Report on Economic and Financial Developments

Third Quarter 2014

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EXECUTIVE SUMMARY

A. Key Economic Developments

The Philippine economy posted a modest growth of 5.3 percent year-on-year (y-o-y) in Q3 2014. This was attributed mainly to the slowdown exhibited in all major economic sectors of the economy, particularly the contraction in Agriculture, Fishery and Forestry sector. This sector has yet to fully recover from the damage caused by typhoon Yolanda last year, which was exacerbated by the occurrence of typhoons Glenda, Luis, and Mario during the review quarter resulting in further losses. On the demand side, the slowdown in growth during the quarter was associated mainly with the contraction in both government consumption and public construction.

Despite these developments, a closer look at other economic indicators reveals emerging anchors of growth for the economy in Q3 2014, which include the continued resilience of the manufacturing sector, robust performance of renting and other business activities, favorable outturn of exports and the sustained growth in private construction.

The resilience of the Philippine economy remained evident during the quarter. Vulnerabilities in the external sector, particularly the protracted sub-par global growth and the uncertainty in the pace of the US Fed's normalization of its monetary policy, which led to capital flow volatilities, have not made a significant dent on the economy's growth during the quarter.

Lending support to the enduring dynamism of the economy include the sustained manageable inflation environment, current account surplus, sound and stable banking system, buoyant domestic financial markets driven by the continued bright prospect of the economy amid bullish sentiment and favorable third-party recognition.

The government also has sufficient monetary and fiscal policy space to support its priority initiatives of increasing infrastructure investments and sustaining its structural reform agenda.

The Philippine economy posts modest growth. Real gross domestic product (GDP) expanded by 5.3 percent in Q3 2014. This is lower than its year-ago and quarter-ago levels of 7.0 percent and 6.4 percent, respectively. While the services and industry sectors maintained positive growth rates during the review quarter at 5.4 percent and

7.6 percent, respectively, their performances were lower compared to their year-ago and quarter-ago growth rates. Meanwhile, the contraction of the agriculture sector by 2.7 percent y-o-y further pulled down the economy's growth during the review period. On the demand side, household consumption and exports buoyed the economy in Q3 2014 after posting y-o-y growth rates of 5.2 percent and 9.8 percent, respectively. However, this was offset by the negative performance of government consumption which contracted by 2.6 percent from a growth of 7.0 percent in Q3 2013.

Labor market dynamics improve. Based on the results of the July 2014 Labor Force Survey (LFS) of the Philippine Statistics Authority (PSA), the unemployment rate declined to 6.7 percent in Q3 2014 from 7.3 percent in Q3 2013 following employment gains recorded in the services and industry sectors as well as the increase in the proportion of wage and salary workers. The ratio of the underemployed to total employed persons was also down to 18.3 percent in Q3 2014, from 19.2 percent recorded in the same period in 2013 due to a fall in both underemployment in the agriculture and services sectors.

National Government (NG) cash operations reverse to a surplus. The cash operations of the NG yielded a surplus of ₱22.9 billion in Q3 2014, a reversal from the ₱49.9 billion deficit a year ago and the programmed deficit for the quarter of ₱42.9 billion. This could be attributed to both higher revenues and lower expenditures compared to the same period a year ago. The increase in total revenues from the year-ago level was due mainly to improved collections by the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC). Meanwhile, the decline in expenditures was on account of lower interest payments and subsidies during the review quarter.

Inflation continues to rise amid higher food prices. Headline inflation increased to 4.7 percent in Q3 2014 from the quarter- and year-ago rates of 4.4 percent and 2.4 percent, respectively. The uptrend in headline inflation was driven mainly by the higher prices of food due to tight domestic supply conditions. Such was triggered by weather-related production disruptions, delays in supply-side response (e.g., failed bidding in rice imports) and bottlenecks in the supply chain (e.g., port congestion and changing transportation policies). Food inflation rose to 8.3 percent in Q3 2014 from the quarter-ago rate of 7.1 percent. Meanwhile, non-food inflation

decelerated on the back of slower price increases of domestic petroleum products (e.g., gasoline, diesel, kerosene, and LPG) as favorable US inventory helped ease international and domestic oil prices.

The Philippine banking remains sound and stable. Banks' balance sheets were marked by a sustained growth in assets and deposits. Resources of the banking system rose by 2.3 percent to ₱10.8 trillion as of end-September 2014 from quarter-ago and 14.6 percent from year-ago levels. This could be traced to the growth in loans, financial assets, and equity investments.

Asset quality indicators of banks also continued to improve. The Philippine banking system's gross non-performing loan (GNPL) ratio declined to 2.6 percent as of end-September 2014 relative to the previous quarter's 2.7 percent. Banks' initiatives to improve their asset quality along with prudent lending regulations helped bring the NPL ratio to below its pre-Asian crisis level of around 3.5 percent.

Capital adequacy ratios (CARs) remained above international standards, even with the implementation of the tighter Basel III framework, which took effect on 1 January 2014. The CARs of universal and commercial banks (U/KBs) under the Basel III Framework stood at 15.9 percent on solo basis and 16.7 percent on consolidated basis at the end of Q2 this year.

Local stock trading posts gains. The Philippine Stock Exchange index (PSEi) rallied 4.6 percent quarter-on-quarter (q-o-q) to average 7,048.03 index points in Q3 2014. Investor sentiments were boosted by the weakening of geopolitical tensions abroad and reports of strong domestic Q2 corporate earnings and GDP growth.

Debt spreads widen. Bond spreads generally widened in Q3 2014 as risk aversion towards Philippine sovereign debt papers rose against a similarly tenured US Treasury bond. The Emerging Markets Bond Index (EMBI)+Philippine spreads averaged 138 basis points (bps), up from the previous quarter's 127 bps while credit default swap (CDS) spreads contracted to an average of 87 bps. The CDS spread during the review quarter traded lower than Indonesia's CDS average of 146 bps, Thailand's 95 bps and close to Malaysia's 82 bps.

The BOP position yields a lower surplus. The country's balance of payments position yielded a surplus of US$712 million in Q3 2014 or 42.9 percent lower relative to the

same quarter a year ago. The lower surplus was mainly on account of the net outflows (or net lending of residents to the rest of the world) in the financial account, a reversal of the net inflows in Q3 2013. On the other hand, the current account surplus improved, buoyed by the narrowing of the trade-in-goods deficit and the sustained increase in net receipts in the secondary income account.

Gross international reserves (GIR) continues to build-up, but at a slower pace. The GIR level stood at US$79.6 billion as of end-September 2014, lower by US$1.2 billion than the previous quarter's level due mainly to the revaluation adjustments on the BSP's gold holdings, other foreign-currency denominated reserves as well as payments for maturing foreign exchange (FX) obligations of the NG. These outflows were partially offset by the FX operations of the Bangko Sentral ng Pilipinas (BSP), net foreign currency deposits by the Treasurer of the Philippines (TOP), and income from the BSP's investments abroad. The GIR level during the review quarter remained ample to cover 10.8 months' worth of imports of goods and payments of services and income and 8.3 times the country's short-term external debt based on original maturity and 6.1 times based on residual maturity.

External debt payment dynamics remain manageable. As of end-September 2014, outstanding external debt approved/ registered by the BSP stood at US$57.7 billion, lower compared to its quarter-ago and year-ago levels of US$58.1 billion and US$59.1 billion, respectively. This decline was attributed mainly to the negative foreign exchange (FX) revaluation adjustments (US$1.1 billion) as the U.S. economy gradually recovered, which led to the strengthening of the US Dollar against most third currencies.

The maturity profile of the country's external debt remained heavily biased towards medium- and long-term (MLT) which accounts for 83.5 percent of total external debt. The weighted average maturity of MLT loans for Q3 2014 was 19.8 years. The bulk of outstanding external debt (70.6 percent) was owed by the public sector, mainly by the NG, which financed priority projects, developmental programs, and budget requirements.

The debt service ratio (DSR) improved to 5.8 percent as of end-September 2014. This level consistently remained well below the international benchmark range of

20.0 to 25.0 percent. The external debt ratio (EDT) or total outstanding debt expressed as a percentage of gross national income (GNI) also continued to improve as it stood at 17.2 percent from 17.6 percent as of end-June 2014.

The peso remains broadly stable amid robust economy and sustained FX inflows. The peso averaged ₱43.77/US$1 in Q3 2014, appreciating by 0.8 percent from the previous quarter's average. The peso remained broadly stable vis-à-vis the US dollar during the review period on account of positive sentiment on the domestic economy following the robust Q2 2014 GDP growth and another credit rating upgrade from Rating & Investment Information, Inc. (R&I). Sustained inflows of FX from OF remittances, business process outsourcing (BPO) revenues, tourism receipts, foreign portfolio and foreign direct investments as well as the continued build-up of the country's GIR are expected to continue to buoy the peso.

Global growth slows down. Global growth in Q3 2014 was characterized by a slowdown in most advanced and emerging economies. Nonetheless, global labor market conditions generally improved. In terms of domestic prices, inflation rates of advanced economies declined while that of emerging economies showed diverse trends.

The slight deceleration of the US economy to 2.3 percent in Q3 2014, from 2.4 percent in the previous quarter, reflected a downturn in private inventory investment and decelerations in exports, non-residential fixed investment, state and local government spending, and personal consumption expenditures. In Japan, output growth further contracted by 1.2 percent in Q3 2014 from the previous quarter's contraction of 0.2 percent, as the rise in public demand and net exports failed to offset the decline in private demand. Meanwhile, euro area GDP remained unchanged at 0.8 percent during the review quarter, supported largely by higher GDP growth rates in Greece, Slovakia, Spain, Latvia, and France.

Among emerging economies in Asia, Hong Kong posted a faster GDP growth in Q3 2014 due to the rise in private and public consumption. Economic activity in China slowed down to 7.3 percent from the previous quarter's 7.5 percent driven by lower property investment, which weakened credit growth and industrial production. In the ASEAN region, output growth accelerated in Thailand and Vietnam during the review

quarter. Thailand's GDP grew by 0.6 percent in Q3 2014, mainly supported by private consumption and investments. Economic activity in Vietnam expanded by 6.2 percent in Q3 2014, driven by the expansion in the services sector.

B. Challenges and Policy Directions

The near to medium-term economic outlook remains uncertain, with risks largely external. First, global developments continue to show uneven recovery across countries. A rebound in the US economy, albeit slower-than-expected and solid prospects in emerging Asia contribute to global growth. Meanwhile, weak economic activities in the euro area and Japan as well as in the emerging markets of Latin America and the Middle East persist.

Second, the uncertainty surrounding the timing of the US Federal Reserve's shift towards monetary policy normalization indicates that capital flow volatility could materialize anew, which could affect financial markets. Third, the possible hard landing in China and the continued sub-par growth in advanced economies could have dampening effects on the external sector of emerging economies, including the Philippines.

On the domestic front, operational constraints related to weak absorptive capacity of operating agencies, administrative bottlenecks in the implementation of key programs along with changes in the budgeting system remain. Government spending has to be brought back in line with targets to help sustain the high-growth momentum of the economy. Aside from these, the Philippines faces the risk of short-term disruption in economic activities arising from weather-related disturbances and power shortages.

