January 2023

The MARKET CALL

Capital Markets Research

FIRST METRO INVESTMENT CORPORATION
Metrobank Group

UA&P
UNIVERSITY OF ASIA AND THE PACIFIC

FMIC and UA&P Capital Markets Research

Executive Summary

GDP growth of 7.2% in Q4-2022 reflected a robust economy supported by record employment, higher Manufacturing, and revenge spending in key areas in the Service sector. Exports expanded at double-digit pace while Overseas Filipino Workers (OFW) remittances grew the fastest in 17 months. Meanwhile, the same robustness should spill over into full year 2023 when, in addition, Department of Public Works and Highways (DPWH) can spend 12.1% more than its budget in 2022. With inflation also significantly decelerating in 2023 to fall within the Bangko Sentral ng Pilipinas' (BSP) target range of 2% - 4%, and likely renewed depreciation of the peso, domestic demand will again lead GDP to a 6% expansion. The bond market which reawakened in December has brightened up further by January. While PSEi ended 2022 slightly lower than the previous year, it started 2023 with a bang as foreign investors began to return. Both asset classes should do well during the year in general.

Macroeconomy

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Robust employment, construction, manufacturing, exports and OFW data propelled GDP to grow by 7.2% YoY in Q4, far better than market expectations of 6.8%. The year ended 7.6% higher than 2021, also far above analysts' projections. The momentum should spill over into 2023 through the multiplier effect. Besides, infrastructure spending should provide additional impulse as DPWH budget increased by 12.1% for 2023, while mega projects like the Metro Manila subway and North-South Commuter rail will go full blast. Inflation (seasonally adjusted) shows signs of deceleration with lower highs and lower lows. The peso will renew its depreciation (more mildly) as the U.S. Fed continue to hike policy rates while the PH trade deficit remains above $50.0-B. All told, we see GDP expansion in 2023 to hover at 6%.

Economy produced a huge 2.6-M jobs in November to another record total of 49.7-M. • Manufacturing PMI reached 53.1 in December, highest in six months. • NG spending up by 10.2% YoY in December, but slower than 22.2% a month ago. • Exports still expand at double digit pace of 13.2%, just down from 20% in October. • Inflation faster at 8.1% in December from 8% a month earlier, but decelerates MoM seasonally adjusted. • OFW remittances increased by 5.7% YoY highest in 17 months. • Peso appreciated by 3.4% in December due to U.S. dollar weakness and milder trade deficits.

Bond Markets

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Despite faster local inflation at 8% in November and 8.1% in December, the 10-year yields fell sharply to 6.03% by the 4th week of January as markets priced in much slower Fed policy rate hikes in 2023. However, we see the Fed raising rates to at least 5% to 5.25% in 2023 amid tight labor market. Domestically, the BSP will likely tighten by another 50 bps in H1 on the back of still elevated inflation and robust economic growth. With this, profit-taking may ensue and put yields back higher after the next Fed meeting.

Significantly less fresh supply resulted in higher total tender-offer ratio (TOR) to 2.175x in December from 1.747x in the previous month. • Trading volume in the secondary market plunged by 21.3% MoM to P337.6-B in December. • The 10-year tenors dropped to 6.986% from a 4-year high of 7.7% in November. • The yield curve flattened by -17.7 bps to 101.5 bps in December. • ROPs yields experienced minor upticks while equivalent U.S. Treasuries rose more resulting in tighter spreads between the two. • The Republic of the Philippines issued its first triple tranche $3.0-B dollar bond offering in 2023 with 5.5-year, 10.5-year, and 25-year Fixed Rate Global Bonds.

Equities Market

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The PSEi soared by +7.4% in the first four weeks of 2023, thus providing PH equity investors a big headstart for 2023. Notably, the 6-month high and 14-month expansion record of Manufacturing PMI (+53.1, above 50-level) will likely drive up earnings per share by 15% in 2023. As global uncertainties about inflation and interest rates remain, investors should still practice selectivity. If earnings grow as we expect, PSEi should hit 7,500 in 2023. Therefore, investors can look forward to a better 2023.

Mining & Oil sector escaped the downward market drift as it recorded the lone gain of 5.7% among the six PSE sectors. • Five sectors landed in the negative territory with Services registering the steepest loss with a -7.5% MoM decline. • Alliance Global Group, Inc. (AGI, +21.8% gain MoM) posted the best performance among PSEi-constituent stocks as it continued its runup after a deep oversold position in end-September. • Philippine Long Distance Telephone Co. (PLDT) led the decliners with -24.8% as governance issues emerged. • In the Mining and Oil sector, Semirara Mining & Power Corporation (SCC) rose by +2.5%, ending the year still claiming the best YTD performance of 61.6%. • Foreigners remained as net sellers to the tune of P6.0-B a bit less than P6.9-B a month earlier.

Economic Indicators (% change, latest month, unless otherwise stated)	Latest Period	Previous Period	Year-to-Date (2022)	2020 (year-end)	2021 (year-end)
GDP Growth (Q4-2022)	7.2%	7.6%	7.6%	-9.6%	5.8%
Inflation Rate (December)	8.1%	8.0%	5.9%	2.4%	3.9%
Government Spending (November)	10.2%	22.3%	9.9%	11.3%	12.8%
Gross International Reserves ($B) (December)	95.1	94.0	100.5	96.5	107.1
PHP/USD rate (December)	55.68	57.65	54.53	49.63	48.88
10-year T-bond yield (end-December)	6.98	7.03	6.40	3.52	4.16

Sources: Philippine Statistics Authority (PSA), Bangko Sentral ng Pilipinas (BSP), Department of Budget and Management (DBM), Philippine Stock Exchange (PSE), Philippine Dealing System (PDS), and Authors' Calculations

MACROECONOMY

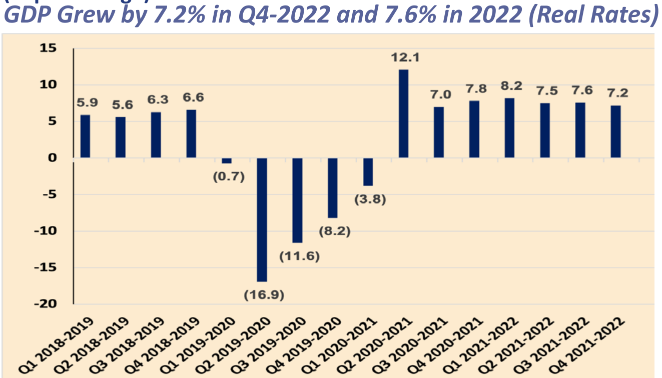
RECORD JOBS, STRONG MANUFACTURING, AND OFW REMITTANCES TO SPUR ROBUST Q4 GROWTH

While dark clouds cover the global economic scene—recession, high inflation, and interest rates—the picture for the Philippine economy looks bright for Q4 and the full year 2023. After all, employment reached yet another record in November, Manufacturing PMI continued to rise to a six-month high, exports expanded at a double-digit pace, while Overseas Filipino Workers (OFW) remittances growth hit a 17-month high. The peso strengthened as the U.S. dollar fell sharply from its peak and the country's trade deficit narrowed significantly. The only threat came from higher inflation at 8.1% in December, 0.1 percentage point above November.

***Outlook**: Muscular job data and spritely gains in Manufacturing, Construction (through infrastructure spending) and strengthening Services sector should spillover into another good economic growth in Q4, and into 2023. Despite slower total National Government spending in 2023, the budget of the Department of Public Works and Highways (DPWH) increased by 12.1%. The peso appreciation in December may not last long since the U.S. dollar may remain steadfast in the light of substantial Fed policy rate hikes and Philippine trade deficits remaining elevated. Inflation should continue to decelerate as it did in December. We saw a 7.2% GDP expansion in Q4-2022 and we expect a close to 6% growth in FY 2023.*

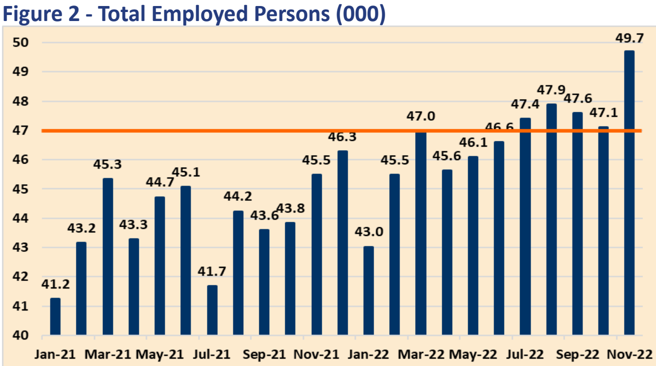
Figure 1 - GDP Growth Rates, Year-on-Year Growth Rates (in percentage)

GDP Grew by 7.2% in Q4-2022 and 7.6% in 2022 (Real Rates)



Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 2 - Total Employed Persons (000)



Source of Basic Data: Philippine Statistics Authority (PSA)

GDP Expands by 7.2% in Q4-2022 Associated with Revenge Spending in H2-2022

The Philippine economy (i.e., Gross Domestic Product, GDP) expanded by 7.2% year-on-year (YoY) in Q4 resulting to a 7.6% full-year growth in 2022, driven by election-related spending in H1, and revenge spending of necessities in H2. The removal of quarantines/ lockdowns, return to face-to-face classes and more hybrid work set-ups sparked the H2 outperformance.

Unlike in previous quarters, domestic demand expanded only by 6.4% YoY in Q4 a slowdown from 9.8% in Q3. Lower current account deficit from a year ago provided the added boost to drive GDP to a higher pace.

Consumers flocked malls and joyfully celebrated the Christmas holidays kept household consumption spending elevated at 7% YoY pace, albeit a bit slower than 8% in Q3.

As both households and businesses resorted to revenge spending with the return to face-to-face classes and hybrid work set-ups, the Restaurants & Hotels surged by 24.7% in Q4 on top of its 39.2% gain in Q3 (at constant 2018 prices). Similarly, Recreation & Culture clocked at 15.2% growth pace, albeit slower than the 46.1% uptick in Q3.

Investment spending increased by 5.9%, easing from 21.8% a quarter ago.

Table 1 - Labor Force Survey Summary

			MoM Change	
	October 2022	November 2022	Levels	% Change
Labor Force	**49,348**	**51,883**	**2,535**	**5.1%**
Employed	**47,106**	**49,706**	**2,600**	**5.5%**
Underemployed	**6,673**	**7,161**	**488**	**7.3%**
Underemployment rate%	**14.2**	**14.4**	**0.24**	**1.7%**
Unemployed	**2,241**	**2,177**	**(65)**	**-2.9%**
Unemployment rate%	**4.5**	**4.2**	**(0.35)**	**-7.6%**
Labor Participation rate%	**64.2**	**67.5**	**3.30**	**5.2%**
Not in Labor Force	**27,577**	**25,032**	**(2,546)**	**-9.2%**
Agriculture ('000)	**10,605**	**10,641**	**36**	**0.3%**
Industry ('000)	**8,635**	**8,978**	**343**	**4.0%**
Mining and Quarrying	237	233	(4)	**-1.7%**
Manufacturing	3,667	4,335	668	**18.2%**
Electricity, Gas, Steam, and Air-Conditioning Supply	101	152	52	**51.2%**
Water Supply; Sewerage, etc.	53	89	36	**67.6%**
Construction	4,577	4,169	(408)	-8.9%
Services ('000)	**27,867**	**30,087**	**2,221**	**8.0%**
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	10,376	11,318	(941)	9.1%
Transportation and Storage	3,389	3,350	(39)	-1.2%
Accomodation and Food Services Activities	1,880	2,260	381	20.2%
Information and Communication	477	628	151	31.8%
Financial and Insurance Services	654	707	52	8.0%
Real Estate Activities	230	378	148	64.2%
Professional, Scientific, and Technical Activities	326	399	73	22.4%
Administrative and Support Services Activities	2,316	2,308	(8)	-0.3%
Public Administration and Defense; Compulsory Social Security	2,764	2,967	203	7.3%
Education	1,497	1,513	17	1.1%
Human Health and Social Work Activities	685	741	57	8.3%
Arts, Entertainment, and Recreation	425	539	114	26.8%
Other Service Activities	2,847	2,980	133	4.7%

Source of Basic Data: Philippine Statistics Authority (PSA)

The two top categories–Construction and Durable Equipment, which account for 10.6% of total Gross Capital Formation–posted single-digit gains of 7.7% and 2.9%, respectively.

