

The  
**MARKET CALL**  
Capital Markets Research



FMIC and UA&P Capital Markets Research

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## Executive Summary

**Economic data releases in December and early January further boosted confidence of firms and consumers that growth will accelerate in 2022. Highest employment of 45.5-M in November due to massive addition of jobs, inflation easing to 3.6% YoY in December, to within the BSP's target range, capital goods imports surging by 25.4% YoY and NG spending sustained at 10.3% YoY, all contributed to the brighter outlook. The bond market held its ground in December while the equities market slightly eased. Moving forward, we expect an additional 1 percentage point, at least, to boost GDP expansion by 6% to 7%, which will reflect the biggest impact in H1. However, both the bond and equities market face important uncertainties in Q1 and may go sideways for that quarter. Over the year, we remain bullish towards the equities market where we see PSEi reaching 7,900-8,100.**

## Macroeconomy

**3 Robust economic data—record employment, inflation to within BSP target, capital goods imports on double-digit growth to hit an 18-month high—have boosted nascent optimism among firms and consumers. GDP growth in 2022 should take a faster pace, by at least 1 percentage point to 6% to 7%. Factoring in high crude oil prices notwithstanding, we still see full-year inflation easing to 3.7%, within BSP target range, since food prices have steadied. Infrastructure spending should accelerate as the May elections ratchet up. After a minor appreciation in December, the peso has skidded to above P51/\$ in January 2022. Huge trade deficits and likely policy rate hikes in the U.S. should keep the peso above P51/\$ in 2022.**

- The economy added 1.6-M jobs in November to bring total employment to all-time high of 45.5-M. • Industrial output (VoPI) again soared by 25.4% in November slightly faster than a month earlier, while December Manufacturing PMI remained expansionary at 51.8 • NG expenditures rose by 10.3% in November from 9.6% a month ago. • Inflation dropped to within BSP target in December at 3.6% from 4.2% in November as crude oil prices fell. • Capital goods imports surged by 18.8% in November to an 18-month high. • While the peso appreciated slightly (0.2%) in December, the tide reversed in

## Bonds Market

**10 Despite a more hawkish Fed, local 10-year yields diverged from the 10-year U.S. Treasuries as it fell by -19 bps while the latter edged higher by 9 bps in December. Limited supply pressure underpinned the appetite for government securities (as BTr only accepted P20.0-B in auctions). Moving forward, yields will likely trade in a range in the near term amid softer inflation at 3.6% in December, ample liquidity, and BSP's accommodative policy. But if the Fed decides to be more aggressive in raising policy rates (e.g., by 50 bps by March or three 25 bps in H1-2022) risk aversion may again dominate the local bond markets. Meanwhile, ROP yields should mirror the movements of the U.S. Treasuries but could potentially decline hinging on the robustness of the PH economic recovery.**

- BTr successfully awarded only P20.0-B out of the P60.0-B on offer in December, causing yields to tumble. • Trading volume in the secondary market held steady at P316.9-B or -0.1% lower MoM. • With less fresh supply and a pleasant market backdrop, majority of the benchmark yields eased. • Investors focused on short-term tenors whose yields slid by -1.5 bps to -19.1 bps. • Corporate bond trading slipped by -16.3% MoM and -62.8% YoY. • ROPs performed well in December as yields dropped ranging from -12.9 bps to -20.9 bps as the economy showed renewed signs of vitality. •

## Equities Market

**15 Despite huge P86.2-B net foreign buying in December, PSEi ended the year at 7,122.63—down -1.1% MoM. The month featured only two sectoral gainers—Financial (+2.3%) and Mining & Oil (+1.7%). The Property sector had the worst record with -2.3% MoM, implying only minor slides in the other sectors. Moreover, telco giants led full-year 2021 gainers. While we see PSEi rising to 7,900-8,100 in 2022, we expect sideways movement of the PSEi in Q1, unless Q4-2021 GDP growth exceeds expectations, and inflation continues to ease closer to 3%. Investors will watch closely GDP and inflation numbers, even as they retain some risk aversion due to possible tighter restrictions as Omicron Covid-19 variant spikes, and await the Fed's forward guidance of their policy rate hikes in 2022 in the next FOMC meeting. We think corporate earnings report, corresponding still to 2021, may provide a boost for selected stocks only.**

- Only two out of six sectors posted gains, causing PSEi to lose -1.1% in December. • The Financial sector recorded the biggest sectoral jump with +2.3% MoM led by Metrobank's 11.6% uptick. • The Property sector led the sectoral decline in both MoM and FY as it dropped by -2.3% and -12%, respectively. • PSE trading volume surged by +17.8% in December after tumbling -20.2% a month ago. • The Industrial sector observed the biggest gains by +127.1%. • Foreigners returned to the market with net foreign buying amounting to P86.2-B (unusually high due to Japan power generation firm's acquisition of 25% of AP) in December, after a flat November. • Converge ICT Solutions, Inc. (+114.1%) and Globe Telecom (+63.6%) led full-year 2021 gainers. •

Economic Indicators (% change, latest month, unless otherwise stated)	Latest Period	Previous Period	Year-to-Date (2021)	2019 (year-end)	2020 (year-end)
GDP Growth (Q4-2021)	7.7%	6.9%	5.6%	6.0%	-9.6%
Inflation Rate (Dec)	3.6%	4.2%	4.5%	2.5%	2.6%
Government Spending (Sep)	17.5%	32.5%	11.7%	11.4%	11.3%
Gross International Reserves (\$B) (Dec)	108.9	107.7	107.1	87.8	96.5
PHP/USD rate (Dec)	50.25	50.36	48.88	51.80	49.63
10-year T-bond yield (end-December)	4.84	5.01	4.16	4.48%	3.52%

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

## UPBEAT ECONOMIC DATA IN DECEMBER STROKE RISING OPTIMISM

A slew of upbeat economic data released in December and early January 2022 reinforced the business and consumer optimism that the economic recovery is back on the fast growth track. The biggest positive surprise came from employment data in November which blared an all-time high of employed persons at 45.5-M at the back of the huge 1.6-M jobs added during the month. Industrial output (measured by the Philippine Statistical Authority's Volume of Production Industrial Index (VoPI) surged by 24.4% (year-on-year, YoY) replicated November's gain while IHS Markit's Manufacturing PMI continued to expand to 51.8 in December. Finally, headline inflation for December finally eased to 3.6% - the first time in 2021 it came within the BSP target of 2% to 4%.

**Outlook:** We expect an acceleration in GDP growth in 2022 by at least 1 percentage point to 6% to 7%. The out-sized gain in employment may correct in December, but the momentum spawned by Christmas outlays and election spending should carry the torch at least for H1-2022. Despite elevated crude oil prices, we still project full-year inflation at 3.7%, as food prices have stabilized in the recent months. NG expenditures in 2022 should outperform, as infrastructure spending ratchets up. While the peso slightly appreciated in December, the gains have vanished in 2022 with record trade deficits and likely hikes in interest rates in the U.S., and the USDPHP staying above P51/\$ and likely to remain there for most of 2022.

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

	Oct 2021	Nov 2021	MoM Change	
			Levels	% Change
Labor Force	47,330	48,637	1,307	2.8%
Employed	43,826	45,477	1,651	3.8%
Underemployed	7,044	7,617	573	8.1%
Underemployment Rate	16.1	16.7	0.68	4.2%
Unemployed	3,504	3,159	-345	-9.8%
Unemployment Rate	7.4	6.5	-0.90	-12.2%
Labor Participation Rate	62.6	64.2	1.62	2.6%
Not in Labor Force	28,240	27,064	-1,175	-4.2%

Agriculture	10,769	11,160	391	3.6%
Industry	7,817	7,910	93	1.2%
Mining and Quarrying	170	135	-35	-20.5%
Manufacturing	3,326	3,368	42	1.3%
Electricity, Gas, Steam, and Air-Conditioning Supply	65	134	69	107.5%
Water Supply, Sewerage, etc.	105	74	-31	-29.3%
Construction	4,151	4,199	47	1.1%
<b>Services Selected Summary</b>	<b>25,240</b>	<b>26,407</b>	<b>1,167</b>	<b>4.6%</b>
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	9,707	9,988	282	2.9%
Transportation and Storage	2,837	2,857	20	0.7%
Accommodation and Food Services Activities	1,473	1,519	47	3.2%
Information and Communication	449	480	32	7.0%
Financial and Insurance Services	593	565	-28	-4.7%
Professional, Scientific, and Technical Activities	312	337	24	7.8%
Administrative and Support Services Activities	1,949	1,933	-16	-0.8%
Public Administration and Defense; Compulsory Social Security	2,714	3,006	292	10.8%
Education	1,416	1,561	145	10.2%
Human Health and Social Work Activities	741	643	-98	-13.2%
Other Service Activities	2,506	2,829	323	12.9%

Source of Basic Data: Philippine Statistics Authority (PSA)

### Employed Persons Hit Record of 45.5-M in November

The country's total employed persons hit a record level of 45.5-M in November, as the economy added 1.6-M jobs over the previous month. The easing of restrictions, encouraging firms to resume hiring, and consumers headed for malls and restaurants, drove the dramatic development. Thus, the unemployment rate dropped to 6.5%, the lowest rate in 2021, from 7.1% a month earlier. And the ranks of unemployed persons plunged by 345,000.

Despite high increase in labor participation rate to 64.2% from 62.2% in October, those who entered the labor force got easily absorbed by firms. This time around, the Services sector provided the largest job gains (1.2-M), followed by Agriculture (+391,000) and Industry (+93,000)

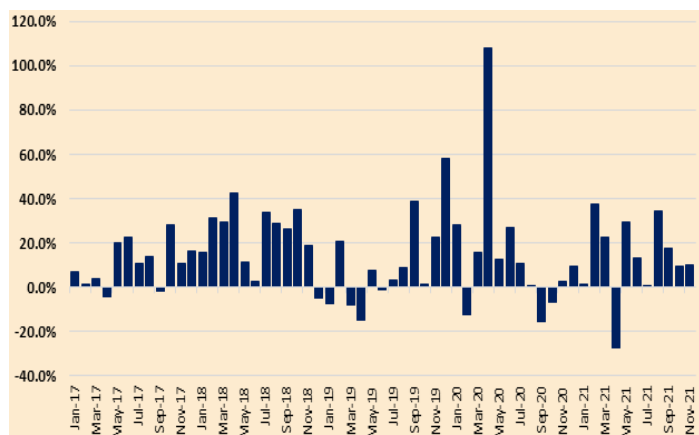
The Services sector's big gainers included: Other Services (+323,000), Wholesale and Retail Trade (+282,000), and Government and Public Admin (+292,000), while Restaurants continued to trend upward.

In the Industry sector, the larger job providers more than offset the minor drops in Mining and Waste Disposal. Utilities led the addition of new jobs (+69,000), while Construction (+47,000) and Manufacturing recovered their losses in October (+42,000).