Amid downside risks and challenges in the external environment as well as bottlenecks in the domestic front, the BSP will continue to pay close attention to the outlook for inflation and growth to ensure that monetary policy settings remain consistent with price and financial stability. The BSP remains prepared to deploy a menu of policy actions, as needed, to rein in inflation expectations further and pre-empt potential second-round effects. While guarding against speculative flows that could contribute to the peso's volatility and undermine the inflation target, the BSP will continue to maintain a market-determined exchange rate and a comfortable level of reserves.

On banking regulation and supervision, the BSP will sustain the reform momentum with a view to toughen its resilience against shocks as well as to boost its role as a catalyst for durable long-term economic growth. Toward this end, the BSP will continue to craft banking regulations that are responsive, consistent with best practices and in line with the international financial architecture reform agenda.

On a broader perspective, the BSP will further foster an enabling environment to promote greater access to the financial system through its financial inclusion advocacies. The BSP will continue to educate the public and further hone the skills needed by the populace to make well-informed economic and financial decisions and choices. Moreover, the BSP has been proactively promoting the development of microfinance through initiatives such as the Credit Surety Fund (CSF) Program – a credit enhancement scheme that provides a surety cover in lieu of acceptable collaterals for loans of micro, small and medium enterprises (MSMEs) from banking institutions.

The BSP also remains proactive in ensuring the credibility of the payments and settlements system with the continued enhancement of its processes in accordance with international best practices and development of the necessary infrastructure through the operation of the Philippines' real time gross settlement system or the PhilPaSS.

Finally, amidst the increasing interconnectedness of global financial markets, the BSP will remain an active participant in regional and international cooperation programs and fora, in order to reap the benefits of collaborative engagement.

MAIN REPORT

A. Real Sector

Aggregate Supply and Demand

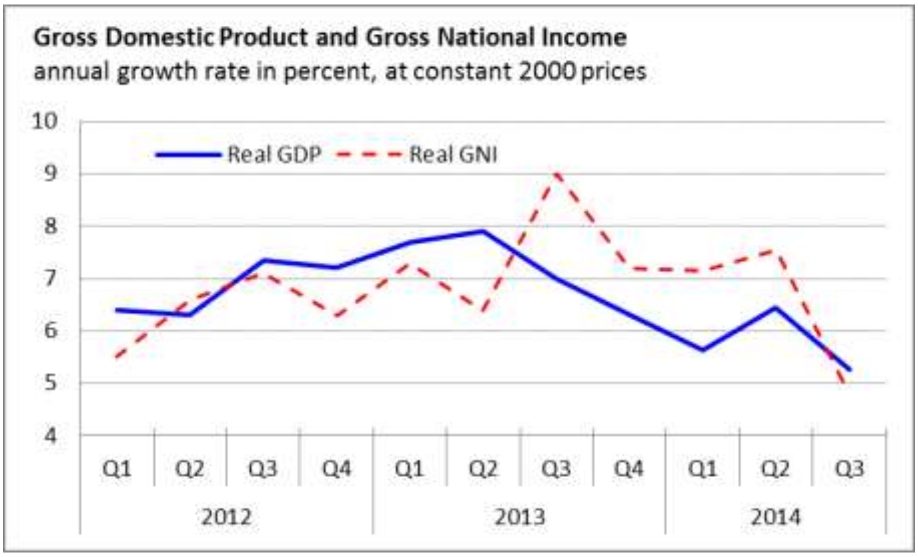
Philippine economy posts modest growth

In Q3 2014, the Philippine economy posted a modest growth of 5.3 percent, a moderation relative to its year-ago level of 7.0 percent and quarter-ago level of 6.4 percent. This was a result of the deceleration in both the services and industry sectors along with the contraction of the agriculture sector. Household consumption likewise slowed down while government consumption even dipped. Relative to regional peers, the Philippine economy's Q3 2014 growth was the fourth fastest among major Asian countries, next to China (7.3 percent), Vietnam (6.2 percent), and Malaysia (5.6 percent).

On the supply side, the industry sector has been gaining ground, which grew by 7.6 percent, boosted largely by the sustained strong performance of the manufacturing, construction and mining, and quarrying sub-sectors. The services sector posted a slower 5.4 percent growth during the review quarter, pulled down by the slowdown in real estate, renting and other business activities (6.2 percent from 11.6 percent), and public administration and defense (-2.9 percent from 6.0 percent). On the other hand, the agriculture sector slumped after dropping to -2.7 percent due to weather-related disruptions caused by typhoons Glenda, Mario and Luis, which adversely affected major crop harvests and poultry production, the lowest since Q4 2009.

On the demand side, household consumption, which expanded by 5.2 percent from 6.2 percent a year (due to higher inflation in Q3 2014), and robust net exports performance supported by the

strengthening global manufacturing industry, buoyed growth during the review quarter. However, the deceleration in capital formation (from 21.6 percent in Q3 2013 to 3.6 percent in Q3 2014 on the back of negative growth in changes in inventory and public construction) combined with the contraction of government consumption (by -2.6 percent) posed a major drag to the economy's growth during the review period. Meanwhile, real GNI also declined to 4.8 percent in Q3 2014 from 9.0 percent during the same period last year as a result of the deceleration of the net primary income from the rest of the world from 19.9 percent in the previous year to 2.7 percent.

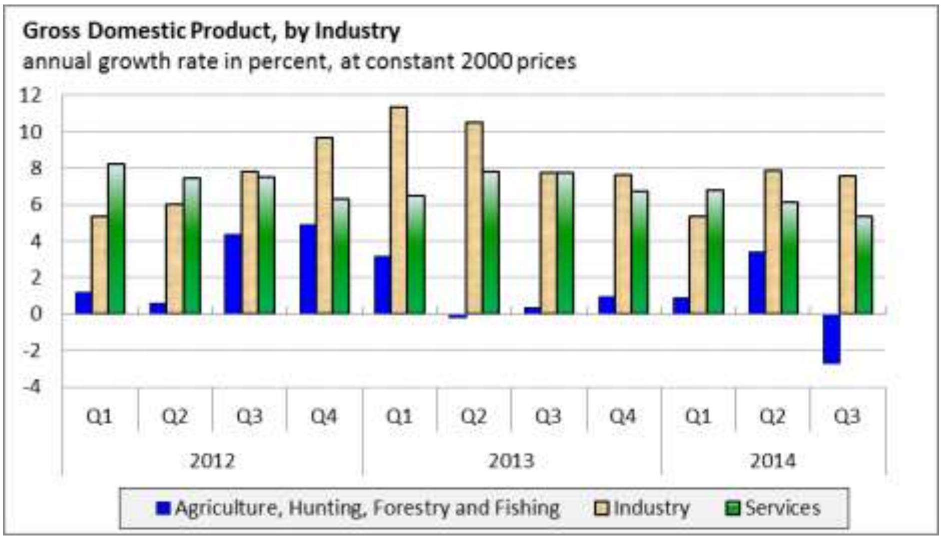


GDP by industry

The services sector continued to be the major contributor to the Q3 2014 GDP growth after acccounting for 3.1 percentage points (ppts) of the total growth, amid expanding by 5.4 percent (compared to 7.7 percent a year ago). This was largely an outcome of the sluggish growth in real estate, renting and business activites to 6.2 percent from 11.6 percent following a notable decline in real estate (from 26.0 percent to 6.2 percent) which could be linked to the macroprudential measures implemented by the BSP related to real

estate activities. This, however, accounted for 1.3 ppts to the sector's growth. On the other hand, acceleration in trade and repair of motor vehicles, motorcylces, personal and household goods, by 6.1 percent lead to a 1.9 ppts contribution to the services sector. The slowdown in financial intermediation (from 12.1 percent to 7.7 percent in Q2 2014) on the back of non-recurring gains from securities trading in 2013 and the contraction in public administration and defense by -2.9 percent weighed down on the services sector's performance.

The solid growth registed by the industry sector, at 7.6 percent, was buttressed mainly by the continuous strong performance of the manufacturing sub-sector (7.2 percent), particularly the food manufactures which recorded a 7.6 percent growth from 0.7 percent a year ago. The acceleration of the mining and quarrying sub-sector by 7.8 percent in Q3 2014 from 5.0 percent last year, also contributed to the expansion of the industry sector. Notable increase was recorded in nickel mining, which posted a reversal from -3.2 percent in Q3 2013 to a growth of 24.4 percent during the review quarter. This could be attributed to the increase in production and the rise in the price of nickel in the world market as a result of the Indonesian government's ban on the exportation of nickel ore. Moreover, the solid performance of the construction sector, from 3.4 percent in Q3 2013 to 11.9 percent in Q3 2014, further fortified the industry sector. The latter is linked to the 15.7 percent growth in private construction during the review quarter from 1.6 percent last year, as private sector developers remained bullish to the robust demand of the business process management sector, traditional office takers as well as increased retail trade activity. On the contrary, public construction in Q3 2014 posted a contraction of -6.2 percent from a growth of 19.1 percent last year amid weaker infrastructure spending due to lower disbursements by major government agencies.



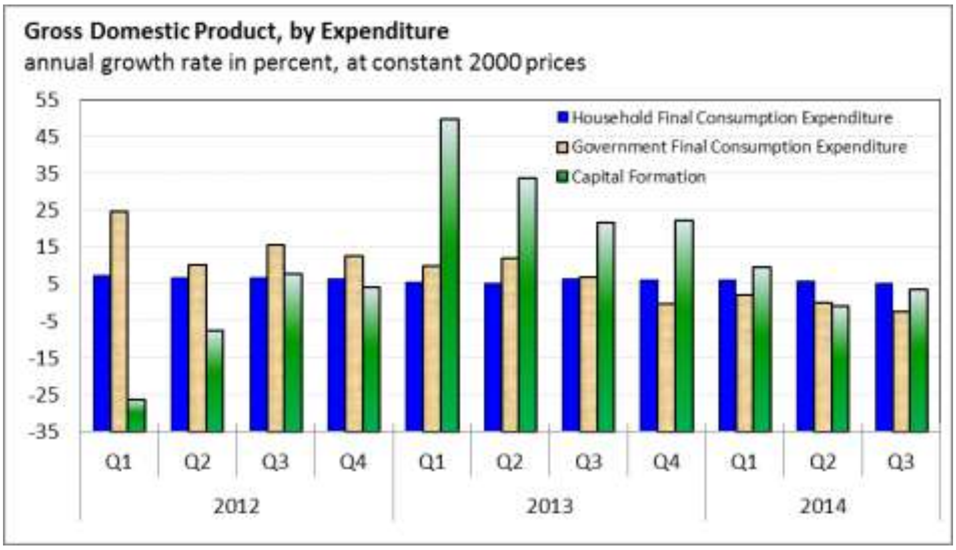
Meanwhile, the agriculture sector dipped in Q3 2014 after posting a -2.7 percent reduction, from its year-ago and quarter ago growth rates of 0.3 percent and 3.4 percent, respectively. Crop production, which is 44.5 percent of the total agriculture output contracted by -5.0 percent mainly due to the lower production of palay (-10.0 percent), corn (-5.8 percent), coconut including copra (-5.8 percent) and other crops (-3.5 percent). Palay and other crops production as well as the poultry and fisheries subsector, were adversely affected by inclement weather conditions such as typhoon Glenda and Luis and the onset of the "habagat" season. Coconut farms and other crops, which are yet to recover from the lingering effects of the super typhoon Yolanda last year was also affected by insect infestation and unfavorable weather.