The external contributed positively since growth of exports of goods & services easily outpaced that for imports of goods & services. This resulted in a -13.6% decline in the current account deficit to P487.6-B.

Taking a closer look at the production side, both Industry and Services sectors reflected positive turnout. The Industry and Services sectors outputs increased by 4.8% and 9.8%, respectively. Meanwhile, the Agriculture, Forestry, & Fishing (AFF) sector posted the lone loss as it declined by -0.3%. Nonetheless, for full year 2022, all three sectors, namely AFF, Industry, and Services - posted positive turnouts on their outputs growing by 0.5%, 6.7%, and 9.2%, respectively.

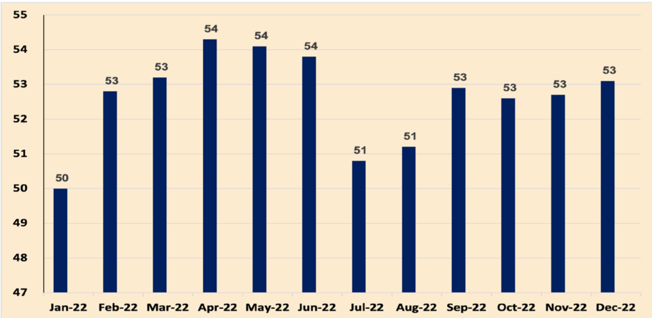
The Services sector expanded by +9.8% YoY where revenge spending had its biggest impact. Accommodations & Food Services (i.e., hotels and restaurants) and Transport & Storage, benefitted most as their value-added in Q4 still sizzled at 36.1% and 19.2%, respectively. The two sub-sectors ended 2022 with full year surges of 31.8% and 23.9%, respectively, also the fastest growth sub-sectors. These pulled up Wholesale and Retail Trade and Repair of Motor Vehicles and Motorcycles to an annual growth +8.7% in FY 2022.

The Industry sector grew by +4.8% YoY with all five sub-sectors in the green. Construction led the growth with its 6.3% uptick, even as Manufacturing improved to a 4.2% pace in Q4 from 3.8% in the previous quarter.

The Agriculture sector contracted by -0.3% YoY. However, on an annual basis, the industry posted positive growth with 0.5%.

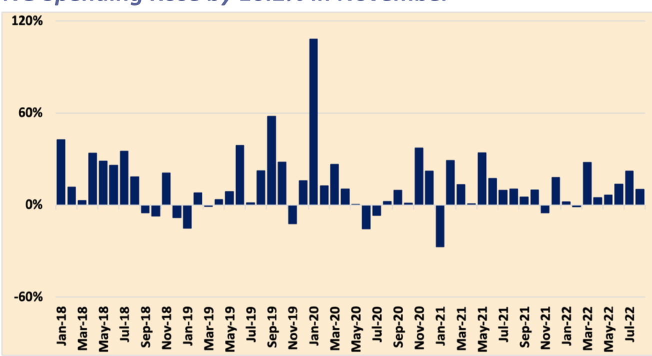
On a seasonally adjusted (s.a.) basis, the country's Gross Domestic Product (GDP) grew by +2.4% in Q4-2022, slower than its 2.9% growth in Q3-2022. The continued uptrend of revenge spending should spur increased economic activity and growth in 2023. On the other hand, the 2023 momentum should pave way to offset inflation, through adjustments in interest rates, government subsidies, and the like.

Figure 3 - Manufacturing PMI
Manufacturing PMI Ended 2023 at Above-50 in Production Levels



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

Figure 4 - NG Expenditures Growth Rate, Year-on-Year
NG Spending Rose by 10.2% in November



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

2.6-M Jobs Added in November to a New Record Total Employment of 49.7-M

The country's economic rebound has gained further traction as may be seen in 2.6-M new jobs created in November to bring total employment to another record of 49.7-M. The 3.4-M additional employment year-to-date (YTD) easily exceeded 1.1-M, the usual annual entrants to labor force. While underemployment rate slightly rose to 14.4% from 14.2% in October, the total number of unemployed fell by 65,000, resulting in a drop in the unemployment rate to 4.2% from 4.5% a month earlier. The ranks of the unemployed thus skidded to 2.1-M, the lowest since October 2019 (2.0-M).

Revenge spending fueled the Services sector's huge 2.2-M gain in jobs, which led the two other sectors. The Industry sector followed suit as it added 343,000 jobs led by the Manufacturing sub-sector which employed 668,000 more, offsetting the 402,000 jobs lost by the Construction sub-sector. Agriculture added marginal 36,000 jobs as well.

The progressive reopening of the economy benefitted the Services sector, which saw gains in 11 out of the 13 major sub-sectors. Filipino consumers and firms filled malls, hotels and restaurants resulting 941,000 new jobs in the Wholesale and Retail Trade and manifested itself strongly in the 381,000 new jobs in Accommodation & Restaurants.

December Manufacturing PMI Remains in Expansion Mode

S&P Manufacturing PMI for the country increased to 53.1 in December from 52.7 in November, reflecting the improvement to expansion in production levels, solid domestic demand, and upturn in hiring activities. This reading reflects the highest level in six months and the 11th month of expansion (i.e., above-50 index level).

Industrial output as measured by the Volume of Production Index (VOPI) accelerated to 5.9% YoY, significantly faster than the annual increase of 5.1% in the previous month.

Fifteen out of the 22 industry divisions increased their output year-on-year (YoY), led by manufacture of machinery and equipment except electrical which soared by 68.5% YoY. Manufacture of fabricated metal products, except machinery and equipment, and manufacture of chemical and chemical products followed closely with gains of 46.2% YoY and 29.4% YoY, respectively.

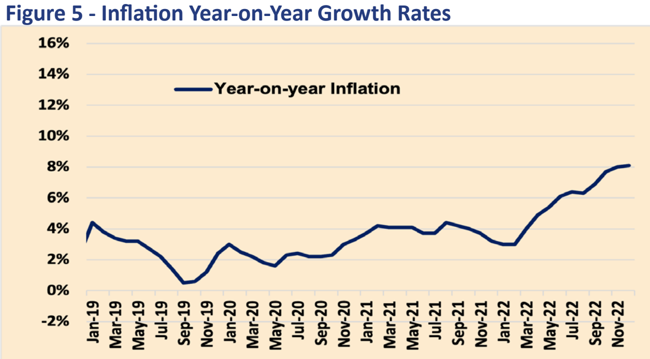
Table 2 - Major Contributors to Year-on-Year Inflation

Inflation Year-on-Year Growth Rates	Nov-22	Dec-22	YTD
	8.0%	**8.1%**	5.8%
Food and Non-Alcoholic Beverages	10.0%	10.2%	5.8%
Alcoholic Beverages and Tobacco	10.6%	10.7%	7.9%
Clothing and Footwear	3.6%	3.9%	2.6%
Housing, Water, Electricity, Gas, and Other Fuels	6.9%	7.0%	6.4%
Transport	12.3%	11.7%	12.9%
Restaurants and Accommodation	6.5%	7.0%	4.1%
Personal Care & Miscellaneous Goods and Services	4.2%	4.5%	3.0%

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

Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 5 - Inflation Year-on-Year Growth Rates



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

Source of Basic Data: Philippine Statistics Authority (PSA)

Meanwhile, seven industry divisions posted a lower output led by manufacture of electrical equipment which dipped by -54.5% YoY.

NG Spending Improved by 10.2% in November

From a 22.2% gain in October, the National Government (NG) expenditure ascended by 10.2% to P455.0-B in November pointing to six straight months of expansion. Yet again, revenue growth surpassed NG expenditures, bringing the budget shortfall lower by -3.7% to P123.9-B from P128.7-B a year ago. This takes the YTD budget deficit to P1.2-T or -7.2% lower from last year's P1.3-T.

With Bureau of Internal Revenue (BIR) and Bureau of Customs (BOC) posting double-digit gains, government revenue jumped by 16.6% YoY to P331.1-B in November.

Specifically, BIR's collections advanced by 12.5% to 237.1-B and its YTD reached P2.2T, accounting for 90% of its P2.4-T full year (FY) goal. Meanwhile, BOC amassed P75.7-B in November or 30.7% higher YoY with its aggregate revenue already surpassing its 2022 target of P721.5-B. On the other hand, income from the Bureau of the Treasury (BTr) dropped by 13.3% to P5.3-B in November amid high base for dividend collections. Nonetheless, BTr's YTD collections of P148.2-B more than doubled its FY program of P61.2-B.

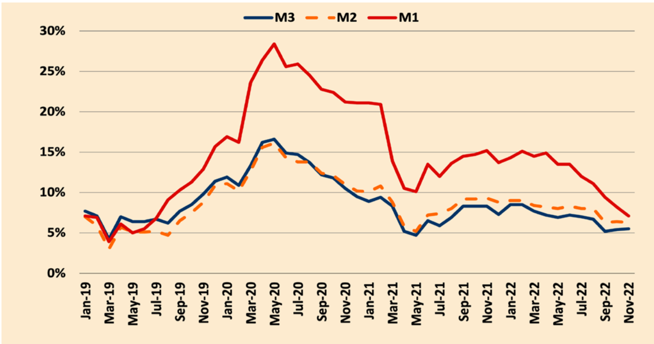
NG spending increased to P455.0-B (+10.2% YoY) on larger National Tax Allotment (NTA) to Local Government Units (LGUs). Disbursements from capital outlay projects of the Department of Public Works and Highways (DPWH), payouts for the social protection programs of the Department of Social Welfare and Development (DSWD), as well as releases for the year-end bonus and cash gift of government employees, contributed to its uptick.

Primary expenditures, accounting for 94% of total monthly spending, went up by 12.4% in November to P428.9-B from P381.5-B a month earlier. Contrarily, interest payments fell by -5.1% to P26.1-B from P31.2-B last month.

Headline Inflation Slightly Faster at 8.1% in December

December headline inflation nudged a little higher to 8.1% YoY from 8% a month earlier. This brought full year inflation to average 5.8%, the fastest climb since 2008 when the country 's inflation rate hit 8.3%. Core inflation, which excludes volatile food and energy prices, averaged only 3.9% in 2022 from 3% in the previous year. Nine out of 13 product categories showed a slightly quicker pace.

Figure 6 - M1, M2, M3 Growth Rates



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

Figure 7 - Exports Growth Rates, Year-on-Year

Exports Posted Double-Digit Growth at 20% in October

Source of Basic Data: Philippine Statistics Authority (PSA)

Table 3 - Exports Year-on-Year Growth Rates

	Oct-22	Nov-22	YTD
Total Exports	**20.0**	**13.2**	**7.0**
Agro-Based Products	**-8.0**	**-30.3**	**17.0**
Mineral Products, of which	**-6.3**	**29.3**	**7.8**
Copper cathodes	-34.5	8.7	-12.4
Others (incl. nickel)	-11.5	51.0	15.1
Manufactured Goods	**25.8**	**15.3**	**6.1**
Electronic Products	39.6	22.9	9.2
Other Electronics	15.7	12.2	1.4
Chemicals	-32.4	-16.0	-0.6
Machinery and Transport Equipment	1.9	-0.2	-6.1
Processed Food and Beverages	-11.3	-25.4	-4.8
Others	-9.0	0.6	-0.3

Source of Basic Data: Philippine Statistics Authority (PSA)

Food & Non-Alcoholic Beverages (FNAB) continued to drive inflation higher as prices of seven out of eleven categories took a faster pace. Elevated sugar, and vegetable prices (e.g., onion fasco) raced even faster in December with upticks of 38.8% YoY and 32.4%, from 38.0% and 28.5%, respectively. The biggest jumps occurred in Fruits & Nuts (up 7.6% YoY from 6.2%) and Flour, Bakery Products, etc. (+10.9% YoY from 10.3%) consonant with the Christmas holidays celebrations.

