

The MARKET CALL

Capital Markets Research



FMIC and UA&P Capital Markets Research

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Executive Summary

While we expect a minor slowdown of GDP expansion in Q2, we think the expanding sectors will accelerate further in H2. The sustained fall in YoY inflation to average 3.3% in Q4 would further provide confidence to consumers to boost spending in H2. Thus, we expect full year GDP growth at 6% or slightly higher as infrastructure spending, especially on big ticket projects, and revenge spending in domestic and foreign tourism and accommodations & food services (i.e., hotels and restaurants) speed up in H2. Bond market should keep its attraction as inflation tumbles, while the equities market, although supported by local investors, may resume to climb in June or early H2 as the market digests the huge 27% in corporate earnings growth in Q1 while interest rates continue to fall.

Bond Markets

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Investor optimism surfaced in May due to improving inflation and monetary policy outlook. Crude oil prices touched below \$70/barrel in early May despite the OPEC production cuts while the Fed Chair Powell has taken a slightly less hawkish stance on inflation and policy rate adjustments. Domestically, the yield curve flattened further to only 8.5 bps as short-term bond yields catch up with the current policy rate of 6.25% whereas long-term yields fell given the downward momentum of local inflation. We feel cautiously optimistic that the easing of 10-year yields won't easily reverse banking on that CPI will likely fall below 6% YoY by June. Furthermore, we think the Fed will raise policy rates by another 25 bps in June amid robust labor market (employment gains in March-April above the 10-year average) and still elevated inflation (April core inflation hardly moved to 5.5% YoY).

Tenders in auctions jumped by 16.1% to P96.2-B in April amid easing inflationary woes both here and abroad.

- Trading volume in the secondary market drove by -28.9% MoM and -7.8% YoY in April.
- To match the current policy rate of 6.25%, yields of T-bills surged as much as 76.9 bps in April.
- Longer tenors from the 5-year to 20-year space descended on BSP's dovish remarks and slower inflation.
- Corporate bonds registered its highest volume since July 2020 of P12.0-B in April.
- ROP's spread over equivalent U.S. Treasuries for the 10-year and 20-year tenors narrowed as U.S. bond investors priced in a slower pace of Fed policy rate hikes for the year, and possibly the start of cuts.

Macroeconomy

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GDP growth may slow mildly to 5.8% YoY in Q2 as elevated inflation constrains consumer spending. However, we expect strong gains in Construction due to accelerating infrastructure work, and revenge spending on transport & storage, and accommodation & food services on the Services sector space. With these gaining further traction in H2 and sharply lower inflation rates to average 3.3% by Q4, we see a return to above-6% full-year growth in 2023. However, the peso will remain under pressure due to huge trade deficits and higher Fed policy rate by another 25 bps in June while BSP remains on hold.

GDP growth of 6.4% in Q1-2023 tops market expectations, ASEAN countries. Employment rises by 6.8% YoY in Q1, with the Industry sector providing the lead.

- NG budget deficit only P270.9-B in Q1 likely to fall short of 6.1% of GDP projected for 2023.
- Inflation eases to 6.6% YoY in April as food prices fall and transport costs slow.
- Trade deficit rises to \$4.9-B in March as exports continued to fall while imports rise mildly.
- The USDPHP rate moves up by 0.9% to average P55.32 in April.

Equities Market

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The PSEI performed second best in ASEAN with a +1.9% MoM uptick, driven by local investors which resulted in a higher trading range between 6,450 and 6,700. Four sectors landed in the positive territory, with Financial sector leading the sectoral race as it speeded by +5.9% MoM in April followed by the following sectors: Holdings (+2.4%), Property (+2.1%), and Industrial (+1.1%). Meanwhile, the Services and Mining and Oil sectors experienced losses at -3.5% and -4%, respectively. PSEI may continue to move ahead of equities markets in advanced economies due to domestic inflation moving back within BSP targets (2-4%) by Q4, albeit mitigated by the mild underweighting by MSCI rebalancing. Consequently, investors will have to wait for Q3-2023 for clarity in economic and financial conditions of the Philippines and around the globe.

The country's top three banks-BDO, BPI, MBT-posted impressive surges of 31% to 52% in Q1-2023 earnings.

- Metro Pacific Investments Corporation (MPI, +20.4% gain MoM) emerged as the best performance among PSEI-constituent stocks.
- PLDT, Inc. (TEL) led the decliners with -15.2% dip MoM.
- In the Mining and Oil sector, Semirara Mining & Power Corporation (SCC) slumped by -16.5% lower coal prices.
- Staying cautious, foreigners remained as net sellers to the tune of P1.9-B from the huge net selling of P30.0-B a month earlier.

Economic Indicators (% change, latest month, unless otherwise stated)	Latest Period	Previous Period	Year-to-Date	2021 (year-end)	2022 (year-end)
GDP Growth (Q1-2023)	6.4	7.2	6.4	5.8	7.2
Inflation Rate (April)	6.6	7.6	7.9	3.1	8.1
Government Spending (March)	15.0	-5.2	-74.2	12.8	13.6
Gross International Reserves (\$B) (April)	101.5	101.5	100.5	107.1	95.1
PHP/USD rate (April)	55.74	54.80	54.89	48.88	55.68
10-year T-bond yield (end-April)	6.14	6.25	6.17	4.16	6.98

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

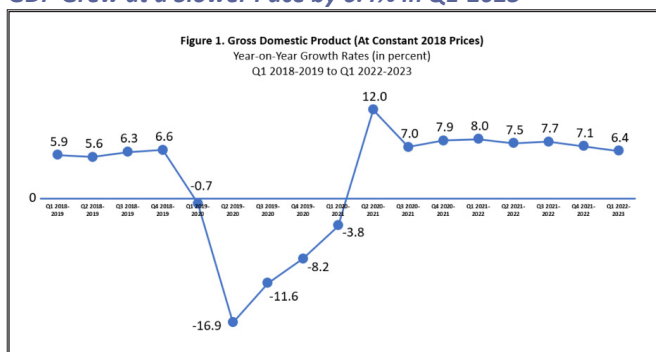
ROBUST GDP GROWTH OF 6.4% IN Q1 AMID RISE IN EMPLOYMENT

The country's Gross Domestic Product (GDP) expanded robustly by 6.4% (year-over-year, YoY) in Q1-2023, albeit slower than 7.1% in the previous quarter, but high enough to beat other ASEAN countries. The 6.8% jump in Q1 employment resulted in another low unemployment rate of 4.7% and a 7.4% jump in domestic demand. However, the P74.6-B rise in negative net exports dragged total GDP growth down. Manufacturing PMI for April showed a slight easing to 51.4 from 52.5 a month earlier, but still the 15th consecutive month of expansion. National Government (NG) expenditures, excluding interest payments, allotments to local government units (LGUs) and subsidies, did manage to rise by 5% in Q1 from a year ago. Inflation eased further to 6.6% in April from 7.6% in March, but still elevated enough to hinder consumption spending. Finally, the peso has returned to a depreciation mode amid oversized trade deficits and a mild recovery in the U.S. dollar.

Outlook: We expect only a mild slowdown in Q2 by around 0.5% percentage points or slightly below 6% YoY, as the elevated inflation rate eats in consumers' purchasing power. However, we see muscular growth in key Services sub-sectors such as Transport & Storage, and Accommodations & Food Services as domestic and foreign tourism continue to pick up. The economy should rebound in H2 as inflation continues to ease to average 3.3% in Q4, within the Bangko Sentral ng Pilipinas' (BSP) target range of 2% to 4%. The peso will likely remain under pressure due to elevated trade deficits and higher policy rates in the U.S. by another 25 basis points in June.

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

GDP Grew at a Slower Pace by 6.4% in Q1-2023



Source of Basic Data: Philippine Statistics of Authority (PSA)

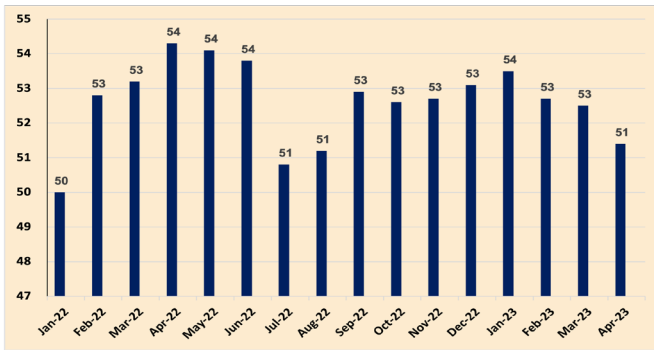
GDP Posted Growth at 6.4% in Q1-2023, Exceeds Expectations

The Philippine economy's Gross Domestic Product (GDP) expanded by 6.4% year-on-year (YoY) in Q1, beating market expectations of 6.2% growth. However, the "weakest" pace in the past seven quarters since Q2-2021, pulled down by high inflation and interest rates which dampened consumption spending. Nonetheless, the Philippines' growth topped ASEAN even as powerhouse Vietnam stumbled to a 3.3% Q1-2023 expansion.

As in the past, domestic demand (i.e., consumption, investment and government spending) led the economy as it increased by 7.4% YoY. The 13.8% growth in net imports (i.e., exports of goods & services less imports of goods & services) amounting to P614.2-B from P539.6-B in Q1 of 2022.

Gross Capital Formation (Investments) was the primary driver of growth with a +12.2% uptick. But unlike in previous seven quarters, Household Final Consumption Expenditures (HFCE) managed to increase by 6.3% in Q1-2023, compared to above-7% previously. Likewise, Government Final Consumption Expenditures (GFCE) followed suit as it increased by 6.2%. On the other hand, the current account balance worsened as Imports of Goods and Services rose by +4.2%, while Exports of Goods and Services only gained marginally by +0.4%, given the lower base, which contributed to the downward pressure on the economy.

Figure 2 - Manufacturing PMI
Manufacturing PMI Slower at 51.4 in April 2023



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

Taking a closer look at the production side, all Agriculture, Forestry, and Fishing (AFF); Industry; and Services sectors reflected positive turnouts, at +2.2%, +3.9%, and +8.4%.

The Services sector provided the highest uptick at 8.4% YoY as all 13 sub-sectors posted gains. The sector maintained its improved growth rates since Q2-2022. Other Services sub-sector recorded the biggest jump in the sector as it grew by 36.5% YoY in the said period. Accommodation & Food Services followed suit as it expanded by 26.9% YoY in Q1-2023, while Transportation & Storage also posted a double-digit gain of 14.3% YoY

The Industry sector followed much behind as it grew by 3.9% YoY. However, Construction recorded a growth of +10.8% in Q1, rising faster than the 6.2% pace in Q4-2022. Meanwhile, the Manufacturing sub-sector slowed to a 2% pace from 3.2% in Q4-2022. Transport Equipment (+21.8%) posted the highest contribution to the sub-sector, followed by Other Manufacturing (+17.6%), Beverages (+8.4%), Basic Metals (+6.8%), Food Products (+5.8%), and Manufacturing (+2%). Mining & Quarrying recorded the only decline (-2.2%) but that should turn positive in Q2 due to the significant increase in employment in March.

The Agriculture, Forestry, and Fishing (AFF) sector grew by 2.2% YoY wherein Palay contributed most to the sector as it grew by 4.5%, followed by Livestock (+5%), Poultry and Egg Production (+3.2%), Corn (+3.2%), and Support Activities to AFF (+3.1%).

On a seasonally adjusted (s.a.) basis, the country's Gross Domestic Product (GDP) increased by 1.1% in Q1-2023, albeit slower than 1.7% in Q1-2022 and its 2% growth in Q4-2022. The downward trend will likely bottom in Q2 as inflation eases and more employment and the income tax cut boost consumption spending. Likewise, in May, BSP took a pause in its aggressive tightening cycle as inflation has eased for the third straight month in April to 6.6%. Thus, despite the risks and challenges, the country's economic outlook remains solid as it stays on track to meet the government's 6-7% growth target for the year.