### Industrial Output in November Still at 25.3% YoY

Volume of Production Index (VoPI) expanded at a faster pace of 25.3% YoY in November compare to 25.2% in October. The upswing in 12 out of 22 industry

**Figure 1 - NG Expenditures Growth Rate, Year-on-Year  
NG Spending Advanced by 10.3% in November**



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

**NG spending in November expanded by 10.3% YoY, slightly at a faster pace than 9.6% a month earlier.**

Manufacture of coke and refined petroleum products contributed the most in November by +84.8%, although slower than the previous month's 124.9% pace. Manufacture of wood, bamboo, cane, rattan articles and related products (+83.9%) and manufacture of other non-metallic mineral products (+49.7%) contributed to the momentum. In the negative side, manufacture of tobacco product led the month's losers with -20.4% YoY decrease followed by manufacture of chemical and chemical products with a -12.2% YoY loss.

The IHS Markit Philippines Manufacturing PMI climbed to 51.8 in December from 51.7 in the previous month as operating conditions strengthened moderately, supported by the first monthly expansion in output for nine months. New orders continued to rise which encourage companies to add to their input inventories. However, there were still reports of material scarcity and supply-chain disruption. On the price front, input and output price increased following higher material and transportation expenses. Meanwhile, new export orders fell due to tighter restrictions in international markets linked to the omicron variant.

**NG Expenditures Expanded by 10.3% in November**

NG spending in November expanded by 10.3% YoY, slightly at a faster pace than 9.6% a month earlier. On the other hand, NG revenues gained more by 15.6% to P284.0-B so that the budget deficit of P128.7-B is slightly higher than the deficit of P128.3-B a year ago. This brought the 11-month deficit to P1.33-T from P1.07-T for the same period in 2020.

Higher infrastructure spending by the Department of Public Works and Highways, as well as those of Department of National Defense, Department of Health, and Department of Social Welfare & Development (the latter two for Covid-related expenses) contributed heavily to the disbursements' uptick.

Tax revenues jumped by 14.3%, with the Bureau of Customs (BOC) leading the gainers as its tax take surged by 32.5%. The Bureau of Internal Revenue (BIR) had a respectable 10% collection increase as well. Non-tax revenues padded NG coffers by 48.7% as dividends from key government-owned and controlled corporations (GOCCs) flowed into the National Treasury.

While we still expect a faster pace of spending in December, the full-year deficit will fall short of the target P1.9-B by some P200.0-B.

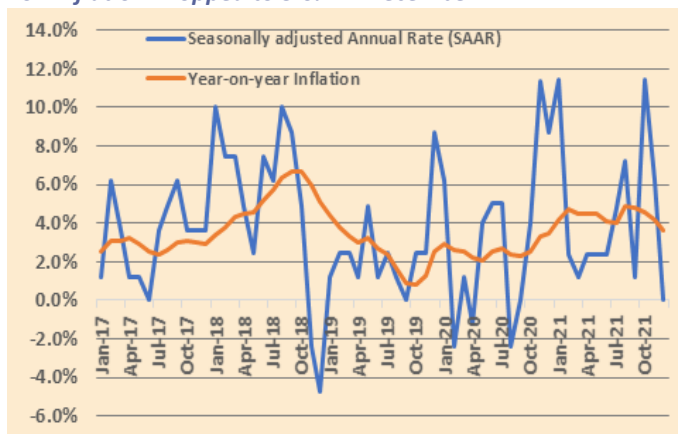
**Table 2 - Major Contributors to Year-on-Year Inflation**

Inflation Year-on-Year Growth Rates	Nov 2021	Dec 2021	YTD
All items	4.2%	3.6%	4.5%
Food and Non-Alcoholic Beverages	3.9%	3.1%	5.2%
Alcoholic Beverages and Tobacco	7.5%	6.5%	10.4%
Clothing and Footwear	1.9%	1.8%	1.7%
Housing Fuel, Light, Water, Gas & Other Fuels	4.6%	4.9%	2.6%
Transport	8.8%	6.1%	9.7%
Restaurants, Misc. Goods and Services	3.7%	3.5%	3.5%

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

Source of Basic Data: Philippine Statistics Authority (PSA)

**Figure 2 - Inflation Rates, Year-on-Year**  
**YoY Inflation Dropped to 3.6% in December**



Source of Basic Data: Philippine Statistics Authority (PSA)

As expected, December headline inflation finally dropped below 4% (actual, at 3.6%) to within the BSP target.

### December Inflation Dropped to 3.6% to Within BSP Target

As expected, December headline inflation finally dropped below 4% (actual, at 3.6%) to within the BSP target. Led by heavily-weighted food price and transport decelerations, nine out of 11 product categories of the Consumer Price Index showed a milder pace of price changes. However, the full-year inflation rate stood at 4.5%, slightly above our expectations.

Apart from rice price slowdowns (YoY), larger price weakness showed up for fish and vegetables. These overwhelmed the slightly faster pace for meats and oils & fats.

The sharp fall in crude oil prices in December had a delayed effect on local fuel prices. West Texas Intermediate (WTI) crude averaged \$71.71/barrel in December, a marked YoY slowdown to 52.5% from 93.5% uptick a month earlier. Similarly, while Brent crude oil averaged \$74.17/barrel easing to 48.4% YoY from 89.9% in November.

On a seasonally adjusted basis, month-on-month (MoM) inflation fell to zero. This tumbled from 0.5% in November. Naturally, when annualized (seasonally adjusted annual rate, SAAR) it remains at zero.

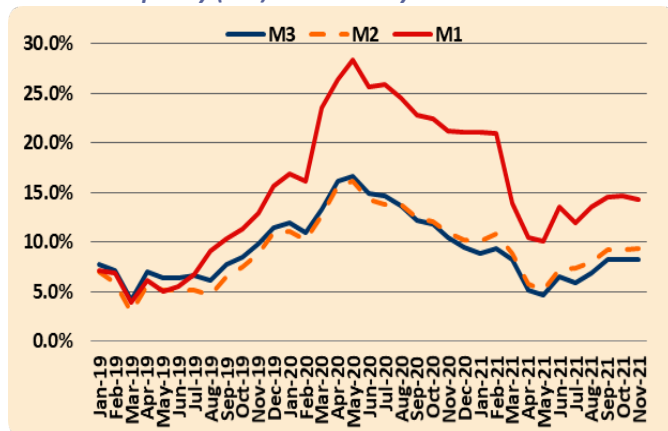
### Money Supply (M3) Pace Remained at 8.3% YoY in November

Domestic liquidity (M3) increased by 8.3% YoY in November to P14.8-T, similar in the previous month's pace. On a MoM seasonally adjusted basis, M3 grew by 0.5%. Narrow money (M1) increased by 14.3% YoY, slower than the 14.7% growth in the previous month. Meanwhile, broad money (M2) rose by 9.3% YoY, faster than the 9.2% pace a month ago.

Net foreign assets (NFA) in peso terms rose by 8.8% in November from October's 8.7%. The improvement in the BSP's NFA position reflected the increase in the country's gross international reserves. Meanwhile, the NFA of banks increased as their foreign assets rose due to higher loans with nonresident banks.

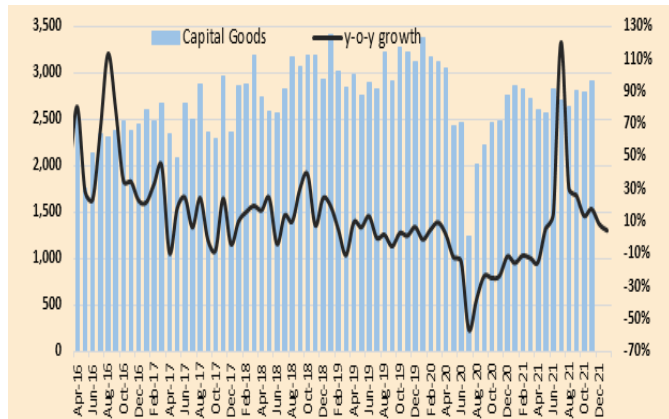
Bank lending in November increased by 4% YoY, adding to the 3.5% increase in the previous month. On a MoM seasonally adjusted basis, outstanding and commercial bank loans rose marginally by 0.3%. The continued recovery reflects the expansion in business activity amidst improved Covid-19 prospects.

**Figure 3 - M1, M2, M3 Growth Rates**  
**Domestic Liquidity (M3) Increased by 8.3% in November**



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

**Figure 4 - Capital Goods Growth Rates, Year-on-Year**  
**Imports of Capital Goods Spiked by 18.8% in November**

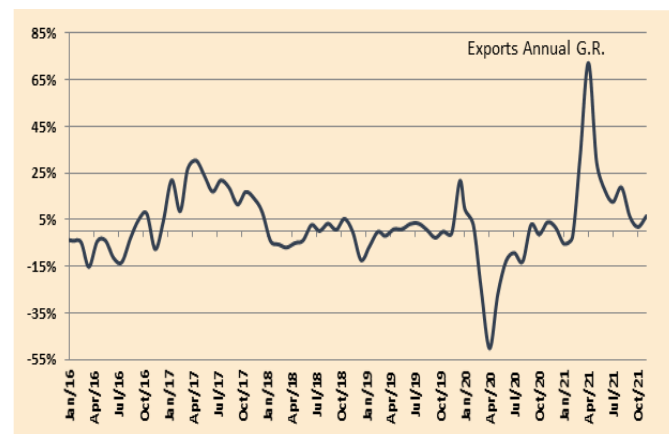


Source of Basic Data: Philippine Statistics Authority (PSA)

Exports accelerated by 6.6% in November, following a 2% gain a month ago.

Meanwhile, imports of capital goods hit an 18-month high amounting to \$3.3-B or up 18.8%.

**Figure 5- Export Growth Rates, Year-on-Year**  
**November Exports Recorded Fastest Pace in 3 Months**



Source of Basic Data: Philippine Statistics Authority (PSA)

Lending for production activities increased by 5.3% in November from 4.9% in October, as outstanding loans to key industries continued, specifically information and communication (+27.2%) and transportation and storage (+11.4%). Financial and insurance activities and real estate activities also saw expansions. Tempering the hike in outstanding loans, lending to activities of households as employers and undifferentiated goods and services fell by -23.8%.

Meanwhile, consumer loans to residents decreased at a slower rate by 7.1% in November, from a 7.4% decline in October, due to the YoY growth in credit card loans.

**Capital Goods Imports Soared to an 18-month High**

Imports of capital goods in November hit an 18-month high amounting to \$3.3-B or 18.8% higher than \$2.8-B in 2020. Similarly, it rose by 12% MoM from \$3.0-B in October. Moreover, total imports spiked by 36.8% to \$11.0-B from \$8.0-B a year ago. This marks the tenth continuous month of growth and the strongest pace since May, signifying robust domestic demand in anticipation of Christmas season alongside with the ramp up in Covid-19 vaccinations.

All six major capital goods hiked across the board with Aircraft, Ships and Boats leading the pack with a mammoth 175.2% increase in November, followed by Prof. Sci. & Cont. Inst., Photographic Equipment & Optical Goods (+67.5%), Land Transport Eqpt (+53.3%), and Power Generating & Specialized Machines (+25.4%).