For the same reason, Restaurants & Miscellaneous goods prices also accelerated to 7.0% YoY from 6.5%. However, the slowdown Transport prices to 11.7% from 12.3% a month ago and the deceleration of prices for Personal Care & Miscellaneous goods to 4.5% from 6.2% cushioned the gains in other product categories. Transport prices benefitted from the 2-4% MoM fall in crude oil prices abroad which brought West Texas Intermediate (WTI, U.S. benchmark)) and Brent (European benchmark) prices to $76.44/barrel (bbl) and $80.92/bbl, representing YoY slowdowns to 9.1% and 6.6%, respectively.

On a seasonally adjusted (SA) basis, inflation actually slowed to 0.2% MoM from 0.8% in November. When annualized (SAAR), these came to 2.1% from 10.6%, even as food inflation showed similar easing.

We expect Q1 headline inflation to remain elevated at 7%, but sharper falls may not happen yet with food supply still constrained, rice prices on the rise, and crude oil prices remaining elevated.

Money Growth (M3) Unchanged at 5.4% in November

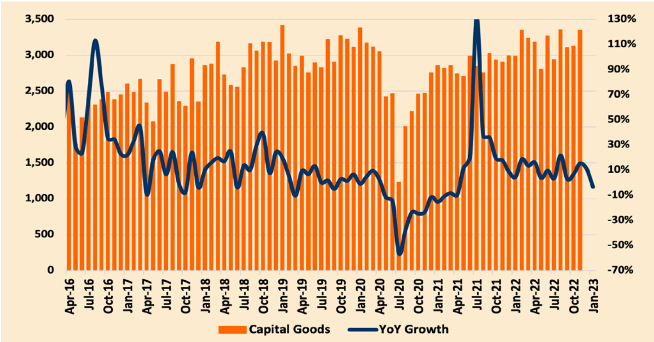
Domestic liquidity (M3) expanded by 5.4% YoY to P15.6-T in November, the same pace as in the prior month. On a MoM seasonally adjusted basis, M3 increased by 0.6%

Net foreign assets in peso terms decreased by -1.8% from October's -1.4%. The decline in banks' NFA position reflected higher bills payable.

Lending for production slightly eased to 12.4% YoY pace in November from 12.5% in October, as outstanding loans to key industries saw sustained expansion in loans, specifically information and communication (+24.3%) and manufacturing (+15.6%). Financial and insurance activities, alongside real estate activities saw sustained expansion in loans.

Meanwhile, consumer loans accelerated to 24.1% in November from 22.6% in October driven largely by YoY increase in credit card loans, motor vehicle loans, and

Figure 8 - Imports of Capital Goods (in Million USD)
Imports of Capital Goods Dropped Further by -10.4% in November



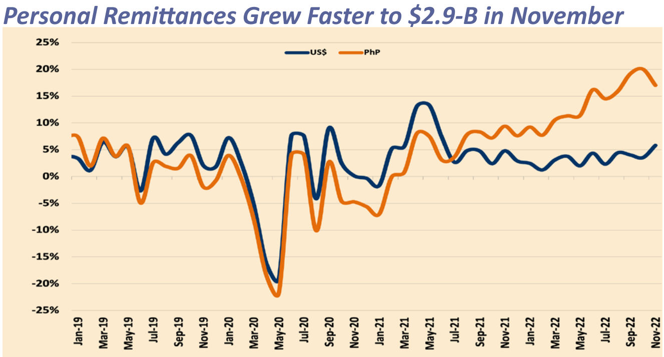
Source of Basic Data: Philippine Statistics Authority (PSA)

Table 4 - Imports Year-on-Year Growth Rates

	Oct-22	Nov-22	YTD
Total Imports	**7.5**	**-1.9**	**20.3**
Capital Goods	**-3.5**	**-10.4**	**8.3**
Power Generating and Specialized Machines	-13.7	-3.9	4.1
Office and EDP Machines	-28.3	-45.4	-21.2
Telecommunication Equipment and Electrical Machines	1.6	1.8	10.0
Land Transport Equipment excluding Passenger Cars and Motorized cycle	12.1	-39.3	6.9
Aircraft, Ships and Boats	148.6	-1.6	128.0
Prof. Sci and Cont. Inst., Photographic Equipment and Optical Goods	-9.8	-7.7	13.6
Raw Materials and Intermediate Goods	**1.8**	**-4.6**	**12.6**
Mineral Fuels, Lubricant and Related Materials	**29.7**	**7.9**	**82.1**
Consumer Goods	**22.5**	**11.4**	**20.0**

Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 9 - OFW Remittances Growth Rates, Year-on-Year
Personal Remittances Grew Faster to $2.9-B in November



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

salary-based general purpose consumption loans.

Exports Remained Positive at +13.2% in November

Despite the weakening global economy, outward shipments posted gains by 13.2% to $7.1-B in November from $6.3-B in the previous year on the back of depreciating peso and outstanding performance from Electronic Products. However, it declined by -7.9% MoM from a record high of $7.7-B a month earlier.

Still the country's top export merchandise, shipments of Electronic Products spiked by 22.9% in November. Other Mineral Products and Ignition Wiring Set & Other Wiring Sets Used in Vehicles, Aircrafts and Ships saw larger gains by 51% and 23.1%, respectively. Meanwhile, Coconut Oil plunged the most by -35.2% followed by Metal Components (-19.2%) and Chemicals (-15.1%).

By major type of goods, Mineral Products took the lead with its 29.3% expansion in November as copper cathode exports turned positive. Similarly, Manufactured Goods and Petroleum Products grew by 15.3% and 1.8%, respectively.

In terms of the country's top export destination in November, Hong Kong bagged $1.2-B (39.1% higher YoY), accounting for 16.3% of total exports. Not too far is the U.S. with 16% share or $1.1-B worth of exports. Moreover, Japan remained in third place with 13.2% share to $938.3-M.

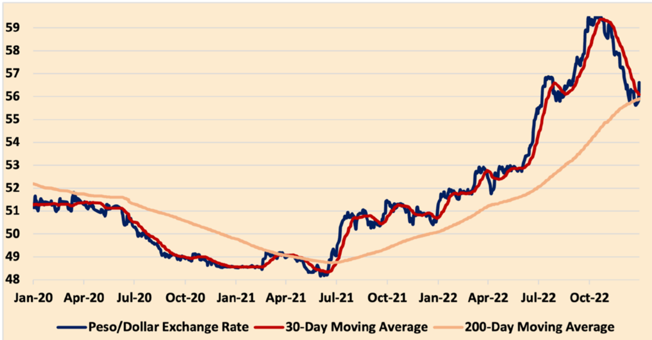
Imports Unexpectedly Contracted by -1.9% in November

Inward shipments shrunk for the first time in 21 months in November as a result of moderating oil and commodity prices. Additionally, a weaker peso, together with a high interest rate environment, likely tempered import demand as they contribute to higher importation costs. Total imports eased by -1.9% YoY to $10.8-B in November from $11.0-B a year earlier. Month-on-month (MoM), it slowed down by -2.2% from $11.0-B in the previous month.

Imports of Capital Goods took a deeper dive by -10.4% from a -3.5% decline in October as Telecommunication Equipment & Electrical Machinery emerged as the sole gainer (+1.8% YoY) in November. Office & EDP Machines led the losses with -45.4%, followed by Land Transport Equipment excl. Passenger Cars & etc. (-39.3%) and Professional Scientific and Control Instrumentation, Photographic Equipment and Optical Goods (-7.7%).

Six out of 10 top imports landed in the green in

Figure 10 - Dollar-Peso Exchange Rates and Moving Averages
Philippine Peso Appreciated by 3.4% in December



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

Table 5 - Exchange Rates vs USD for Selected Asian Countries

Exchange Rates vs USD for Selected Asian Countries			
	Nov-22	Dec-22	YTD
AUD	-3.7%	-2.2%	5.9%
CNY	-0.2%	-2.7%	9.6%
INR	-0.8%	1.0%	9.3%
IDR	1.5%	-0.4%	8.7%
KRW	-5.0%	-4.6%	9.4%
MYR	-1.6%	-4.4%	4.8%
PHP	-2.0%	-3.4%	10.8%
SGD	-2.7%	-2.4%	-0.8%
THB	-4.0%	-4.5%	3.6%

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

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

November. Other Food and Live Animals surged by 32% YoY while Iron and Steel spiked by 16.7%. However, these gains proved insufficient to offset the losses in Electronic Products of -10.1% and Transport Equipment with -8.8%. Notably, these top import products accounted for 24.5% and 7.7% of total imports, respectively. With sustained growth in exports while imports dwindling, the trade deficit fell as much as -21.9% YoY to $3.7-B in November from $4.7-B a year ago, but up by 11.0% from October (-$3.3-B).

OFW Remittances Increased by 5.8% in November

Personal remittances of Overseas Filipino Workers (OFW) grew at a rapid pace by 5.8% YoY to P2.9-B in November 2022. This brought the YTD remittances to $32.6-B, a 3.4% uptick from $31.6-B in the comparable period in 2021. The increase in personal transfers during the year benefitted from land-based workers with work contracts of less than one year which rose by 5.5% to $2.9-B from $2.8-B in the same period last year; and sea-land based workers with work contracts of less than one year which rose by 6.2% to $0.62-B a year ago. On the other hand, cash remittances from OFWs coursed through banks grew by 5.7% to $2.6-B in the same month a year ago.

The increase in cash remittances from the United States (U.S.), Saudi Arabia, Singapore, and Qatar led the growth in the remittances from January to November of 2022. As for the country origin (reflecting foreign banks effecting the remittance), the U.S. registered the highest share of overall remittances at 41.4%, followed by Singapore, Saudi Arabia, Japan, United Kingdom, United Arab Emirates, Canada, Qatar, Taiwan, and Republic of Korea. The consolidated remittances from these top 10 countries accounted for 79.7% of total cash remittances in November.

USDPHP at P55.68/$, Appreciated by 3.4% in December

The dollar-peso exchange rate (USDPHP) ended at an average of P55.68/$ in December or 3.4% stronger than last month's average of P57.62/$. With the U.S. Fed becoming less aggressive with its hiking cycle and China easing its Covid-19 restrictions, the peso touched P55.04/$, marking its lowest level since June. Higher remittances amid Christmas season and narrowing trade deficit also contributed to its descent.

The volatility measure dropped to 39.9% in December from 61.2% in the prior month. The local currency traded between P55.13/$ to P56.59/$ in December.

The 200-day moving average (MA) converged and flattened suggesting less upward pressure in the long term. Similarly, the downward trend of the 30-day MA illustrates that the peso would remain supported.

Outlook

Q4 GDP expansion at 7.2% exceeded market expectations. Full year growth of 7.6%, on the other hand, beat the government's own revised projections. Record employment, higher infrastructure spending, exports and OFW remittances provided a rosier picture in an otherwise bleak scenario for the global economy.