GDP by expenditure

On the expenditure side, despite the slower growth of household consumption in Q3 2014 at 5.2 percent compared to 6.2 percent a year ago, it remained the primary mover during the review quarter, which accounted for the 3.6 ppts share of the total GDP growth. The

weaker consumer spending during the quarter was mainly attributed to the higher prices of commodities during the period amid tightness in supply conditions following the weather disturbances that hit the country. On the other hand, the recovery of exports, in view of the strengthening of the global manufacturing industry resulted in a trade surplus in Q3 2014 and thus, a robust contribution of the net exports to the GDP growth (2.1 ppts). However, government spending remained weak, attributed to low utilization of cash allocations by some government agencies as well as uncertainties over issues related to the Disbursement Acceleration Plan (DAP). Capital formation also suffered a huge drop in Q3 2014, from 21.6 percent a year ago to 3.6 percent during the review quarter, reflecting the lower disbursements for infrastructure projects of the government and other administrative bottlenecks.

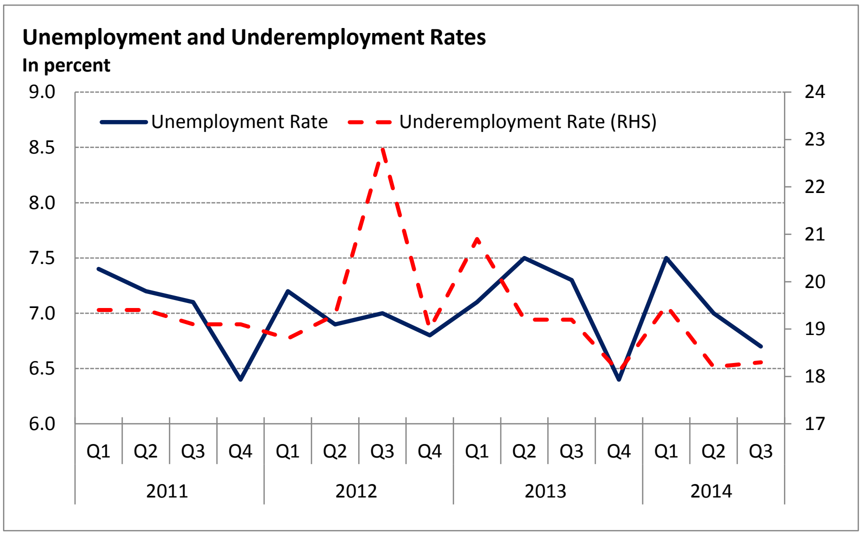
While the government faces a serious challenge in achieving its economic growth target range of 6.5 percent – 7.5 percent for the year, it remains committed to address the weaknesses and challenges identified to have pulled down the economy's growth during the quarter.



Labor and Employment

Unemployment rate declines

Based on the results of the July 2014 Labor Force Survey (LFS)[1] of the Philippine Statistics Authority (PSA), the unemployment rate declined to 6.7 percent in Q3 2014 from 7.3 percent in Q3 2013 (Table 2). The number of unemployed persons[2] was lower at 2.8 million in Q3 2014 from the 3.0 million recorded in the same period a year ago. The overall reason for the improvement were employment gains in the manufacturing and construction sectors as well as the increase in the proportion of wage and salary workers.



The number of employed persons increased by 2.8 percent y-o-y to 38.5 million from 37.4 million. The said growth was boosted by the expansion in the services and industry sectors. Employment in the services sector was up by 3.9 percent (or by 772,000), with the expansion largely contributed by wholesale and retail trade as well as accommodation and food services. Employment in the industry sector likewise grew by 3.9 percent (228,000) with notable gains in

[1] 2014 figures are preliminary. Data for Leyte province excluded in July 2014 LFS; also excluded in July 2013 and April 2014, for comparison.

[2] Unemployed persons include those 15 years old and over who are reported as without work and currently available for work and seeking work; or those not seeking work due to the following reasons: (i) tired/ believe no work available; (ii) awaiting results of previous job application; (iii) temporary illness/disability; (iv) bad weather; and (v) waiting for rehire/job recall. (Source: http://www.bles.dole.gov.ph/)

construction and manufacturing. Meanwhile, employment in the agriculture sector increased slightly by 0.5 percent (61,000), as the increased employment in agriculture, hunting and forestry was negated by a decline in employment in the fishing subsector. Of the 38.5 million employed persons, 54.0 percent were employed in the services sector, while the agriculture and industry sectors employed 30.1 percent and 15.9 percent, respectively.

Employment growth occurred across classes of workers, led by wage and salary workers (up by 3.0 percent or 645,000), particularly from private establishments. Also posting gains in employment were the unpaid family workers (6.4 percent or 240,000), self-employed without any paid employee (1.6 percent or 167,000), and employer in own family-operated farm or business (0.7 percent or 9,000). The number of persons on full-time employment declined by 0.7 percent (or by 182,000), while persons on part-time employment grew by 8.6 percent (1.1 million) in Q3 2014.

The ratio of the underemployed to total employed persons was down to 18.3 percent in Q3 2014, from 19.2 percent recorded in the same period in 2013 due to a fall in both underemployment[3] in the agriculture and services sectors. Underemployment also declined across all class of workers. The agriculture sector accounted for 41.5 percent of the 7.1 million underemployed, while the services and industry sectors represented 41.2 percent and 17.3 percent, respectively.

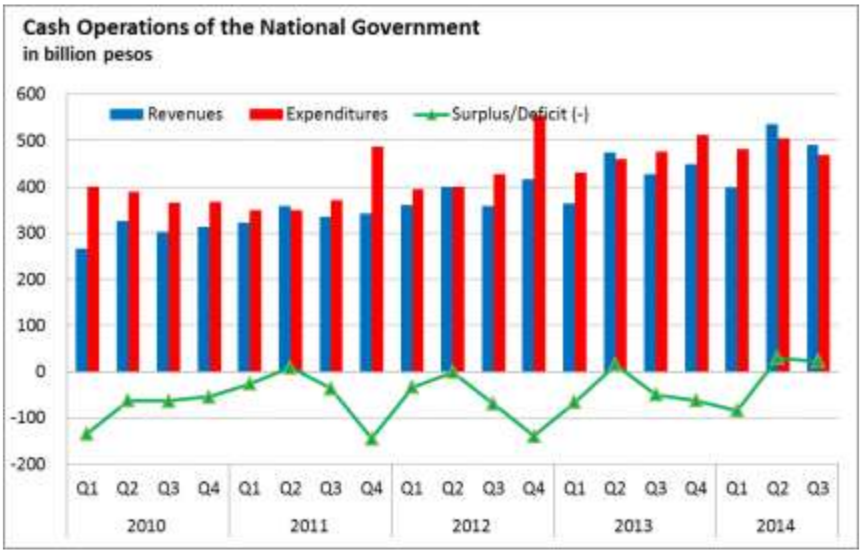
[3] Underemployed persons include all employed persons who express the desire to have additional hours of work in their present job or an additional job, or to have a new job with longer working hours. (Source: http://www.bles.dole.gov.ph/)

B. Fiscal Sector

National Government Cash Operations

NG cash operations yield a surplus

The cash operations of the NG yielded a surplus of ₱22.9 billion in Q3 2014. The NG fiscal surplus for the review quarter is a reversal from the recorded deficit of ₱49.9 billion in the comparative period in 2013 and the programmed deficit for the quarter of ₱42.9 billion (Table 3).



Total revenues for Q3 2014 reached ₱491.3 billion, higher than the year-ago level of ₱427.1 billion, but 3.3 percent lower than the target level for the quarter of ₱508.1 billion. The increase from the year-ago level was due mainly to improved collections by the BIR and the BOC. Tax collections, which constituted 91.5 percent of total revenues, amounted to ₱449.4 billion, 15.9 percent higher than the year-ago level. Non-tax revenues, including grants, which consisted mainly of collections made by the BTr, increased by 6.3 percent from the year-ago level.

Meanwhile, total expenditures in Q3 2014 reached ₱468.4 billion, 1.8 percent lower than the ₱477.0 billion incurred a year ago and 15.0 percent lower than the ₱551.0 billion programmed expenditures for the quarter. The decline in expenditures can be attributed to lower interest payments and subsidies during the quarter.

The NG's net financing for Q3 2014 amounted to ₱93.9 billion, lower than the year-ago level of ₱178.1 billion. The net financing was sourced primarily from domestic borrowings amounting to ₱67.4 billion. The net financing for the review quarter was based on a gross financing mix ratio of 65:35, in favor of domestic sources.

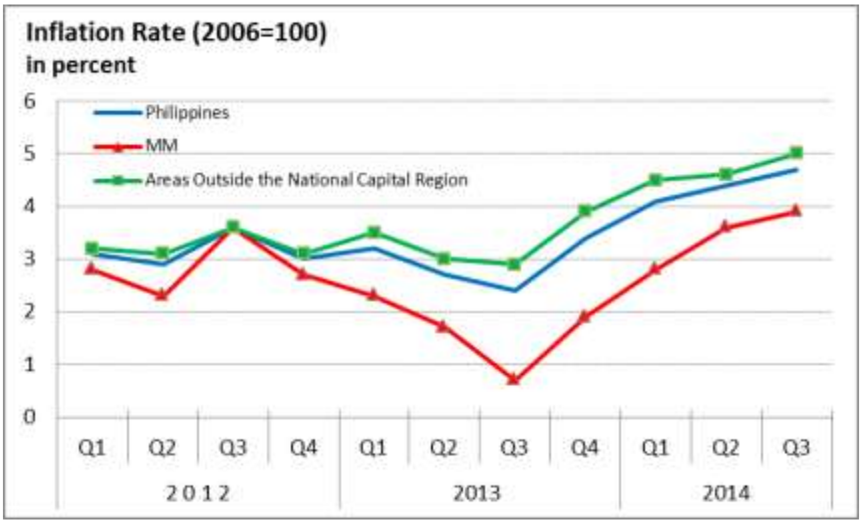
The NG will continue to pursue fiscal consolidation in the medium term by supporting legislative initiatives to raise revenues and widen the tax base. The NG's legislative priorities include the following: Fiscal Incentives Rationalization (FIR), Tax Incentive Management and Transparency Act (TIMTA), Customs Modernization and Tariff Act (CMTA), Valuation Reform Act, and Fiscal Regime for Mining Industry.

C. Monetary Sector

Prices

Inflation rises further on higher food prices

Headline inflation increased to 4.7 percent in Q3 2014 from the quarter- and year-ago rates of 4.4 percent and 2.4 percent, respectively. The resulting year-to-date inflation rate of 4.4 percent remains within the Government's inflation target range of 4.0 percent ± 1.0 percentage point for 2014.



The continued uptrend in headline inflation was driven mainly by the higher prices of food owing to tight domestic supply conditions. Meanwhile, non-food inflation decelerated on slower price increases of domestic petroleum products.

Core inflation increases

Core inflation, which excludes some food and energy items to measure underlying price pressures, accelerated to 3.3 percent in Q3 2014 from 3.0 percent in Q2 2014 and 2.1 percent in Q3 2013. Two out of three alternative measures of core inflation estimated by the BSP were also higher during the review period relative to the rates registered in the previous quarter. In particular, the trimmed mean and net of volatile items measures edged higher to 3.8 percent and 2.8 percent, respectively, from the quarter-ago rates of 3.6 percent and 2.6 percent. Conversely, the weighted median measure decreased slightly to 3.1 percent from 3.2 percent in Q2 2014.