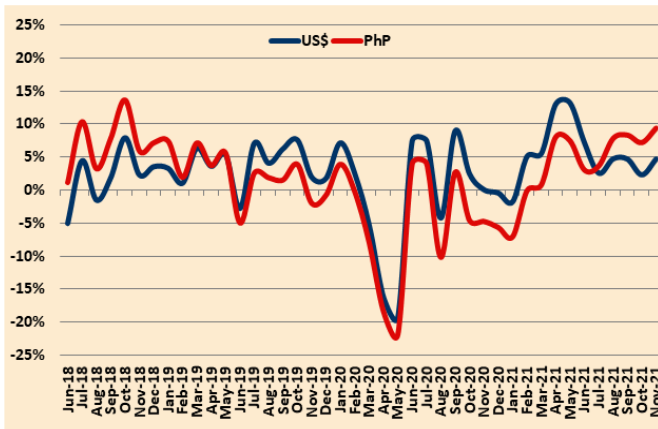
Likewise, inward shipments for all 10 commodity groups seen to have a positive pick up in November. Pandemic essentials saw the biggest jump as Medicinal and Pharmaceutical Products skyrocketed by 231.1%. Mineral Fuels, Lubricants & Related Materials and Cereals & Cereal Preparations also posted exceptional gains with 141.2% and 132.4%, respectively.

Trade deficit widened to \$4.7-B in November, a record high or 17.1% higher YoY. The previous high occurred in January 2019 when it reached \$4.3-B.

**Exports Grew by 6.6% in November**

Outward shipments in November accelerated by 6.6% to \$6.3-B from \$5.9-B the previous year, following a 2% gain a month ago. This was the ninth straight month of upswing boosted by strengthening demand ahead of year-end holidays. However, it edged down by a tad -2.2% from \$6.4-B in October.

**Figure 6 - Dollar-Peso Remittances Growth Rates, Year-on-Year  
OFW Remittances Climbed by 4.8% in November**



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

Inward personal remittances of OFW expanded by 4.8% MoM to \$2.6-B in November.

Six out of 10 major commodities registered growth in November. Coconut Oil remained as the top gainer with an impressive 95% rise in export sales. Furthermore, Electronic Equipment and Parts, Chemicals, and Other Manufactured Goods posted double-digit gains at 33.9%, 31.8%, and 15.1%, respectively.

By major type of goods, exports of Agro-based Products surged by 36.1%. Meanwhile, Manufactured Goods (which accounts for 84.4% of total exports) grew moderately by 5.9% with shipments from Telecommunication vaulting by 330.6%. On the contrary, Mineral Products and Petroleum Products landed on the red with -8.9% and -95.2%, respectively.

U.S. switched places with China as the top export destination as it accumulated \$997.9-M (+3.9% YoY) or 15.9% of total exports in November. On second and third place, shipments to China and Japan dropped by -5.7% to \$887.5-M and -1.1% to \$879.4-M, respectively.

**OFW Remittances Climbed 4.8% YoY in November**

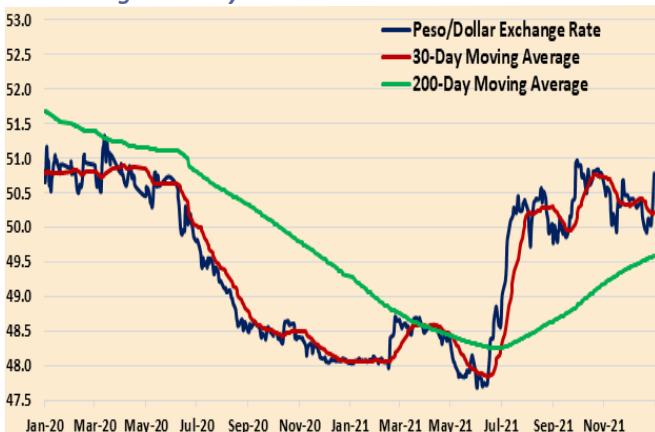
Inward personal remittances of Overseas Filipino Workers (OFW) expanded by 4.8% MoM to \$2.6-B in November, smaller than the \$3.1-B recorded a month earlier. This results in a year-to-date (YTD) growth of 5.3% to \$30.0-B.

The gain in personal transfers benefited from remittances of land-based workers with work contract of one year or more which increased by 6.3% to \$2.1-B. Meanwhile, sea-based workers and land-based workers with work contracts of less than one year rose by 1% to \$0.6-B.

Moreover, cash remittances from OFW coursed through banks grew by 5.1% YoY to \$2.5-B in November from \$2.4-B in the comparable month a year ago. An identical pattern as to source by type of workers as in personal remittances emerged. From January to November 2021, cash remittances climbed by 5.2% to reach \$28.4-B.

Higher cash remittances from the U.S., Taiwan, and Malaysia accounted for most of increase YTD. Meanwhile, as for origin by country, the U.S. registered the highest share of overall remittances at 40.7% followed by Singapore, Saudi Arabia, Japan, the United Kingdom, the United Arab Emirates, Canada, Taiwan, Qatar, and South Korea. The consolidated remittances from these top 10 countries accounted for 78.9% of total cash remittances during the period.

**Figure 7 - Dollar-Peso Exchange Rates and Moving Averages  
Peso Strengthened by 0.2% in December**



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

**Table 3 - Exchange Rates vs USD for Selected Asian Countries**

Exchange Rates vs USD for Selected Asian Countries			
	Nov-21	Dec-21	FY 2021
AUD	1.2%	2.2%	5.29%
CNY	-0.5%	-0.3%	-2.63%
INR	-0.6%	1.3%	2.29%
IDR	0.6%	0.4%	1.41%
KRW	0.3%	-0.1%	8.15%
MYR	0.3%	0.8%	3.85%
PHP	-0.8%	-0.2%	4.54%
SGD	0.4%	0.5%	2.34%
THB	-1.2%	1.4%	11.59%

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

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

### Peso Strengthened by 0.2% in December, Breaks Through P51/\$ in January

The dollar-peso exchange rate (FX) mildly strengthened by +0.2% in December with an average of P50.25/\$ from P50.36/\$ the previous month on the back of hefty remittances flow and lack of corporate demand. The downward pressure even pushed the peso to hit as low as P49.91/\$ but easily went back to the 50-handle as players took advantage of the dips.

The local unit traded between P49.91/\$ and P50.77/\$ in December. Meanwhile, the volatility measure slimmed to 20.4% from 22.2% a month ago.

As 200-day moving average (MA) continues its uptrend and closing in on the 30-day MA, we anticipate peso depreciation in the near to medium term. Additionally, a hawkish Fed and surge in Omicron cases globally contribute to the U.S. dollar’s strength. Furthermore, the actual FX broke through 30-day MA by end-December fueling expectations of peso weakness.

### Outlook

Fresh economic data released in December and early January 2022 bolster the hope of the Philippine economy on the mend. FY 2021 GDP was reported at 5.6%, this should accelerate by another 1 percentage point at least with the growth momentum in place reinforced by heavy election spending in H1-2022.

- November employment figures provided the biggest boost to this optimism as it added a whopping 1.6-M jobs to reach a record total employment of 45.5-M. While a slight correction may occur in December, the excited reopening of businesses and consumer spending seen in malls and restaurants should provide the needed impetus for the economic recovery gaining traction.

- Official release on Industrial output again showed a hefty 25.4% YoY increase in November, a tad faster than a month earlier. Besides, IHS Markit’s Manufacturing PMI again showed a further expansion and should lead the sectoral growth rate in Q4-2021.

- While total NG spending in November showed only a slight acceleration to 10.4% YoY growth compared to 9.6% a month earlier, a deeper dive into the data depicted a much better picture. NG disbursements for current and capital outlays (excluding interest payments, allotments to LGUs, subsidies, etc.) actually climbed by 16.2% YoY as infrastructure spending continued to hum.

**Figure 8 - USD Index vs Dollar-Peso Exchange Rate**  
**Peso Traded Between P49.91/\$ and P50.77/\$ in December.**



Source of Basic Data: *Trading Economics*



- With all equipment categories in positive territory, capital goods imports soared by 18.8% YoY in November, the eighth consecutive month of YoY increase, With this, we expect domestic demand (i.e., sum of consumption, investment, and government spending) to remain in the driver's seat of the growth vehicle.

- Another important development came from the inflation front, where the December print eased to 3.6% from 4.2% a month earlier. This marked the first-time headline inflation rate YoY came within the BSP target of 2% - 4% in a year. However, we think that in 2022, despite elevated crude oil prices, inflation will remain within this range and average 3.7% for the entire year.

- Finally, robust inward OFW remittances should continue in December, which has helped temporarily buoy the peso. However, the widening trade deficits due to high crude oil prices and stronger economic growth in 2022 should keep the peso on a depreciation mode.

# FIXED INCOME SECURITIES

## BOND YIELDS STEADY DESPITE EXPECTED AGGRESSIVE FED POLICY RATES HIKES

Despite Fed's recent pronouncements of more aggressive policy rate hikes for 2022, the local 10-year bond yields eased by -19 bps to end the year at 4.82%. The U.S. 10-year yields, on the other hand, had a 9-bps uptick to close at 1.52%. Bureau of the Treasury only accepted P20.0-B in its Treasury bills auction, resulting in slightly lower yields for the 91-day and 182-day tenors, and rejected all bids for the 7-year and 10-year offers. Secondary trading volume of government securities (GS) remained fairly flat at P316.9-B as trading focused more on the short tenors whose yields fell by -1.5 bps to -19.1 bps. ROPs did well in December as yields fell as the PH economy showed renewed signs of vitality, while U.S. Treasuries ended higher due to inflation concerns.

Outlook: Despite a spike in the U.S. 10-year T-bond yields by 38 bps from end-2021 to peak at 1.893% on January 19, the local 10-year yields moved only sideways. Local yields trailed the upswing of U.S. Treasuries due to domestic inflation falling to 3.6%, within the BSP target range, to high liquidity, and to BSP's commitment to keep low policy rates unchanged for a good part of 2022. Besides, from end-June to November 11, 2021, local 10-year yields reflected much risk aversion as these rose by 127 bps while equivalent U.S. Treasuries only added 7 bps for the same period. Unless we see a more aggressive Fed rate hike trajectory, the local 10-year yields should move sideways in H1-2022. ROPs performance will likely depend on the robustness of the PH economic recovery.

Table 4 - Auction Results

Date	T-Bond/ T-Bill	Offer (Php B)	Tendered (Php B)	Accepted (Php B)	Tendered ÷ Offered	Ave. Yield	Change bps
13 Dec	91-day	4.000	30.057	4.000	7.514	1.125	-3.9
	182-day	6.000	35.372	6.000	5.895	1.428	-2.1
	364-day	10.000	28.614	10.000	2.861	1.649	1.3
Subtotal		20.000	94.043	20.000	4.702		
7 Dec	10 year	20.000	42.437	0.000	2.122		
14 Dec	7 year	20.000	52.267	0.000	2.613		
Subtotal		40.000	94.704	0.000	2.368		
All Auctions		60.000	188.747	20.000	3.146		

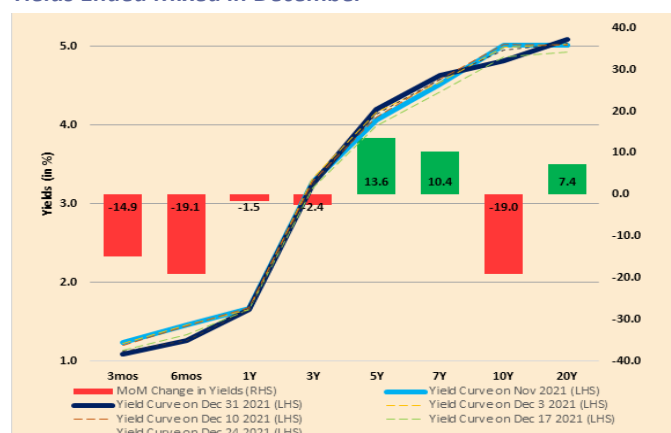
Source: Bureau of the Treasury (BTr)

### Primary GS Market: BTr Rejected All Bids From its T-bonds Auctions

Despite less fresh supply in December, the Bureau of the Treasury (BTr) only successfully awarded bids from its issuance of two Treasury bills (T-bills) while none from 7-year and 10-year auctions despite garnering P42.4-B and P52.3-B worth of tenders, respectively. With limited supply pressure (only P60.0-B on offer), it motivated a rally in the secondary market.