- While some fret about an economic slowdown due to the global economy heading towards a recession, we recall that PH growth in the past decade had relied more on expanding domestic demand. Thus, while employment may slow down after the Christmas holidays, the outsized 3.4-M YTD gain by November overwhelms the estimated annual labor force entrants of 1.1-M. Manufacturing PMI at a six-month high of 53.1 in December, exports rising at double-digit pace in October-November, and OFW remittances expansion fastest in 17 months (+5.8% in November) should provide added impetus for the robust growth in Q4. These factors, especially, employment should have spillover effects through 2023.

- NG spending may ease a bit, but infrastructure spending remained robust as it zoomed up by 38% YoY in November 2022. For 2023, the DPWH budget has increased by 12.1%, while the large projects–e.g., Metro Manila subway and North-South Commuter line—gain greater traction.

- Inflation came still slightly higher at 8.1% in December, nonetheless, the latest data show a good deceleration, even on a seasonally adjusted basis, and provide a fairly sound basis that inflation has peaked as BSP Governor Medalla has suggested. However, it may not drop fast enough and only reach the BSP's 2% to 4% as target in early Q4 in the light of still elevated crude oil prices and sticky supply issues for food products.

- Exports may not sustain its recent fast pace given the world economic slowdown and with imports remaining elevated, the balance of trade deficit will likely still exceed $50.0-B. Although OFW remittances should continue its 3-5% pace but it would prove way below the trade deficits and so these would put pressure on the peso-dollar rate.

- The U.S. dollar weighted exchange rate has declined by more than 10% from its peak of 114.08 in September 2022 but a collapse will not happen. This is because the Fed will continue to raise policy rates, by at least 75 bps in 2023, to bring inflation back to its target 2% in the light of unrelenting job creation in the U.S. economy. This should constitute another upward pressure on the USDPHP rate.

- To be sure, GDP growth in 2023 may not match that of 2022. Nonetheless, the positive signals mentioned above should keep it still at a fast pace of 6%.

FIXED INCOME SECURITIES

BOND YIELDS START TO FALL IN THE TWILIGHT OF 2022

Local bond yields started to fall in both primary and secondary markets as 2022 drew to a close driven by expectations of a slowdown in Fed's policy rate hiking cycle and a big pause in auctions of National Government securities (GS). The markets largely ignored domestic inflation faster at 8% in November from 7.7% a month earlier. Yields of reissued 25-06 (with 11.92 years remaining) plunged by 97.9 basis points (bps) from November to 7.189%. In the secondary market, 10-year bonds slid by 20.9 bps to end the year at 6.998%. Debt paper supply eased as the Bureau of the Treasury offered only P50.0-B in its two auctions in December while the total tender-offer ratio (TOR) rose to 2.175x from 1.747x in the previous month. Correcting from an oversold situation, Republic of the Philippines U.S. dollar denominated bonds had a minor uptick while equivalent U.S. Treasuries climbed resulting in tighter spreads between the two.

***Outlook**: Local bond yields continued to fall sharply until the 4th week of January (10-year down to 6.03% from 6.99% at the end of 2022) as the markets priced in much slower Fed policy rate hikes in 2023. We, however, see Fed still having terminal rates in 2023 of at least 5% to 5.25% or some 75 bps from current levels. Although domestic inflation will continue to ease, it may not fall within the BSP's 2%-4% target until October 2023. Thus, the investors in the domestic bond markets may have overbought GS debt papers and we should see a rebound to higher yields after the next Fed meeting on January 31- February 1. Investors will likely take profit soon, but return to the market after they perceive the next steps of the Fed more clearly. ROPs have also had a good run, but spreads may not narrow much further unless the country's debt ratio starts to fall, which we think will occur only in 2024.*

Table 6 - Auction Results

Date	T-Bond/ T-Bill	Offer (Php B)	Tendered (Php B)	Accepted (Php B)	Tendered ÷ Offered	Ave. Yield	Change bps
5 Dec	**91-day**	5.000	19.096	5.000	3.819	4.089	-11.6
	182-day	5.000	6.210	2.100	1.242	4.950	3.0
	364-day	5.000	3.990	0.000	0.798	0.000	27.5
Subtotal		**15.000**	**29.296**	**7.100**	**1.953**		
6 Dec	**25 year (FXTN 25-06)**	35.000	79.440	35.000	2.270	7.189	-97.9
Subtotal		**35.000**	**79.440**	**35.000**	**2.270**		
All Auctions		**50.000**	**108.736**	**42.100**	**2.175**		

Source: Bureau of the Treasury (BTr)

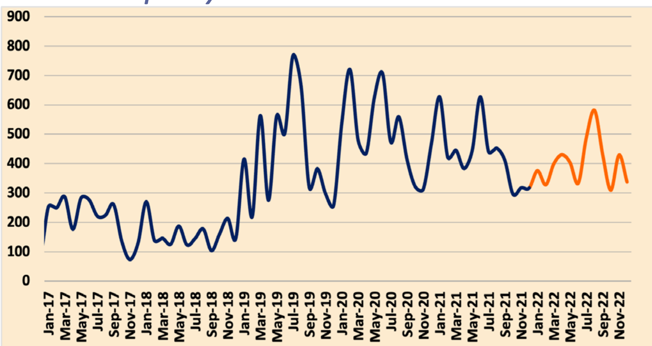
Primary GS Market: Less Fresh Supply Brought Yields Lower in December

The Bureau of the Treasury (BTr) offered only P50.0-B in December, -80.4% lower month-on-month (MoM), from its original schedule of P135.0-B. Meanwhile, the total tender-offer ratio (TOR) grew to 2.175x in December from 1.747x in the previous month amid jumbo maturity and better market sentiment. With less fresh supply and higher TOR, yields gapped lower both in the primary and secondary markets in December.

BTr undertook only one auction for Treasury bills (T-bills) and one for Treasury bonds (T-bonds) in December. It fully awarded 91-day papers at 4.089% or -11.6 bps lower from 4.205% a month earlier. Meanwhile, 182-day T-bills inched up by 3 bps to 4.950% from 4.920% as tenders just reached P6.2-B. BTr fully rejected 364-day T-bill tenders as average yields would have landed at 5.776%, 62.6 bps higher from last month.

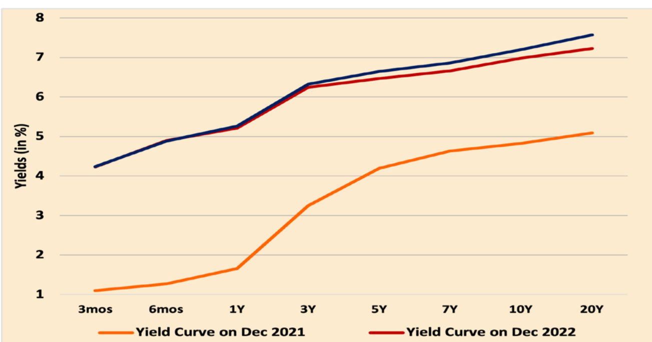
Meanwhile, the reissued 25-year T-bonds garnered a hefty P79.4-B worth of tenders, bringing the yields significantly lower by -97.9 bps to 7.189% from 8.168% in November.

Figure 11 - Monthly Total Turnover Value (in Billion Pesos)
Volume Slumped by -21.3% in December



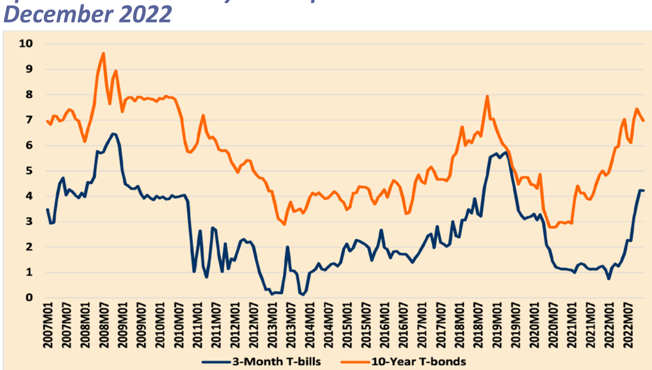
Source: Philippine Dealing Systems (PDS)

Figure 12 - Year-end Yield Curve in 2021 and Latest Yield Curve Versus Previous Month in 2022
December 2022 Yield Curve Flattened MoM Albeit Still Significantly Higher from December 2021



Source: Philippine Dealing Systems (PDS)

Figure 13 - 3-month T-bills and 10-year T-bonds Yields
Spread Contracted by -19.5bps MoM in December 2022



Source: Philippine Dealing Systems (PDS)

Secondary Market: Lower Yields on Reduced Supply Pressure and Improved Risk Appetite

With the cancellation of BTr auctions and downshift of U.S. Fed's interest rate hikes, yields in the secondary market plunged by as much as -34.9 bps in December. On the other hand, trading volume slumped by -21.3% to P337.6-B from P429.1-B in the prior month. This brings the full year volume at P4.8-T or -6.6% lower from last year's P5.2-T amid a higher interest rate backdrop.

Once again, the Bangko Sentral ng Pilipinas (BSP) matched the magnitude of the Fed's rate hike of 50 bps to bring BSP policy rates to 5.5% in December. BSP Governor Medalla signaled further tightening to bring inflation back to its 2-4% target, adding that the terminal policy rate could be at 6% by the end of 2023.

Only the 6-month papers rose by 1.9 bps to 4.900% in December from 4.881% a month earlier. The 3-month and 1-year edged down by a tad -1.4 bps to 4.227% from 4.241% and -5.5 bps to 5.210% from 5.265%, respectively, as investors still priced in higher interest rates in the near term.

Furthermore, yields of 3-year and longer tenors eased. The 3-year and 5-year T-bonds slid by -7.5 bps to 6.246% from 6.322% and -17.6 bps to 6.470% from 6.646%, respectively. The 7-year and 20-year securities declined by -20.5 bps to 6.659% from 6.864% and -34.9 bps to 7.223% from 7.572%, respectively. Moreover, the 10-year tenors experienced a cut back in yields after reaching a 4-year high of 7.7% in November. It dropped below the 7% level to 6.986% from 7.195% or -20.9 bps lower MoM.

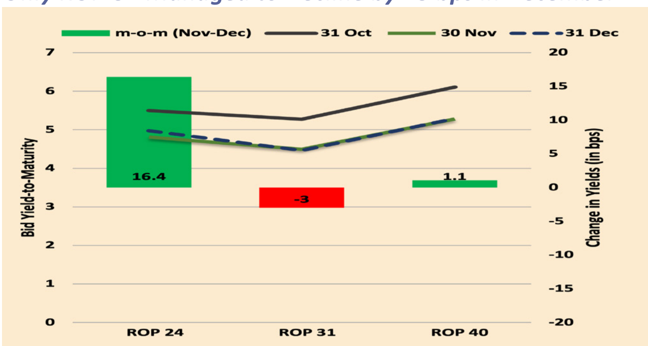
The spread between 10-year and 2-year bond yields contracted -17.7 bps to 101.5 bps in December. With real yields in negative territory amid red hot inflation at 8.1% in December and further local policy rate hikes, we see upward pressure on shorter tenors to persist in the near term.

Corporate Bonds: Volume Zoomed Up by 97.2% in December

Trading of corporate securities posted better performance in December as volume increased dramatically by 97.2% to P3.6-B from P1.8-B a month ago. Year-on-year (YoY), it soared by 64.2% from P2.2-B. The year-to-date (YTD) volume stood at P43.1-B, albeit -18.4% lower from last year's P52.8-B.