Alternative Core Inflation Measures
Quarterly averages of year-on-year change

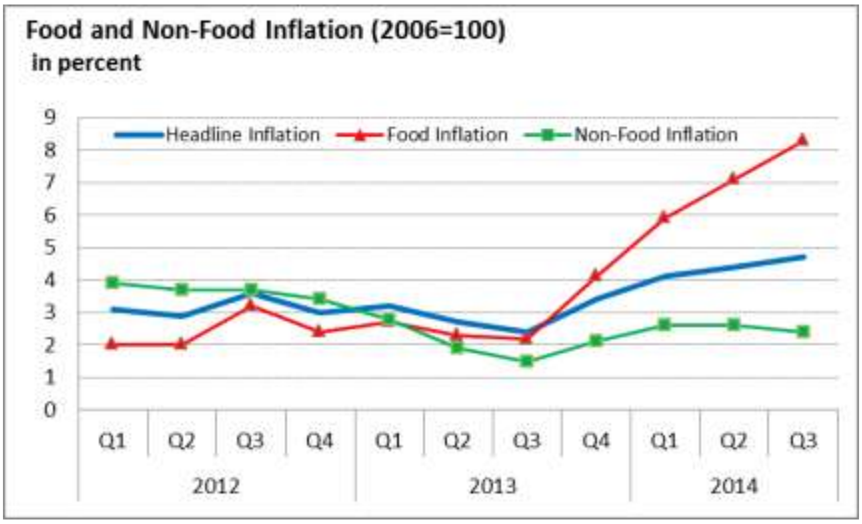
Quarter	Official Headline Inflation	Official Core Inflation	Trimmed Mean 1/	Weighted Median 2/	Net of Volatile Items 3/ *
2012	**3.2**	**3.7**	**3.2**	**3.0**	**3.4**
Q1	3.1	3.5	3.0	2.6	3.0
Q2	2.9	3.7	3.1	3.2	3.3
Q3	3.6	4.1	3.4	3.2	3.9
Q4	3.0	3.4	3.2	3.0	3.4
2013	**3.0**	**2.9**	**2.5**	**2.3**	**3.1**
Q1	3.2	3.8	3.0	2.8	3.9
Q2	2.7	2.9	2.3	2.3	3.2
Q3	2.4	2.1	2.1	2.0	2.4
Q4	3.4	2.9	2.6	2.2	2.9
2014	**4.4**	**3.0**	**3.6**	**3.0**	**2.7**
Q1	4.1	3.0	3.3	2.6	2.8
Q2	4.4	3.0	3.6	3.2	2.6
Q3	4.7	3.3	3.8	3.1	2.8

1/ The trimmed mean represents the average inflation rate of the (weighted) middle 70 percent in a lowest-to-highest ranking of year-on-year inflation rates for all CPI components.
2/ The weighted median represents the middle inflation rate (corresponding to a cumulative CPI weight of 50 percent) in a lowest-to-highest ranking of year-on-year inflation rates.
3/ The net of volatile items method excludes the following items: educational services, fruits and vegetables, personal services, rentals, recreational services, rice, and corn.
r/ Revised.
** The series has been recomputed using a new methodology that is aligned with PSA's method of computing the official core inflation, which weighs remaining items to comprise 100 percent of the core basket after excluding non-core items. The previous methodology retained the weights of volatile items in the CPI basket while keeping their indices constant at 100.0 from month to month.*

Source: PSA, BSP estimates

Tight domestic supply of key food items drives up food inflation

Food inflation continued to rise to 8.3 percent in Q3 2014 from the quarter-ago rate of 7.1 percent as the prices of all food items, except rice, increased at a faster pace due to tight domestic supply conditions, triggered by recent weather-related production disruptions. Similarly, delays in supply-side response (e.g., failed bidding in rice imports) and bottlenecks in supply chain (e.g., port congestion and changing transportation policies) also contributed to the continued upsurge in food prices.



By contrast, alcoholic beverages and tobacco (ABT) inflation declined further to 3.5 percent from 4.0 percent in the previous quarter, partly reflecting the base effects from higher prices of ABT in 2013. It should be noted that prices of ABT rose following the implementation of Republic Act No. 10351, which raised the excise tax on alcohol and tobacco products in January 2013.

Price reductions in domestic petroleum products contribute to lower non-food inflation

Non-food inflation decreased to 2.4 percent in Q3 2014 from 2.6 percent in Q2 2014 as a result of slower price increases of electricity, gas, and other fuels (3.5 percent from 5.6 percent) and operation of personal transport equipment (2.2 percent from 5.6 percent), owing to reductions in the prices of domestic petroleum products (e.g., gasoline, diesel, kerosene, and LPG). Favorable US inventory helped ease international oil prices, which were translated to lower domestic oil prices.

Inflation increases in both NCR and AONCR

In terms of geographical location, the inflation rate in the National Capital Region (NCR) went up further to 3.9 percent from its quarter-ago rate of 3.6 percent. Similarly, the inflation rate in areas outside NCR (AONCR) rose anew to 5.0 percent compared to its quarter-ago rate of 4.6 percent.

In NCR, food inflation accelerated to 8.3 percent in Q3 2014 from 6.8 percent in Q2 2014, as most food commodities, particularly meat, milk, oils, fruits, vegetables, and sugar posted higher inflation rates. Conversely, non-food inflation went down to 2.1 percent from 2.3 percent in the previous quarter as the inflation rates for housing, water, electricity, gas, and other fuels, and transport decreased.

In AONCR, food inflation increased to 8.4 percent from 7.2 percent in Q2 2014 due mainly to the faster increase in the prices of all food items, except rice. By contrast, non-food inflation decelerated to 2.4 percent from 2.7 percent in the previous quarter reflecting the slower price increases of all non-food items, except furnishings, health, and education.

Domestic Liquidity[4]

Expansion in domestic liquidity continues to support domestic activity

Money supply or M3 grew by 16.2 percent y-o-y as of end-September 2014 to reach ₽7.2 trillion. This growth was slower than the 23.5 percent expansion as of end-June 2014 (Table 5).

The increase in M3 was driven largely by the 16.0-percent y-o-y expansion in domestic claims in September 2014. Credits extended to the private sector grew by 19.5 percent, consistent with the sustained growth in bank lending. Meanwhile, net claims on the central government rose by 12.9 percent, reflecting the slower increase in the deposits of the NG with the BSP.

[4] The indicators used for money supply are: M1 (or narrow money), comprised of currency in circulation and demand deposits; M2, composed of M1 plus savings and time deposits (quasi-money); M3, consisting of M2 plus deposit substitutes; and M4, consisting of M3 plus foreign currency deposits.

Domestic Liquidity (M3)					
Particulars	Levels (in billion pesos)			Growth Rates (in %)	
	Sep 2014	Jun 2014	Sep 2013	Quarter-on-Quarter	Year-on-Year
Domestic Liquidity (M3),	**7,204.1**	**7,100.1**	**6,201.9**	**1.5**	**16.2**
of which:					
Net Foreign Assets	3,709.0	3,586.6	3,568.7	3.4	3.9
Domestic Claims	6,587.7	6,473.9	5,677.7	1.8	16.0
of which:					
Net Claims on Central Government	1,030.8	1,110.2	913.1	(7.2)	12.9
Claims on Other Sectors	5,556.9	5,363.7	4,764.7	3.6	16.6

Net foreign assets (NFA) in peso terms rose by 3.9 percent y-o-y in September 2014. The NFA of banks increased as banks' foreign assets continued to expand due mainly to the growth in their foreign loans and receivables, and in their deposits with other banks. Meanwhile, banks' foreign liabilities declined slightly on account of lower deposits made by foreign banks with their local branches. The BSP's NFA position declined during the month, reflecting the y-o-y decline in the GIR level.

Following the slower expansion in M3, the growth of M4, a broader concept of domestic liquidity comprised of broad money liabilities and foreign currency deposits of residents, likewise decelerated to 16.2 percent y-o-y in September 2014 from 22.2 percent in June 2014.

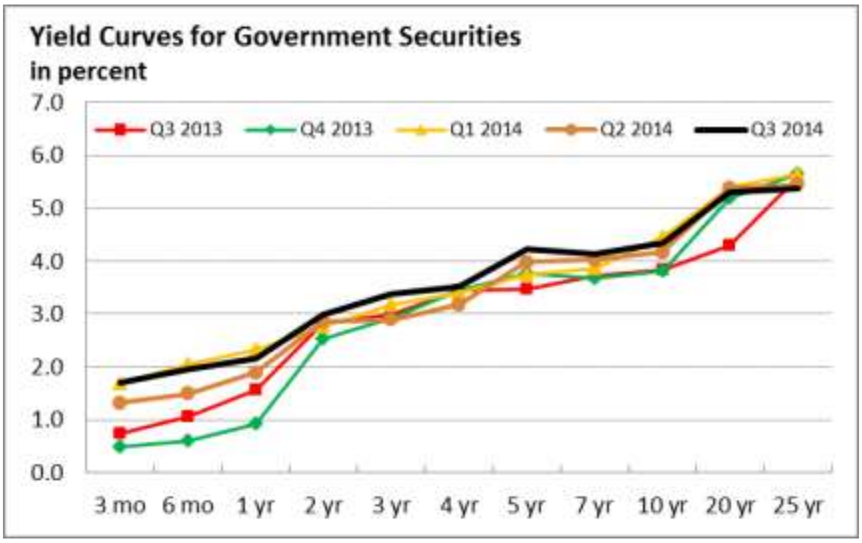
Domestic Interest Rates

Primary domestic market interest rates decline slightly

The 91-day, 182-day and 364-day Treasury bill (T-bill) rates in the primary market declined slightly to 1.26 percent, 1.58 percent and 1.81 percent in Q3 2014 from the Q2 2014 rates of 1.27 percent, 1.59 percent and 1.86 percent, respectively. The strong demand for short-term government securities (GS) and ample liquidity in the financial system pushed the T-bill rates to decrease slightly (Table 6).

But secondary market GS yields increase

Meanwhile, yields of GS in the secondary market increased as of end-September 2014 compared to the rates as of end-June 2014, except for the yields of longer-termed GS which decreased by 5.8 bps for the 25-year T-bonds and 6.3 bps for the 20-year T-bonds. This reflects the BSP policy rate hikes, higher-than-expected inflation, and expectations of higher inflation during the quarter.



Bank lending rate and other market interest rates rise

Also following the BSP policy rate hikes in Q3 2014, other market interest rates, including interbank call loans, savings deposit rates, time deposit rates, and Manila reference rates rose in Q3 2014 by 27.4 bps, 3.1 bps, 6.1 bps, and 6.3 bps, respectively. Bank lending rates also increased by 14 bps.

BSP's policy and SDA rates rise; reserve requirement ratio remains unchanged

The Monetary Board (MB) decided to increase the BSP's key policy rates by 25 bps in July 2014 and by another 25 bps in September 2014 for the overnight borrowing or reverse repurchase (RRP) facility and the overnight lending or repurchase (RP) facility during the policy meetings held in in the same months. As of end-September 2014, RRP rate was 4.0 percent, while the RP rate was 6.0 percent. Interest rate on term RRPs and RPs were also raised accordingly. The MB's decisions on both meetings were preemptive actions based on signs

of elevated inflation pressures. Though inflation expectations remain within target, they are seen to be settling within the upper half of the inflation target ranges for 2014 and 2015. Meanwhile, the MB also decided to raise the interest rate on the Special Deposit Account (SDA) facility from 2.25 percent to 2.50 percent across all tenors in September 2014. Reserve requirement ratio remained unchanged.