Strong buying interest surfaced once again for short term tenors as the tender-offer ratio (TOR) jumped to 4.702x in December from 2.767x a month ago. The 91-day and 182-day debt papers slid by -3.9 bps to 1.125% from 1.164% and -2.1 bps to 1.428% from 1.449%, respectively. On the other hand, the 364-day papers experienced an uptick of 1.3 bps to 1.649% from 1.636%.

Figure 9 - Week-on-Week Changes on the GS Benchmark Bond Yield Curves  
Yields Ended Mixed in December



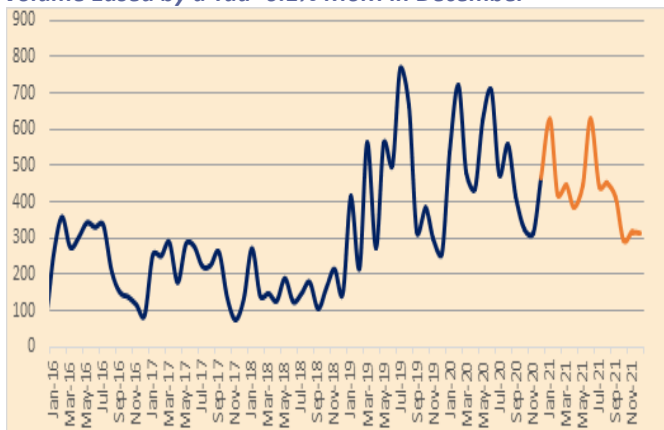
Source: Philippine Dealing Systems (PDS)

As the total offering plummeted by -80.6% to P60.0-B from P310.0-B (excluding follow on for RTB-25) a month earlier to keep yields at bay. Surprisingly, BTr rejected all bids from its 7-year and 10-year Treasury bonds (T-bonds) auctions despite fetching an average of 4.395% and 5.071%, respectively, both lower than previous month's yields. Note that BTr made a full award of the 10-year auction in November despite elevated yields amid weak demand. This time around, BTr seemed satisfied with the funds it has amassed for this year.

### Secondary Market: Less Fresh Supply Kept Yields Supported

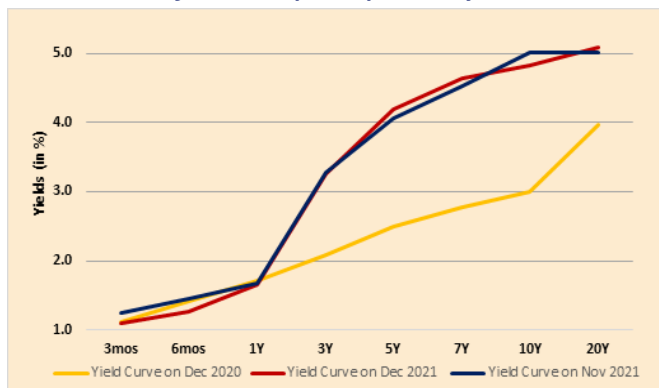
Monthly turnover in the secondary market for government securities (GS) remained flat at P316.9-B (-0.1% lower MoM) in December. Meanwhile, trading volume plunged by -32.4% from P469.0-B a year ago. Overall, total trading

**Figure 10 - Monthly Total Turnover Value (in Billion Pesos)  
Volume Eased by a Tad -0.1% MoM in December**



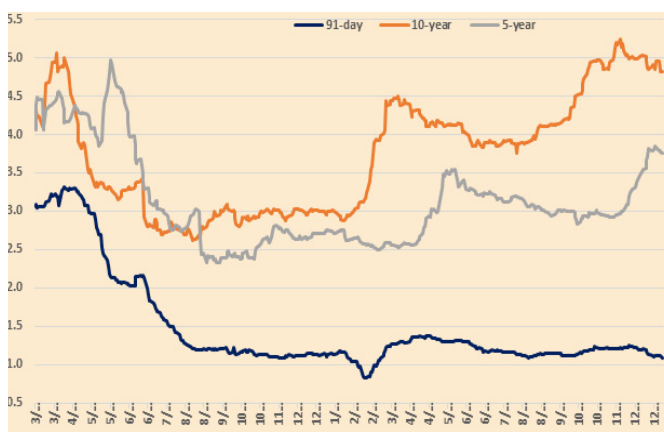
Source: Philippine Dealing Systems (PDS)

**Figure 11 - Year-on-Year and Month-on-Month Changes on the GS Benchmark Bond Yield Curves  
Spread Significantly Expanded by 99.4 bps to 214.4 bps in December 2021 from 115 bps the previous year**



Source: Philippine Dealing Systems (PDS)

**Figure 12 - 91-day T-bill and 10-year T-bond Daily Yields  
Spread Contracted by -4.1 bps MoM in December 2021**



Source: Philippine Dealing Systems (PDS)

volume reached P5.2-T for the full year or -14.4% lower from a year ago.

GS yields ended mixed in December as majority of the benchmark yields eased. The rejection of the 7-year and 10-year auctions, coupled with year-end demand, high liquidity, and limited supply pressure, lifted market sentiment. However, investors turned cautious toward the end of December amid Fed's announcement of three rate hikes in 2022 and hawkish stances from central banks globally. In particular, the Bank of England unexpectedly raised its benchmark rate by 15 bps to 0.25% to temper inflation.

Appetite for short term tenors remained robust as 3-month and 6-month yields fell by -14.9 bps to 1.095% from 1.243% and -19.1 bps to 1.269% from 1.460%, respectively. Furthermore, 1-year and 3-year debt papers edged down by -1.5 bps to 1.660% from 1.675% and -2.4 bps to 3.251% from 3.275%, respectively. The 10-year tenors stumbled by -19 bps to 4.822% from 5.012%.

Moving in the opposite direction, the 5-year tenors climbed by 13.6 bps to 4.197% from 4.061% as players took profit from RTB-26. Similarly, the 7-year and 20-year T-bonds yields headed north by 10.4 bps to 4.631% from 4.527% and 7.4 bps to 5.091% from 5.017%, respectively.

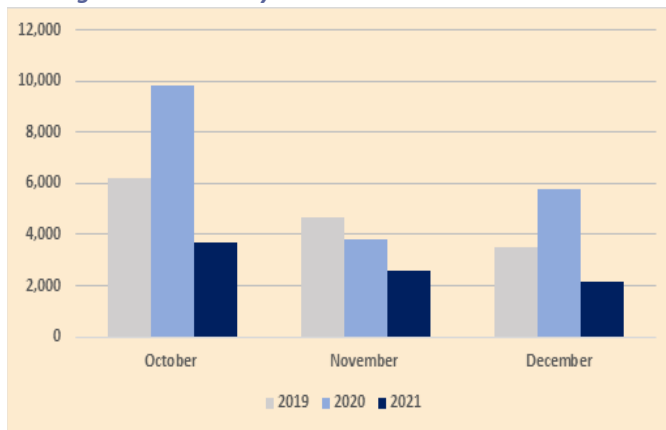
The spread between 10-year and 2-year bond yields narrowed by -9 bps to 214.4 bps in December.

### Corporate Bonds: Trading Volume Continued its Downtrend for 3 Consecutive Months

Corporate bond trading sustained its downward movement and posted its lowest figure in 35 months to P2.2-B or -16.3% lower MoM in December. Likewise, it plummeted by -62.8% from P5.8-B a year earlier. Full year corporate bond trading volume amounted to P52.8-B or -30.4% less than the previous year.

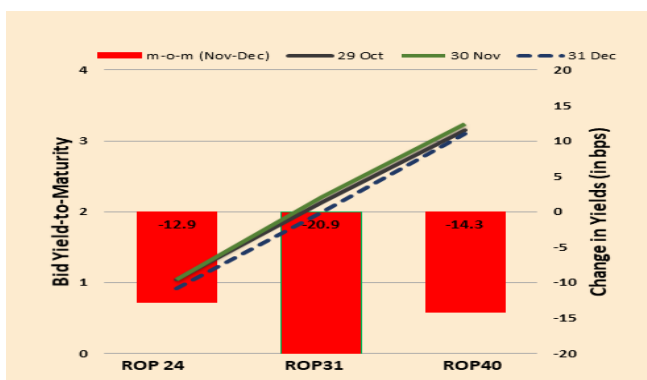
The top five issuers contributed P761.4-M, slightly higher by 6.2% MoM in December. Ayala Land, Inc. (ALI) regained the top spot with P294.2-M (59% higher than a month earlier). After placing last in November, Aboitiz Power (AP) rose to the second place as it vaulted by 874.6% to P190.3-M. Meanwhile, SM Prime Holdings, Inc. (SMPH) and SMC Global Power (SMCGC) fell to the third and fourth spot with P163.5-M and P57.3-M, respectively. Lastly, San Miguel Corporation (SMC) occupied the bottom place with P56.0-M (-41.7% lower MoM).

**Figure 13 - Total Corporate Bond Trading Volume (in Billion Pesos)**  
Trading Volume Drove by -16.3% MoM



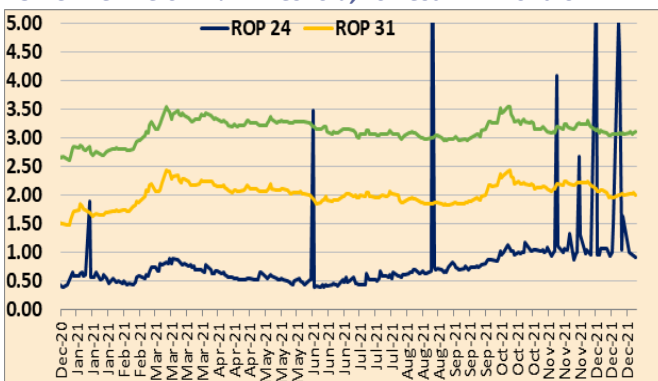
Sources: Bloomberg, First Metro Investment Corporation (FMIC)

**Figure 14 - ROPs Yield, Month-on-Month Changes (bps)**  
ROPs Yields Fell Across the Board



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

**Figure 15 - ROPs Daily Yields**  
ROP-31 Fell Below 2% Threshold, Lowest in 4 Months



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

## Corporate Issuances and Disclosures

- Aboitiz Power Corporation (AP) returned to the debt market with the second tranche of its P12.0-B worth of 4-year and 7-year bonds which carried coupon rates of 3.9992% and 5.0283%, respectively, payable quarterly. The proceeds will be used to partially fund its equity contributions to renewable energy projects.