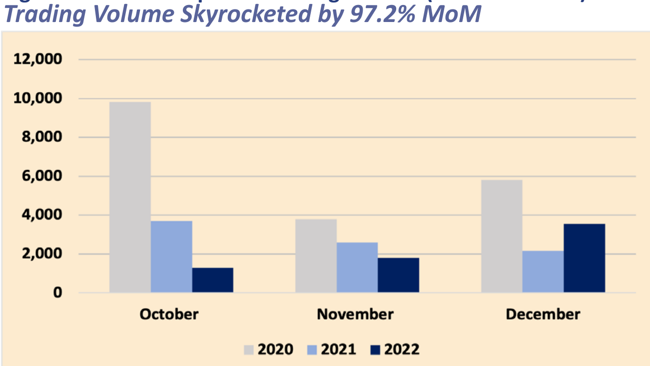
The volume of the top five corporates surged by 243.4% to P2.3-B, amounting to 64.1% of the total trades in December, thanks to San Miguel Corporation's (SMC) deals. Previously placing bottom, SMC topped the list with its

Figure 14 - ROPs Yield, Month-on-Month Changes (bps)
Only ROP-31 Managed to Decline by -3 bps in December



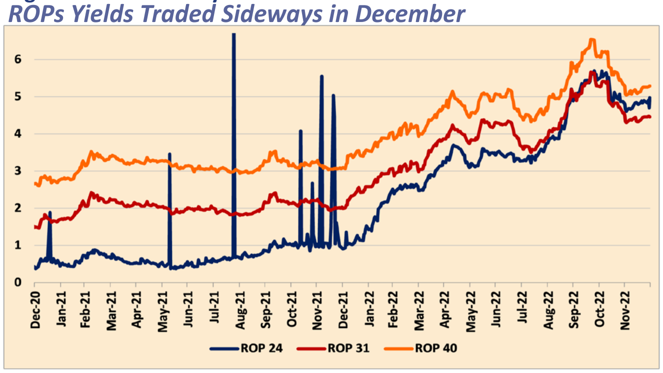
Source: Philippine Dealing Systems (PDS)

Figure 15 - Total Corporate Trading Volume (in Billion Pesos)
Trading Volume Skyrocketed by 97.2% MoM



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

Figure 16 - ROPs Daily Yields
ROPs Yields Traded Sideways in December



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

massive P1.8-B worth of trades from merely P42.8-M in the prior month. Meanwhile, SM Prime Holdings, Inc. (SMPH) and Ayala Land, Inc. (ALI) slipped to second and third place with P288.6-M (down by -13.7% MoM) and P96.4-M (-43.8% MoM), respectively. Volume from BDO Unibank (BDO) and SMC Global Power (SMCGP) tumbled by -43.4% to P33.4-M and -58.5% to P22.7-M, respectively.

Corporate Issuances and Disclosures

- Cirtek Holdings Corporation (TECH) listed its P598.4-M Series F (due June 6, 2023) and Series G (due December 5, 2023) Commercial Paper. Proceeds will be used for the company's working capital.

- Aboitiz Equity Ventures Inc. (AEV) raised P20.0-B from 3.5-year and 7-year bonds. They carry coupon rates of 6.8725% and 7.5321%, respectively, to be paid quarterly. This deal will partially fund its equity contribution to its wholly owned subsidiary, Aboitiz InfraCapital, which will use such amount to acquire interest in GMR-Megawide Cebu Airport Corporation, and to refinance the maturing AEV Series C Bonds due 2023.

ROPs: Longer Tenor Yields Rise Mildly and PH Issues first Dollar Bond Offering $3.0-B in 2023

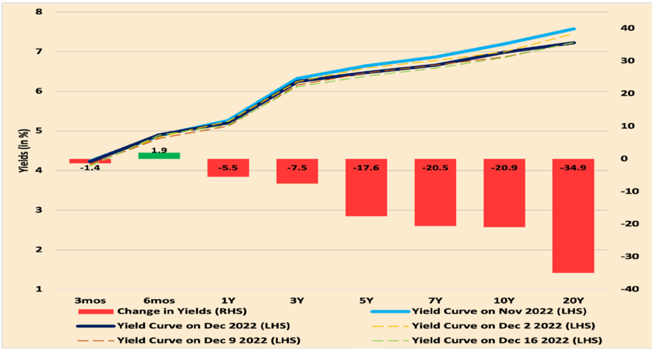
Yields of the Republic of the Philippines' U.S. dollar-denominated bonds (ROPs) came in mixed in December with only ROP-31 descending by a tad -3 bps to 4.466% from 4.496% in the previous month. On the contrary, ROP-24 and ROP-40 edged up by 16.4 bps to 4.972% from 4.808% and 1.1 bps to 5.292% from 5.281%, respectively.

In the U.S., the Fed raised its policy rates by 50 bps to 4.25% - 4.50% in December, the highest level since 2007. With the moderation of rate hikes in the future, U.S. Treasuries yields fell by mid-December. However, these ended higher on the back of China's easing Covid restrictions which boosted risk sentiment as well as recession fears in 2023.

The equivalent 3-year and 20-year U.S. tenors jumped by 9 bps to 4.22% from 4.13% and 14 bps to 4.14% from 4.00%, respectively. Meanwhile, the 10-year U.S. Treasuries climbed the most by 20 bps to 3.88% from 3.68% a month earlier.

The spread between ROP-24 and 3-year U.S. Treasuries expanded by 7.4 bps to 75.2 bps in December. On the other hand, the spread between ROP-31 and ROP-40 and its equivalent U.S. T-bonds contracted by -23 bps to 58.6 bps and -12.9 bps to 115.2 bps, respectively as U.S.

Figure 17 - Week-on-Week and Month-on-Month Changes on the GS Benchmark Bond Yield Curves (bps)
All Yields Except 6-Month T-Bills Fell in December



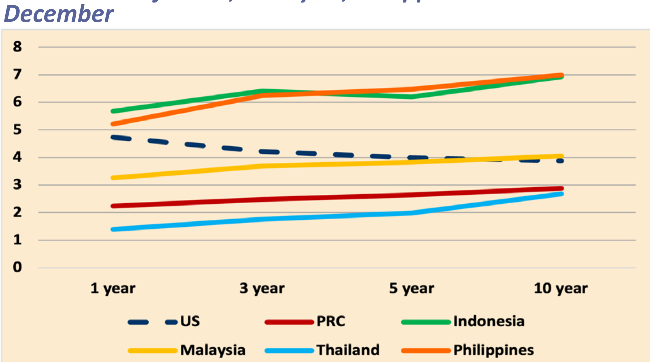
Sources: Bloomberg, First Metro Investment Corporation (FMIC)

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

Spreads between ROPs and U.S. Treasuries (bps)			
Date	3-year	10-year	20-year
31-Oct	105.1	117.5	166.6
30-Nov	67.8	81.6	128.1
31-Dec	75.2	58.6	115.2

Sources: Federal Reserve Board, Philippine Dealing & Exchange Corp. (PDEx)

Figure 18 - Comparative Yield Curve Between ASEAN per Tenor
Yield Curves of China, Malaysia, Philippines Flattened in December



Sources: Asian Development Bank (ADB), Federal Reserve Board

Table 8 - Details on the Dollar Denominated Bond

Instrument	Tenor (Years)	Maturity	Coupon
ROP	5.5	07/17/2028	4.625%
ROP	10.5	07/17/2033	5.000%
ROP-48	25.0	01/17/2048	5.500%

Treasuries rose more in line with Fed policy rate hikes.

The Republic of the Philippines issued its first triple tranche $3.0-B dollar bond offering in 2023 with 5.5-year, 10.5-year, and 25-year Fixed Rate Global Bonds. They provide coupons of 4.625%, 5.00%, and 5.50%, respectively. Proceeds will be used for general purposes including budgetary support and the repayment of a portion of the government's borrowings. Table 8 shows the summary details of the issue.

ASEAN+1: Yields for Longer Dated Papers Generally Fell

U.S.: The economy produced another 223,000 jobs in December (a 2-year low, although above expectations of 200,000) from downward revised 256,000 a month ago. Thus, unemployment rate slipped to 3.5% from 3.6% a month earlier. Manufacturing PMI fell further to 46.20 in December from 47.70 in prior month.

Meanwhile November retail sales (s.a.) slid by -0.6% from 1.3% in October, as consumers advanced their Christmas holidays purchases with elevated inflation. S&P CoreLogic Case-Shiller 20-city home price index in the U.S. dropped by 0.8% MoM in October, the fourth consecutive month of decline, but managed to still jump by 8.6% YoY. Despite the negative data, University of Michigan's Consumer Confidence index advanced to 64.6 in January, a further improvement from 59.7 in December, the third month of better readings. Weighted dollar exchange rate down by 2.2% from end November as the Fed's policy rate hiking cycle appeared to ease. Finally, the yield curve steepened a little to -53 (10-year less 2-year yields) less than -70 in November.

CHINA: With the Zero-Covid Policy still putting a strain on its economy, the Caixin Manufacturing PMI fell to a 3-month low at 49.0 in December, pointing to the fifth straight month of contraction. Moreover, China's annual inflation rate climbed to 1.8% in December (vs 1.6% in November) driven by the 4.8% increase in food prices.

Both exports and imports experienced a downfall in December by -9.9% YoY (largest drop in nearly three years) to $306.1-B and -7.5% YoY to $228.1-B, respectively, as global and domestic demand weakened. Hence, the trade surplus slipped to $78.0-B in December from $93.2-B a year earlier. The full year positive trade gap soared by 31% to a record high of $876.9-B.

The People Bank of China (PBoC) maintained its lending rate unchanged for the fourth consecutive month at 2.75% in December despite a bleak economic outlook. The economy slowed further to 2.9% Q4-2022 expansion from 3.9% in the previous quarter, ending the full year with a 3% GDP growth. World Bank revised its 2023 projections to 4.3% from 8.1%, still well below China's target of 5.5%. With this, the spread between 10-year and 2-year bond yields (steepness measure) contracted by 6 bps to 53 bps in December

INDONESIA: Indonesia's manufacturing sector bounced back from a 5-month low of 50.3 last month to 50.9 in December. On the inflation front, consumer prices went up by 5.5% in December from 5.4% in the prior month. Outward shipments rose by 6.6% YoY to $23.8-B in December. On the contrary, imports declined by -6.6% YoY to $19.9-B, the largest fall in two years. With imports in the red, the trade surplus spiked to $3.9-B in December from $1.0-B a year ago. For the whole year of 2022, the trade gap amounted to $54.5-B or 49.7% higher from the previous year. Bank of Indonesia (BI) delivered its last rate hike in 2022 by 25 bps to 5.5% in December in efforts to tame inflation. BI has raised rates by 200 bps this year, marking its most aggressive tightening since 2005. With higher interest rates, the yield curve steepened by 39 bps to 96 bps in December.

MALAYSIA: Malaysia's inflation print remained unchanged at 4% in November. Additionally, its Manufacturing PMI inched down to 47.8 in December from 47.9 in the prior month. Exports advanced by 15.6% to MYR 130.2-B ($30.2-B). Likewise, imports grew by 15.6% to MYR 107.9-B ($25.0-B), respectively, in November. Consequently, trade surplus edged up to MYR 22.3-B ($5.2-B) from MYR 18.9-B ($4.4-B) a year earlier. Since there was no monetary board meeting in December, thus the benchmark interest rate stayed at 2.75%. The spread between 10-year and 2-year bond yields eased by 3 bps to 53 bps in December.

THAILAND: The country's PMI improved to 52.5 in December from last month's 5-month low of 51.1. Meanwhile, inflation accelerated to 5.9% in December (vs 5.6% in November) on the back of higher costs of food & non-alcoholic beverages (8.9% vs 8.4%). Unexpectedly, imports ascended by 5.6% to $23.7-B in November, a reversal from a -0.8% drop a month ago. However, exports declined by -6% to $22.3-B amid the global slowdown and China's strict lockdown restrictions. Its trade deficit widened to -$1.3-B in November from a surplus of $1.3-B in the previous year.

Like Malaysia, Thailand did not have any policy meeting in December, keeping the key interest rate at 1.25%. The yield curve steepened by 10 bps to 104 bps in December.