Domestic rate differentials widen against the US 90-day T-bill rate but narrow against the US 90-day LIBOR

The differentials (gross and net of tax) between the domestic 91-day T-bill rate and the US 90-day T-bill rate increased slightly, while the differentials (gross and net of tax) between the domestic 91-day T-bill rate and the US 90-day LIBOR decreased in Q3 2014 relative to Q2 2014.

Domestic interest rates declined due to higher demand for short-term debt papers, following the expectations of monetary policy hikes in Q3 2014. Meanwhile, the average foreign interest rates showed mixed trends based on reports during the quarter on US economic data, speculations of a policy rate hike by the US Fed, the easing of the geopolitical tensions in Russia and Ukraine, and the unrest in Hong Kong.

The positive differential between the BSP's policy interest rate (overnight borrowing or RRP rate) and the US federal funds target rate widened from 325 bps in June 2014 to 375 bps in September 2014, as the domestic key policy rate rose by 25 bps each in July and September while the US federal funds target rate remained unchanged. Adjusted for the risk premium (measured as the difference between the 10-year ROP and the 10-year US note), the spread between the two policy rates further widened to 270 bps in end-September 2014 from 226 bps in end-June 2014. The yield on the 10-year ROP note remained steady while the yield of the 10-year US

Treasury note was lower by only 6 bps between June and September 2014, leading to the slight increase in the risk premium.

Monetary Policy Developments

The BSP raises the RRP and SDA rates during the quarter

The MB's decision to raise the policy and SDA rates is based on the assessment that the inflation target, particularly for 2015, remained at risk. Latest baseline forecasts have shifted closer toward the higher-end of the target range of 3.0 percent ± 1.0 ppt for 2015, indicating elevated inflation pressures. Moreover, inflation expectations are seen to be settling near the upper-end of the inflation target range, particularly for 2015. At the same time, the balance of risks to the inflation outlook continued to lean toward the upside, with price pressures emanating from the possible further increases in food prices as a result of tight domestic supply conditions, as well as from pending petitions for adjustments in utility rates and potential power shortages.

Given these considerations, the MB deemed it necessary to respond with stronger policy action to rein in inflation expectations further and preempt potential second-round effects even as previous monetary responses continue to work their way through the economy. The MB believed that the continued favorable prospects for domestic demand—as evidenced by the stronger GDP growth in the second quarter—allowed some scope for a further adjustment in policy rates.

Going forward, the BSP remains prepared to take appropriate policy actions as necessary to ensure the achievement of its price and financial stability objectives.

D. Financial Sector

Philippine banking system continues to establish solid performance amid Q3 growth slowdown and tighter capital requirements

The Philippine banking system maintained its solid performance, amid the economy's Q3 growth slowdown. Banks' balance sheets were marked by a sustained growth in assets and deposits. Asset quality indicators also continued to improve, while capital adequacy ratios remained above international standards, even with the implementation of the tighter Basel III framework.

Banks continued to dominate the financial sector as their assets comprised more than 80 percent of the total assets. In terms of the number of head offices and branches/agencies, non-banks had a wider physical network than banks, consisting mainly of pawnshops.

Performance of the Banking System

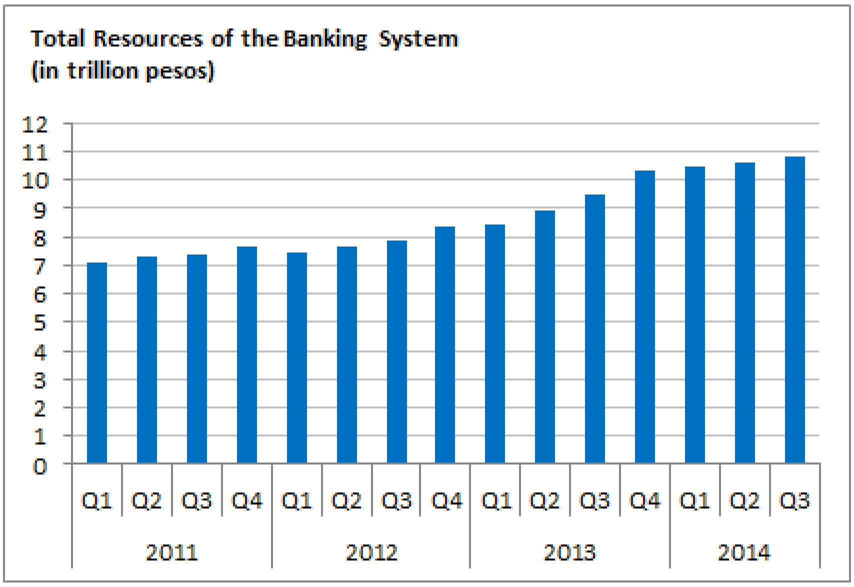
Market Size

Number of banks decline but operating network continues to expand

The number of banking institutions (head offices) fell to 664 as of end-June 2014 from the quarter- and year-ago levels of 667 and 683, respectively, indicating continued consolidation of banks as well as the exit of weaker players in the banking system (Table 7). By banking classification, banks (head offices) consisted of 36 universal and commercial banks (U/KBs), 70 thrift banks (TBs), and 558 rural banks (RBs). Meanwhile, the operating network (head offices and branches/agencies) of the banking system expanded to 10,120 in Q2 2014 from 10,020 in Q1 2014 and 9,543 during the same period in the previous year, due mainly to the increase in the branches/agencies of U/KBs, TBs, and RBs.

Resources of the banking system rose by 2.3 percent to ₽10.8 trillion as of end-September 2014 from quarter-ago and 14.6 percent from

year-ago levels (Table 8). The increase could be traced to the growth in loans, financial assets, and equity investments. U/KBs accounted for more than 90 percent of the total resources of the banking system.



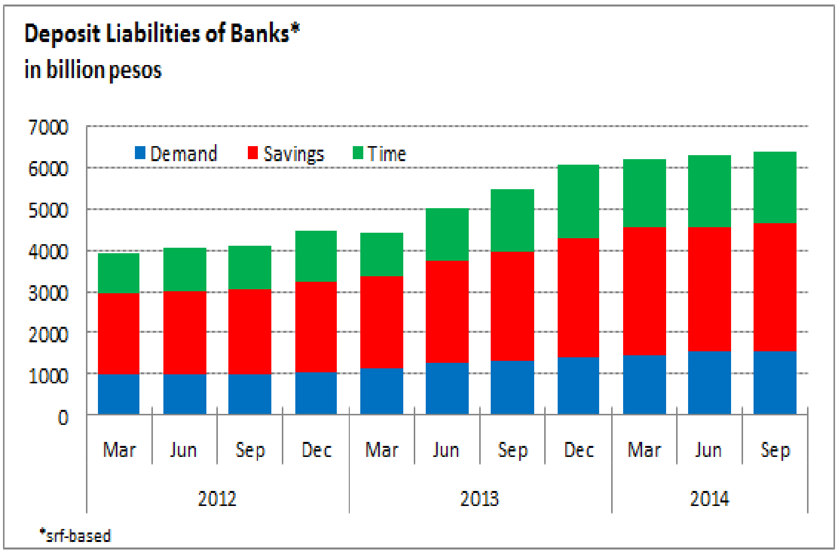
Savings Mobilization

Savings and time deposits continue to be the primary sources of funds for banks

Savings and time deposits remained the primary sources of funds for the banking system. Banks' total deposits[5] as of end-September 2014 amounted to ₱6.4 trillion, 16.3 percent higher than the year-ago level of ₱5.5 trillion. The rapid growth could be attributed to the shift of investors' funds from the BSP's SDA facility to bank deposits as a result of the fine-tuning of access of trust departments/entities to the BSP SDA facility[6] as well as steady corporate profits, and robust economic expansion. Savings deposits registered a 16.0 percent growth, continuing to account for nearly half of the funding base of

[5] This refers to the total peso-denominated deposits of the banking system.
[6] Under BSP Memorandum to All Banks/Non-Bank Financial Institutions dated 17 May 2013, SDA placements of trust departments/entities under the investment management accounts (IMA) must be reduced by at least 30 percent by end-July 2013 (relative to the outstanding balance as of 31 March 2013) and the remaining balance must be phased out by end-November 2013. Thus, beginning 1 January 2014, placements of trust departments/entities in the SDA facility must consist only of funds from trust accounts allowed under existing regulations.

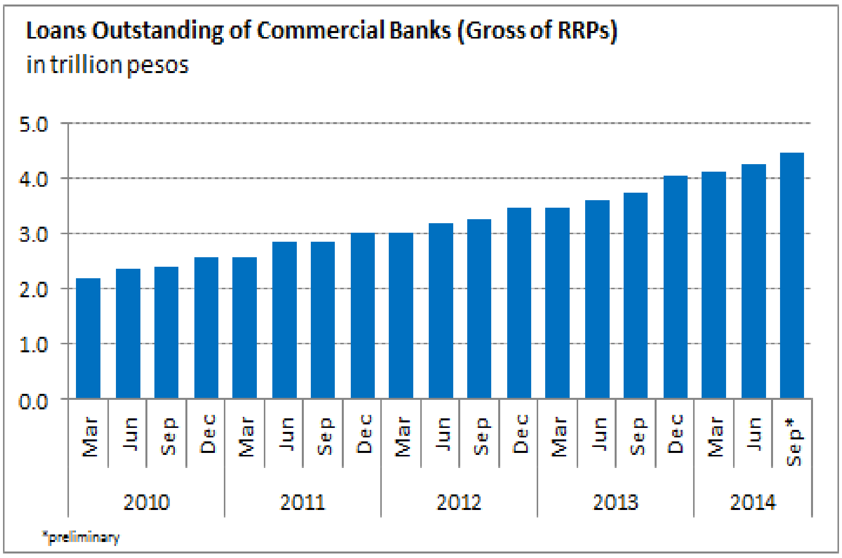
banks. Meanwhile, demand deposits expanded y-o-y by 18.8 percent and time deposits increased by 14.7 percent from the level posted a year ago.



Bank Lending Operations

Bank lending continues to grow at double-digit pace

Outstanding loans of U/KBs, net of banks' RRP placements with the BSP as of end-September 2014, grew by 20.5 percent y-o-y and 4.7 percent q-o-q. Likewise, bank lending, inclusive of RRPs, expanded by 19.5 percent and 4.5 percent y-o-y and q-o-q, respectively. Commercial banks' loans have been increasing steadily at double-digit pace since January 2011. The continued broad-based growth in bank lending supported the sustained expansion of the productive sectors of the economy in Q3 2014.



Loans for production activities - which comprised about four-fifths of banks' aggregate loan portfolio - expanded by 18.7 percent in September. The rise in production loans was driven primarily by increased lending to the following sectors: wholesale and retail trade (20.8 percent); real estate, renting, and business services (12.9 percent); manufacturing (13.8 percent); electricity, gas and water (27.1 percent); and, financial intermediation (25.4 percent). Bank lending to other sectors also rose during the month except for public administration and defense, which declined by 1.8 percent. Loans for household consumption grew by 17.7 percent in September primarily due to the continued expansion in auto loans and other types of loans (i.e. salary loans and personal loans) which offset the slight slowdown in the growth of credit card loans.