- Filinvest Land, Inc. (FLI) similarly issued the second tranche of its P10.0-B 4-year and 6-year Fixed Rate Bonds, with an oversubscription of over 4x the base amount.

- SL Agritech Corporation (SLAC) listed its P1.9-B Series O Commercial Paper (due 2022) with a handsome discounted rate of 4.25%. The raised capital will allow the company to fuel its growth plans.

- AREIT, Inc. (AREIT), the country's first Real Estate Investment Trust, accomplished its maiden listing of P3.0-B Fixed Rate Bonds (due 2023). Approximately 5.5x oversubscribed, the bond gave a coupon rate of 3.0445% payable quarterly.

- SM Investments Corporation (SMIC) plans to issue 3-year and 5-year Fixed Rate Bonds in February 2022.

## ROPs: Attractive ROPs Amid BSP's Accommodative Monetary Policy Stance

Yields of the Republic of the Philippines' U.S. dollar-denominated bonds (ROPs) did not track the movement of its equivalent U.S. Treasuries in December. Instead, ROP yields fell across the board, resulting in a flatter yield curve.

While central banks globally shifted to a more hawkish stance, BSP Governor Diokno assured that BSP's commitment to an accommodative monetary policy won't change as highly expected. This accords more with the view that only a decisive return to rapid growth would trigger a tightening of policy. With this, ROP-24 and ROP-40 slipped by -12.9 bps to 0.911% and -14.3 bps to 3.1%, respectively, in December. Meanwhile, ROP-31 shed the maximum -20.9 bps to 1.995%, lowest in four months.

In the U.S., the Fed announced its objective to tighten monetary policy by ending its asset purchases in March (three months earlier than expected) and signaled three rate hikes to 2022 amid inflationary pressures.

**Table 5 - Spreads Between ROPs and U.S. Treasuries (bps)**

Spreads between ROPs and U.S. Treasuries (bps)			
Date	3-year	10-year	20-year
29-Oct	29.2	58.5	117.7
30-Nov	23.0	77.4	139.3
31-Dec	-5.9	47.5	116.0

Consequently, the 3-year U.S. Treasuries advanced the most by 16 bps to 0.97%. The 10-year and 20-year tenors grew by 9 bps to 1.52% and 9 bps to 1.94%, respectively.

The spread between ROPs and its equivalent U.S. Treasuries contracted ranging from -23.3 bps to -29.9 bps in December.

**ASEAN +1: Mildly Flatter Yield Curves Across the Region**

- **U.S.:** The economy added 199,000 new jobs in December down from (upward revised) 245,000 a month earlier. This is still 3.8-M below pre-pandemic levels. Thus, the unemployment rate slid to 3.9% from 4.2% in November.

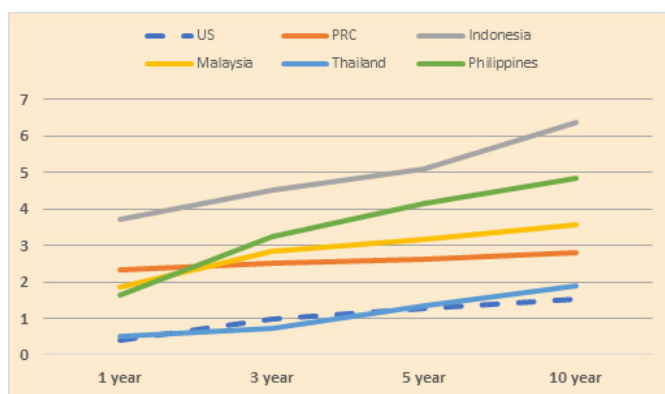
IHS Markit U.S. Manufacturing PMI still showed strong expansion at 57.7 in December 2021, albeit lower than 58.3 a month earlier, but manifested acute material shortages and work backlogs. Retail sales sank 1.9% MoM in December, the biggest decline since February 2021, and ending four straight months of strong growth amid rising Omicron infections and the surge in inflation. This reflected the University of Michigan’s consumer sentiment reading which fell to 68.8 in January 2022 from 70.6 in December. Less consumer optimism appeared mainly due to the spread of the Delta and Omicron Covid-19 variants and escalating inflation.

December inflation slipped to 0.5% MoM from 0.8%, but YoY it came in at 7%, the highest since June 1982. Housing starts unexpectedly increased by 1.4% MoM to a seasonally adjusted annualized rate of 1.7-M in December 2021, the highest since March amidst robust housing demand despite elevated prices for building materials, supply, and labor constraints.

The yield curve flattened by -12 bps to 79 bps (with usual measure of spread between 10-year and 2-year bond yields).

- **China:** The country’s GDP growth eased to 4% in Q4-2021, the slowest pace in six quarters, amid property woes and sporadic coronavirus outbreaks which led to strict lockdowns that hurt consumption. This delivers a full-year result of 8.1%, far exceeding the government’s target of 6%. In 2022, the government expects the economy to expand by 4.7% as economic momentum is likely to remain weak.

**Figure 16 - Comparative Yield Curve Between ASEAN per Tenor**



Sources: Asian Development Bank (ADB), Federal Reserve

**Figure 17 - U.S. Bond 10-year vs PH Bond 10-year**



Source: Trading Economics

From a 15-month high of 2.3% in November, China's inflation print dropped to 1.5% in December after a recovery in its supply following disruptions caused by bad weather. Meanwhile, the Caixin General Manufacturing PMI improved to 50.9 in December, the highest reading since June.

Exports strength extended for 15 months to \$340.5-B (20.9% higher YoY) in December. Meanwhile, imports rose by 19.5% to \$246.0-B, the weakest growth in purchases in three months. This pushed the trade surplus to a new high of \$94.5-B and \$676.4-B (26.4% increase over 2020) for the full year.

The People's Bank of China (PBoC) pledged it will keep its monetary policy flexible in 2022 to stabilize growth amid growing economic headwinds and a housing market crisis. For instance, PBoC cut its 5-year loan prime rate, the reference rate used for mortgages, by 5 bps to 4.6% for the first time since April 2020. The spread between 10-year and 2-year bond yields shrunk by a tad 1 bp to 36 bps.

- **Indonesia:** For four consecutive months of growth in the Manufacturing sector, PMI stood at 53.5 in December albeit a slower pace compared to 53.9 the previous month. On the other hand, annual inflation rose to an 18-month high of 1.9% in December as consumption strengthened during year-end holidays.

Indonesia saw its exports and imports shot up to record high of \$22.8-B (49.7% higher YoY) and \$19.3-B (+52.6%), respectively, in November. Consequently, trade surplus amounted to \$3.5-B.

Bank Indonesia (BI) maintained its policy rate at 3.5% to maintain currency stability. BI announced that the monetary policy in 2022 will be conducted with a "pro-stability" focus to support economic recovery. Indonesia's yield curve steepened the most among its ASEAN peers as it expanded by 17 bps to 221 bps.

- **Malaysia:** Its Manufacturing PMI jumped to 52.8 in December (vs 52.3 a month ago), the quickest rate since April. Furthermore, CPI advanced to a 5-month high of 3.3% in November after a 2.9% reading a month earlier.

Exports spiked by 32.4% to MYR 112.2-B in November boosted by a further recovery in global demand and surging commodity prices. Likewise, imports soared by 38% to a fresh peak of MYR 93.3-B. Thus, trade surplus widened to MYR 18.9-B.

The benchmark interest rate remained stable at 1.75% in December. The spread between 10-year and 2-year bond yields broadened by 6 bps to 123 bps as investors reacted to Fed's hawkish stance.

- **Thailand:** The inflation print fell to 2.2% in December from a 7-month high of 2.7% a month ago as transport and housing prices decelerated to 8.7% (vs 11.7% in November) and -0.14% (vs -0.12%), respectively. Additionally, Manufacturing PMI contracted to 49.5 in December from 50.6 in the previous month amid lackluster demand.

Exports increased by 24.7% to \$23.6-B in November amid robust recovery of global trade volume. On the other hand, imports grew by 20.5% to \$22.6-B, resulting in a trade surplus of \$1.0-B, a reversal from the previous month's trade deficit of \$370.0-M.

The Bank of Thailand (BoT) unanimously voted to keep interest rate at 0.50% and cited that the Omicron variant could have a larger and prolonged impact on the country's economic recovery. BoT expects the economy to return to pre-pandemic levels in Q1-2023 and forecasts GDP to expand by 3.4% in 2022. Thailand's yield curve widened a bit by 1 bp to 126 bps.

## Outlook

While U.S. 10-year T-bond yields soared in the New Year to a 9-month high of 1.893%, PH held steady despite peso depreciation and the unabated rise in crude oil prices.

- With relatively robust job growth, and YoY inflation at a 40-year high of 7%, most U.S. analysts have penciled in at least three policy rate hikes by the Fed in 2022. A more aggressive pace of policy rate increases has captured the minds of analysts and pushed up U.S. 10-year T-bond yield by 38 bps since the start of the year to reach a 9-month peak of 1.893%. Although this has eased towards mid-January, concerns that inflation would remain elevated dominated the bond markets, especially in the light of continuing rise of crude oil prices and supply chain and labor constraints.

- While it may seem logical for PH bond yields to follow, local 10-year bond yields had already overreacted to this scenario and took a sharp rise since June to reach a peak of 5.19% on November 11 (up 127 bps since end-June) while U.S. Treasuries rose by only 7 bps for the same period. Thus, local yields headed south since that peak and have kept below 5% even in early 2022.

- As we expected, local yields would respond more to domestic inflation, BSP policy moves and overall liquidity. Inflation's drop to 3.6% by December to within the BSP target range eased concerns over inflation despite high oil prices. BSP also has declared continued accommodative policy until the economy's recovery becomes more robust. And despite heaving NG borrowing in Q4, banks' excess liquidity (measured in terms of their deposits with BSP) hovered between P1.5-T to P1.6T during this period.

- With inflation remaining below 4% in H1-2022 and ample liquidity, local 10-year bond yields may have a sideways movement during this period, unless the Fed takes a more aggressive stand in raising policy rates (e.g., by 50 bps by March or three 25 bps in H1-2022).

- Corporate bond issuances will likely proceed at a fast pace in H1, as firms, including new ones in the market, take advantage of low benchmark yields.

- ROPs will likely track movements of U.S. Treasuries but can have a downside should the country's economic growth recovery proves more robust than expected.

Table 6 - 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
					Nov-21	Dec-21			
U.S.	0.73	1.52	4.7	(3.18)	91	79	(12)	0.10	-4.60
PRC	2.44	2.80	0.9	1.90	37	36	(1)	2.95	2.05
Indonesia	4.15	6.36	1.7	4.66	204	221	17	3.50	1.80
Malaysia	2.34	3.57	2.3	1.27	117	123	6	1.75	-0.55
Thailand	0.64	1.90	1.2	0.70	125	126	1	0.50	-0.70
Philippines	2.69	4.84	4.4	0.44	223	215	(8)	2.00	-2.40

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 ENDS 2021, STARTS 2022 WITH NO-BANG

Despite huge P86.2-B net foreign buying in December, PSEi ended the year with a whimper at 7,122.63, a tad lower than end-2020. A slight slide of -1.1% MoM December took the wind off the index uncertainties spawned much volatility. The month featured only two sectoral gainers—Financial (+2.3%) and Mining & Oil (+1.7%). Metrobank’s (MBT) 11.7% upswing in December led not only the Financial sector’s gainers, but also the 30-constituent stocks of the PSEi. The Property sector finished with -2.3% MoM implying mild slippages in the other sectors. Telco giants, Converge ICT Solutions, Inc. (+114.1%) and Globe Telecom (+63.6%), led full-year 2021 gainers.