Manufacturing PMI Slows Down in April

S&P Manufacturing PMI for the country eased to 51.4 in April from 52.5 in March, attributed to softer upturns in production and further decrease in employment. This represents the 15th consecutive month of expansion among manufacturing firms in the country. Nonetheless,

Table 1 - Labor Force Survey Summary

	February 2023	March 2023	MoM Change	
			Levels	% Change
Labor Force	51,272	50,998	(274)	-0.5%
Employed	48,797	48,581	(216)	-0.4%
Underemployed	6,287	5,442	(845)	-13.4%
Underemployment rate%	12.9	11.2	(1.68)	-2.4%
Unemployed	2,475	2,417	(58)	-2.4%
Unemployment rate%	4.8	4.7	(0.09)	-1.8%
Labor Participation rate%	66.6	66	(0.57)	-0.9%
Not in Labor Force	25,732	26,258	526	2.0%
Agriculture ('000)	11,758	11,408	(350)	-3.0%
Industry ('000)	7,939	8,513	573	7.2%
Mining and Quarrying	168	276	108	64.2%
Manufacturing	3,358	3,460	102	3.0%
Electricity, Gas, Steam, and Air-Conditioning Supply	55	103	48	86.6%
Water Supply; Sewerage, etc.	64	93	29	45.8%
Construction	4,295	4,581	286	6.7%
Services ('000)	29,100	28,661	(439)	-1.5%
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	10,774	10,485	(289)	-2.7%
Transportation and Storage	3,411	3,594	183	5.4%
Accommodation and Food Services	2,246	2,006	(240)	-10.7%
Activities				
Information and Communication	477	426	(51)	-10.7%
Financial and Insurance Services	609	588	(21)	-3.4%
Real Estate Activities	226	195	(32)	-13.9%
Professional, Scientific, and Technical Activities	408	413	5	1.2%
Administrative and Support Services Activities	2,172	2,258	86	3.9%
Public Administration and Defense; Compulsory Social Security	3,102	3,064	(38)	-1.2%
Education	1,618	1,618	1	0.0%
Human Health and Social Work Activities	636	572	(64)	-10.1%
Arts, Entertainment, and Recreation	438	410	(28)	-6.4%
Other Service Activities	2,982	3,032	51	1.7%

Source of Basic Data: Philippine Statistics Authority (PSA)

April data showed much sturdier demand in foreign markets for Filipino manufactured goods. Manufacturing firms remain optimistic with respect to new orders and improved demand conditions.

The Volume of Production Index (VoPI) of the Manufacturing sector grew at its slowest pace in 2023 due to elevated inflation and high interest rates with a single-digit YoY growth of 2.2%, the slowest in the first few months of 2023. The VoPI for March burrowed its way down due mainly to the following sectors: Wearing Apparels (-40.2%), Furniture (-26.8%) Chemical & Chemical Products (-25.5%), and Tobacco Products (-25.3%). These led the 12 out of 22 major industry categories which posted YoY declines. Meanwhile, 10 divisions registered growth in March, led by Transport Equipment (+25.3%) and Coke and Refined Petroleum (+8.2%).

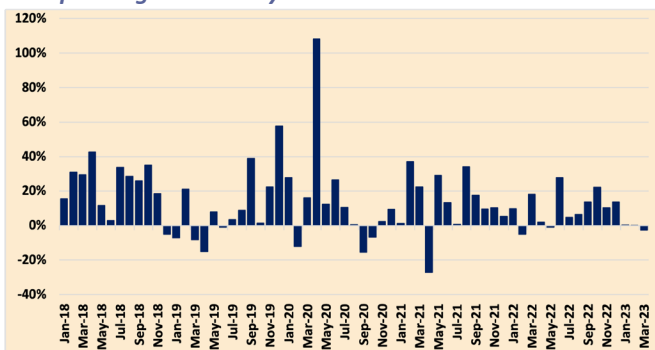
Unemployment Rate Eased to 4.7% in March

Despite a slight month-on-month (MoM) slide in employment, the Industry sector added 573,000 jobs in March 2023 and drove total employment year-to-date (YTD) growth by 6.8% YoY. The unemployment rate (UR) eased to 4.7% from 4.8% a month earlier marking the 7th consecutive month of sub-5% UR. Notably, the underemployment rate fell sharply to 11.2% from 12.9% in February and represented the lowest rate since 2005, when employment figures in the Labor Force Survey (LFS) got redefined in accordance with International Labor Organization (ILO) protocols.

The job gains in the Industry sector, however, failed to offset fully the drop experienced in the Agriculture (-350,000) and Services (-439,000). All Industry sub-sectors hired more in March compared to February. The Construction sub-sector supported by major infrastructure projects added 286,000 to its total plantilla. The Mining & Quarrying subsector edged the Manufacturing subsector's gains with +108,000 as against +102,000 in Manufacturing.

Only five out of 13 sub-sectors of the Services sector managed to increase job hires during the month. The Transport & Storage sub-sector contributed the most (+183,000) while Trade (wholesale & retail) cut the largest number of jobs (-289,000). Two other substantial employment generates included the Administrative & Support Services (+86,000) as more offices required face-to-face work. Other Services Activities also added 51,000 slots for workers.

**Figure 3 - NG Expenditures Growth Rate, Year-on-Year
NG Spending Declined by -2.6% in March**



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

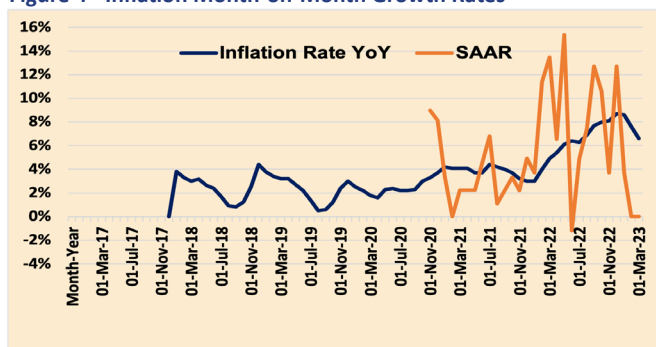
Table 2 - Major Contributors to Year-on-Year Inflation

Inflation Year-on-Year Growth Rates	Mar-2023	Apr-2023	YTD
	7.6%	6.6%	7.9%
Food and Non-Alcoholic Beverages	9.3%	7.9%	9.2%
Alcoholic Beverages and Tobacco	12.2%	12.7%	12.4%
Clothing and Footwear	5.0%	5.1%	5.0%
Housing, Water, Electricity, Gas, and Other			
Fuels	7.6%	6.5%	8.0%
Transport	5.3%	2.6%	6.7%
Restaurants and Accommodation	8.3%	8.6%	8.5%
Personal Care & Miscellaneous Goods and Services	5.6%	5.7%	5.7%

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

Source of Basic Data: Philippine Statistics Authority (PSA)

Figure 4 - Inflation Month-on-Month Growth Rates



Source of Basic Data: Philippine Statistics Authority (PSA)

The hot and dry weather in Q2 should result in continued gains in Construction sub-sector as the government and the private sector (PPP) ramp up work on big-ticket projects. It may also boost tourism and travel as locals and foreigners fill beaches and cooler places (e.g., Baguio, Tagaytay, etc.)

NG Spending Inched Down by -2.6%, but Q1 Budget Gap 23.1% Lower YoY

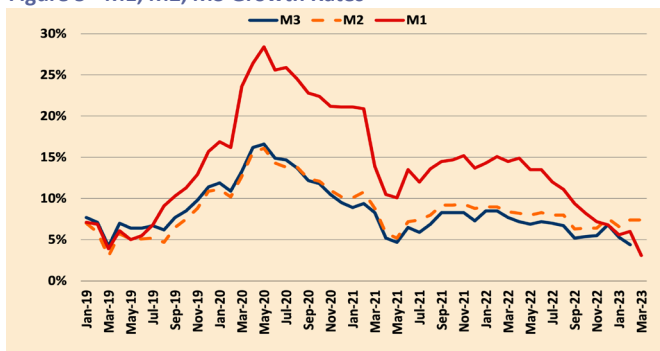
The National Government (NG) registered P210.3-B budget deficit in March or 12% wider from last month's figure of P106.4-B as government receipts slumped by -12% YoY while expenditures went down a tad -2.6% YoY. However, the budget gap in the first quarter of 2023 came in lower by -23.1% to P128.9-B from P167.5-B a year ago. Thus, it seems likely that the full year deficit may reach only P1.2-T or some 5% of GDP compared to the target 6.1% of GDP.

Government collections slid by -12% to P258.7-B in March from P293.9-B in the previous year. Revenues from the Bureau of Internal Revenue (BIR) dropped by -17.3% in March to P141.0-B from P170.4-B a year earlier partially due to the impact of the transitory provisions of the reduction of individual income tax rates as part of the previous administration's tax reform package. Furthermore, collections from Bureau of the Treasury (BTr) fell much more by -55.5% to P14.9-B from P33.4-B last year attributable to the high base effect of dividend remittances. On the other hand, Bureau of Customs (BOC) posted gains amounting to P80.3-B or 13.5% higher from P70.8-B in the prior year.

Government spending trekked down by -2.6% to P468.9-B in March from P481.5-B a year ago as a result of lower National Tax Allotment shares of LGUs, as well as the timing of significant releases for some programs, such as the Department of Transportation's (DOTr) Public Utility Vehicle (PUV) Service Contracting Program and Fuel Subsidy Program. In addition, the YTD total expenditure slipped by -1.1% to P1.1-T or P11.6-B lower from the prior year owing to lower interest payments (down by -4.9% YoY).

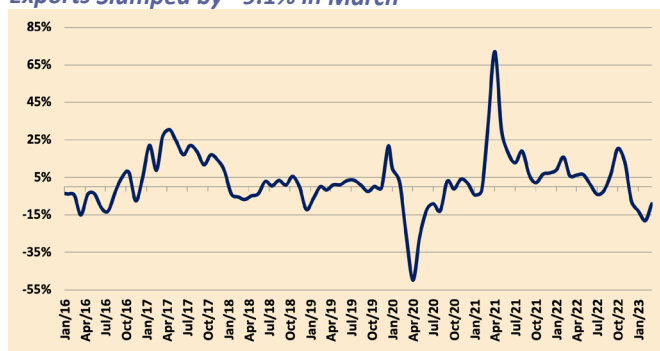
March primary expenditures, which takes up 87% of total costs, slumped by -4.2% to P408.0-B from P426.0-B a year earlier. On the contrary, interest payments climbed by 9.6% to P60.9-B from P55.5-B in the previous year.

Figure 5 - M1, M2, M3 Growth Rates



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

Figure 6 - Exports Growth Rates, Year-on-Year
Exports Slumped by -9.1% in March



Source of Basic Data: Philippine Statistics Authority (PSA)

Table 3 - Exports Year-on-Year Growth Rates

	Feb-2023	Mar-2023	YTD
Total Exports	-18.1	-9.1	-13.2
Agro-Based Products	-42.2	-17.8	-28.2
Mineral Products, of which	-37.7	-3.6	-11.4
Copper cathodes	-33.6	-8.4	-26.9
Others (incl. nickel)	-49.5	-6.2	-13.3
Manufactured Goods	-14.5	-9.8	-13.0
Electronic Products	-22.2	-12.1	-17.5
Other Electronics	12.7	15.2	13.3
Chemicals	-19.0	-8.2	-14.9
Machinery and Transport Equipment	53.1	24.8	35.8
Processed Food and Beverages	-10.2	-10.8	-11.0
Others	8.3	-8.0	-5.1

Source of Basic Data: Philippine Statistics Authority (PSA)

Headline Inflation Slows to 6.6% in April

Lower food and fuel prices pulled headline inflation down further to 6.6% YoY in April as the overall Consumer Price Index has declined since February. YTD inflation still remained elevated at 7.9%, albeit lower than 8.3% in March.