Credit Card Receivables

Credit card receivables rebound, on a q-o-q basis, from a slight easing last Q1 2014

The combined credit card receivables (CCRs) of U/KBs and TBs as of end-June 2014, inclusive of credit card subsidiaries, rose by 2.5 percent to ₱157.2 billion relative to the previous quarter's level, further boosting household consumption. Meanwhile, the ratio of

CCRs to the total loan portfolio (TLP) was at 3.2 percent as of end-June 2014, lower than the 3.3 percent registered as of end-March 2014. In terms of loan quality, the ratio of non-performing CCRs to total CCRs at 9.6 percent was an improvement from the last quarter's 9.9 percent, given the decline in non-performing CCRs coupled with the growth of CCRs. The improvement was more apparent when compared to last year's 11.2 percent due to the 10.4 percent decrease in the banking system's non-performing CCRs.

Auto Loans

Auto loans increase further on strong demand for passenger cars and commercial vehicles, as well as aggressive sales strategies

The combined auto loans (ALs) of U/KBs and TBs, inclusive of non-bank subsidiaries, increased by 6.4 percent to ₱206.8 billion as of end-June 2014 from the previous quarter's ₱194.4 billion and by 17.3 percent from ₱176.2 billion a year ago. Consumers' strong demand for passenger cars and commercial vehicles, introduction of new and improved models, as well as the aggressive marketing strategies of banks and other car financing firms on the back of an expanding economy helped sustain the rise in vehicle purchases. The share of total ALs to TLP, exclusive of interbank loans (IBL), increased to 4.2 percent relative to the previous quarter's 4.1 percent. In terms of loan quality, the ratio of non-performing ALs to total ALs and to TLP remained steady at 4.3 percent and 0.2 percent, respectively.

Residential Real Estate Loans

Household investments continue to boost the country's residential real estate market

As of end-June 2014, the combined residential real estate loans (RRELs) of U/KBs and TBs rose by 6.5 percent to ₱348.2 billion from the previous quarter's ₱326.9 billion, and by 18.3 percent relative to the previous year's ₱294.2 billion. Sustained household investments

in residential properties, the slow rise in the cost of construction materials, the increase in the number of projects unveiled by real estate developers as well as banks' intensified promotional campaigns in terms of offering lower interest rates supported the growth in real estate purchases during the review period. The ratio of RRELs to TLP slightly increased to 7.1 percent relative to the previous quarter's 7.0 percent. By industry, U/KBs held a bigger slice of the total residential real estate exposure at 61.2 percent (₱213.1 billion), while TBs accounted for the remaining 38.8 percent (₱135.1 billion). In terms of loan quality, the ratio of non-performing RRELs to total RRELs of U/KBs and TBs increased to 3.2 percent from the previous quarter's 3.1 percent.

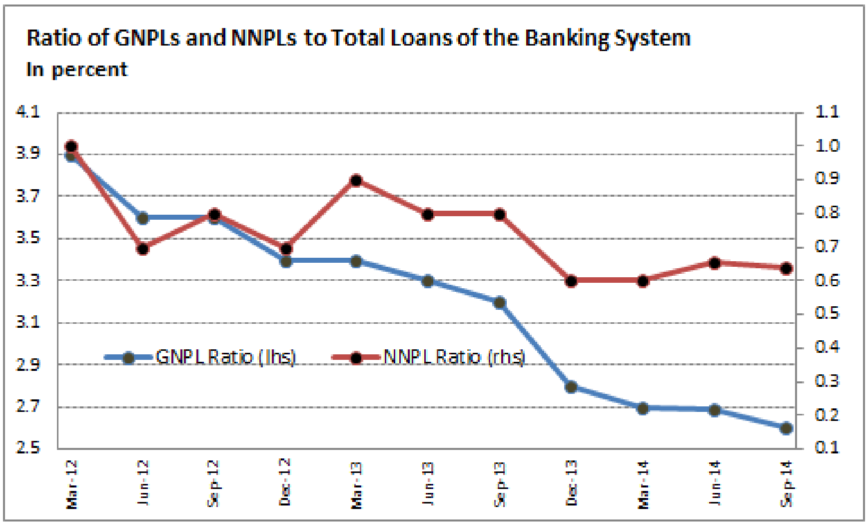
Asset Quality and Capital Adequacy

The Philippine banking system's GNPL ratio declined to 2.6 percent as of end-September 2014[7] relative to the previous quarter's 2.7 percent (Table 9).[8] Banks' initiatives to improve their asset quality along with prudent lending regulations helped bring the NPL ratio to below its pre-Asian crisis level of around 3.5 percent. The low Q3 2014 GNPL ratio reflected the slower GNPL growth of 0.3 percent, from ₱139.8 billion to ₱140.2 billion, relative to the banking system's TLP expansion of 3.9 percent from ₱5.2 trillion to ₱5.4 trillion. Similarly, the net non-performing loan (NNPL) ratio decreased slightly to 0.64 percent from the 0.66 percent posted in end-June 2014. In

[7] On 16 October 2012, the BSP amended banks' reporting standard for NPLs. Beginning with the January 2013 reports, banks have been required to report their "gross" NPLs and their "net" NPLs. Gross NPLs represent the actual level of NPL without any adjustment for loans treated as "loss" and fully provisioned. Net NPLs is just the gross NPLs less specific allowance for credit losses on TLP (Circular No. 772, series of 2012). The new reporting standard was driven by the BSP's intent to be more transparent as it gives a fuller picture of the gross amount of NPLs and the full extent of allowances for probable losses. Under the previous framework, NPLs were reported net of loans considered as "loss" but fully provisioned for.

[8] For comparative purposes, computations for periods prior to January 2013 are aligned with Circular No. 772. Certain ratios were rounded-off to the nearest hundredths to show marginal movements.

computing for the NNPLs, specific allowances for credit losses[9] on TLP are deducted from the GNPLs. The said allowances decreased to ₽105.5 billion in Q3 2014 from the ₽105.6 billion posted a quarter ago.



The Philippine banking system's GNPL ratio of 2.6 percent was higher compared to Indonesia's 2.3 percent, South Korea's 1.7 percent, Thailand's 2.3 percent, and Malaysia's 1.2 percent.[10]

The loan exposures of banks remained adequately covered as the banking system's NPL coverage ratio improved slightly to 116.5 percent as of end-September 2014 from 116.3 percent in end-June 2014. The ratio is indicative of banks' continued compliance with the loan-loss provisioning requirements of the BSP to ensure adequate buffers against potential credit losses.

[9] This type of provisioning applies to loan accounts classified under loans especially mentioned (LEM), substandard-secured loans, substandard-unsecured loans, doubtful accounts and loans considered as loss accounts.

[10] Sources: Various central bank websites, IMF and financial stability reports, Indonesia (commercial banks, August 2014); Malaysia (banking system [impaired loans/net loans], Q3 2014); Thailand (commercial banks, Q3 2014); and South Korea (domestic banks, Q3 2014).

Banks remain adequately capitalized amid tighter capital requirements

Compliance with the BSP capital framework for U/KBs under the Basel III framework[11] took effect in 1 January 2014. The new Basel III regime incorporates adjustments to the treatment of bank capital in ways that enhance the use of the CAR as a prudential measure.

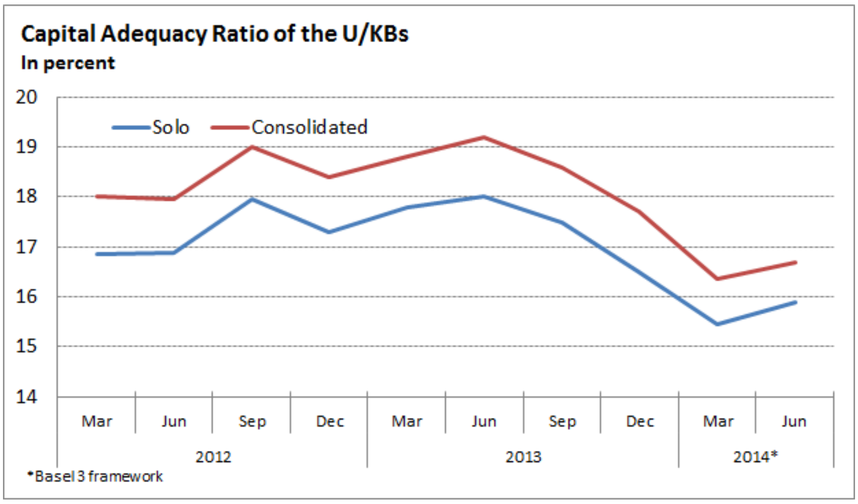
The CARs of universal and commercial banks (U/KBs) under the Basel III Framework stood at 15.9 percent on solo basis and 16.7 percent on consolidated basis at the end of Q2 this year.

The strengthening of the industry's capital base remains driven by Common Equity Tier (CET) 1 which represents the highest quality of bank capital. Meanwhile, CET1 ratios of U/KBs account for 13.7 percent of risk-weighted assets on solo basis and 14.5 percent on consolidated basis, respectively. The banks' Tier 1 ratios, which are composed of common equity and qualified capital instruments, stood at 14.0 percent and 14.7 percent on solo and consolidated bases, respectively.

The latest CAR figures of the industry are higher than the end-March 2014 ratios of 15.4 percent (solo basis) and 16.3 percent (consolidated basis). The capital ratios of banks continue to surpass BSP thresholds of 6.0 percent (CET1), 7.5 percent (Tier 1) and 10.0 percent (CAR). The CET1 ratio of U/KBs at 13.7 percent on solo basis (and 14.5 percent on consolidated basis) is well above the 6.0 percent regulatory minimum and the 2.5 percent capital conservation buffer that can be met only by CET1 capital.

[11] Basel III no longer counts towards "bank capital" those Basel II-compliant capital instruments that do not have the feature of loss absorbency. Loss absorbency refers to the ability of bank-eligible capital instruments other than common equity to behave and act in the same way as common equity shares at the point where the bank takes losses and becomes non-viable. In addition, Basel III now deducts from capital the investments of banks in non-allied undertakings, defined benefit pension fund assets, goodwill and other intangible assets.

The rise is due to the banks' capital raising activities and earnings generated during Q2 2014 which enabled the industry to raise its qualifying capital by 7.0 percent q-o-q to ₽882.2 billion from ₽824.4 billion in end-March this year.



The CAR of U/KBs on a consolidated basis at 16.7 percent was higher than those of Malaysia (15.5 percent), and South Korea (14.2 percent), but lower compared to those of Thailand (17.0 percent), and Indonesia (19.7 percent).[12]

Banking Policies

Banking policies implemented aim to strengthen existing regulations

Banking policies implemented during the quarter were aimed at strengthening guidelines or regulations on: (1) qualifications of a director; (2) microfinance; (3) required reports under the Basel III risk-based capital adequacy framework for U/KBs and their subsidiary banks and quasi-banks (QBs); (4) cross-selling framework (5); meaning of pre-approved credit cards; (6) application of special licensing fees on relocation of head offices, branches/other banking offices (OBOs), and approved but unopened branches/OBOs to restricted areas;

[12] Sources: Various central bank websites, IMF and financial stability reports, Indonesia (commercial banks, August 2014); Thailand (commercial banks, Q3 2014); Malaysia (banking system, Q3 2014); and Korea (domestic banks, Q3 2014).

(7) reportorial requirements for bank deposit interest rates; (8) single borrower's loan limit allowed for quasi-banks; (9) report on cross-border financial positions of banks; and (10) regulations on interlocking positions (Annex A).