Outlook: As we ushered in 2022 without a bang, we expect the PSEi will move sideways in Q1, unless better-than-expected Q4-2021 GDP growth emerges, and inflation falls further around 3%. These become key events to watch even as investors remained wary of restrictions imposed due to the spike in Omicron Covid-19 variant, and Fed’s announcement of the trajectory of their policy rate hikes in 2022. Besides, corporate earnings to be reported in February will still correspond to 2021.

Table 7 - Global Equities Markets Performances

Global Equities Markets Performances				
Region	Country	Index	November M-o-M Change	2021 % Change
Americas	US	DJIA	6.8%	18.7%
Europe	Germany	DAX	5.2%	15.8%
	London	FTSE 101	4.6%	14.3%
East Asia	Hong Kong	HSI	-0.3%	-14.1%
	Shanghai	SSEC	2.1%	4.8%
	Japan	NIKKEI	3.5%	4.9%
	South Korea	KOSPI	4.9%	3.6%
Asia-Pacific	Australia	S&P/ASX 200	2.6%	13.0%
Southeast Asia	Indonesia	JCI	0.7%	10.1%
	Malaysia	KLSE	3.5%	-3.7%
	Thailand	SET	5.7%	14.4%
	Philippines	PSEi	-1.1%	-0.2%

Sources: Yahoo Finance

Figure 18 - PSEi vs DJIA  
PSEi vs DJIA Correlation Reversed to -0.5 in December



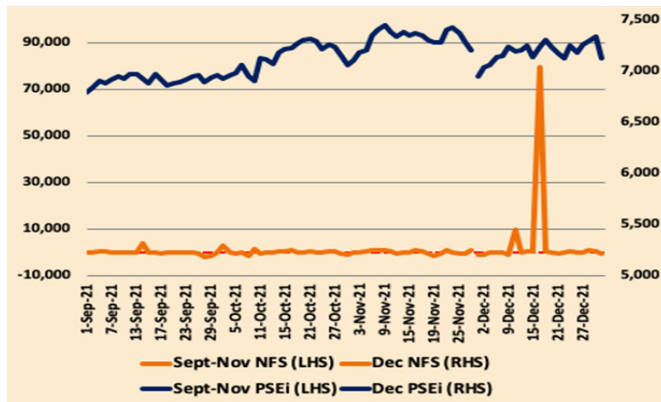
Source: Yahoo Finance

Global stock markets still managed to end the year with big gains despite plenty of challenges, including rising inflation, global supply chain disruptions and outbreaks of more contagious variants of the Covid-19 virus. DJIA recorded the biggest gain with +6.8% month-on-month (MoM) and +18.7% for full year (FY), marking its third year of incredible gains. SET (+5.7% MoM) and DAX (+5.2%) followed. Corporate profits surged this 2021 as consumer demand fueled the re-opening of economies which kept investors in a buying mood. Stock markets also got a boost from the Federal Reserve, which kept its key short-term interest rate near zero all year. That helped keep borrowing costs for companies low and stock valuations high.

DJIA ended the year with a mammoth 18.7% gain, finishing 2,316.26 MoM points higher to close December at 36,338.30 beating nearly every Wall Street forecast from last December. The market ripped as higher vaccine rollouts, economic reopening, and new stimulus boosted optimism. Vaccine approvals and rollouts in early 2021 served as a major step toward fighting the coronavirus and opened the door for reopening. After a year of restrictions, layoffs, and closed doors, the economy finally took strides toward a new normal. Moreover, the U.S. also received stimulus support early in the year. The months following the stimulus package’s passage saw spending surge as Americans put the direct aid to use. Meanwhile, PSEi finished -78.25 MoM points lower to close December at 7,122.63. The correlation between the two indices in December reversed to -0.5, after reaching 0.5 in the previous month.



**Figure 19 - PSEi vs NFS (Sep 2021 - Dec 2021)**  
**PSEi vs NFS Correlation Went Down to 0.2 in December**



Source: Yahoo Finance

**Table 8 - Monthly Turnover (in Million Php)**

Monthly Turnover (in Million Pesos)				
Sector	Total Turnover		Average Daily Turnover	
	Value	% Change	Value	% Change
Financial	20,749.64	13.3%	988.08	7.9%
Industrial	134,673.15	127.1%	6,413.01	116.3%
Holdings	29,133.50	-29.1%	1,387.31	-32.5%
Property	21,460.88	-10.1%	1,021.95	-14.3%
Services	33,390.65	-44.4%	1,590.03	-47.0%
Mining and Oil	2,602.95	-9.7%	123.95	-14.0%
<b>Total</b>	<b>242,010.76</b>	<b>17.8%</b>	<b>11,524.32</b>	<b>12.2%</b>
Foreign Buying	153,576.53	52.4%	7,313.17	45.1%
Foreign Selling	67,382.78	-33.0%	3,208.70	-36.2%
Net Buying (Selling)	86,193.75	34226.3%	4,104.46	32591.7%

Source of Basic Data: PSE Quotation Reports

**Table 9 - Top Foreign Buy in December (in Php)**

Top Foreign Buy	
Company	Total Value
BDO PM Equity	1,027,107,305.00
SMPH PM Equity	946,478,049.00
ACEN PM Equity	622,101,265.00
TEL PM Equity	595,726,310.00
BPI PM Equity	547,145,450.00
<b>Total Buy Value</b>	<b>3,738,558,379.00</b>

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

PSEi took the back seat among our featured global markets in December, as it reeled from the impact of the Omicron variant and the devastation of Typhoon Odette. MoM, the PSEi lost 78.25 points or -1.1% lower compared to its 2.1% gain in November. Bucking the usual December-January optimism, PSEi constituent stocks fell due to the above. The government declared a state of calamity in six key economic and tourism regions. These include centers such as Cebu, Iloilo, Bacolod, Palawan, Bohol, and Siargao. Moreover, these regions house business process outsourcing (BPO) companies that got severely affected specially by the super typhoon.

PSE trading volume surged by +17.8% after tumbling -20.2% a month ago. The Industrial sector observed the biggest gains by +127.1%. The Services sector continued its volume reversal by -44.4% followed by the Holdings sector (-29.1%) and the Property sector (-10.1%).

Foreigners returned to the market with net foreign buying (NFB) amounting to P86.2-B in December, after the P0.3-B net buying a month ago. The buying spree concentrated on two trading days, the main one represented the purchase of AP shares by JERA Asia Private Ltd, Japan's largest power generator for some P73.2-B (\$1.46-B) and the second accounted mainly for the balance of P13.0-B. The one-time-big-time transaction involving AP shares did not benefit PSEi much. The top five favorite stocks of foreign investors amounted to P3.7-B with BDO Unibank Inc. (P1.0-B) and SM Prime Holdings Inc. (P0.9-B) leading the list. The top five sold stocks in December amounted to P4.6-B with Universal Robina Corporation (P1.2-B) and Jollibee Foods Corporation (P1.1-B) taking the lead.

With lingering concerns on the spread of the Omicron variant and the destruction by Typhoon Odette, only two sub-indexes of the six sectors of PSEi gained in December, landing the index on the red. The Financial sector recorded the biggest sectoral jump with +2.3% MoM, followed by the Mining and Oil sector's +1.7% increment. For the FY, the Services sector held on its top performer with its +31.2% climb. The Property sector continued its deceleration to a -12.1% FY pace from its -10% drop in the previous month, joined by the Holdings sector's -7.4% loss.

**Table 10 - Top Foreign Sell in December (in Php)**

Top Foreign Sell	
Company	Total Value
MREIT PM Equity	-619,317,138.00
MONDE PM Equity	-681,455,188.00
RCD PM Equity	-1,012,272,357.00
JFC PM Equity	-1,090,717,328.00
URC PM Equity	-1,160,249,963.00
<b>Total Sell Value</b>	<b>-4,564,011,974.00</b>

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

**Table 11 - Monthly Sectoral Performance**

Monthly Sectoral Performance					
Sector	29-November-2021		31-December-2021		FY 2021
	Index	% Change	Index	% Change	
PSEi	7,200.88	2.1%	7,122.63	-1.1%	-0.2%
Financial	1,569.85	2.4%	1,606.17	2.3%	11.0%
Industrial	10,439.75	-3.6%	10,404.09	-0.3%	10.8%
Holdings	6,932.84	-0.1%	6,807.27	-1.8%	-7.4%
Property	3,297.13	5.7%	3,219.68	-2.3%	-12.1%
Services	1,986.48	5.2%	1,986.37	0.0%	31.2%
Mining and Oil	9,440.56	-6.5%	9,601.70	1.7%	0.8%

Source of Basic Data: PSE Quotation Reports

**Table 12 - Financial Sector Constituent Stocks**

Company	Symbol	11/29/2021 Close	12/31/2021 Close	M-o-M % Change	FY 2021
Metrobank	MBT	49.90	55.70	11.6%	13.6%
BDO Unibank, Inc.	BDO	124.00	120.70	-2.7%	13.0%
Bank of the Philippine Islands	BPI	91.00	92.15	1.3%	13.3%
Security Bank Corporation	SECB	115.00	119.00	3.5%	-11.2%

Source of Basic Data: PSE Quotation Reports

The Financial sector leads December's sectoral race with a +2.3% MoM increase and an +11% FY increase, with three of its PSEi-constituent stocks in positive territory in December.

Metropolitan Bank & Trust Company (MBT) stock prices jumped the most in both MoM and FY by +11.6% and 13.6%, adding on its 4.6% gains in the previous month. MBT is setting up a new P100.0-B borrowing program through the issuance of bonds and commercial paper in order to replenish a recently completed funding program of the same size.

Security Bank Corporation (SECB) share prices soared by +3.5% MoM in December after it contracted by -4.9% in the previous month. The Bureau of the Treasury (BTr) recognized SECB as a Market Maker for 2022 under the enhanced Government Securities Eligible Dealers (GSED) program.

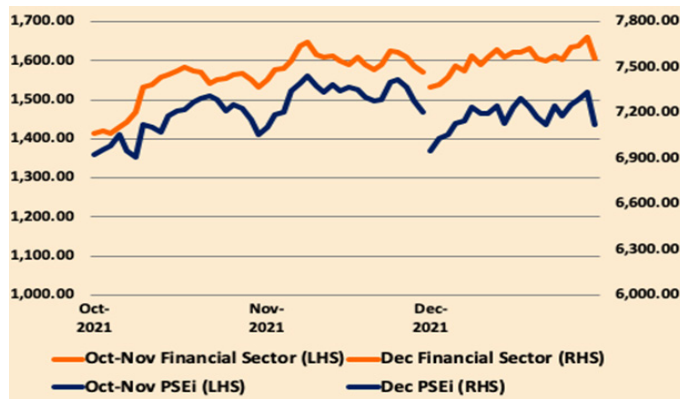
Bank of the Philippine Islands (BPI) share prices soared in both MoM and FY by +1.3% and +13.3%, respectively, adding on its 4.7% MoM increase a month ago. BPI announced that its merger with its wholly owned thrift bank unit BPI Family Savings Bank (BFSB) already took effect on January 1, 2022. Moreover, BPI has already started offering the fourth tranche of its peso fixed-rate bonds, which is expected to raise at least P5.0-B in new capital.

