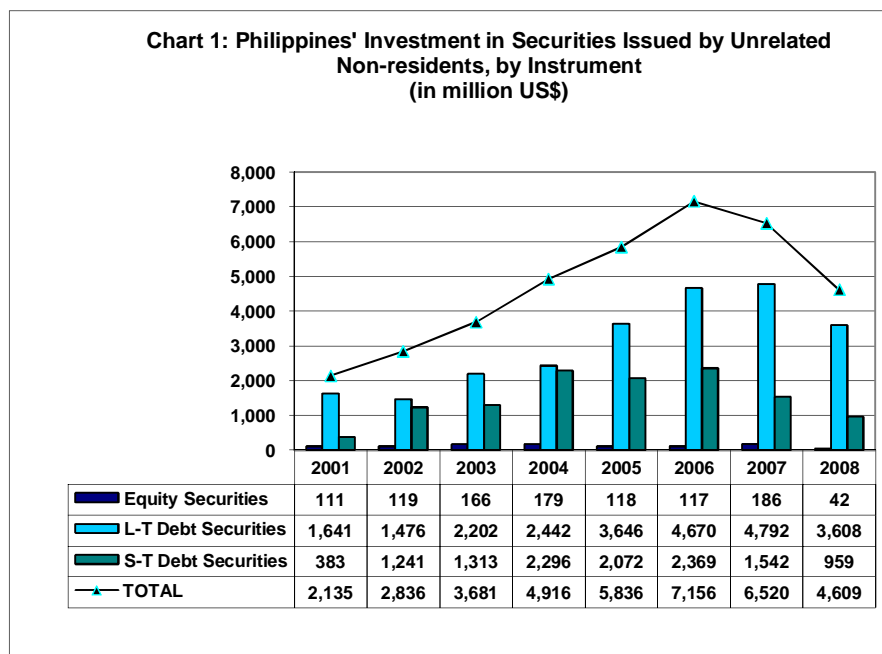


## Summary Results of the 2008 Coordinated Portfolio Investment Survey

**Residents' total foreign portfolio investments continue to decline in 2008.** As of end-2008, the market value of residents' holdings of portfolio investments (equity and debt securities) issued by unrelated non-residents<sup>1</sup> amounted to US\$4.6 billion, lower by 29.3 percent than the US\$6.5 billion holdings as of end-2007 and much lower than the previous year's decline of 8.9 percent. In 2008, investments by residents in all types of non-resident issued securities dropped, accounted largely by the reduction in residents' holdings of long-term debt securities, which contributed 18.2 percentage points to the total 29.3 percent decline during the period. By contrast, the decline in 2007 was mainly on account of the decrease in investments in short-term debt securities. The continued drop in residents' holdings of foreign portfolio investments may be attributed to the heightened risk aversion by investors brought about by the global financial stresses and economic slowdown.



<sup>1</sup> A non-resident counterparty is said to be unrelated to the resident enterprise if the former does not have an equity interest of 10 percent or more in the latter, or vice-versa. If it has a share of 10 percent or more in the resident enterprise's equity, it is considered a related non-resident and the transactions in equities and debt securities between them are classified as direct investment.

**Residents' portfolio investments remain mainly in long-term debt securities.** Residents' holdings of long-term debt securities accounted for the largest percentage share of total residents' holdings of portfolio investments notwithstanding the big decline in the level of holdings compared to end-2007. The share of long-term debt securities was on an uptrend both for bonds and treasury notes, while the share of short-term debt securities continued to diminish. As of end-2008, long-term debt securities comprised 78.3 percent of the residents' holdings of securities issued by unrelated non-residents, with short-term debt securities and equity securities accounting for the remaining 20.8 percent and 0.9 percent, respectively.

Chart 2.

**Philippines' Investment in Securities Issued by Unrelated Non-Residents**  
In million US dollars  
As of Period Indicated

Instrument	end-2008	end-2007	Annual % change	Percent -age points cont. to change	% Share to total	
					end-2008	end-2007
<b>Equity Securities</b>	<b><u>42.4</u></b>	<b><u>185.8</u></b>	<b><u>-77.2%</u></b>	<b><u>-2.2%</u></b>	<b><u>0.9%</u></b>	<b><u>2.8%</u></b>
Shares in Mutual Funds & Inv.Trusts	4.4	9.1	-52.1%	-0.1%	0.1%	0.1%
Stocks/Others	38.0	176.7	-78.5%	-2.1%	0.8%	2.7%
<b>Debt Securities</b>	<b><u>4,566.7</u></b>	<b><u>6,333.8</u></b>	<b><u>-27.9%</u></b>	<b><u>-27.1%</u></b>	<b><u>99.1%</u></b>	<b><u>97.2%</u></b>
<b>Long-Term Debt Securities</b>	<b><u>3,607.7</u></b>	<b><u>4,792.0</u></b>	<b><u>-24.7%</u></b>	<b><u>-18.2%</u></b>	<b><u>78.3%</u></b>	<b><u>73.5%</u></b>
Bonds	2,441.2	3,259.2	-25.1%	-12.5%	53.0%	50.0%
Treasury Notes/Others	1,166.4	1,532.8	-23.9%	-5.6%	25.3%	23.5%
<b>Short-Term Debt Securities</b>	<b><u>959.1</u></b>	<b><u>1,541.8</u></b>	<b><u>-37.8%</u></b>	<b><u>-8.9%</u></b>	<b><u>20.8%</u></b>	<b><u>23.6%</u></b>
Treasury Bills	712.0	826.4	-13.8%	-1.8%	15.4%	12.7%
Comm'l & Financial Papers/Others	247.1	715.4	-65.5%	-7.2%	5.4%	11.0%
<b>TOTAL</b>	<b><u>4,609.1</u></b>	<b><u>6,519.5</u></b>	<b><u>-29.3%</u></b>	<b><u>-29.3%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>