Capital Market Reforms

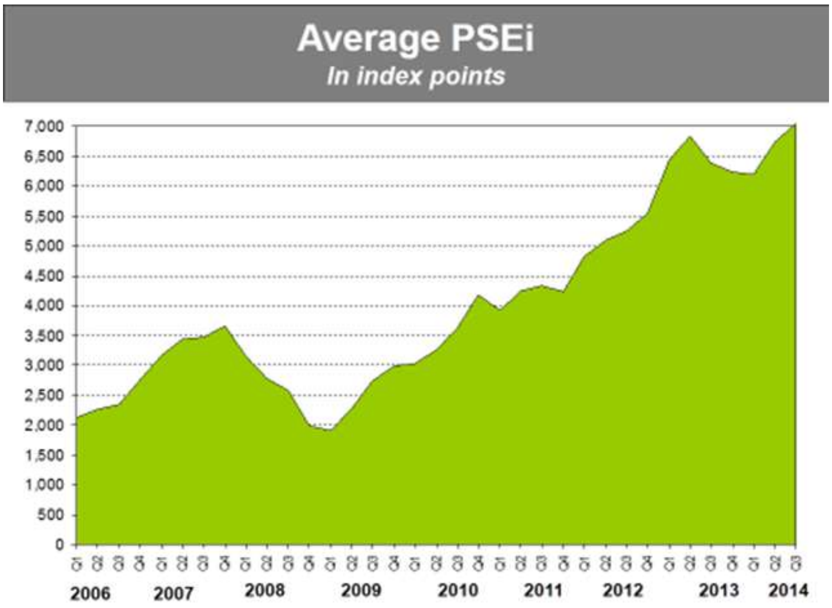
BSP continues to collaborate with government agencies and private sector in developing the capital market

Capital market policy reforms continued to gain ground in Q3 as the BSP and other government agencies, as well as the private sector adopted measures to develop further the Philippine capital market. During the review period, the reforms focused on helping develop market infrastructure, expanding products and markets, and promoting investor confidence (Annex B).

Stock Market

Local stocks rallies on account of strong Q2 corporate earnings and GDP growth

The PSEi rallied 4.6 percent q-o-q to average 7,048.03 index points during the period July through September 2014. Investor sentiments were boosted by de-escalating geopolitical tensions abroad and reports of strong domestic Q2 corporate earnings and GDP growth. The local bourse closed the quarter at 7,283.07 index points, higher by 6.4 percent q-o-q and 23.7 percent year-to-date (y-t-d) (Table 10).



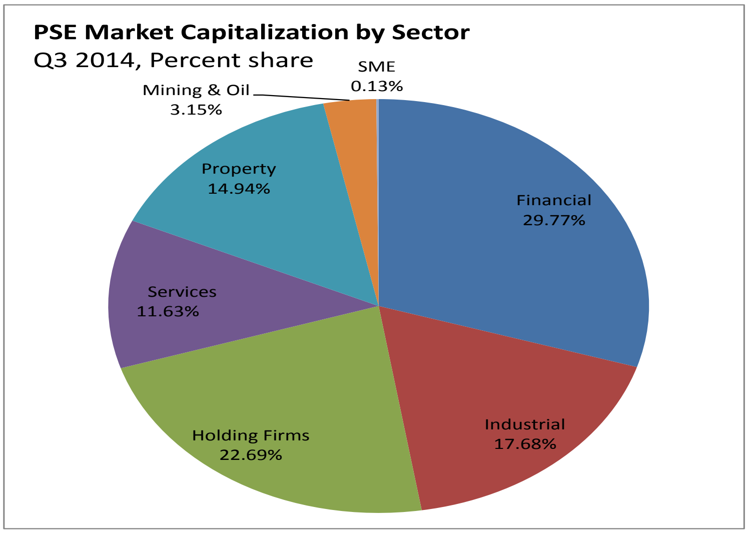
In July 2014, the PSEi crossed the 6,900 barrier for the first time in 13 months due largely to the lower-than-expected June 2014 domestic inflation of 4.4 percent. Investors also followed the Wall Street rally, which surged to record highs after the US jobs data showed a 6-year low unemployment rate. However, towards the end of the month, the index retreated on concerns about the overvaluation of local stocks and fears of knock-on effects of the US and EU's new sanctions against Russia.

In August 2014, the local bourse surged past the 7,100 mark and peaked at a 15-month high of 7,160.4 index points on 27 August on the account of strong Q2 corporate earnings and the robust Philippine GDP growth of 6.4 percent. Sentiments were further lifted by easing geopolitical tensions and the dovish comments of Yellen and Draghi during the annual conference of central bankers in Jackson Hole. The rally was partly tempered by the higher 4.9 percent inflation in July 2014 and the 25 bps hike in the BSP's policy rates.

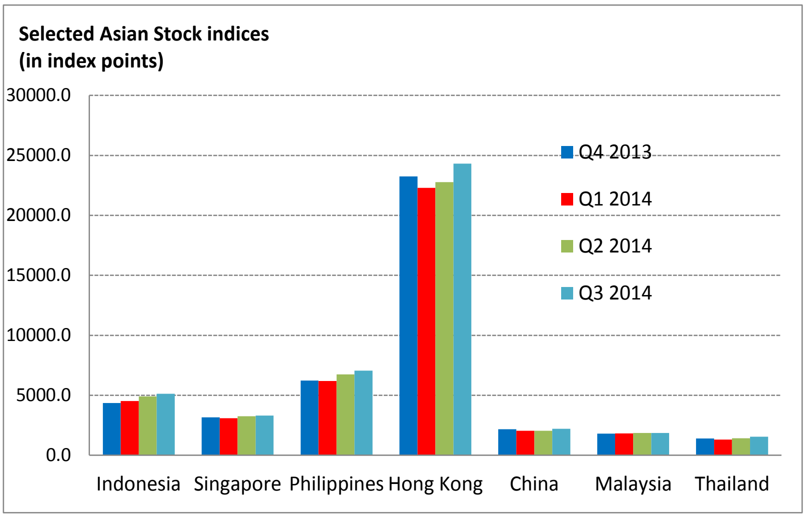
In September 2014, the local bourse continued to rally as it breached the 7,300 barrier, owing to positive domestic developments, including the steady inflation figure in August, the increase in the country's 2014 growth forecast by Moody's and another ratings upgrade to investment grade by South Korea-based National Information and Credit Evaluation Ratings, Inc. (NICE). The US Fed's renewed commitment to keep interest rates low and optimism in the real estate sector pushed the PSEi to close at 7,355.29 index points on 24 September, its highest in 16 months and less than 50 points shy of its record close in May 2013. Later, the index retreated below the 7,300 due to profit-taking, the increase in BSP domestic policy rates by 25 bps in September, concerns over the Scottish independence vote and weak global inflation data. The market closed the month at 7,283.07 index points, higher by 3.3 percent over the previous month's closing index and by 23.7 percent over the level in end-December 2013.

Other indicators confirm upbeat sentiments in Q3 2014

Other stock market indicators similarly reflected a rebound. Total stock market capitalization increased by 7.0 percent q-o-q to ₱14.3 trillion by end-September 2014, as foreign investors continued to be net buyers during the period-in-review. Foreign investors' net purchases amounted to ₱13.1 billion during the quarter. Data from Bloomberg also indicated that the price-earnings ratio of listed issues increased from 20.1x in end-June to 21.0x in end-September. At this level, Philippine shares are the most expensive in the region, followed by Indonesia with 20.0x and Thailand at 18.6x.



On a q-o-q basis, six out of the seven monitored Asian-Pacific national stock indices rallied relative to the previous quarter, reflecting the relative calm and confidence in the region. Thailand's bourse led the rally in Q3 2014, with its average stock index increasing by 8.9 percent q-o-q. This was followed by the markets in China (7.7 percent), Hong Kong (6.8 percent), the Philippines (4.6 percent), Indonesia (4.5 percent), and Singapore (1.1 percent). In contrast, the stock market in Malaysia went down by 0.1 percent, amid continued decline in the profitability of Malaysian firms.[13]



[13] Source: Bloomberg

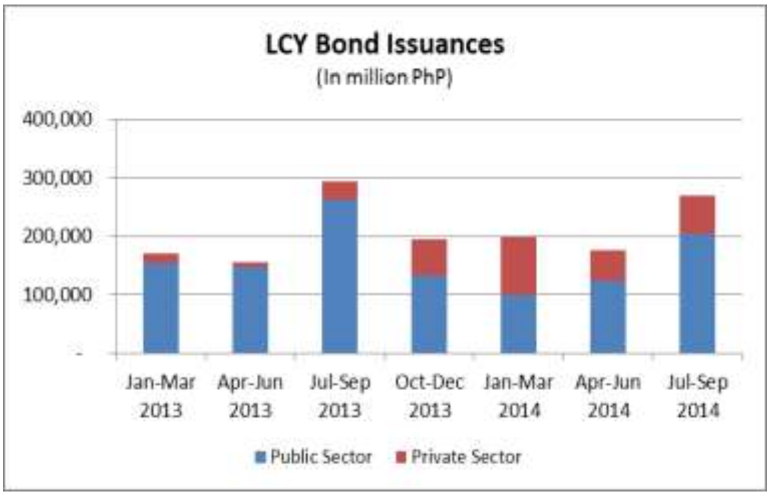
Local Currency Bond Market

Size and Composition[14]

LCY bond issuances rise on higher government and corporate borrowings

Local currency (LCY) bonds issued by both the public[15] and private sectors amounted to ₱270.5 billion in the third quarter of 2014, up by 54.0 percent from the ₱175.9 billion registered in the previous quarter, although lower by 8.0 percent from the same period in 2013.

The public sector issued less of both T-bills and regular fixed rate T-bonds during the review period at ₱31.7 billion and ₱32.2 billion, respectively. However, the NG issued benchmark bonds amounting to ₱140.4 billion, which resulted in higher public sector debt during the quarter.



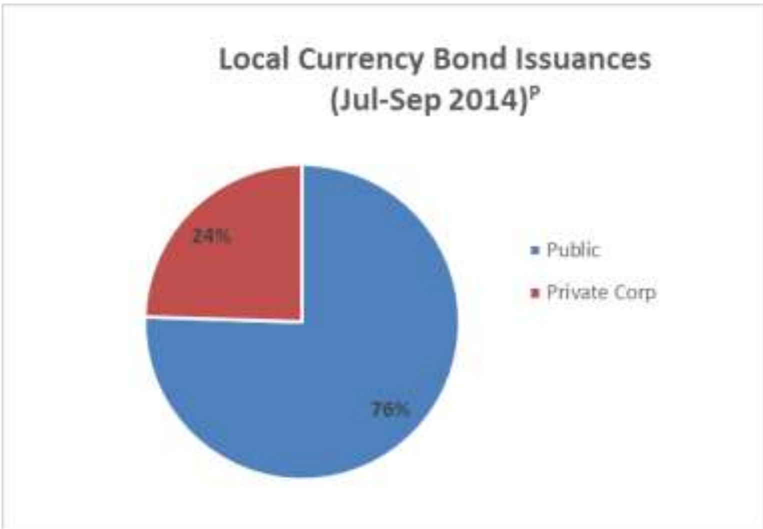
Source: Bureau of the Treasury, Bloomberg
[P]NG issuances covers July and August 2014 only

The higher y-o-y issuances was also due to higher LCY bond issuances from the private sector which amounted to ₱66.2 billion, two times higher than the level for the same period in 2013 and up by 24.8 percent on a q-o-q basis. The private sector took advantage of

[14] This refers to the peso-denominated bond issuances by both public and private sectors. Public sector issuances of LCY bonds include issuances in the primary market and roll-overs of maturing series which were issued by the BTr and GOCCs. This excludes issuances by the central bank.
[15] Issuances for the month of July and August 2014 only. Data for September 2014 not yet available as of writing.

the ample liquidity in the financial market and the strong investor demand for the country's debt papers following the credit rating upgrade received from Japan-based credit rating agency R&I in July 2014 which raised the Philippines' debt issuances one notch above the minimum investment grade of BBB- to BBB.