The price index for nine out of 11 food categories either declined or remained unchanged, more than blunting the effect of slightly higher rice prices. Vegetable prices had the biggest fall to 10% YoY from 20% in March, followed by Fish & Other Seafoods which slowed to 7% YoY increase from 9.9% a month earlier.

Transport costs had a major slowdown to 2.6% YoY from 5.3% in March. After all, crude oil prices continued to slump in April by -18% YoY to \$80.44/barrel for West Texas Intermediate (WTI or US benchmark) and -21% to \$85.77/barrel for Brent (European reference rate).

On a seasonally adjusted basis, inflation remained flat (0% MoM) just like in March.

The supply response to higher food prices earlier in the year appears to gain traction, while crude oil prices remain weak due to the global economic slowdown. We have downwardly revised our inflation forecasts for Q2 and Q3 to 6.3% and 5.1%, respectively, before going down further to sub-4% by Q4. This is broadly in line with BSP's revised forecast for 2023 to 5.5% from 5.7% earlier.

Money Supply Growth is Flat at 6% YoY in March

Money growth remained tepid as Domestic liquidity (M3) grew by 6% YoY to P16.2-T. On a MoM seasonally adjusted basis, M3 increased by 0.2%. BSP's NFA position also fell by 0.9% in March, which means that BSP did not create money by buying dollars.

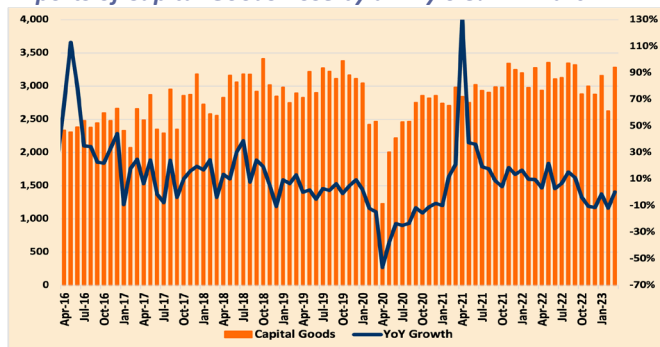
Meanwhile, consumer loans rose by 21.3% in April from 21.2% in March.

With weak money loan growth and subsiding inflation, BSP kept its policy rate unchanged at 6.25% in its May 18th meeting.

Exports Recorded 4th Consecutive YoY Drop

Outward sales of Philippine goods weakened by -9.1% to \$6.5-B in March from \$7.2-B a year ago, following last month's -18.1% YoY decline.

Figure 7 - Imports of Capital Goods (in Million USD)
Imports of Capital Goods Rose by a Tiny 0.3% in March



Source of Basic Data: Philippine Statistics Authority (PSA)

Table 4 - Imports Year-on-Year Growth Rates

	Feb-2023	Mar-2023	YTD
Total Imports	-12.1	2.7	-3.3
Capital Goods	-11.9	0.3	-4.0
Power Generating and Specialized Machines	-2.1	25.7	9.8
Office and EDP Machines	-47.0	-29.4	-34.3
Telecommunication Equipment and Electrical Machines	2.9	0.3	2.5
Land Transport Equipment excluding Passenger Cars and Motorized cycle	-13.3	5.1	-3.7
Aircraft, Ships and Boats	-66.7	-58.8%	-48.1
Prof. Sci and Cont. Inst., Photographic Equipment and Optical Goods	3.7	14.7	12.0
Raw Materials and Intermediate Goods	-20.9	-7.1	-12.7
Mineral Fuels, Lubricant and Related Materials	-1.6	-23.9	6.3
Consumer Goods	0.7	31.3	14.6

Source of Basic Data: Philippine Statistics Authority (PSA)

This marks the fourth straight month of contraction, reflecting weak global demand. However, in terms of MoM difference, total exports jumped by 28.5% from \$5.1-B in February.

Three out of 10 major commodities expanded in March. Machinery & Transport Equipment and Ignition Wiring Set & Other Wiring Sets Used in Vehicles, Aircrafts & Ships posted double digit gains of 24.8% YoY and 19.1% YoY, respectively. Electronic Equipment and Parts rose by 7% in March. On the contrary, Coconut Oil took the biggest loss with a -26.9% decline in March. This is followed by Metal Components and Electronic Products (country's top export) with -13.8% and -12.1%, respectively.

Like the previous month, all major type of goods shrunk in March. Forest Products fell the most by -21.3% dragged down by Plywood (-29.5%) and Lumber (-26.5%). Furthermore, exports of total Agro-Based Products wilted by -18.9% and may drop further in the coming months due to the effects of El Niño on crop production. Manufactured Goods fell by -9.8% YoY attributable to losses in Electronic Products (-12.1%).

China overtook Japan for the country's top export destination in March with a 20.1% YoY gain in shipments amounting to \$1.4-B, thanks to its economic rebound. This is translated to a 21.8% share in total exports. Volume to Japan and the U.S. dipped by -5.9% to \$980.3-M and -19.9% to \$77.9-M, respectively. They accounted for 15% and 13.4% of total shipments, respectively.

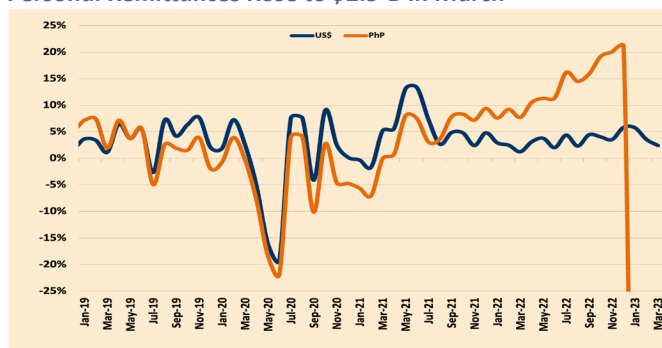
Imports of Capital Goods Rebounded in March

From a 30-month low of \$2.6-B in February, inward shipments of capital goods revived by a tiny 0.3% to \$3.3-B in March or \$8.2-M higher from the prior year. On the other hand, total imports slipped by -2.7% to \$11.5-B from \$11.8-B a year earlier. However, it spiked by 27.5% from \$9.0-B a month ago.

Power Generating and Specialized Machines led the pack with 25.7% YoY jump in March, followed by Professional Scientific & Control Instrumentation, Photographic Equip't & Optical Goods with 14.8%. Land Transport Equipment excluding Passenger Cars and Motorized Cycle went up by 5.1% while Telecommunication Equipment & Electrical Machinery rose slightly by 0.3%. On the contrary, Aircraft, Ships and Boats plummeted by -58.8% whereas Office and EDP Machines dove by -29.4%.

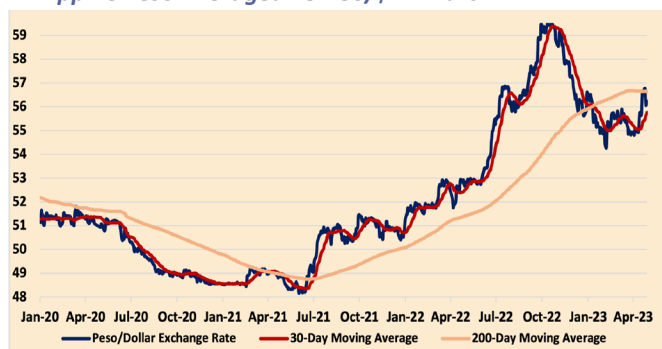
For total imports, Metalliferous Ores and Metal Scrap experienced an impressive 522.7% YoY boost in March.

**Figure 8 - OFW Remittances Growth Rates, Year-on-Year
Personal Remittances Rose to \$2.9-B in March**



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

**Figure 9 - Dollar-Peso Exchange Rates and Moving Averages
Philippine Peso Averaged P54.80/\$ in March**



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			
	Mar-2023	Apr-2023	YTD
AUD	3.3%	-0.1%	0.9%
CNY	0.9%	-0.2%	-1.4%
INR	-0.4%	-0.4%	-0.5%
IDR	1.1%	-2.8%	-4.5%
KRW	2.3%	1.1%	1.9%
MYR	2.6%	-1.1%	0.2%
PHP	0.0%	0.9%	-0.7%
SGD	0.7%	-0.7%	-1.5%
THB	1.4%	-0.9%	-1.8%

Note: Green font - means it depreciated, weaker currency

Red font – means it appreciated, stronger currency

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

Cereals & Cereal Preparations and Miscellaneous Manufactured Articles also posted notable earnings by 51.9% and 27.6%, respectively. Mineral Fuels, Lubricants and Related Materials plunged the most by -23.9%, followed by Electronic Products and Iron & Steel with -15.1% and -2.1%, respectively.

The trade deficit in March widened by 7.5% to \$4.9-B from \$4.6-B a year prior. Meanwhile, it expanded much more by 26.2% from \$3.9-B in February 2023.

OFW Remittances Rose by 3% in March 2023

Personal remittances of Overseas Filipino Workers (OFW) grew by 3% to \$2.9-B in March. This brought the YTD remittances to \$8.9-B, a 3% uptick from the same period last year. The increase in personal transfers during the year benefitted from land-based workers which rose by 3.2% to \$2.3-B from \$2.2-B in the same period last year. and sea-land based workers which rose by 2.1% to \$0.64-B from \$0.62-B in the same period last year. In Q1-2023, personal remittances coursed through banks rose by 3% to \$8.9-B from \$8.6-B in the same period last year.

On the other hand, cash remittances from OFWs coursed through banks grew by 3% to \$2.7-B in the same month a year ago. The increase in cash remittances from the United States (U.S.), Singapore, Saudi Arabia, and United Arab Emirates (UAE) led the growth in the remittances in March 2023. As for the country origin (reflecting foreign banks effecting the remittances), 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 Hong Kong. The consolidated remittances from these top 10 countries accounted for 79.1% of the total cash remittances in March.

Philippine Peso Pierced the P56/\$ Level in April

The peso-dollar exchange rate (USDPHP) depreciated by 0.9% in April to an average of P55.316/\$ from P54.796/\$ in the prior month. The local currency hit a 4-month low of P56.28/\$ following the better-than-expected U.S. Manufacturing data with markets expecting a 25 bps rate hike in the FOMC meeting on May 2 (which it did). This created a policy divergence as the BSP paused in its tightening cycle in May and likely also in June contributing to the peso's weakness.

The volatility measure widened by 64.1% as the local unit traded between a high of P54.32/\$ and a low of P56.28/\$. The peso remains on a slight depreciation mode in the light of the large trade deficits and a minor recovery in U.S. dollar strength.

Outlook

While Q1-2023 GDP expanded by 6.4% or lower than our earlier expectation, it beat market expectations and posted the best performance in ASEAN (only Malaysia's growth at 5.6% came a far second).

- The Services sector will continue to lead growth amid the end of the pandemic. Major contributors would be the Transportation & Storage, and Accommodation & Food Services sub-sectors, as more Filipinos eat out and revenge tourism (both local and foreign) expands further.
- The Construction sub-sector under Industry should take pole position in the growth race as major infrastructure works (e.g., Metro Manila Subway, North-South Commuter Rail, South Expressway Extension) and key PPP projects take on a faster pace.
- These large contributors to employment and slower inflation should combine to power more robust consumer spending, heretofore hindered by elevated inflation.
- Headline inflation will likely continue to fall averaging 6.3% in Q2 when it breaks through the 6% floor by June and we expect this to average 3.3% in Q4, well within the BSP's target range of 2% to 4%.
- BSP has kept policy rates unchanged at 6.25% in its May 18 meeting, and we think it will have ended its policy rate hiking cycle, unless a major spike in inflation occurs or the exchange rate again rises too fast. Besides, BSP Governor Medalla has stated that BSP may even reduce reserve requirements probably late in the year if inflation does fall within the revised targets.
- The peso will remain on depreciation mode especially weighed down by large trade deficits and BSP not going in step with the Fed in the latter's rate hikes, which we still expect in June.