The sole red stock, BDO Unibank, Inc. (BDO) share prices dropped further in MoM with -2.7% in December, after it contracted by -0.1% in the previous month. Nonetheless, in terms of FY 2021, BDO share prices skyrocketed by +13%. Investors most likely reacted to the Bank's recent incident where account holders got unauthorized transactions that happened on their accounts.

The Industrial sector dropped by -0.3% MoM in December continuing its -3.6% contraction a month ago. Nonetheless, it pushed up FY 2021 gain to +10.8%.

Manila Electric Company (MER), the lone stock that landed on the green, saw its share prices rise by +2.5% MoM after its 0.3% increment a month ago. MER called on generation companies to join the Competitive Selection Process (CSP) for the supply of 170 megawatts (MW) of peaking power needed for the coming dry season.

**Figure 20 - Financial Sector Index (Oct 2021 - Dec 2021)**  
**Financial Sector Lead the Sectoral Race by +2.3% in December**



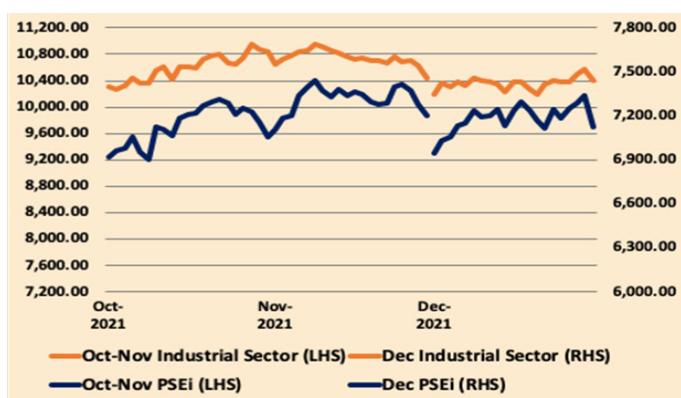
Source of Basic Data: PSE Quotation Reports

**Table 13 - Industrial Sector Constituent Stocks**

Company	Symbol	11/29/2021 Close	12/31/2021 Close	M-o-M % Change	FY 2021
Meralco	MER	288.00	295.20	2.5%	1.1%
Aboitiz Power	AP	29.95	29.70	-0.8%	11.9%
Jollibee Foods Corporation	JFC	235.00	216.40	-7.9%	10.9%
First Gen Corporation	FGEN	29.50	27.85	-5.6%	-1.1%
Universal Robina Corporation	URC	133.00	128.00	-3.8%	-16.1%
Petron Corporation	PCOR	3.28	3.17	-3.4%	-20.6%

Source of Basic Data: PSE Quotation Reports

**Figure 21 - Industrial Sector Index (Oct 2021 - Dec 2021)**  
**Industrial Sector Dropped by -0.3% in December**



Source of Basic Data: PSE Quotation Reports

Aboitiz Power (AP) share prices slumped mildly by -0.8% MoM in December adding on November's decrease of -6.8%. Nonetheless, it leads the sectoral FY 2021 gain by +11.9%. AP has engaged Japanese firm subsidiary JGC Philippines as its engineering, procurement, and construction (EPC) contractor for its P4.5-B 94 MW peak solar farm installation in Pangasinan.

Petron Corporation (PCOR) share prices went down by -3.4% MoM and FY 2021 of -20.6%, after its -15.2% MoM decrease in the previous month. Despite the massive spikes in oil prices, investors continue to monitor what impact the rising cases of the Omicron variant infections in various parts of the world may have, especially on travel or mobility restrictions on people. Such could affect oil price swings in the coming days and weeks.

Jollibee Foods Corporation (JFC) share prices plummeted by -7.9% MoM in December but a FY 2021 increase of +10.9%. JFC stocks were weighed down by worries over the Omicron coronavirus variant while investors monitored developments on the devastation caused by Typhoon Odette.

The Holdings sector index slid mildly by -1.8% MoM and FY 2021 of -7.4% in December with only three of its 10 PSEI-constituent firms landed on the green.

Aboitiz Equity Ventures (AEV) share prices led the sectoral race with an +10.9% MoM rise and FY 2021 gain at +15.2%. UnionBank of the Philippines, the banking subsidiary of AEV, has agreed to acquire Citigroup's consumer banking business in the country for a cash consideration plus premium of P45.3-B.

Second best sectoral performer, Alliance Global Group, Inc. (AGI) share prices rose in both MoM and FY 2021 by +4.2% and +11.3%, respectively. GoldenArches Development Corporation, a subsidiary of AGI, will soon set up electric vehicle (EV) charging stations in selected McDonald's branches as it partners with eSakay, Inc., a subsidiary of the Manila Electric Company.

San Miguel Corporation (SMC) stocks climbed by +1.2% MoM in December after a -2.9% tumble in the previous month. Recently, six new train sets of the Metro Rail Transit-7 (MRT-7) were unveiled as part of the first batch of 36 train sets acquired by San Miguel Corporation for the mass transport project.

**Table 14 - Holdings Sector Constituent Stocks**

Company	Symbol	11/29/21 Close	12/31/21 Close	M-o-M % Change	FY 2021
Ayala Corporation	AC	836.00	831.00	-0.6%	0.5%
Metro Pacific Investments Corporation	MPI	4.06	3.90	-3.9%	-8.9%
SM Investments Corporation	SM	980.00	943.00	-3.8%	-10.1%
DMC Holdings, Inc.	DMC	8.14	7.71	-5.3%	36.2%
Aboitiz Equity Ventures	AEV	49.10	54.45	10.9%	15.2%
GT Capital Holdings, Inc.	GTAP	570.00	540.00	-5.3%	-7.7%
San Miguel Corporation	SMC	113.50	114.90	1.2%	-10.3%
Alliance Global Group, Inc.	AGI	11.32	11.80	4.2%	11.3%
LT Group Inc.	LTG	10.60	9.90	-6.6%	-24.4%
JG Summit Holdings, Inc..	JGS	56.55	53.00	-6.3%	-26.0%

Source of Basic Data: PSE Quotation Reports

Ayala Corporation (AC) share prices incurred another -0.6% MoM loss in December, after its -3.1% drop in the previous month. AC earmarked an additional P10.0-B for its stock buyback program in a bid to support shareholder value during this prolonged pandemic. Ayala's board approved on December 5, 2021 an initial P10.0-B for a share repurchase program.

LT Group, Inc. (LTG) stocks incurred the biggest sector lost in December slumping by -6.6% MoM and FY 2021 by -24.4%. Philippine National Bank (PNB), a subsidiary of LTG, announced its partnership with One World Connect, a London-based fintech company, to upgrade its remittance services to the Philippines.

Metro Pacific Investment Corporation (MPI) stocks dipped by -3.9% MoM in December after an 8.3% recovery in the previous month. President Duterte signed into law a 25-year franchise for Maynilad, a subsidiary of MPI, after the water concessionaire signed a revised concession agreement with the government.

JG Summit Holdings, Inc. (JGS) shares dropped in both MoM and FY 2021 by -6.3% and -26%, respectively. Cebu Air Inc., the airline subsidiary of JGS, announced the appointment of new chief finance officer.

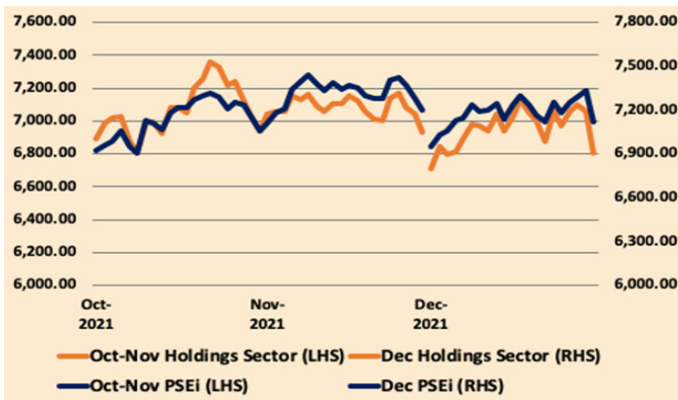
SM Investments Corporation (SM) stock prices also dipped in both MoM and FY 2021 by -3.8% and -10.1%, respectively. SM plans to issue P10.0-B in bonds with an oversubscription option of up to P5.0-B. The bonds have received the highest issue credit rating (PRS Aaa) by Philippine Rating Services Corporation (PhilRatings).

The Property sector led the sectoral decline in both MoM and FY as it dropped by -2.3% and -12%, respectively. Nonetheless, three of PSEi-constituents stocks remained in positive heartland.

Ayala Land, Inc. (ALI) stocks led the race in the sector with share prices gaining by +6.4% MoM in December after plunging by -17% a month ago. Real Estate Investment Trusts (REITs) have raised P76.0-B in new capital under the Duterte administration with Ayala Land Inc.'s AREIT Inc. raising P12.3-B as of November 2021.

SM Prime Holdings, Inc. (SMPH) share prices slumped by -9.4% MoM and FY 2021 by -11.9%. Tagaytay Highlands had a 2022 bullish outlook after a special recognition from the Department of Human Settlements and Urban Development (DHSUD) hailing its developer Highlands Prime, Inc. (HPI), a subsidiary of SM Prime,

**Figure 22 - Holdings Sector Index (Oct 2021 - Dec 2021)**  
Holding Sector Slid by -1.8% in December



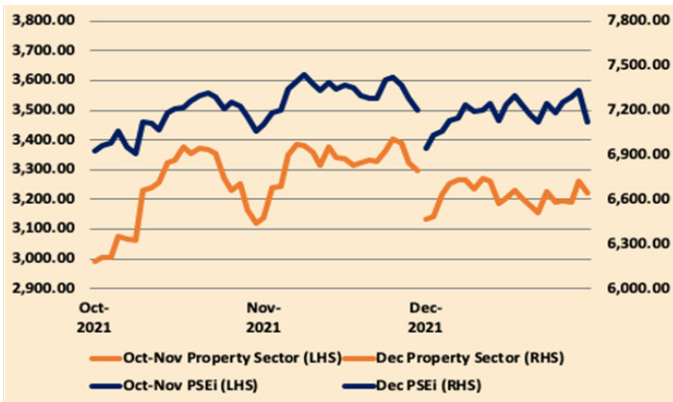
Source of Basic Data: PSE Quotation Reports

**Table 15 - Property Sector Constituent Stocks**

Company	Symbol	11/29/2021 Close	12/31/2021 Close	M-o-M % Change	FY 2021
Ayala Land, Inc.	ALI	34.50	36.70	6.4%	-10.3%
SM Prime Holdings, Inc.	SMPH	37.40	33.90	-9.4%	-11.9%
Robinsons Land Corporation	RLC	18.22	19.20	5.4%	-9.4%
Megaworld Corporation	MEG	3.14	3.15	0.3%	-22.8%