Table 9 - Spreads Between 10-year and 2-year T-Bonds

Spreads between 10-year and 2-year T-Bonds									
Country	2-year Yields	10-year Yields	Projected Inflation Rates	Real 10-Year Yield	10-Year and 2-Year Spread (bps)		Spread Change (bps)	Latest Policy Rate	Real Policy Rate
					Oct-22	Nov-22			
U.S.	4.41	3.88	3.5	(4.22)	(70)	(53)	17	4.50	1.00
PRC	2.35	2.88	2.0	0.88	59	53	(6)	2.75	0.75
Indonesia	5.97	6.93	4.2	2.73	57	96	39	5.50	1.30
Malaysia	3.55	4.05	3.4	0.65	53	50	(3)	2.75	-0.65
Thailand	1.64	2.68	6.1	(3.42)	94	104	10	1.25	-4.85
Philippines	5.97	6.99	4.5	2.49	119	102	(17)	5.50	1.00

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

Outlook

The specter of global recession and the U.S. Fed's slower policy rate hike of 50 bps in December resuscitated bond markets here and abroad. Locally, bond yields continued to drop through January as domestic inflation appears to have peaked at 8.1% YoY in December.

- Since domestic YoY inflation will still exceed BSP's target ceiling of 4% until October, the outlook for this yield driver remains less sanguine. With economic growth remaining robust in Q4-2022 and inflation still elevated in H1, BSP has room to raise policy rates by 50 bps in H1. On the other hand, BSP governor has repeated his desire to lower reserve requirements closer to regional levels.

- U.S. Treasury bond bulls dominated the U.S. market and have pushed 10-year T-bond yields to around 3.5% by mid-January or more than 30 bps from 3.88% in end-December. Lower than expected inflation print of 6.5% YoY for December 2022 from 7.1% and MoM reading of -0.1% (seasonally adjusted) appeared to raise risk appetite among investors. Nevertheless, we caution our friends from over-optimism since the Fed's inflation goal of 2% may be reached only in H2-2024 and job gains remain strong. Thus, we think the terminal policy rate for 2023 will remain at 5.00-5.25%.

- NG borrowings should remain strong in H1 but start to cool off in H2 to a more normal pace assuming that tax collections (from faster-than-expected GDP growth) continue to do well.

- The pipeline for corporate bond issuances may begin to bulk up in Q2-2023 although most of the actual issuances will likely occur in Q4-2023.

- Since we think longer-dated U.S. Treasuries have some scope to rise in 2023, ROPs may not sufficiently attract investors as to bring down spreads over U.S. Treasuries unless the country's debt ratio begins to fall, which is unlikely in 2023.

EQUITY MARKETS

2022 ENDS IN A SEA OF RED

In line with global equity markets, PSEi had a roller coaster ride in December and ended lower by -3.2% to 6,566.39. Only the Mining & Oil sector escaped the downward drift with its 5.7% climb as prices of copper, nickel, and coal rebounded tagging along Semirara Mining & Power Corporation (SCC), Nickel Asia (NIKL) and Philex Mining (PX) shares. Driven by top performer Alliance Global Group Inc. (AGI) (+21.8%) the Holdings sector came in next but with a -1% slide as PSEi-constituent stocks posted mixed performance. The Services sector ended at the bottom amid the selloff of Philippine Long Distance Telephone Company (TEL) shares. For the year, SCC easily outpaced other firms with its 61.6% surge.

Outlook: *PH equity investors took a big takeoff of +7.4% in the first four weeks of 2023 as the economy's gains showed traction. Employment hit a new record in November while the Manufacturing PMI reached a six-month high of 53.1 in December, the 14th consecutive month of expansion (i.e., above-50 level). These should drive up earnings per share by 15% and with our projection of (slightly below) historical mean of 15x PE, we think the PSEi will hit 7,500 in 2023. Nonetheless, volatility will remain due to global uncertainties, particularly on inflation and interest rates, and so investors should still exercise selectivity.*

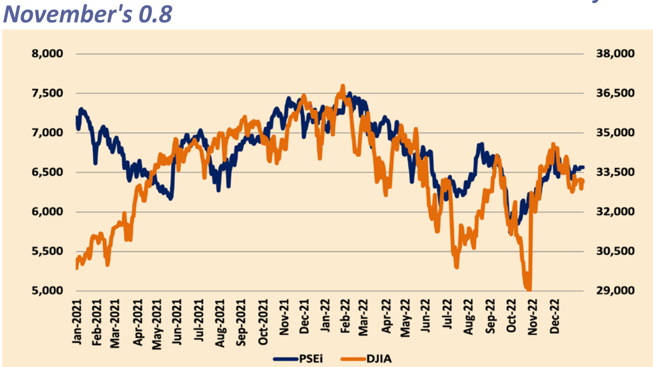
Table 10 - Global Equities Markets Performances

Global Equities Markets Performances				
Region	Country	Index	November M-o-M Change	2022 % Change
Americas	US	DJIA	-4.2%	-8.8%
Europe	Germany	DAX	-3.4%	-12.3%
	London	FTSE 101	-1.6%	0.9%
East Asia	Hong Kong	HSI	6.4%	-15.5%
	Shanghai	SSEC	-2.0%	-15.1%
	Japan	NIKKEI	-6.7%	-9.4%
	South Korea	KOSPI	-9.6%	-24.9%
Asia-Pacific	Australia	S&P/ASX 200	-3.4%	-5.5%
Southeast Asia	Indonesia	JCI	-3.3%	4.1%
	Malaysia	KLSE	0.4%	-4.6%
	Thailand	SET	2.2%	0.7%
	Philippines	PSEi	-3.2%	-7.8%

Sources: Bloomberg and Yahoo Finance

Figure 19 - PSEi vs DJIA

PSEi vs DJIA Correlation in December Decreased to 0.2 from November's 0.8

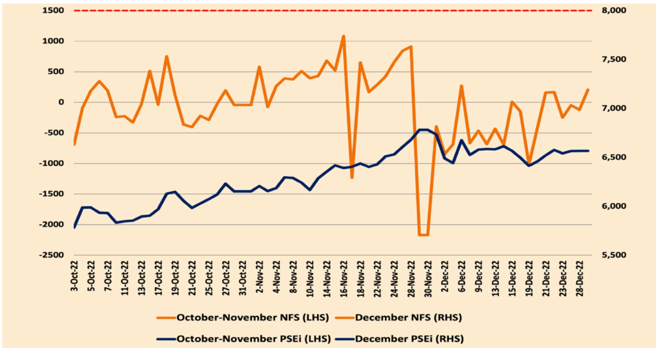


Sources: Wall Street Journal, Bloomberg

Global Picture. Contrary to the previous month, investors sentiment turned bearish in December. For the second month in a row, Hong Kong HSI recorded the highest upswing, ending the month with a +6.4% month-on-month (MoM) increment. Meanwhile, South Korea KOSPI recorded the steepest loss with -9.6% MoM. Whereas, Philippines' PSEi recorded a loss, ending the month with a -3.2% MoM decline, a significant reversal of increment of +10.2%, a month earlier.

PSEi and DJIA. The Dow Jones Industrial Average (DJIA) closed a volatile month of trading. DJIA ended December at 33,147.25, a -4.2% drop from November's close of 34,589.77. Meanwhile, PSEi finished to close December at 6,566.39. The correlation between the two indices in December decreased to 0.2 from November's 0.8, as PSEi ended the year in recovery mode while DJIA continued a downward trend.

Figure 20 - PSEi vs Net Foreign Selling
PSEi vs NFS Posted a 0.4 Correlation in December



Sources: Bloomberg & Yahoo Finance

Table 11 - Monthly Turnover (in Million Php)

Monthly Turnover (in Million Pesos)				
	Total Turnover		Average Daily Turnover	
Sector	Value	% Change	Value	% Change
Financial	15,513.69	-23.6%	816.51	-27.6%
Industrial	147,138.07	640.9%	7,744.11	601.9%
Holdings	26,343.34	19.6%	1,386.49	13.3%
Property	16,399.26	11.9%	863.12	6.0%
Services	26,126.99	37.8%	1,375.10	30.6%
Mining and Oil	2,754.91	-38.1%	145.00	-41.4%
Total	**221,541.67**	121.0%	**11,660.09**	109.3%
Foreign Buying	43,327.88	-13.7%	2,280.41	-18.2%
Foreign Selling	53,450.60	23.6%	2,813.19	17.1%
Net Buying (Selling)	(6,097.35)	-187.5%	(320.91)	-182.9%

Source of Basic Data: PSE Quotation Reports

Table 12 - Top Foreign Buy in November (in Million Php)

Top Foreign Buy	
Company	Total Value
BDO PM Equity	1,227.84
JFC PM Equity	712.15
URC PM Equity	231.06
BLOOM PM Equity	191.99
CNPF PM Equity	186.60
Total Buy Value	**2,549.64**

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

Table 13 - Top Foreign Sell in November (in Million Php)

Top Foreign Sell	
Company	Total Value
TEL PM Equity	-2,219.28
GTCAP PM Equity	-1,077.44
ICT PM Equity	-957.87
MONDE PM Equity	-791.55
CNRG PM Equity	-501.61
Total Sell Value	**-5,547.75**

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

Net Foreign Buying/Selling. PSE trading volume increased by 121% a huge upswing from the previous month's +11.3% gain. Four sectors landed on the green, with the Industrial sector posting the largest volume uptick of +640.9%.

Meanwhile, two sectors landed on the red, with the Mining and Oil sector suffering with -38.1% loss.

Despite some net buying towards yearend, foreigners contributed to the slowdown of net selling for December to the tune of P6.0-B from net buying of P6.9-B a month earlier.

The top five favorite stocks (net buying) of foreign investors amounted to P2.5-B, with BDO Unibank, Inc. (BDO) (P1.2-B) and Jollibee Foods Corporation (JFC) (P7.1-M) leading the list.

The top five most sold stocks (net selling) in December amounted to P5.5-B with Philippine Long Distance Telephone Co. (TEL) (P2.2-B) and GT Capital Holdings, Inc. (GTCAP) (1.0-B) in the front rows.

Five sectors of PSEi posted negative performance resulting to a total -3.2% MoM in December. Notably, only the Mining and Oil sector turned in positive performance with a +5.7% MoM increase, taking the cue from the best performing PSEi-constituent, full year, Semirara Mining and Power Corporation (SCC), which recorded a 61.6% return as of December 2022.

Table 14 - Monthly Sectoral Performance

Monthly Sectoral Performance					
	29-Nov-2022		29-Dec-2022		2022 YTD
Sector	Index	% Change	Index	% Change	
PSEi	6,780.78	10.2%	6,566.39	-3.2%	-7.8%
Financial	1,698.66	7.0%	1,645.03	-3.2%	2.4%
Industrial	9,487.17	5.6%	9,351.16	-1.4%	-10.1%
Holdings	6,497.40	9.5%	6,433.27	-1.0%	-5.5%
Property	3,007.70	16.9%	2,928.71	-2.6%	-9.0%
Services	1,766.97	11.0%	1,634.23	-7.5%	-17.7%
Mining and Oil	10,223.02	4.3%	10,808.92	5.7%	12.6%

Source of Basic Data: PSE Quotation Reports

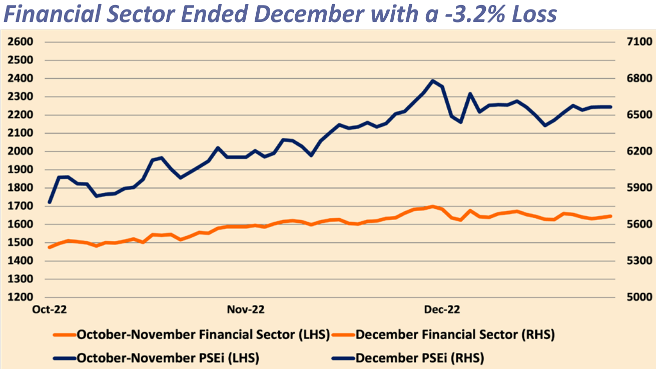
Table 15 - Financial Sector Constituent Stocks

Company	Symbol	11/29/2022 Close	12/29/2022 Close	M-o-M % Change	2022 YTD
Metropolitan Bank and Trust Company (MBT)	MBT	57.30	54.00	-5.8%	-3.1%
BDO Unibank, Inc.	BDO	130.10	105.70	-18.8%	-12.4%
Bank of the Philippine Islands	BPI	105.90	102.00	-3.7%	10.7%

Source of Basic Data: PSE Quotation Reports

Figure 21 - Financial Sector Index (October 2022 - December 2022)

Financial Sector Ended December with a -3.2% Loss



Source of Basic Data: PSE Quotation Reports

The Financial sector ended December with a -3.2% MoM loss after a +7% MoM increase in November.