**US-issued securities still account for the largest percentage of residents' holdings of portfolio investments, with its share to total holdings of securities picking up.** Securities issued by the US still comprised the biggest percentage of foreign portfolio investment holdings of residents. Despite the 23.5 percent decline in residents' holdings of US-issued securities (which was the biggest contributor at 8.5 percentage points to the total 29.3 percent decline in residents' portfolio investment holdings), its share to total increased to 39.3 percent compared to 36.3 percent in 2007.

**Chart 3.**  
**Philippines' Investment in Securities Issued by Unrelated Non-Residents**  
**By Country of Issuer of Securities**  
**In million US dollars**  
**As of Period Indicated**

Country of Issuer of Securities	end-2008	end-2007	Annual % change	Percentage points cont. to change	% Share to Total	
					end-2008	end-2007
United States	1,811.8	2,368.5	-23.5%	-8.5%	39.3%	36.3%
United Kingdom	734.9	870.0	-15.5%	-2.1%	15.9%	13.3%
Cayman Islands	253.2	297.4	-14.9%	-0.7%	5.5%	4.6%
Singapore	178.1	500.8	-64.4%	-4.9%	3.9%	7.7%
Netherlands	151.3	108.2	39.9%	0.7%	3.3%	1.7%
Australia	138.9	359.7	-61.4%	-3.4%	3.0%	5.5%
Switzerland	126.3	10.5	1100.4%	1.8%	2.7%	0.2%
Indonesia	116.0	48.6	138.8%	1.0%	2.5%	0.7%
Hong Kong	106.3	155.1	-31.5%	-0.7%	2.3%	2.4%
Ireland	96.0	13.1	631.9%	1.3%	2.1%	0.2%
Korea	67.2	169.7	-60.4%	-1.6%	1.5%	2.6%
Malaysia	33.5	271.9	-87.7%	-3.7%	0.7%	4.2%
Germany	26.8	143.6	-81.3%	-1.8%	0.6%	2.2%
International Organization	91.5	157.1	-41.8%	-1.0%	2.0%	2.4%
Other Asian Countries	127.1	172.1	-26.2%	-0.7%	2.8%	2.6%
All Other Countries	550.2	873.2	-37.0%	-5.0%	11.9%	13.4%
<b>TOTAL</b>	<b>4,609.1</b>	<b>6,519.5</b>	<b>-29.3%</b>	<b>-29.3%</b>	<b>100.0%</b>	<b>100.0%</b>

**Holdings of securities by residents are predominantly US dollar-denominated.** While residents invest in securities issued by many countries, the currency of issue of securities in 2008 was predominantly in US dollars, at 94.4 percent of total holdings. The remaining holdings included those denominated in euro (2.3 percent), Philippine peso (1.3 percent) and Japanese yen (1.2 percent). The share of US dollar-denominated securities in 2008 was slightly lower than its previous year's share at 95.7 percent, while the share of other currencies, particularly the euro and Philippine peso, increased from their year-ago levels.

**Banks account for the largest share of non-resident issuers of securities held by residents, while the share of non-financial corporations sharply drops.** Residents' portfolio investments in all non-resident sectors dropped, with the non-financial sector issues registering the biggest decline (61.3 percent), while banking sector issues recorded the lowest drop (9.1 percent). This translated in a big increase in the share of residents' holdings of bank-issued securities, from 30.9 percent in 2007 to 39.7 percent in 2008. Conversely, the share of residents' holdings of non-financial corporations sector issues dropped to 10.2 percent from 18.7 percent

in the previous year. Other sectors broadly maintained their shares reported in 2007, except for international organizations which registered a 0.4 percentage point increase in its share in 2008.