FIXED INCOME SECURITIES

YIELD CURVE FLATTENS FURTHER IN APRIL

With short-term bond yields climbing close to the most recent Bangko Sentral ng Pilipinas (BSP) policy rate of 6.25% (last raised on March 23rd) while long-term yields fell as investors viewed inflation appearing clearly southbound, the yield curve of government securities (GS) flattened even more to a mere 8.5 basis points (bps, using the steepness measure of 10-year less 2-year yields). The consumer price index (CPI), after all, has declined since January 2023 and provided the incentive for investors despite prolonged negative real 10-year yields. Spreads of Republic of the Philippines' (ROPs) dollar-denominated bonds over U.S. Treasuries narrowed by 17.5 bps for the 10-year space and 14.3 bps for the 20-year tenors, as U.S. bond investors priced in a slower pace of Fed policy rate hikes for the year, and possibly the start of cuts.

Outlook: Investors' renewed optimism in April overflowed into early May driven by robust GDP growth in Q1-2023, improved inflation and monetary policy outlook as overall CPI has declined since January 2023. Besides, crude oil prices remained weak at close to \$70/barrel (WTI) and even slipped below it in early May despite the OPEC production cuts. In addition, Fed Chair Powell's recent statement seems a bit dovish towards timing and extent of future policy rate hikes. We think, however, that Fed will raise policy rates by another 25 bps in June amid robust labor market (employment gains in March-April above the 10-year average) while April core inflation hardly moved to 5.5% YoY. Domestically, the yield curve's steepness fell to only 8.5 bps as short-term bond yields closed in with BSP policy rate of 6.25%, while long-term yields slid due to perceived definitive southbound movement of local inflation. We feel cautiously optimistic that the easing of 10-year yields won't easily reverse since we expect CPI to fall below 6% YoY by June and provide positive real yields.

Table 6 - Auction Results

Date	T-Bond/ T-Bill	Offer (Php B)	Tendered (Php B)	Accepted (Php B)	Tendered ÷ Offered	Ave. Yield	Change bps
24 Apr	91-day	20.000	30.301	13.707	1.515	5.869	72.0
	182-day	20.000	32.209	13.786	1.610	5.993	31.6
	364-day	20.000	33.667	18.954	1.683	6.209	22.2
Subtotal		60.000	96.177	46.447	1.603		
12 Apr	10 year FXTN 10-69	25.000	44.492	25.000	1.780	6.142	-23.6
18 Apr	13 year FXTN 13-01	25.000	48.769	19.475	1.951	6.240	
25 Apr	7 year FXTN 07-69	50.000	112.826	50.000	2.257	6.012	-15.0
Subtotal		100.000	206.087	94.475	2.061		
All Auctions		160.000	206.087	140.922	1.889		

Source: Bureau of the Treasury (BTr)

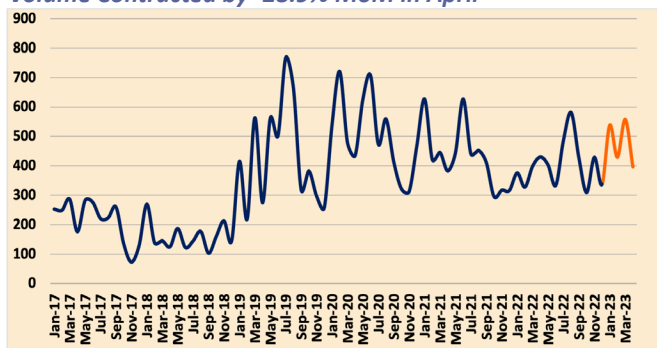
Primary GS Market: Investors Demanded Higher Yields for T-bills in Auctions

Yields of Treasury bills (T-bills) soared as much as 72 bps in April to close in on the current policy rate of 6.25%, the highest since 2008. Furthermore, tenders for T-bills rose by 16.1% to P96.2-B in April from P82.8-B amid easing inflationary woes both here and abroad. Slower-than-expected March inflation at 7.6% also contributed to the drop in Treasury bonds (T-bonds).

The 91-day debt papers surged the most by 72 bps to 5.869% in April from 5.149% in the previous month. Additionally, 182-day and 364-day T-bills jumped by 31.6 bps to 5.993% from 5.677% and 22.2 bps to 6.209% from 5.987%, respectively.

On the contrary, 10-year tenors shed maximum -23.6 bps to 6.142% in April from 6.378% a month prior. The newly issued 13-year T-bonds fetched an average yield of 6.240%, garnering tenders almost 2x its offer size. Meanwhile, demand for 7-year tenors remained robust as yields declined by -15 bps to 6.012% from 6.162% in the previous month despite being auctioned twice in April.

**Figure 10 - Monthly Total Turnover Value (in Billion Pesos)
Volume Contracted by -28.9% MoM in April**



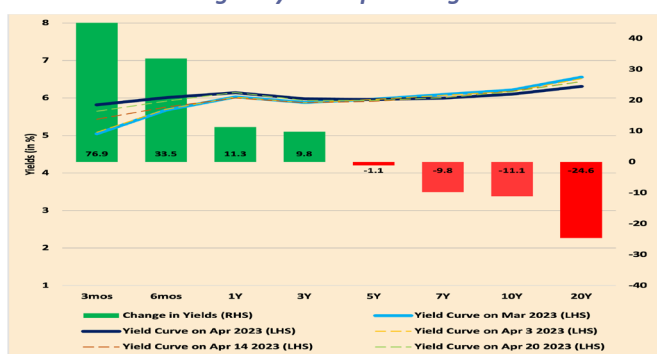
Source: Philippine Dealing Systems (PDS)

Secondary Market: Front-End Ascended Resulting in Flatter Yield Curve in April

The trading volume in the secondary market in April slumped by -28.9% to P396.4-B, smallest figure in 2023, from P557.8-B a month ago. Likewise, it dipped by -7.8% from P430.1-B in the previous year. The high deposit rates recently competitively offered by banks served to divert action from the bond market.

Shorter bills escalated further in April to tie in with the current policy rate of 6.25% while the long-end of the curve fell on easing local inflation at 7.6% in March and dovish remarks from the BSP. BSP Gov Medalla opened the doors to a possible pause of monetary tightening if April CPI decelerates more than March and registers a zero or negative MoM inflation.

**Figure 11 - Week-on-Week and Month-on-Month Changes on the GS Benchmark Bond Yield Curves (bps)
3-month T-bills Surged by 76.9 bps on High Interest Rates**

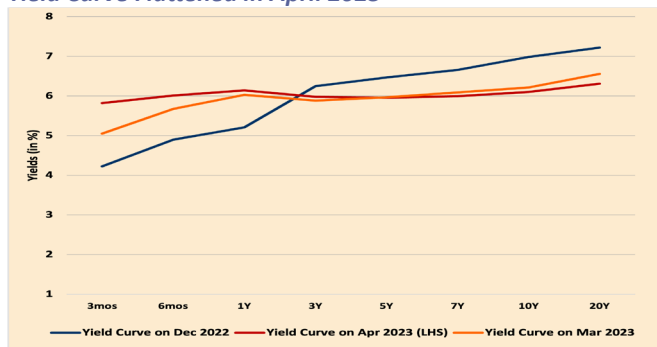


Sources: Bloomberg, First Metro Investment Corporation (FMIC)

The 3-month T-bills skyrocketed by 76.9 bps to 5.819%, highest since 2008, in April from 5.050% a month earlier. Furthermore, 6-month and 1-year papers climbed by 33.5 bps to 6.012% from 5.677% and 11.3 bps to 6.142% from 6.029%, respectively. The 3-year T-bonds edged up by 9.8 bps to 5.979% from 5.881% in the prior month.

Meanwhile, longer tenors from the 5-year to 20-year space fell by as much as -24.6 bps in April. The 5-year and 7-year tenors inched down by -1.1 bps to 5.957% from 5.968% and -9.8 bps to 5.996% from 6.094%, respectively. On the other hand, the 10-year tenors sustained its downward trend as it declined further by -11.1 bps to 6.105% in April from 6.216% a month ago. Lastly, the 20-year securities shed maximum -24.6 bps to 6.309% from 6.556%.

**Figure 12 - Year-end Yield Curve in 2022 and Latest Yield Curve Versus Previous Month in 2023
Yield Curve Flattened in April 2023**



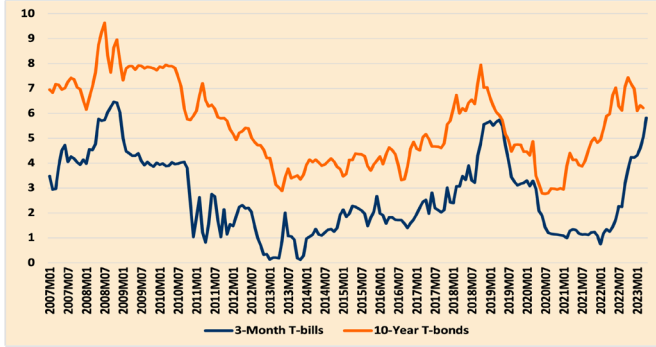
Sources: Bloomberg, First Metro Investment Corporation (FMIC)

The spread between 10-year and 2-year bond yields spread narrowed by another 28.1 bps to just 8.5 bps in April. On this note, the 10-year yields went below 6% level in the first week of May on quick descent of local inflation and easing U.S. Treasuries. Secondly, the yield curve slightly inverted in May. However, as mentioned in last month's issue, no studies support yield curve inversion as a predictor of recession in developing countries. The low 10-year yields simply reflect market expectations of a rapid slowdown in inflation to turn real yields positive. In terms of the hiking cycle, it is highly likely that the BSP will consider a pause in the next Monetary Board meeting in May as the latest inflation print decelerated to 6.6% in April, premised on his previous statements.

Corporate Bonds: Volume Vaulted by 231.2% MoM in April, Highest Since July 2020

The trading of corporate securities registered its highest volume since July 2020 as trades reached P12.0-B in April or a massive 231.2% boost from previous month's P3.6-B.

Figure 13 - 3-month T-bills and 10-year T-bonds Yields Spread Considerably Narrowed by -88 bps MoM in April 2023

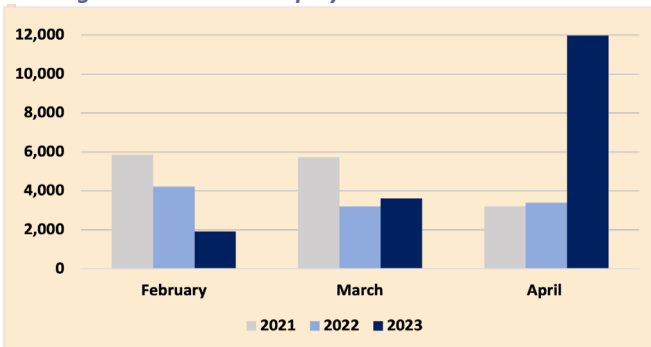


Source: Philippine Dealing Systems (PDS)

Similarly, it skyrocketed by 252.1% from P3.4-B a year ago. The volume of the regular top five corporates advanced by 61.1% to P1.8-B, albeit amounting only to 14.7% % of the total trades in April.