Bank of the Philippine Islands (BPI) share prices ended December with a -3.7% MoM loss. BPI recently launched a new flexible housing loan package to help address current home ownership with its BPI MyBahay program. The program has a minimum gross household income requirement of P25,000 versus the standard P40,000 and the total contract price for the loan package is P3.0-M only.

Metropolitan Bank & Trust Company's (MBT) share prices followed suit ended December with a -5.8% MoM decrease, after its +10.8% gain a month ago. Nonetheless, MBT continues to be named as the '2022 Bank of the Year' as its development of innovative services continues; thus, enabling MBT to offer new and upgraded service, venture towards partnerships for growth, and provide community support through its corporate social responsibility arm, the Metrobank Foundation.

The Industrial sector registered a -1.4% loss MoM in December, a partial reversal from its +5.6% gain a month ago.

AC Energy Corporation (ACEN) share prices led the sector as it piled on +7.2% in December after its +11.6% gain in November. ACEN reports that its new renewable energy projects in the new year would fuel ACEN's financials. As an example, ACEN has signed subscription agreements with subsidiaries Bayog Wind Power Corporation (BWPC) and the Pagudpud Wind Power Group in Ilocos Norte.

Meralco (MER) share prices climbed by +6.7% MoM in December, nearly offsetting its -7.1% MoM loss in November. MER reported an electric bill hike for December after it completed regulator-mandated refunds. Thus, MER would increase rates by P0.33 per kWh for the month. The same trend is expected for January 2023 due to the completion of another round of refunds, as well as the suspension of San Miguel Corporation's South Premiere Power Corporation supply to Meralco.

Emperador, Inc. (EMI) share prices ended December with a +2.5% increase, after its +2.7% gain in the previous month. Emperador recently raised its public float to 20.1% from the 15.7% level as of the end of

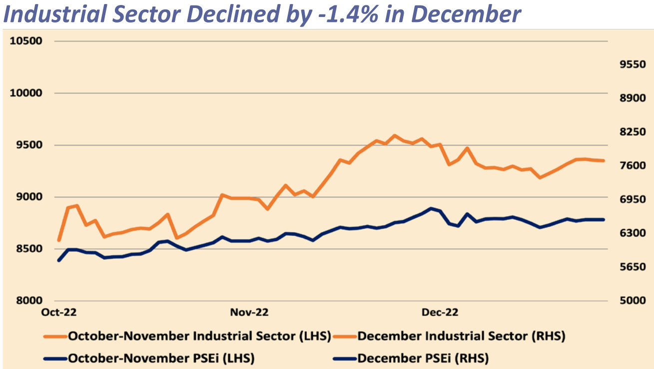
Table 16 - Industrial Sector Constituent Stocks

Company	Symbol	11/29/2022 Close	12/29/2022 Close	M-o-M % Change	2022 YTD
Meralco	MER	280.00	298.80	6.7%	1.2%
Aboitiz Power	AP	34.40	34.05	-1.0%	14.6%
Jollibee Foods Corporation	JFC	245.00	230.00	-6.1%	6.3%
Universal Robina Corporation	URC	133.00	136.00	2.3%	6.3%
AC Energy Corporation	ACEN	7.11	7.62	7.2%	-30.8%
Emperador Inc.	EMI	20.10	20.60	2.5%	-1.0%
Monde Nissin Corporation	MONDE	12.64	11.08	-12.3%	-31.6%

Source of Basic Data: PSE Quotation Reports

Figure 22 - Industrial Sector Index (October 2022 - December 2022)

Industrial Sector Declined by -1.4% in December



Source of Basic Data: PSE Quotation Reports

September last year, reflecting the robust investor appetite for the company. The increase in its public float should likewise improve liquidity of its shares.

The biggest loser in the sector, Monde Nissin Corporation (MONDE), share prices ended December with a -12.3% decrease, after slumping by -4.1% in the previous month. MONDE's noodles sales fell by 32% in Q3 after Lucky Me! issued recalls in Europe, triggering fears of chemical contamination in the company's instant noodles.

The Holdings sector index ranked second in overall sector rankings in December with a -1% MoM loss, which mildly sliced its +9.5% uptick in November.

As the best performer, Alliance Global Group, Inc. (AGI) share prices ended December with a +21.8% increase, after rising by +8.8% in the previous month. AGI's tourism business is seen to do better in 2023 as it assumes pent-up demand rooted from the continuation of revenge-spending from Chinese tourists, specifically. As an example, Hong Kong will be removing the requirement of polymerase chain reaction (PCR) test for China and Macau visitors.

San Miguel Corporation (SMC) share prices shed by -4.2% in value in December, to wipe out its +0.8% increase a month ago. Recently, SMC reported that it is ending its power supply deal with Meralco, effective December 7, 2022. Despite this, however, SMC's power unit San Miguel Global Power (SMGP) will still continue to offer its available and uncontracted capacity to the market.

SM Investments Corporation (SM) share prices followed suit as its share prices showed a -4.2% dip MoM in December, after its share prices increased by +14.5% a month ago. SM reported that it will continue to invest for growth and expansion in 2023 as it targets to support more communities in provincial areas, where local economies are growing faster.

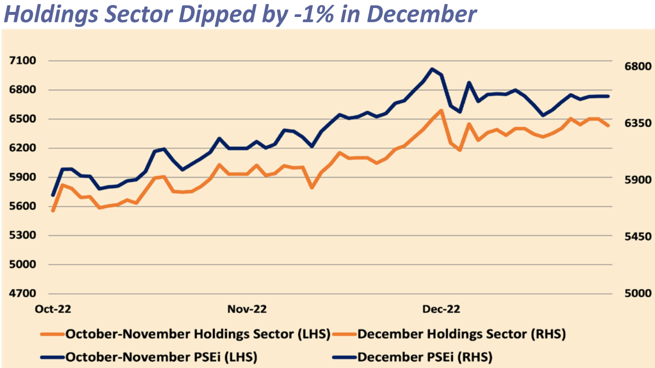
Table 17 - Holdings Sector Constituent Stocks

Company	Symbol	11/29/2022 Close	12/29/2022 Close	M-o-M % Change	2022 YTD
Ayala Corporation	AC	696.00	695.00	-0.1%	-16.4%
Metro Pacific Investments Corporation	MPI	3.46	3.42	-1.2%	-12.3%
SM Investments Corporation	SM	939.00	900.00	-4.2%	-4.6%
Aboitiz Equity Ventures	AEV	60.00	57.70	-3.8%	6.0%
GT Capital Holdings, Inc.	GTCAP	439.00	435.00	-0.9%	-19.4%
San Miguel Corporation	SMC	97.00	92.95	-4.2%	-19.1%
Alliance Global Group, Inc.	AGI	9.77	11.90	21.8%	0.8%
LT Group Inc.	LTG	9.40	9.20	-2.1%	-7.1%
JG Summit Holdings, Inc.	JGS	49.10	50.30	2.4%	-5.1%

Source of Basic Data: PSE Quotation Reports

Figure 23 - Holdings Sector Index (October 2022 - December 2022)

Holdings Sector Dipped by -1% in December



Source of Basic Data: PSE Quotation Reports

Midway among sectoral performers, the Property sector ended December with a -2.6% MoM decrease, after being the leader in the previous month with its +16.9% upswing. For December, all its constituent firms landed on the red territory.

As the best performer, Ayala Land, Inc. (ALI) recorded the least loss as its share prices ended December with a -2.2% decrease, a slight shrinkage after its +23.5% increase in the previous month. As of December 15, 2022, ALI has officially broken ground its 49th estate project in Plaridel Bulacan. ALI will initially invest P5.2-B to start the estate's commercial wing which it will fully develop within five years This 83-hectare property called Crossroads will rise as the newest commercial node in central Bulacan.

SM Prime Holdings, Inc. (SMPH) followed suit as its share prices showed a -2.5% MoM loss, after its +15.6% jump in the previous month. Nonetheless, SMPH committed to deliver its goal of increasing its renewable energy source portfolio to more than 50% moving forward, as it recently announced a long-term deal with Aboitiz Power for Cleanergy supply. The agreement will cover a long-term contract to provide power for its SM Prime properties and other establishments under the Retail Competition and Open Access (RCOA).

Megaworld Corporation (MEG) share prices tumbled by -10.7% MoM in December after its +7.7% growth a month ago. After two telcos under Services sector, MEG shares had the next largest YTD fall of -36.5%. MEG recently disclosed disbursement of proceeds from sale of some of its properties to its real estate investment trust (MREIT Inc.). MEG will allocate P85.0-M for Megaworld Bacolod Properties, Inc., and P389.2-M for its Iloilo Business Park and two anchor developments located in Negros Occidental and Iloilo.

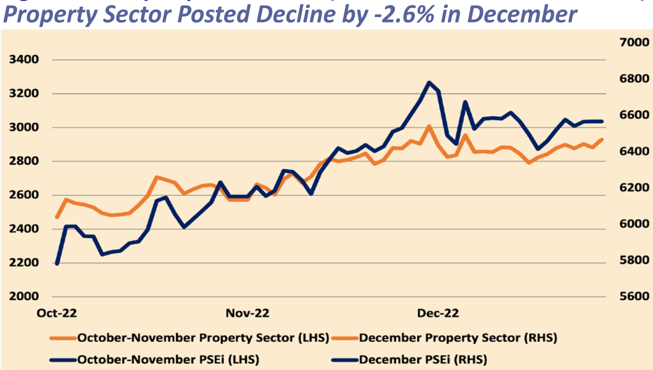
Table 18 - Property Sector Constituent Stocks

Company	Symbol	11/29/22 Close	12/29/22 Close	M-o-M % Change	2022 YTD
Ayala Land, Inc.	ALI	31.50	30.80	-2.2%	-14.2%
SM Prime Holdings, Inc.	SMPH	36.40	35.50	-2.5%	4.7%
Robinsons Land Corppration	RLC	16.06	14.96	-6.8%	-22.1%
Megaworld Corporation	MEG	2.24	2.00	-10.7%	-36.5%

Source of Basic Data: PSE Quotation Reports

Figure 24 - Property Sector Index (October 2022 - December 2022)

Property Sector Posted Decline by -2.6% in December



Source of Basic Data: PSE Quotation Reports

Table 19 - Services Sector Constituent Stocks

Company	Symbol	11/29/2022 Close	12/29/2022 Close	M-o-M % Change	2022 YTD
Philippine Long Distance Telephone Co.	TEL	1,572.00	1,317.00	-24.8%	-27.3%
Globe Telecom	GLO	2,300.00	2,180.00	-5.2%	-34.4%
Converge ICT Solutions, Inc.	CNVRG	15.46	15.88	2.7%	-50.2%
Puregold Price Club Inc.	PGOLD	35.50	34.90	-1.7%	-11.2%
Wilcon Depot, Inc.	WLCON	32.15	29.50	-8.2%	-3.3%
International Container Terminal Services, Inc.	ICT	205.00	200.00	-2.4%	0.0%

Source of Basic Data: PSE Quotation Reports

The Services sector placed last in the sectoral race, as it slumped by -7.5% MoM in December after ranking as the second highest gainer in the previous month (+11% MoM, November).

