2.4%	2,739,350	-2.4%	244,096	23.4%	28.7%	306,896	25.7%	12.9%
BoC	1,951,023	0.0%	2,078,108	0.0%	170,384	24.7%	27.8%	239,604	40.6%	9.4%
Others	537,687	-9.3%	643,563	-9.3%	70,778	19.1%	29.3%	65,669	-7.2%	26.8%
Non-Tax	15,711	-24.7%	18,157	-24.7%	2,934	66.2%	85.0%	1,623	-44.7%	83.2%
	351,412	23.6%	265,357	23.6%	49,782	242.4%	88.1%	40,938	-17.8%	103.6%
Expenditures										
Allotment to LGUs	4,227,406	24.0%	4,675,639	10.6%	481,549	51.3%	18.1%	343,013	-28.8%	2.0%
Interest Payments	804,546	39.8%	892,698	39.8%	94,067	0.7%	33.5%	85,507	-9.1%	-7.0%
	380,412	8.9%	429,432	8.9%	55,548	96.8%	16.5%	37,303	-32.8%	56.6%
Overall Surplus (or Deficit)	-1,371,447	145.7%	(1,670,100)	145.7%	(187,666)	77.4%	-2.0%	4,936	-102.6%	-111.1%

Source: Bureau of the Treasury (BTr)

POWER SALES AND PRODUCTION INDICATORS

Manila Electric Company Sales (In Gigawatt-hours)

	2021		Feb-2022			Mar-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%	3,742.80	6.5%	8.1%	3,721.40	8.4%	7.5%
Residential	16,906.10	2.6%	1,263.20	7.1%	3.5%	1,322.60	10.0%	8.3%
Commercial	14,950.30	3.2%	1,260.20	6.3%	6.4%	1,263.30	9.8%	6.6%
Industrial	12,897.30	12.4%	1,162.60	18.4%	18.0%	1,072.90	5.0%	9.2%

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		Mar-2022		Apr-2022	
	Average Levels	Annual G. R.	Average Levels	Annual G. R.	Average Levels	Annual G. R.
RESERVE MONEY	3,303,261	8.8%	3,287,599	-0.1%	3,588,862	8.4%
Sources:						
Net Foreign Asset of the BSP	6,296,263	39.5%	6,583,457	8.2%	6,565,909	5.2%
Net Domestic Asset of the BSP	14,211,531	26.7%	14,975,003	8.1%	15,040,649	8.9%
MONEY SUPPLY MEASURES AND COMPONENTS						
Money Supply-1	5,659,905	52.6%	6,270,510	14.5%	6,338,959	14.9%
Money Supply-2	13,795,976	30.2%	14,617,181	8.5%	14,657,099	8.3%
Money Supply-3	14,432,021	30.4%	15,262,671	7.9%	15,253,467	7.3%
MONEY MULTIPLIER (M2/RM)	4.18		4.45		4.08	

Source: Bangko Sentral ng Pilipinas (BSP)

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