Banks garnered the most trades in April, though not considered by us as regular top five issuers, namely Rizal Commercial Banking Corporation (RCBC), UnionBank of the Philippines (UBP), and Security Bank Corporation (SECB). They had turnovers of P3.8-B, P2.9-B, and P2.0-B, respectively. In addition, Bank of the Philippine Islands (BPI), SM Investments Corporation (SMIC), and Ayala Corporation (AC) bagged some notable trades totaling to P484.2-M, P372.5-M, and P360.2-M, respectively.

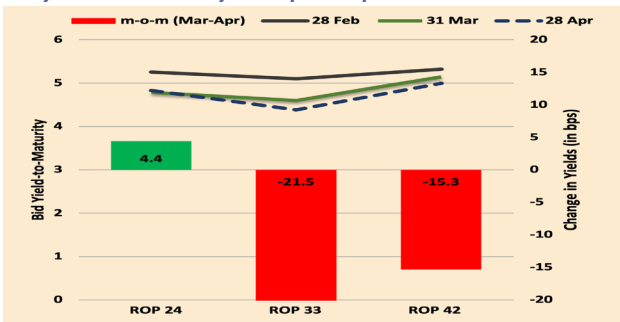
Figure 14 - Total Corporate Trading Volume (in Billion Pesos) Trading Volume Zoomed Up by 231.2% MoM



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

Previously in last place, BDO Unibank (BDO) raked the top spot in April with an impressive P1.2-B worth of trades or 1,921.7% vault from last month. SM Prime Holdings, Inc. (SMPH) and Ayala Land, Inc. (ALI) slipped down a spot with P268.2-M (down by -61.5% MoM) and P162.6-M (6.3% higher MoM), respectively. San Miguel Corporation (SMC) landed in the fourth spot with P79.6-M (-8.5% lower MoM) while its energy arm, SMC Global Power (SMCGP), placed last as trades slumped by -61.3% to P37.5-M in April.

Figure 15 - ROPs Yield, Month-on-Month Changes (bps) Only ROP-23 Rose by 4.4 bps in April



Source: Philippine Dealing Systems (PDS)

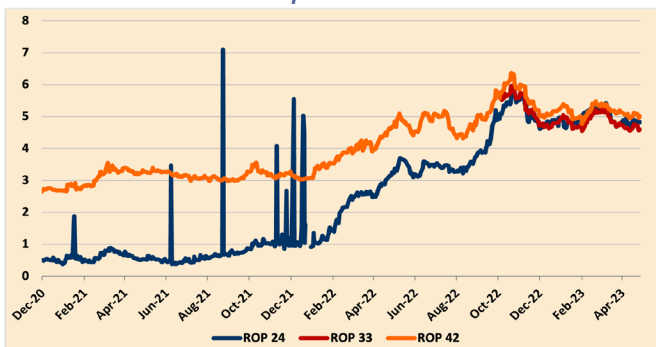
Corporate Issuances and Disclosures

- No bonds issuance in April.

ROPs: Yields Trailed its Equivalent U.S. Treasuries

Yields of the Republic of the Philippines' U.S. dollar-denominated bonds (ROPs) aligned with the movement of its equivalent U.S. Treasuries in April. Policy rate increases in the U.S. and depreciating peso drove the ROP-24 higher by 4.4 bps to 4.831% in April from 4.787% a month earlier. On the contrary, ROP-33 and ROP-42 slid by -21.5 bps to 4.383% from 4.598% and -15.3 bps to 4.993% from 5.146%, respectively. Lower U.S. Treasuries and easing local inflation contributed to their descent.

Figure 16 - ROPs Daily Yields ROPs Yields Mimicked it Equivalent U.S. Treasuries



Sources: Bloomberg, First Metro Investment Corporation (FMIC)

The U.S. Fed raised its policy rate by 25 bps to a range of 5.0 to 5.25% on May 2. As the market anticipated this, the 1-year U.S. Treasuries jumped by 16 bps to 4.80% in April from 4.64% in the prior month. Meanwhile, recession fears and softer U.S. inflation brought 10-year and 20-year U.S. tenors to decline by -4 bps to 3.44% from 3.48% and 3.80% from 3.81%, respectively.

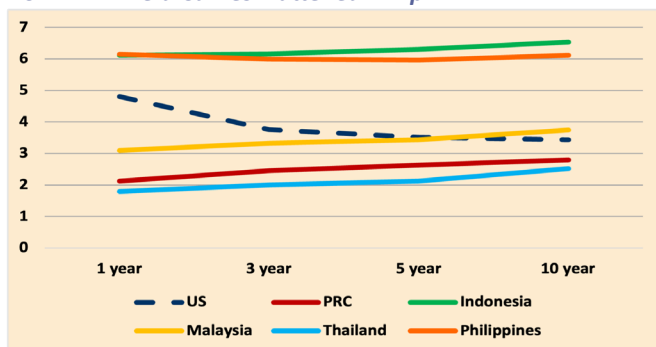
During the FOMC meeting in May, Fed Chair Powell softened his language on future rate increases, removing in his statement "some additional policy tightening may be appropriate". However, the Committee still deems its inflation elevated, thus ruling out rate cuts this year.

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
28-Feb	23.4	117.9	121.9
31-Mar	14.7	111.8	133.6
28-Apr	3.1	94.3	119.3

Sources: UA&P Direct Estimates from Federal Reserve Board, Philippine Dealing & Exchange Corp. (PDEX)

Figure 17 - Comparative Yield Curve Between ASEAN per Tenor ASEAN+1: Yield Curves Flattened in April



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

The spread between ROPs and its equivalent U.S. Treasuries contracted ranging from -11.6 bps to -17.5 bps in April as ROP-24 rose less than the 1-year U.S. tenors while ROP-33 and ROP-42 dipped much more than its U.S. counterpart, as ROPs soared faster earlier in the year.

ASEAN+1: Yields Curves Flattened in April

U.S.: The economy continued to create sizeable number of jobs at 253,000 in April, although the figure for March had a large downward revision of -70,000. Retail sales, seasonally adjusted, declined by 0.6% in March following a 0.7% fall a month ago. Nonetheless, seasonally adjusted housing starts' drop of -0.7% failed to offset the large 7% jump in February. Thus, Case-Schiller housing price index still rose by 2.2% YoY. Despite cutting down on spending, consumer sentiment (tracked by University of Michigan) improved slightly in April to 67.3 from 66.0 a month earlier. With the Fed rate hike on May 2, short-dated U.S. Treasuries climbed slightly more than the 10-year tenors and so the inverted (negative spread) yield curve slightly worsened to -60 bps from 58 bps in the prior month.

CHINA: China's economy grew better-than-expected by 4.5% in Q1-2023, from 2.9% growth in Q4-2022. This marks the fastest pace in a year on the back of post-pandemic recovery. Furthermore, inflation print fell to its lowest level in over 2 years at 0.1% in April (vs 0.7% in March) as food prices declined to a 13-month low (0.4% vs 2.4%). On the other hand, Caixin China General Manufacturing PMI unexpectedly contracted to 49.5 in April from 50 a month ago.

Outward shipments jumped by 8.5% to \$295.4-B in April, albeit slower than the 14.8% surge in the previous month. Meanwhile, inward shipments slumped by -7.9% to \$205.2-B in April amid weak domestic demand, lower commodity prices, and a stronger dollar. This resulted in a wider trade surplus of about \$90.2-B in April from \$49.5-B a year earlier.

The People's Bank of China (PBoC) maintained its key lending rate at 2.75% for the eight straight month in April. The spread between 10-year and 2-year bond yields narrowed by a tiny 4 bps to 44 bps in April.

INDONESIA: The country recorded a 5% GDP growth in Q1-2023 driven by robust household consumption and a rebound in government spending. On the inflation front, CPI dropped to an 11-month low of 4.3% in April from 5% in the prior month due to lower food prices. The Manufacturing PMI climbed to 52.7, a 7-month high, in April from 51.9 a month earlier.

Exports stumbled by -11.3% to \$23.5-B in March, the first decline in 29 months, owing to moderating commodity prices, particularly palm oil. Similarly, imports tumbled down by -6.3% to \$20.6-B in March, bringing the trade surplus to its smallest figure of \$2.9-B in March from \$4.5-B in the previous year.

The Bank of Indonesia (BI) kept its benchmark interest rates unchanged at 5.75% in April on the back of a stronger currency and fading price pressures. The yield curve flattened by 20 bps to 30 bps in April.

MALAYSIA: Malaysia's GDP advanced by 5.6% in Q1-2023, a slowdown from last quarter's revised 7.1% growth. It points to the softest pace since Q1-2022 attributable to easing private consumption (5.9% vs 7.3% in Q4), and fixed investment (4.9% vs 8.8%). Furthermore, its annual inflation rate eased to 3.4% in March (vs 3.7% in February) mainly due to lower costs for fuel, air fares and selected food items, in line with the falling global commodity prices. The Manufacturing PMI remained unchanged at 48.8 in April.

Exports and imports in March trekked down by -1.4% YoY to MYR 129.7-B (\$28.8-B) and -1.8% YoY to MYR 103.0-B (\$22.9-B), respectively. Its trade surplus stood at MYR 26.7-B (\$5.9-B) in March.

Bank Negara Malaysia (BNM) surprisingly raised its key overnight policy rate (OPR) by 25 bps to 3% on May 3 as core inflation has persisted above historical averages. BNM claimed that domestic growth remains resilient, and thus believe the move as timely to further normalize the

10-year and 2-year bond yields contracted by 12 bps to 55 bps in April.

THAILAND: The economy expanded by 2.7% in Q1-2023, accelerating from a 1.4% growth in Q4-2022, boosted by private consumption (5.4% vs 5.6% in Q4) and fixed investment (3.1% vs 3.9%). Meanwhile, inflation slowed to 2.7% YoY in April (vs 2.8% in March), lowest reading since December 2021, owing to lower energy and food prices and a high base in 2022. Furthermore, factory activity hits record as PMI spiked to 60.4 in April from 53.1 a month ago.

Exports and imports slid by -4.2% YoY to \$27.7-B and -7.1% YoY to \$24.9-B, respectively, in March. With a deeper decline in imports, Thailand posted its largest trade surplus in nearly 3 years at \$2.7-B in March from \$1.1-B in the prior year.

The policy rate remained at 1.75% in April as no Monetary Board meeting took place during the month. The yield curve slightly flattened by 1 bp to 63 bps in April.

Table 8 - Spreads Between 10-year and 2-year T-Bonds

Spreads between 10-year and 2-year T-Bonds									
Country	2-year Yields	10-year Yields	Projected Inflation Rates	Real 10-Year Yield	10-Year and 2-Year Spread (bps)		Spread Change (bps)	Latest Policy Rate	Real Policy Rate
					Mar-23	Apr-23			
U.S.	4.04	3.44	4.0	(0.56)	(58)	(60)	(2)	5.25	1.25
PRC	2.35	2.79	2.1	0.69	48	44	(4)	2.75	0.65
Indonesia	6.24	6.54	3.9	2.64	50	30	(20)	5.75	1.85
Malaysia	3.19	3.74	2.8	0.94	67	55	(12)	3.00	0.20
Thailand	1.89	2.52	2.5	0.02	64	63	(1)	1.75	-0.75
Philippines	6.02	6.12	5.5	0.62	37	10	(27)	6.25	0.75

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

Outlook

The global and domestic inflation outlook has improved as crude oil prices touched below \$70/barrel in early May despite the OPEC production cuts, while the Fed Chair Powell has taken a slightly less hawkish stance on inflation and policy rate adjustments.