Source of Basic Data: PSE Quotation Reports

**Figure 23 - Property Sector Index (Oct 2021 - Dec 2021)**  
**Property Sector Dropped by -2.3% in December**



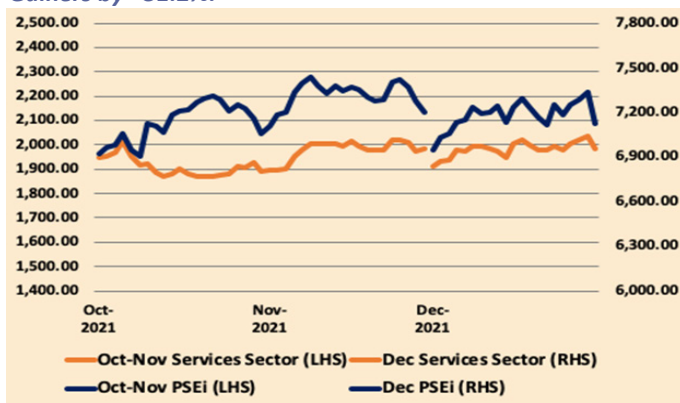
Source of Basic Data: PSE Quotation Reports

**Table 16 - Services Sector Constituent Stocks**

Company	Symbol	11/29/2021 Close	12/31/2021 Close	M-o-M % Change	FY 2021
Philippine Long Distance Telephone Co.	TEL	1,680.00	1,812.00	7.9%	35.2%
Globe Telecom	GLO	3,282.00	3,322.00	1.2%	63.6%
Converge ICT Solutions, Inc.	CNVRG	32.00	31.90	-0.3%	114.1%
Robinsons Retail Holdings, Inc.	RRHI	66.50	65.40	-1.7%	0.6%
Puregold Price Club Inc.	PGOLD	41.05	39.30	-4.3%	-4.1%
International Container Terminal Services, Inc.	ICT	197.90	200.00	1.1%	61.9%

Source of Basic Data: PSE Quotation Reports

**Figure 24 - Services Sector Index (Oct 2021 - Dec 2021)**  
**Services Sector Led the Sectoral Race in terms of Full-Year 2021 Gainers by +31.2%.**



Source of Basic Data: PSE Quotation Reports

as one of CALABARZON’s 2021 Outstanding Developers for Open Market Projects.

Robinsons Land Corporation (RLC) share prices soared by +5.4% MoM after jumping by 7.2% in November. Like AREIT, Robinsons Land Commercial REIT (RCR) raised the highest capital among listed REITs amounting to P23.5-B from its IPO.

Megaworld Corporation (MEG) share prices had a +0.3% MoM increment in December after gaining 2.3% a month earlier. The board of directors of MREIT, Inc.’s, the REIT sponsored by MEG, approved the acquisition of four Megaworld “prime, grade A buildings” registered in economic zones for P9.1-B. MREIT stated that its assets will increase its property value by 19% to P58.5-B.

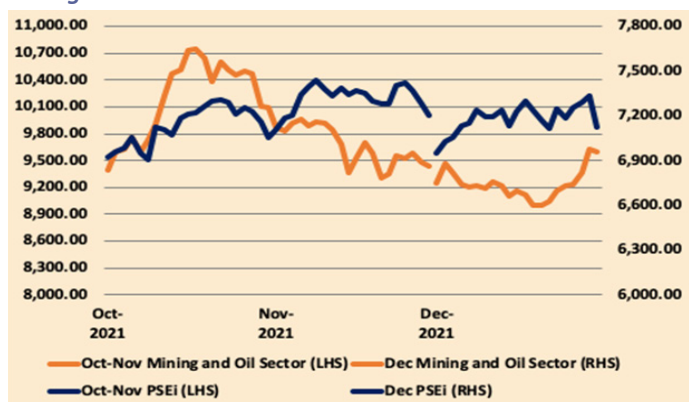
The Services sector moved sideways in December yet led the sectoral race in terms of full-year 2021 gainers with its +31.2% vault.

Philippine Long Distance Telephone Company (TEL) gained the top spot in December within the sector with a +7.9% MoM increase and FY 2021 surge of +35.2%. PLDT ranked 12th out of 150 companies in the latest Digital Inclusion Benchmark conducted by the World Benchmarking Alliance (WBA), leading Asian telcos in digital inclusion. The company joined global businesses like Apple, Cisco, Samsung, and Alphabet in the top 15.

Globe Telecom (GLO) stock prices posted an increment of +1.2% MoM and a FY 2021 gain of +63.6%. Like TEL, the telco giant GLO continued to bolster its investments to beef up their defenses as cyberattacks have multiplied. Globe has invested \$70.0-M for security and privacy capital expenditures since 2015.

International Container Terminal Services (ICT) share prices increased in both MoM and FY 2021 by +1.1% and +61.9%, respectively. ICT continues to accelerate its investments at its flagship Manila International Container Terminal (MICT) amidst the gradual recovery in global trade, including environmentally sustainable initiatives. Leading the move toward an eco-friendlier port operation ICT plans to acquire eight new hybrid rubber-tired gantries (RTG) to add to the 32 hybrid fleets acquired starting 2018. Expected to improve service levels at the terminal, the new RTGs will further reduce emissions by 50%.

**Figure 25 - Mining & Oil Sector Index (Oct 2021 - Dec 2021)**  
**Mining & Oil Sector with +1.7% in December**



Source of Basic Data: PSE Quotation Reports

**Table 17 - Mining and Oil Sector Constituent Stock**

Company	Symbol	11/29/2021 Close	12/31/2021 Close	M-o-M % Change	FY 2021
Semirara Mining and Power Corporation	SCC	22.85	21.35	-6.6%	54.9%

Source of Basic Data: PSE Quotation Reports

Converge ICT Solutions, Inc. (CNVRG) mildly slipped by -0.3% in December but led FY 2021 increase by +114.1%. CNVRG plans to issue bonds for the first time to support its aggressive nationwide expansion. The company aims to raise up to P10.0-B, P5.0-B for the base offer and a P5.0-B oversubscription option.

Robinsons Retail Holdings, Inc. (RRHI) share prices contracted by -1.7% MoM in December mildly eating on its 6.8% rise in the previous month. The RRHI's investment in Shakey's Pizza Asia Ventures Inc. will result in synergies as Shakey's announced plans to reopen Project Pie at Shopwise Hypermarket branches. Shopwise forms part of Robinsons Retail Holdings, Inc.'s acquisition of Rustan's Supercenters Inc. in 2018.

The Mining and Oil sector ranked second in the December sectoral race with +1.7% MoM uptick partly offsetting its -6.5% MoM loss a month earlier. It ended the year 2021 with a +0.8% increment. Semirara Mining and Power Corporation (SCC) share prices continued to drop by -6.6% MoM in December. Nevertheless, in terms of FY 2021, SCC share prices skyrocketed by +54.9%. The recovery in the Mining & Oil sector coincided with the rise of non-PSEi constituent stocks like Philex Mining, which benefitted from better copper and gold prices, and higher coal prices. The Newcastle coal futures closed to a 2-month high of \$195/MT in the first week of January (see figure below), from a record level of \$270/MT in November. The January 2022 surge resulted from Indonesia's ban on coal exports, as the country aimed to secure supply to domestic power plants.

# Recent Economic Indicators

## NATIONAL INCOME ACCOUNTS, CONSTANT PRICES (In Million Pesos)

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

Source: Philippine Statistics Authority (PSA)

## NATIONAL GOVERNMENT CASH OPERATION (In Million Pesos)

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

Source: Bureau of the Treasury (BTr)

## POWER SALES AND PRODUCTION INDICATORS

### Manila Electric Company Sales (In Gigawatt-hours)

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

Source: Meralco

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

	2019		2020		2nd Quarter 2021		3rd Quarter 2021	
	Levels	Annual G. R.	Levels	Annual G. R.	Levels	Annual G. R.	Levels	Annual G. R.
<b>I. CURRENT ACCOUNT</b>								
Balance of Trade	-3,386	-62.0%	-4,236	25.0%	-9,451	249.9%	-9,321	126.1%
Balance of Goods	-49,313	-3.3%	-31,840	-35.0%	-12,174	124.3%	-13,411	71.3%
Exports of Goods	53,475	2.9%	47,411	-11.0%	13,304	46.3%	14,471	10.7%
Import of Goods	102,788	-0.2%	79,250	-23.0%	25,477	75.4%	27,883	33.4%
Balance of Services	12,890	11.0%	13,005	1.0%	2,722	-0.1%	4,090	10.4%
Exports of Services	41,030	6.9%	31,331	-24.0%	7,534	22.3%	8,818	10.0%
Import of Services	28,140	5.0%	18,326	-35.0%	4,812	40.2%	4,728	9.7%
Current Transfers & Others								
<b>II. CAPITAL AND FINANCIAL ACCOUNT</b>								
Capital Account	85	30.9%	50	-42.0%	20	52.8%	20	9.8%
Financial Account	-7,260	-22.20%	-4,406	-39.0%	-3550	-4081.0%	-1133	-3.0%
Direct Investments	-4,376	-25.0%	-2,843	-35.0%	-1,583	72.8%	-2,177	132.8%
Portfolio Investments	-3,486	-340.8%	454	-113.0%	-1404	-298.6%	954	-38.1%
Financial Derivatives	-173	223.7%	-239	38.0%	-144	623.8%	-165	177.6%
Other Investments	775	-115.8%	-1,779	-330.0%	-419	-231.4%	255	-114.9%
III. NET UNCLASSIFIED ITEMS	3,884	-237.4%	-1,369	-135.0%	-1246	671.5%	1046	-140.5%
OVERALL BOP POSITION	7,843	-440.2%	16,022	104.0%	905	-78.3%	1,274	-54.0%
Use of Fund Credits								
Short-Term								
Memo Items								
Change in Commercial Banks	1,621	-450.2%	7,722	377.0%	-148	-104.5%	2,630	-22.7%
Net Foreign Assets	1,589	-433.7%	7,674	383.0%	55	-98.3%	2,589	-24.4%
Basic Balance	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a

Source: Bangko Sentral ng Pilipinas (BSP)

## MONEY SUPPLY (In Million Pesos)

	2020		Oct-2021		Nov-2021	
	Average Levels	Annual G. R.	Average Levels	Annual G.R.	Average Levels	Annual G.R.
RESERVE MONEY	3,181,292	1.8%	3,397,269	7.7%	3,316,622	3.1%
Sources:						
Net Foreign Asset of the BSP	5,555,554	16.8%	6,478,202	9.9%	6,384,775	8.7%
Net Domestic Asset of the BSP	13,444,424	10.3%	14,443,532	7.3%	14,699,967	8.0%
<b>MONEY SUPPLY MEASURES AND COMPONENTS</b>						
Money Supply-1	4,951,804	22.9%	5,758,369	13.7%	14,809,293	186.9%
Money Supply-2	12,735,552	12.8%	14,003,725	8.9%	14,233,128	9.3%
Money Supply-3	13,440,507	12.8%	14,610,565	8.0%	14,809,293	8.3%
MONEY MULTIPLIER (M2/RM)	4.01		4.12		4.29	

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
Dana Louise Geronimo	Research Assistant, UA&P

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