**Chart 4.**  
**Philippines' Investment in Securities Issued by Unrelated Non-Residents**  
**By Sector of Non-Resident Issuer**  
**In million US dollars**  
**As of Period Indicated**

Sector of Non-Resident Issuer	end-2008	end-2007	Annual % change	Percentage Points cont. to change	% Share to Total	
					end-2008	end-2007
Bank	1,830.6	2,013.1	-9.1%	-2.8%	39.7%	30.9%
Non-bank financial corporation	800.1	1,135.1	-29.5%	-5.1%	17.4%	17.4%
Non-financial corporation	472.1	1,219.6	-61.3%	-11.5%	10.2%	18.7%
Foreign government	1,371.1	1,936.2	-29.2%	-8.7%	29.7%	29.7%
Foreign central bank	43.7	58.5	-25.4%	-0.2%	0.9%	0.9%
International organization	91.5	157.1	-41.8%	-1.0%	2.0%	2.4%
<b>TOTAL</b>	<b>4,609.1</b>	<b>6,519.5</b>	<b>-29.3%</b>	<b>-29.3%</b>	<b>100.0%</b>	<b>100.0%</b>

***Residents' portfolio investments record holding losses.*** As of end-2008, residents' foreign portfolio investments recorded holding losses amounting to US\$146 million as the market value of long-term securities decreased as a result of risk aversion in the midst of the global financial turbulence. Residents' holdings in long-term debt securities posted losses while holdings in equity and short-term debt securities recorded minimal holding gains. This reflected the flight from long-term security to more liquid short-term investments.



**Table 1c: Philippines' Investment in Securities Issued by Unrelated Non-Residents**  
**Annual Percent Change**  
**As of Period Indicated**

Instrument	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
<b>Equity Securities</b>	<b>7.05%</b>	<b>39.94%</b>	<b>7.59%</b>	<b>-34.22%</b>	<b>-0.28%</b>	<b>58.54%</b>	<b>-77.20%</b>
Shares in Mutual Funds & Investment Trusts	66.04%	74.59%	-3.85%	-2.43%	1.86%	-87.18%	-52.08%
Stocks/Others	-10.73%	20.51%	16.88%	-55.45%	-3.40%	283.34%	-78.50%
<b>Debt Securities</b>	<b>34.23%</b>	<b>29.36%</b>	<b>34.79%</b>	<b>20.71%</b>	<b>23.09%</b>	<b>-10.01%</b>	<b>-27.90%</b>
<b>Long-Term Debt Securities</b>	<b>-10.07%</b>	<b>49.18%</b>	<b>10.89%</b>	<b>49.32%</b>	<b>28.09%</b>	<b>2.62%</b>	<b>-24.72%</b>
Bonds	-4.70%	81.10%	113.52%	62.38%	69.10%	27.57%	-25.10%
Treasury Notes/Others	-11.05%	42.96%	-14.43%	41.28%	-0.94%	-27.53%	-23.90%
<b>Short-Term Debt Securities</b>	<b>224.16%</b>	<b>5.79%</b>	<b>74.87%</b>	<b>-9.73%</b>	<b>14.30%</b>	<b>-34.91%</b>	<b>-37.79%</b>
Treasury Bills	715.67%	-66.87%	397.00%	-46.77%	69.68%	11.40%	-13.84%
Commercial and Financial Papers/Others	130.72%	54.61%	28.48%	10.90%	-0.51%	-56.03%	-65.46%
<b>TOTAL</b>	<b>32.82%</b>	<b>29.80%</b>	<b>33.56%</b>	<b>18.71%</b>	<b>22.62%</b>	<b>-8.89%</b>	<b>-29.30%</b>

**Table 1d: Philippines' Investment in Securities Issued by Unrelated Non-Residents**  
**Percentage Points Contribution to Annual Change**  
**As of Period Indicated**

Instrument	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
<b>Equity Securities</b>	<b>0.37%</b>	<b>1.67%</b>	<b>0.34%</b>	<b>-1.24%</b>	<b>-0.01%</b>	<b>0.96%</b>	<b>-2.20%</b>
Shares in Mutual Funds & Investment Trusts	0.79%	1.12%	-0.08%	-0.04%	0.02%	-0.87%	-0.07%
Stocks/Others	-0.43%	0.55%	0.42%	-1.21%	-0.03%	1.82%	-2.13%
<b>Debt Securities</b>	<b>32.45%</b>	<b>28.13%</b>	<b>33.22%</b>	<b>19.95%</b>	<b>22.62%</b>	<b>-9.85%</b>	<b>-27.10%</b>
<b>Long-Term Debt Securities</b>	<b>-7.74%</b>	<b>25.60%</b>	<b>6.52%</b>	<b>24.50%</b>	<b>17.55%</b>	<b>1.71%</b>	<b>-18.17%</b>
Bonds	-0.56%	6.88%	13.44%	11.81%	17.89%	9.84%	-12.55%
Treasury Notes/Others	-7.19%	18.71%	-6.92%	12.69%	-0.34%	-8.14%	-5.62%
<b>Short-Term Debt Securities</b>	<b>40.20%</b>	<b>2.53%</b>	<b>26.70%</b>	<b>-4.54%</b>	<b>5.08%</b>	<b>-11.56%</b>	<b>-8.94%</b>
Treasury Bills	20.50%	-11.76%	17.82%	-7.81%	5.22%	1.18%	-1.75%
Commercial and Financial Papers/Others	19.70%	14.30%	8.88%	3.27%	-0.14%	-12.74%	-7.18%
<b>TOTAL</b>	<b>32.82%</b>	<b>29.80%</b>	<b>33.56%</b>	<b>18.71%</b>	<b>22.62%</b>	<b>-8.89%</b>	<b>-29.30%</b>