- Another huge boost in employment of 253,000 in April, exceeding expectations of 180,000 new jobs, combined with a large downward revision (-70,000), still gives a large net gain in jobs which will likely lead the Fed to a further 25 bps policy rate hike in its June meeting in order to retain its credibility in the fight against inflation. However, should WTI crude oil prices keep below \$70/barrel before its next meeting, the Fed may skip the hike, pause, and await more data suggesting a faster deceleration of inflation. Its concern over financial stability is secondary to the Fed, since another body, the Financial Stability Oversight Council chaired by U.S. Secretary of the Treasury, has the specific goals of assessing, monitoring, and mitigating risks to U.S. financial stability.
- With local inflation likely to fall below 6% YoY by June due to weak crude oil prices and normalization of food supply, the BSP kept its policy rate steady in May and may again not follow the Fed's expected 25 bps rate increase in June. Thus, by the end of H1, real 10-year bond yields may turn slightly positive after an 8-month run on negative real yields. With inflation on stronger downtrend, BSP may sacrifice a little the exchange rate a little in order to lower domestic interest rates.
- The National Government (NG) will not push yields upwards since it has increased its cash position by P900.0-B by the end of Q1-2023, and neither will this happen in Q2 when tax revenues inflow peak.
- Thus, we now feel cautiously optimistic that the easing of 10-year yields won't easily reverse for as long as our above views on inflation remain intact.
- As expected, no corporate bond issuances took place in April, but corporate debt repayments will resort to short term bank borrowing while preparing for renewed direct borrowing to refinance existing debt and finance growing capex needs. SMPH's plan to launch its REIT constitutes a major financing move for the country's top conglomerate.
- We still see limited spread compression between ROPs and equivalent U.S. Treasuries due to the volatility in the U.S. market and orderly resolution of financial stability issues raised by the outflow of deposits from U.S. regional banks.

EQUITY MARKETS

PSEI MOVES TO HIGHER TRADING RANGE IN APRIL

Despite uncertainties haunting global equity markets as a result of regional bank failures in the U.S., April ended in a positive note for most markets including the Philippines. Seven out of the eight monitored markets in advanced economies eked out gains during the month, while PSEi performed second best in ASEAN with a 1.9% MoM uptick. Despite thin trading volumes, local investors proved more optimistic than foreigners and drove PSEi to a higher trading range between 6,450 and 6,700. The Financial sector grabbed the top spot in price gains at 5.9%, as the top three banks (BDO, BPI and MBT) reported huge earnings growth (>30% YoY) in Q1-2023. The Mining & Oil sector dipped the most at -4%, as coal and metal prices softened, while the Services sector emerged as the only other loser (-3.5%) during the month.

Outlook: While inflation appears to trend downward globally, investors may have to wait for June or early Q3 for greater clarity in the economic and financial conditions in both advanced and emerging economies. For the PSEi, the outsized growth in corporate earnings in Q1 at 27% YoY led by banks and the better-than-expected growth of the Philippine economy in Q1 provide the basis for investing early to reap benefits in H2 and beyond. However, the minor underweighting of PH equities by MSCI rebalancing tempers this sanguine mood. But with domestic inflation moving back to within BSP targets (2-4%) by Q4, the PSEi will likely move ahead of equities markets in advanced economies, even as growth in ASEAN and China solidify.

Table 9 - Global Equities Markets Performances

Global Equities Markets Performances				
Region	Country	Index	April M-o-M Change	2023 % Change
Americas	US	DJIA	2.5%	2.9%
Europe	Germany	DAX	1.9%	14.4%
	London	FTSE 101	3.0%	5.6%
East Asia	Hong Kong	HSI	-2.5%	0.6%
	Shanghai	SSEC	1.5%	7.6%
	Japan	NIKKEI	2.9%	10.6%
	South Korea	KOSPI	1.0%	11.9%
Asia-Pacific	Australia	S&P/ASX 200	1.8%	3.8%
Southeast Asia	Indonesia	JCI	1.6%	1.0%
	Malaysia	KLSE	-0.5%	-5.3%
	Thailand	SET	-5.0%	-8.4%
	Philippines	PSEi	1.9%	0.9%

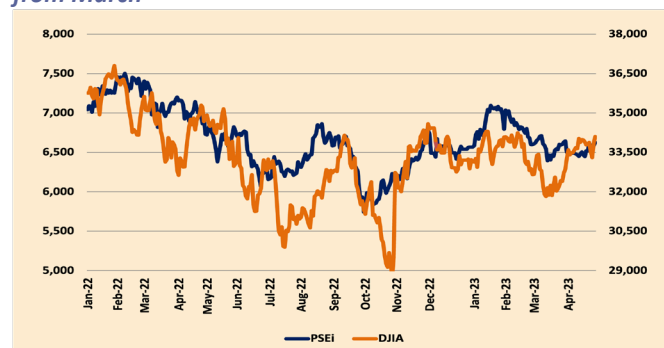
Sources: Bloomberg and Yahoo Finance

Global Picture. Majority of the global equities performed positively while only three landed on the red, thus investors delivered a slightly bearish April. London FTSE recorded the highest upswing, ending the month with a 4% month-on-month (MoM) increment, reversing its -2.9% loss a month ago. Meanwhile, Thailand SET recorded the steepest decline with -5% MoM. On the other hand, Philippines' PSEi recorded a +1.9% MoM gain to end April at 6,625.08

PSEi and DJIA. The Dow Jones Industrial Average (DJIA) concluded a volatile month of trading, finishing April at 34,098.16, up from March's closing of 33,274.15. Meanwhile, PSEi ended April at 6,625.08 from the previous month's close of 6,499.68. The correlation between the two indices in March decreased to +0.1 from +0.6 due to increased volatility in the DJIA.

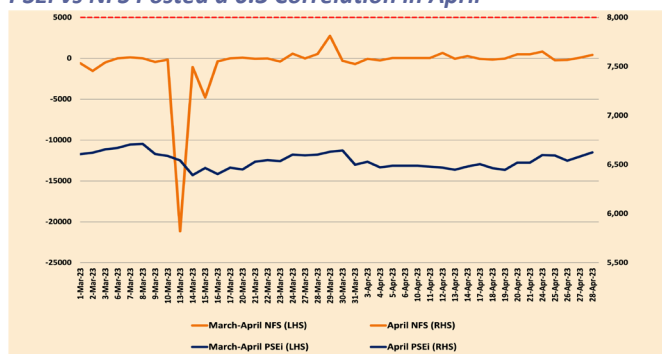
Figure 18 - PSEi vs DJIA

PSEi vs DJIA Correlation in April Decreased to 0.1 from March



Sources: Wall Street Journal, Bloomberg

Figure 19 - PSEi vs Net Foreign Selling
PSEi vs NFS Posted a 0.3 Correlation in April



Sources: Bloomberg & Yahoo Finance

Table 10 - Monthly Turnover (in Million Php)

Monthly Turnover (in Million Pesos)				
Sector	Total Turnover		Average Daily Turnover	
	Value	% Change	Value	% Change
Financial	17,376.94	-29.1%	1,086.06	1.9%
Industrial	15,093.97	-55.8%	943.37	-36.5%
Holdings	15,099.10	-39.2%	943.69	-12.6%
Property	12,096.80	-57.3	756.05	-38.5%
Services	12,875.57	-73.3%	804.72	-61.6%
Mining and Oil	4,948.96	43.9%	309.31	106.8%
Total	77,491.34	-41.0%	4,843.21	-15.2%
Foreign Buying	39,910.78	-25.4%	2,494.42	7.2%
Foreign Selling	38,005.24	-51.7%	2,375.33	-30.6%
Net Buying (Selling)	1,905.54	-106.3%	119.10	-109.1%

Source of Basic Data: PSE Quotation Reports

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

Top Foreign Buy	
Company	Total Value
BDO PM Equity	2,928.68
ICT PM Equity	1,610.09
MER PM Equity	465.10
BPI PM Equity	462.55
CNPF PM Equity	391.25
Total Buy Value	5,857.68

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

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

Top Foreign Sell	
Company	Total Value
ALI PM Equity	-833.29
GLO PM Equity	-679.13
TEL PM Equity	-624.28
RLC PM Equity	-385.84
SMPH PM Equity	-296.38
Total Sell Value	-2,818.92

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

Net Foreign Buying/Selling. Global and local uncertainties reduced risk appetite for equities, sending PSE trading volume down by 41% from the previous month's 5.2% gain. Only the Mining & Oil sector landed on the green, with the largest volume uptick of +43.9%. Meanwhile, five sectors landed on the red, with the Services sector suffering a -73.3% plunge in volume.

Foreigners remained cautious but still ended as net sellers in April to the tune of P1.9-B from the huge net selling amounting to P30.0-B a month earlier.

The top five favorite stocks (net buying) of foreign investors amounted to P5.8-B with BDO Unibank, Inc. (BDO) (P2.9-B) and International Container Terminal Services (ICT) (P1.6-B) leading the list. Notably, the value of net foreign buying for the top 5 shares ended up more than double the net foreign selling for the top 5 shares, as may be seen below.

The top five most sold stocks (net selling) in April amounted to P2.8-B with Ayala Land, Inc. (ALI) (P8.2-M) and Globe Telecom, Inc. (GLO) (P6.1-M) in the front rows.

Four sectors of PSEi turned in positive performance which resulted to a +1.9% increment by PSEi MoM in April. The Financial sector valuations rose by +5.9% MoM growth, emerging as the best performance for the month. Meanwhile, the Services sector and the Mining sector turned in negative performances in April, with losses of -3.5% and -4%, respectively.

Table 13 - Monthly Sectoral Performance

Monthly Sectoral Performance					
Sector	31-Mar-2023		28-Apr-2023		2023 YTD
	Index	% Change	Index	% Change	
PSEI	6,499.68	-0.9%	6,625.08	1.9%	0.9%
Financial	1,810.59	-1.1%	1,918.13	5.9%	16.6%
Industrial	9,401.23	-2.4%	9,505.89	1.1%	1.7%
Holdings	6,257.77	0.3%	6,405.79	2.4%	-0.4%
Property	2,678.36	-4.4%	2,735.49	2.1%	-6.6%
Services	1,663.55	3.1%	1,605.20	-3.5%	-1.8%
Mining and Oil	11,023.03	2.8%	10,586.54	-4.0%	-2.1%

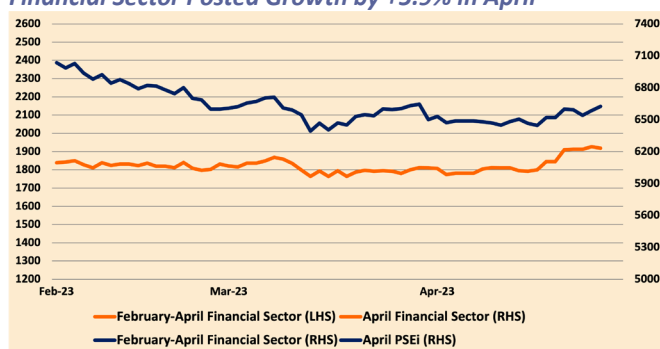
Source of Basic Data: PSE Quotation Reports

Table 14 - Financial Sector Constituent Stocks

Company	Symbol	3/31/2023 Close	4/28/2023 Close	M-o-M % Change	2023 YTD
Metropolitan Bank and Trust Company	MBT	58.50	58.60	0.2%	8.5%
BDO Unibank, Inc.	BDO	128.50	144.00	12.1%	36.2%
Bank of the Philippine Islands	BPI	102.50	107.60	5.0%	5.5%
Unionbank of the Philippines	UBP	85.05	82.90	-2.5%	-2.5%

Source of Basic Data: PSE Quotation Reports

Figure 20 - Financial Sector Index (February 2023 - April 2023)
Financial Sector Posted Growth by +5.9% in April



Source of Basic Data: PSE Quotation Reports

The Financial sector placed first in the sectoral race, as it jumped by +5.9% in April, albeit at a faster pace than its -1.1% MoM loss in the previous month.