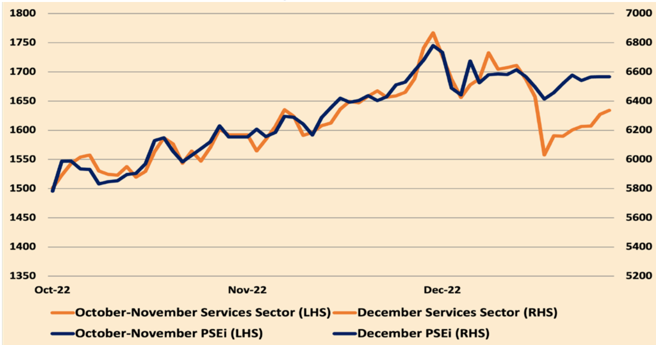
As the lone gainer in the sector, Converge ICT Solutions, Inc. (CNVRG) share prices ended December with a +2.7% climb on top of its +25.5% gain a month ago. Nonetheless, it had the worst performance of -50.2% among PSEi constituent shares. CNVRG reported that it is ending 2022 with hopes to continue its growth and outstanding service in 2023. As an example, CNVRG announced its investment and participation in the SEA-H2X submarine cable system and the trans-pacific Bifrost cable system, which will significantly increase connectivity capacity and provide network diversity in the coming years once operational.

Globe Telecom (GLO) suffered a -5.2% MoM loss in December from its -0.9% loss a month ago. GLO reported a cut in network spending in 2023 after raising capital expenditure (CAPEX) estimated to a record P105.0-B in 2022 as its home broadband business slows down in the post pandemic era.

Philippine Long Distance Telephone Co. (TEL) showed the steepest loss in share prices by -24.8% MoM from its +7.2% gain a month ago. This resulted from TEL's report of an estimated P48.0-B capex budget overrun over the past four years. TEL chairman, Manuel V. Pangilinan immediately announced a revamp of its top management after cost overruns became public, while it assured investors that the findings of no wrongdoing and would not affect 2022 earnings. In addition, TEL initiated improvements in its processes and systems, but has recovered only some 41% of the price drop from its recent peak of P1,730.

Figure 25 - Services Sector Index (October 2022 - December 2022)

Services Sector Declined by -7.5% in December



Source of Basic Data: PSE Quotation Reports

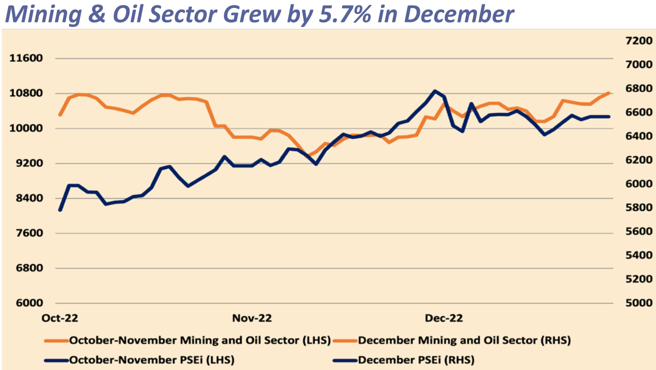
Table 20 - Mining and Oil Sector Constituent Stock

Company	Symbol	11/29/2022 Close	12/29/2022 Close	M-o-M % Change	2022 YTD
Semirara Mining and Power Corporation	SCC	33.65	34.50	2.5%	61.6%

Source of Basic Data: PSE Quotation Reports

Figure 26 - Mining & Oil Sector Index (October 2022 - December 2022)

Mining & Oil Sector Grew by 5.7% in December



Source of Basic Data: PSE Quotation Reports

The Mining & Oil sector grew by +5.7% MoM in December after its +4.3% gain in the previous month.

Semirara Mining and Power Corporation (SCC) share prices increased by +2.5% in December after its -3.7% loss in November. SCC expects stable demand for coal and electricity in 2023; thus, two of its action points are to 1) produce 14.5-M metric tons (MMT) of coals in 2023, and 2) allocate P5.6-B for its capital expenditure (CAPEX) projects in 2023, 8% higher (P5.2-B) than in 2022. The sector also benefitted from the 6% uptick of Nickel Asia (NIKL) and the 16.9% surge in copper-producer Philex Mining Corporation (PX).

Recent Economic Indicators

NATIONAL INCOME ACCOUNTS, CONSTANT PRICES (In Million Pesos)

	2020		2021		4th Quarter 2021			4th 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%	638,368	31.7%	10.0%
Industry Sector	5,151,945	-11.8%	5,607,009	8.8%	1,760,803	50.2%	11.4%	1,966,707	45.1%	11.7%
Service Sector	10,963,799	-6.6%	11,849,213	8.1%	3,321,517	10.8%	9.8%	3,849,353	12.5%	15.9%
Expenditure										
Household Final Consumption	12,911,851	-8.0%	13,456,531	4.2%	3,923,916	20.9%	7.5%	4,199,819	19.8%	7.0%
Government Final Consumption	2,652,447	10.0%	2,839,963	7.1%	683,320	-1.4%	7.8%	705,806	1.0%	3.3%
Capital Formation	3,382,434	-33.5%	4,060,997	20.1%	1,144,071	25.0%	14.2%	1,190,179	14.8%	4.0%
Exports	4,735,076	-31.8%	5,128,006	8.3%	1,251,031	-7.2%	7.7%	1,433,336	-6.2%	14.6%
Imports	6,146,212	-21.2%	6,947,443	13.0%	1,814,149	4.8%	14.3%	1,920,922	-5.8%	5.9%
GDP	17,530,785	-9.5%	18,538,053	5.7%	5,201,501	17.5%	7.8%	5,577,338	17.1%	7.2%
NPI	1,325,383	-30.4%	642,515	-51.5%	226,214	50.2%	16.0%	356,364	21.3%	57.5%
GNI	18,856,166	62.3%	19,180,570	1.7%	5,427,716	18.6%	8.1%	5,933,702	17.3%	9.3%

Source: Philippine Statistics Authority (PSA)

NATIONAL GOVERNMENT CASH OPERATION (In Million Pesos)

	2020		2021		October-2022			November-2022		
	Levels	Growth Rate	Levels	Growth Rate	Levels	Monthly G.R.	Annual G.R	Levels	Monthly G.R.	Annual G.R
Revenues	2,855,959	0.2%	3,005,539	0.2%	288,873	0.0%	14.1%	331,061	14.6%	16.6%
Tax	2,504,421	-2.4%	2,739,350	-2.4%	261,913	3.4%	19.6%	312,892	19.5%	15.8%
BIR	1,951,023	0.0%	2,078,108	0.0%	186,759	7.6%	15.2%	237,143	27.0%	12.5%
BoC	537,687	-9.3%	643,563	-9.3%	75,055	-5.3%	35.2%	75,724	0.9%	30.7%
Others	15,711	-24.7%	18,157	-24.7%	99	-72.5%	-93.0%	25	-74.7%	-98.5%
Non-Tax	351,412	23.6%	265,357	23.6%	26,955	-24.2%	-20.8%	18,057	-33.0%	31.6%
Expenditures	4,227,406	24.0%	4,675,639	10.6%	387,934	-17.2%	22.2%	454,990	-17.3%	10.2%
Allotment to LGUs	804,546	39.8%	892,698	39.8%	86,490	-9.7%	32.9%	86,233	-0.3%	28.3%
Interest Payments	380,412	8.9%	429,432	8.9%	33,185	-44.6%	5.2%	26,092	-21.4%	-16.4%
Overall Surplus (or Deficit)	-1,371,447	145.7%	(1,670,100)	145.7%	(99,061)	-44.9%	54.1%	(123,929)	25.1%	-3.7%

Source: Bureau of the Treasury (BTr)

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

	2021		August-2022			September-2022		
	Annual Levels	Growth Rate	Levels	Y-o-Y G.R.	YTD	Levels	Y-o-Y G.R.	YTD
TOTAL	45,524.20	5.7%	4,155.30	7.4%	5.9%	4,123.60	7.8%	6.1%
Residential	16,906.10	2.6%	1,471.90	1.4%	1.5%	1,457.00	0.6%	1.4%
Commercial	14,950.30	3.2%	1,485.70	19.0%	12.6%	1,492.70	22.0%	13.7%
Industrial	12,897.30	12.4%	1,143.70	4.1%	5.0%	1,113.00	1.4%	4.6%

Source: Meralco

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

	2020		2021		4th Quarter 2021		3rd 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%	-5,800	282.4%
Balance of Goods	33,775	-32%	53,781	59%	16,533	75.0%	19,426	41.1%
Exports of Goods	48,212	-10%	54,169	12%	13,799	4.0%	14,558	1.9%
Import of Goods	81,987	-20%	107,950	32%	30,332	33.5%	33,984	21.1%
Balance of Services	-13,866	6%	-14,174	2%	-3,751	-8.0%	-4,387	10.6%
Exports of Services	31,822	-23%	33,627	6%	9,214	10.1%	10,942	25.7%
Import of Services	17,956	-36%	19,453	8%	5,463	27.2%	6,555	38.3%
Current Transfers & Others								
II. CAPITAL AND FINANCIAL ACCOUNT								
Capital Account	63	-50%	80	26%	24	19.3%	18	-8.1%
Financial Account	-6906	-14%	-6,942	1%	-4,973	-34.3%	-2,756	0.4%
Direct Investments	- 3,260	-39%	-8,116	149%	-2,138	328.9%	-843	-64.2%
Portfolio Investments	-1680	-32%	8,046	-579%	161	-104.7%	1,435	50.6%
Financial Derivatives	-199	15%	-603	203%	-195	178.6%	-276	67.2%
Other Investments	- 6,268	255%	-8,152	30%	-2,801	0.0%	-3,072	161.1%
III. NET UNCLASSIFIED ITEMS	1245	-149%	361	-71%	965	0.0%	-1,704	-6,761.2%
OVERALL BOP POSITION	16,022	104%	1,345	-92%	2,009	-78.0%	-4,730	-471.2%
Use of Fund Credits								
Short-Term								
Memo Items								
Change in Commercial Banks	7,713	378%	294	-96%	-2,256	-21.3%	-2,756	-204.8%
Net Foreign Assets	7,665	384%	433	-94%	-2,286	-20.2%	-2,775	-207.2%
Basic Balance	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a

Source: Bangko Sentral ng Pilipinas (BSP)

MONEY SUPPLY (In Million Pesos)

	2021		October-2022		November-2022	
	Average Levels	Annual G. R	Average Levels	Annual G.R.	Average Levels	Annual G.R.
RESERVE MONEY	3,303,261	8.8%	3,508,117	3.3%	3,520,795	6.2%
Sources:						
Net Foreign Asset of the BSP	6,296,263	39.5%	6,320,415	-1.4%	6,268,583	-1.8%
Net Domestic Asset of the BSP	14,211,531	26.7%	16,055,703	11.0%	16,299,537	10.8%
MONEY SUPPLY MEASURES AND COMPONENTS						
Money Supply-1	5,659,905	52.6%	6,282,616	8.2%	6,361,173	7.1%
Money Supply-2	13,795,976	30.2%	14,946,796	6.4%	15,141,367	6.3%
Money Supply-3	14,432,021	30.4%	15,439,437	5.4%	15,628,266	5.4%
MONEY MULTIPLIER (M2/RM)	4.18		4.26		4.30	

Source: Bangko Sentral ng Pilipinas (BSP)

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