BDO Unibank, Inc. (BDO) share prices led the sector as it climbed up by +12.1% MoM in April, on top of a +4.1% gain a month ago. BDO reported net income growth of +41% to P16.5-B in Q1-2023. Following gross loan growth by 8% to P2.6-T in Q1-2023, BDO projects up to 10% as gross customer loans in FY 2023.

Bank of the Philippine Islands' (BPI) share prices followed suit with a 5% MoM gain in April, erasing most of its -6.6% loss a month ago. BPI net income surged by +52% to P12.1-B in Q1-2023. BPI attributed its performance to average asset base expansion, margin growth, and lower provisions.

Metropolitan Bank & Trust Company's (MBT) share prices showed a +0.2% uptick in April, after its +1.7% uptick in the previous month. MBT net income grew by 31.3% to P10.5-B in Q1-2023. MBT attributed its performance to its continued efforts to capture opportunities of a growing economy while keeping a strong balance sheet to mitigate risks of volatile market conditions.

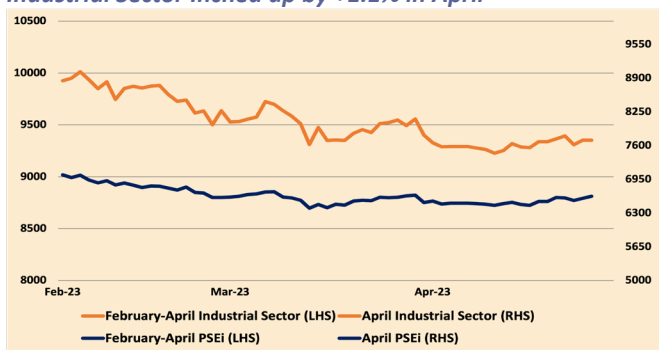
Unionbank of the Philippines (UBP) share prices dipped by -2.5% MoM in April. UBP reported that its net income grew by +30% to P3.4-B in Q1-2023. UBP attributed its performance to its acquired Citi consumer businesses, as well as strong consumer loan growth in the parent bank, CitySavings, and UnionDigital.

Table 15 - Industrial Sector Constituent Stocks

Company	Symbol	3/31/2023 Close	4/28/2023 Close	M-o-M % Change	2023 YTD
Meralco	MER	311.00	339.00	9.0%	13.5%
Aboitiz Power	AP	37.20	38.00	2.2%	11.6%
Jollibee Foods Corporation	JFC	224.00	225.00	0.4%	-2.2%
Universal Robina Corporation	URC	144.00	147.00	2.1%	8.1%
AC Energy Corporation	ACEN	6.12	6.01	-1.8%	-21.1%
Emperador Inc.	EMI	20.90	20.90	0.0%	1.5%
Monde Nissin Corporation	MONDE	9.81	9.35	-4.7%	-15.6%

Source of Basic Data: PSE Quotation Reports

Figure 21 - Industrial Sector Index (February 2023 - April 2023)
Industrial Sector Inched up by +1.1% in April



Source of Basic Data: PSE Quotation Reports

The Industrial sector index ranked fourth in the sectoral race, with a +1.1% MoM uptick in April, from its +0.1% uptick a month earlier.

Meralco (MER) share prices climbed by +9% in April, leaving much behind its -2.1% loss in March. MER reported an increase of 26% for its net income to P8.1-B in Q1-2023. MER attributed its performance to increase in contribution of its own power generation segment. Meanwhile, MER also recently announced a reduction in its electricity rate in April to P0.11 per kilowatt-hour (kWh), resulting to a decrease in total bill of a typical household to P11.31 per kWh from P11.43 per kWh.

Aboitiz Power (AP) share inched up by +2.2% in April, partially wiping out its -1.7% loss in March. Market players failed to anticipate the 160% surge in AP's Q1-2023 earnings to P7.5-B in Q1-2023 from P2.9-B in the same period last year. AP attributed its performance to fresh contributions from GNPowr Dinginin Ltd. Co. (GNPD), higher availability across AP's portfolio, and higher water inflows for its hydro power plants.

Universal Robina (URC) share prices inched up by +2.1% in April, after its -0.9% loss a month ago. URC reported core net income growth of 20% to P3.6-B in Q1-2023. Meanwhile, its net sales grew by 22% to P35.8-B in the same period, attributed to the accelerating momentum of sales and improved demand for its products as restrictions continue to ease. URC aims to sustain this momentum by strengthening further their brands and create more efficiency in its operations.

Jollibee Foods Corporation (JFC) share prices followed suit with a +0.4% MoM gain in April, reversing its -6.7% loss a month ago. Reportedly, JFC is set to open up to 600 news stores in 2023 aligned with its plans to further expand its global presence.

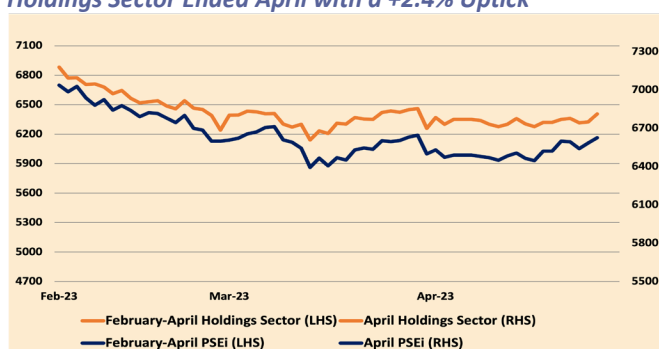
AC Energy Corporation (ACEN) share prices contracted by -1.8% MoM in April, after its -3.5% loss a month ago. With ACEN's goal to attain 20,000-megawatt (MW) attributable renewably capacity by 2030, ACEN is eyeing to have an 8,000-megawatt (MW) portfolio worth of clean energy projects by 2030 in the Philippines.

Table 16 - Holdings Sector Constituent Stocks

Company	Symbol	3/31/2023 Close	4/28/2023 Close	M-o-M % Change	2023 YTD
Ayala Corporation	AC	650.00	639.00	-1.7%	-8.1%
Metro Pacific Investments Corporation	MPI	3.68	4.43	20.4%	29.5%
SM Investments Corporation	SM	889.00	895.00	0.7%	-0.6%
Aboitiz Equity Ventures	AEV	48.40	54.75	13.1%	-5.1%
GT Capital Holdings, Inc.	GTCAP	516.00	478.00	-7.4%	9.9%
San Miguel Corporation	SMC	107.00	106.20	-0.7%	14.3%
Alliance Global Group, Inc.	AGI	12.36	13.80	11.7%	16.0%
LT Group Inc.	LTG	9.90	10.16	2.6%	10.4%
JG Summit Holdings, Inc.	JGS	47.90	50.70	5.8%	-8.1%
DMCI Holdings, Inc.	DMC	11.50	9.81	-14.7%	-14.7%

Source of Basic Data: PSE Quotation Reports

Figure 22 - Holdings Sector Index (February 2023 - April 2023)
Holdings Sector Ended April with a +2.4% Uptick



Source of Basic Data: PSE Quotation Reports

The Holdings sector index ranked second in sector rankings in April with a +2.4% MoM increment after its +0.3% gain in March.

Metro Pacific Investments Corporation (MPI) share prices led the sector as it climbed up by +20.4% wiping out its -9.8% loss a month ago. MPI reported a 38% jump for its net income to P4.3-B in Q1-2023. MPI attributed its performance to strong contributions from its power, toll road, and water segments. Specifically, its power segment accounted for 75% of MPI's net operating income, consisting of Meralco (MER).

Aboitiz Equity Ventures (AEV) share prices followed suit as it jumped by +13.1% recovering from its -10.4% loss a month ago. AEV closed Q1-2023 with a 45% jump in core earnings to P4.6-B from P3.2-B a year ago. Its power (AP) and banking (UBP) subsidiaries contributed to the strong net income growth.

Alliance Global Group, Inc. (AGI) share prices likewise increased by +11.7% MoM after its -1.7% loss a month ago. AGI has earmarked P70.0-B for its capital expenditures (CAPEX) spending in 2023 to support the expansion of its property, liquor, and gaming businesses. This represents a 22.8% increase in CAPEX from P57.0-B in the previous year.

SM Investments Corporation (SM) share prices followed suit as it inched up by +0.7% after its +4.3% gain a month ago. SM disclosed plans to allocate more funds for the expansions in emerging regional centers outside of Metro Manila. Likewise, SM reported an increase in capital expenditures from P80.0 to P90.0-B with bulk of the allocation directed to property development.

Ayala Corporation (AC) share prices shed -1.7% after its 4% gain a month ago. AC reported that it has earmarked around P264.0-B in capital expenditures (CAPEX), to substantially support growth in its business units such as Ayala Land, Inc. (ALI), Globe Telecom, Inc. (GLO), and AC Energy Corporation (ACEN). AC seeks to bring its core income back to pre-pandemic levels in 2023, while simultaneously increasing the growth of its non-core businesses such as Ayala Healthcare Holdings, Inc., and AyalaLand Logistics Holdings, Corp.

GT Capital (GTCAP) share prices dipped by -7.4% MoM after its -0.6% loss a month ago. Nonetheless, having the no. 1 selling cars and vans (Toyota) (46.7%) in its portfolio, its Q1-2023 industry sales reportedly soared by 30%.

Table 17 - Property Sector Constituent Stocks

Company	Symbol	3/31/2023 Close	4/28/2023 Close	M-o-M % Change	2023 YTD
Ayala Land, Inc.	ALI	26.50	26.10	-1.5%	-15.3%
SM Prime Holdings, Inc.	SMPH	32.80	33.95	3.5%	-4.4%

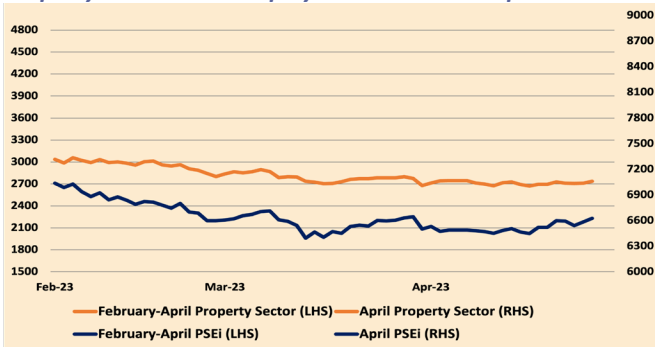
Source of Basic Data: PSE Quotation Reports

GTCAP also earmarked P26.9-B for its capital expenditures (CAPEX) in 2023 to support the expansion of its banking, real estate, and automotive business units.

The Property sector ranked third in the sectoral race as it ended April with a +2.1% MoM increment, partially reversing its -4.4% loss in the previous month.

SM Prime Holdings, Inc. (SMPH) registered a 3.5% MoM gain after its -3.7% loss in March. SMPH posted a 27% growth in its net income to P7.4-B in Q1-2023. SMPH attributed its performance to the resilience of its business unit, specifically its mall business segment which recorded an 88% increase in its revenues to P15.4-B in the same period.

Ayala Land, Inc. (ALI), on the other hand, contracted by -1.5% in April after its -7% loss a month ago. ALI reported an increase of +42% for its net income to P4.5-B in Q1-2023. ALI attributed its performance to topline growth in its residential and commercial leasing which provided the highest contribution worth P17.0-M to total revenues in Q1-2023 alone, as it saw higher completion and net bookings.

Figure 23 - Property Sector Index (February 2023 - April 2023)
Property Sector Inched up by +2.1% MoM in April

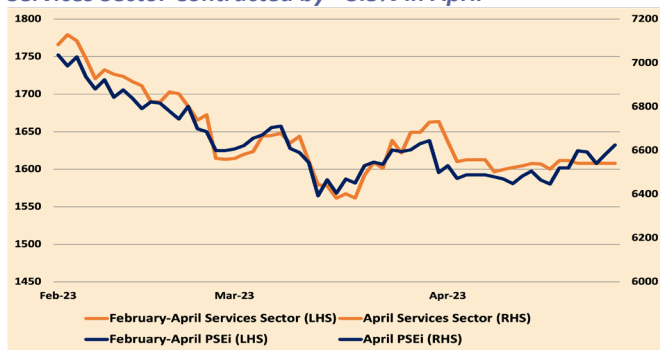
Source of Basic Data: PSE Quotation Reports

Table 18 - Services Sector Constituent Stocks

Company	Symbol	3/31/2023 Close	4/28/2023 Close	M-o-M % Change	2023 YTD
PLDT, Inc.	TEL	1,420.00	1,204.00	-15.2%	-8.6%
Globe Telecom	GLO	1,864.00	1,700.00	-8.8%	-22.0%
Converge ICT Solutions, Inc.	CNVRG	12.80	11.80	-7.8%	-25.7%
Puregold Price Club Inc.	PGOLD	31.30	32.60	4.2%	-6.6%
Wilcon Depot, Inc.	WLCON	30.00	28.95	-3.5%	-1.9%
International Container Terminal Services, Inc.	ICT	213.40	217.00	1.7%	8.5%

Source of Basic Data: PSE Quotation Reports

Figure 24 - Services Sector Index (February 2023 - April 2023)
Services Sector Contracted by -3.5% in April



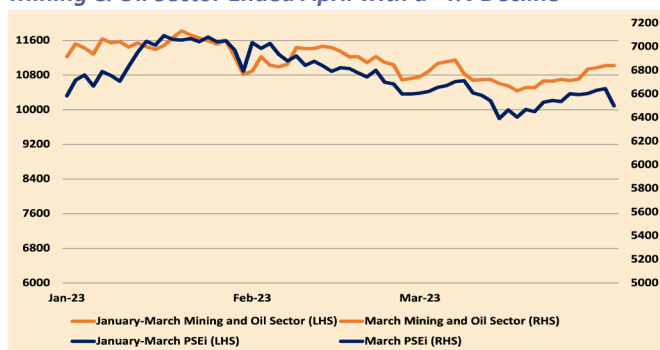
Source of Basic Data: PSE Quotation Reports

Table 19 - Mining and Oil Sector Constituent Stock

Company	Symbol	3/31/2023 Close	4/28/2023 Close	M-o-M % Change	2023 YTD
Semirara Mining and Power Corporation	SCC	32.35	27.00	-16.5%	-21.7%

Source of Basic Data: PSE Quotation Reports

Figure 25 - Mining & Oil Sector Index (February 2023 - April 2023)
Mining & Oil Sector Ended April with a -4% Decline



Source of Basic Data: PSE Quotation Reports

The Services contracted by -3.5% in April, the only other sectoral loser in the month

Wilcon Depot, Inc. (WLCN) share prices recorded a -3.5% loss in April, after its -5.1% loss in March. WLCN reported that its net income rose by +13.1% to P962.0-M in Q1-2023, albeit below expectations, WLCN reported an increase in its average daily sales month-on-month (MoM) in the same quarter.

Globe Telecom (GLO) share prices followed suit as it contracted by -8.8% in April, after its -12.1% loss a month ago. GLO reported that its net income dipped by -47% to P13.7-B in Q1-2023, however its consolidated service revenues grew by 2% to P40.0-B in the same period last year. Nonetheless, GLO continues to be encouraged by its results amidst high inflation, interest rates, and other economic challenges.

PLDT, Inc. (TEL) share prices recorded the steepest loss in the sector as its share prices contracted by another -15.2% MoM after its -21.3% loss a month ago. Nonetheless, TEL reported that its net income rose by 5% to P8.6-B in Q1-2023. TEL associated its performance to higher EBITDA and lower depreciation, even as financing costs increased.

The Mining & Oil sector ranked last in the sectoral race as it contracted by -4% in April. Semirara Mining and Power Corporation (SCC) share prices also dipped by -16.5% in April reversing its +7.8% growth in March. SCC reported that its net income fell by 30% to P9.0-B in Q1-2023, as revenues dropped on lower coal prices. The market largely priced in the 40% decline in earnings as a result of lower coal prices and shipments. However, its power segment's gains partially covered the shortfall from coal. Nonetheless, rising temperatures are expected to sustain indices during the year, alongside full reopening of the economy and El Nino are expected to push demand as well.

Recent Economic Indicators

NATIONAL INCOME ACCOUNTS, CONSTANT PRICES (In Million Pesos)

	2020		2021		4th Quarter 2022			1st Quarter 2023		
	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%	525,266	29.2%	-9.5%	444,620	-15.4%	2.2%
Industry Sector	5,151,945	-11.8%	5,607,009	8.8%	1,699,147	32.6%	-3.5%	1,466,352	-13.7%	3.9%
Service Sector	10,963,799	-6.6%	11,849,213	8.1%	3,350,731	8.8%	0.9%	2,996,208	-10.6%	8.4%
Expenditure										
Household Final Consumption	12,911,851	-8.0%	13,456,531	4.2%	4,196,072	19.7%	6.9%	3,691,935	-12.0%	6.3%
Government Final Consumption	2,652,447	10.0%	2,839,963	7.1%	706,680	1.2%	3.4%	715,279	1.2%	6.2%
Capital Formation	3,382,434	-33.5%	4,060,997	20.1%	1,186,524	10.5%	3.7%	1,124,997	-5.2%	12.2%
Exports	4,735,076	-31.8%	5,128,006	8.3%	1,434,654	-6.3%	14.7%	1,366,929	-4.7%	0.4%
Imports	6,146,212	-21.2%	6,947,443	13.0%	1,936,874	-5.5%	6.8%	1,981,154	2.3%	4.2%
GDP	17,530,785	-9.5%	18,538,053	5.7%	5,575,144	16.9%	7.2%	4,907,180	-12.0%	6.4%
NPI	1,325,383	-30.4%	642,515	-51.5%	354,878	21.2%	56.9%	409,847	15.5%	81.2%
GNI	18,856,166	62.3%	19,180,570	1.7%	5,930,022	17.2%	9.3%	5,317,027	-10.3%	9.9%

Source: Philippine Statistics Authority (PSA)

NATIONAL GOVERNMENT CASH OPERATION (In Million Pesos)

	2020		2021		February-2023			March-2023		
	Levels	Growth Rate	Levels	Growth Rate	Levels	Monthly G.R.	Annual G.R.	Levels	Monthly G.R.	Annual G.R.
Revenues										
Tax	2,855,959	0.2%	3,005,539	0.2%	211,868	-39.1%	-3.5%	258,650	22.1%	19.7%
BIR	2,504,421	-2.4%	2,739,350	-2.4%	192,290	-37.0%	-5.4%	221,793	15.3%	16.9%
BoC	1,951,023	0.0%	2,078,108	0.0%	129,378	-44.9%	-16.1%	140,962	9.0%	5.7%
Others	537,687	-9.3%	643,563	-9.3%	62,895	-10.9%	33.3%	80,343	27.7%	46.8%
Non-Tax	15,711	-24.7%	18,157	-24.7%	17	-19.0%	-99.1%	488	2,770.6%	-69.2%
	351,412	23.6%	265,357	23.6%	19,578	-54.2%	20.9%	36,857	88.3%	39.2%
Expenditures										
Allotment to LGUs	4,227,406	24.0%	4,675,639	10.6%	318,241	5.2%	-5.2%	468,911	47.3%	15.0%
Interest Payments	804,546	39.8%	892,698	39.8%	73,834	0.1%	2.1%	83,271	12.8%	18.2%
	380,412	8.9%	429,432	8.9%	34,109	-27.4%	9.4%	60,898	78.5%	27.8%
Overall Surplus (or Deficit)	-1,371,447	145.7%	(1,670,100)	145.7%	(106,373)	-332.5%	-8.3%	(210,161)	97.6%	9.8%

Source: Bureau of the Treasury (BTr)

POWER SALES AND PRODUCTION INDICATORS

Manila Electric Company Sales (In Gigawatt-hours)

	2021		December-2022			January-2023		
	Annual Levels	Growth Rate	Levels	Y-o-Y G.R.	YTD	Levels	Y-o-Y G.R.	YTD
TOTAL	45,524.20	5.7%	3,999.40	8.4%	6.0%	3,631.00	4.9%	4.9%
Residential	16,906.10	2.6%	1,369.90	6.3%	1.4%	1,242.00	1.7%	1.7%
Commercial	14,950.30	3.2%	1,478.90	15.5%	14.1%	1,359.50	14.7%	14.7%
Industrial	12,897.30	12.4%	1,038.30	-1.3%	3.1%	955.70	-2.7%	-2.7%

Source: Meralco

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

	2020		2021		4th Quarter 2021		4th 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%	561	-114.2%
Balance of Goods	33,775	-32%	53,781	59%	16,533	75.0%	14,564	-11.9%
Exports of Goods	48,212	-10%	54,169	12%	13,799	4.0%	15,173	10.0%
Import of Goods	81,987	-20%	107,950	32%	30,332	33.5%	29,737	-2.0%
Balance of Services	-13,866	6%	-14,174	2%	-3,751	-8.0%	-5,290	41.0%
Exports of Services	31,822	-23%	33,627	6%	9,214	10.1%	12,347	34.0%
Import of Services	17,956	-36%	19,453	8%	5,463	27.2%	7,058	29.2%
Current Transfers & Others								
II. CAPITAL AND FINANCIAL ACCOUNT								
Capital Account	63	-50%	80	26%	24	19.3%	-8	-133.0%
Financial Account	-6906	-14%	-6,942	1%	-4,973	-34.3%	-1,616	-67.5%
Direct Investments	-3,260	-39%	-8,116	149%	-2,138	328.9%	-1,294	-39.5%
Portfolio Investments	-1680	-32%	8,046	-579%	161	-104.7%	-2,452	-1627.7%
Financial Derivatives	-199	15%	-603	203%	-195	178.6%	31	-115.8%
Other Investments	-6,268	255%	-8,152	30%	-2,801	0.0%	2,099	-174.9%
III. NET UNCLASSIFIED ITEMS								
	1245	-149%	361	-71%	965	0.0%	-1,602	-266.0%
OVERALL BOP POSITION	16,022	104%	1,345	-92%	2,009	-78.0%	568	-71.7%
Use of Fund Credits								
Short-Term								
Memo Items								
Change in Commercial Banks	7,713	378%	294	-96%	-2,256	-21.3%	472	-120.9%
Net Foreign Assets	7,665	384%	433	-94%	-2,286	-20.2%	475	-120.8%
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		February-2023		March-2023	
	Average Levels	Annual G. R.	Average Levels	Annual G.R.	Average Levels	Annual G.R.
RESERVE MONEY	3,303,261	8.8%	3,798,076	17.4%	3,676,823	11.7%
Sources:						
Net Foreign Asset of the BSP	6,296,263	39.5%	5,433,652	3.2%	5,534,613	-9.0%
Net Domestic Asset of the BSP	14,211,531	26.7%	4,477,252	21.5%	4,505,162	-67.5%
MONEY SUPPLY MEASURES AND COMPONENTS						
Money Supply-1	5,659,905	52.6%	6,459,845	20.2%	6,467,114	18.1%
Money Supply-2	13,795,976	30.2%	15,598,327	17.1%	15,702,639	16.6%
Money Supply-3	14,432,021	30.4%	16,077,615	15.1%	16,184,029	14.4%
MONEY MULTIPLIER (M2/RM)	4.18		4.11		4.27	

Source: Bangko Sentral ng Pilipinas (BSP)

CONTRIBUTORS

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