The rise in private sector issuances translated to a 24.0 percent market share of the total bond issuances while the public sector comprised the remaining 76.0 percent. Bonds issued by the BTr accounted for the bulk of total public issuances which were mostly in the form of benchmark bonds. The issuance of benchmark bonds during the quarter was part of the government's domestic liability management exercise to foster efficient pricing and enhance market trades of government-issued debt instruments. Meanwhile, issuances from the private sector consisted largely of bonds and notes with issuers coming from banks, real estate, power, and holding firms.



Source: Bureau of the Treasury, Bloomberg
[P]NG issuances covers July and August 2014 only

Primary Market [16]

Yields rise for T-bills and T-bonds following monetary policy tightening measures implemented by the BSP

In the primary auctions conducted for both T-bills and T-bonds, the NG offered a total of ₱135.0 billion of both short- and long-term debt securities. Demand was robust as tenders were oversubscribed by more than two times. Tenders reached ₱166.7 billion as against the NG's offering of ₱60.0 billion for T-bills while T-bond tenders reached ₱119.8 billion against the ₱75.0 billion offer.

Results of GS Auctions

(Jan-Sep 2014, in billion pesos)

2014	Offerings	Tenders	Accepted Bids	Rejected Bids
First Quarter	**135.0**	**229.3**	**84.7**	**144.6**
T-bills	60.0	86.9	25.0	61.9
T-bonds	75.0	142.4	59.6	82.8
Second Quarter	**135.0**	**320.8**	**116.8**	**204.0**
T-bills	60.0	133.9	48.0	85.9
T-bonds	75.0	186.9	68.8	118.1
Third Quarter	**135.0**	**286.5**	**117.6**	**168.9**
T-bills	60.0	166.7	51.7	115.0
T-bonds	75.0	119.8	66.0	53.9

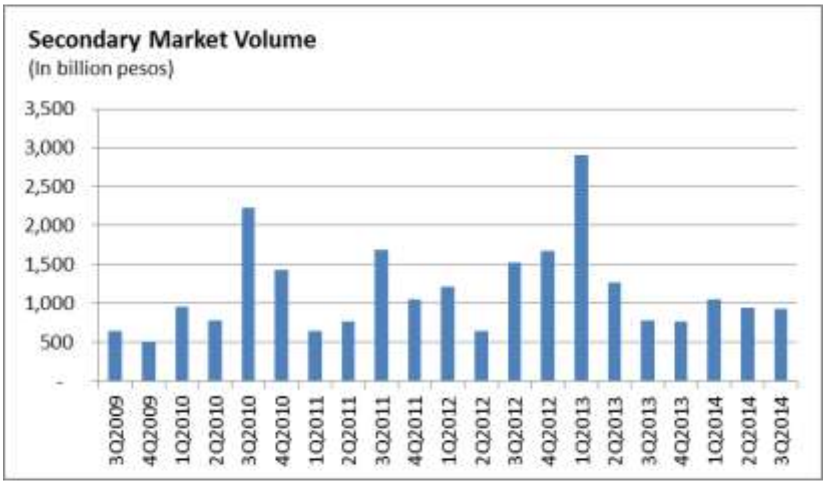
However, the NG did not award in full its programmed borrowings, accepting about 87 percent or ₱117.6 billion of the offered amount. The BTr rejected most of the bids for the 182- and 364-day T-bill tenors and awarded less than its targeted amount in other auctions as investors sought higher yields following the BSP increase in policy rates in July and September 2014 to cool inflation pressures, rein in inflation expectations, and to contain liquidity growth. Investors were seen preferring shorter-dated NG debt papers given the reluctance to be locked into longer-dated paper amid expectations of further tightening in monetary policy.

[16]The discussion includes primary market for government issuances only.

Secondary Market

Trading softens at the secondary market with investors at a "wait-and-see" stand

Trading of both government and private corporate bonds dropped by 2.0 percent to ₱928.3 billion from ₱947.4 billion registered in the previous quarter, and by 27.1 percent from the same period a year ago.



Source: Philippine Dealing and Exchange Corp.

The decline in trading of fixed-income securities reflected investors' "wait-and-see" stand given uncertainties in the external market and the expectation of a higher interest rate environment. However, the country's strong macroeconomic fundamentals supported trading at the fixed income exchange, which tempered selling pressures at the secondary market.

Foreign Currency Bond Market

Both the NG and private corporations did not tap the international bond market in raising funds

During the quarter, both the government and the corporate sector did not tap the offshore market in raising funds. For the NG, it plans to continue to rely more on domestic sources than on foreign creditors to limit exposure to FX risks. For the private sector, firms took advantage of the ample domestic liquidity, hence, sourcing most of their financing needs from the local capital market.

Credit Risk Assessment

The Philippines receives another credit rating upgrade

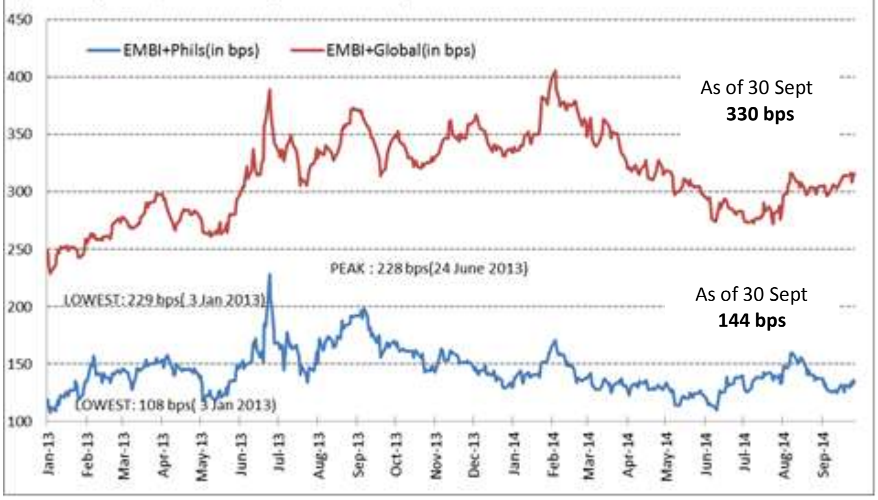
Following the credit rating upgrade from S&P in the previous quarter, the Philippines received another upgrade from the Japan-based R&I on 9 July 2014 which raised the country's long-term foreign currency rating a notch higher from a minimum investment grade of BBB- to BBB with a stable outlook.[17] The R&I also maintained the country's short-term debt rating at a-2, which indicates a high probability of servicing short-term debt. The upgrade was in recognition of the country's strong growth momentum on the back of brisk investment and robust private consumption that is supported by ample remittances from abroad. The credit rating agency commended the improvements in the country's management of government debt and tax collection, which resulted in a healthy fiscal position as well as the within-target inflation rate. Further, the heightened infrastructure and industrial developments are seen to contribute significantly in increasing growth and raising per-capita income levels in the future.

Sovereign Spreads

Bond spreads generally widened in Q3 2014, indicating higher risk aversion towards Philippine sovereign debt papers against a similarly tenured US T-bond. The EMBI+Philippine spreads averaged 138 bps, up from the previous quarter's 127 bps. On the other hand, the insurance premium from holding a 5-year government bond declined with CDS spreads contracting to an average of 87 bps from 94 bps in Q2 2014. Against those of neighboring economies, the Philippine CDS traded lower than Indonesia's CDS average of 146 bps, Thailand's 95 bps and close to Malaysia's 82 bps.

[17] A credit rating with a stable outlook means that it is unlikely to change within a year.

EMBI+Global and EMBI+Philippines Spreads
(In basis points, as of 30 September 2014)



Source: Bloomberg

In July 2014, debt spreads tightened as the US economy sustained its healthy pace to recovery. Many segments of the US economy have rebounded including robust corporate profits and consumer spending as well as the impressive dip in unemployment rate. At the local front, the lower-than-expected June 2014 inflation translated to lower premiums in holding Philippine debt papers. Meanwhile, the credit rating upgrade received by the Philippines from the Japan based credit rating agency, R&I, likewise contributed in the narrowing of credit spreads during the month.

The tightening trend was not sustained as debt spreads widened anew in August 2014. The escalating tension in the Middle East particularly in the Gaza area and the continued violence in the borders of Russia and Ukraine drove safe-haven bids for debt securities, driving yields of US long-term T-bonds down, which widened credit spreads further.[18] On the domestic front, headline inflation accelerated as most food items posted higher prices due to tight domestic supply conditions triggered by recent weather-related production disruptions, adding pressure for debt spreads to widen.

[18] Ukraine accused Russia of bringing troops in the southeast of the country in support of pro-Moscow separatist rebels. Russia said that it was a humanitarian mission which led NATO to warn Moscow not to use aid relief as a pretext from a military invasion.

Debt spreads partially recovered and started to narrow in the latter part of August until early September 2014, buoyed by reports on Philippine economy growing faster than expected in H1 2014 alongside reports on US economy rebounding more strongly at 4.2 percent in the second quarter than the 4.0 percent as previously reported.

Source: Bloomberg

By the second week of September 2014, the tightening trend was again reversed as debt spreads expanded on concern that the US Federal Reserve would soon raise interest rates with QE3 ending in October. This put upward pressure on global bond market yields. The hike in BSP's policy rates during the month likewise contributed in the widening of debt spreads combined with the negative sentiment from reports on China's weak industrial output and on Philippine's trade deficit from an expected surplus for the month of July. [19]

[19] China's industrial output rose 6.9 percent y-o-y in August 2014 from the expected growth of around 8.8 percent; a sharp drop from the 9.0 percent growth in July 2014 and the weakest rise since December 2008. Meanwhile, the Philippines reported a trade deficit of $33 million in July 2014 from the expected surplus of around $180 million.

Payments and Settlements System[20]

Volume of PhilPaSS transactions increase while value of transactions decrease

In Q3 2014, the total number of transactions settled and processed in the Philippine Payments and Settlements System (PhilPaSS) increased by 8.5 percent to 349,670 from the previous quarter's level of 322,324. The uptick in the number of transactions was due to the q-o-q increase in the following: OF remittances coursed through the REMIT System (18.2 percent), interbank sale and purchase of foreign currency (US dollar) via payment-versus-payment (PvP) (14.7 percent), and interbank transactions (7.5 percent).

PhilPaSS Transactions

	2014		2013	Growth rates (%)	
	Q3	Q2	Q3	Q-o-Q	Y-o-Y
Volume	349,670	322,324	339,543	8.5	3.0
Value (in Trillion PhP)	82.2	84.0	83.5	-2.1	-1.5
Transaction Fees (in Mln PhP)	37.8	35.2	38.4	7.6	-1.5

Source: Payments and Settlements Office, Bangko Sentral ng Pilipinas

Meanwhile, the total value of transactions reached ₱82.2 trillion, 2.1 percent lower from the quarter-ago level of ₱84.0 trillion. The overall decrease in the total transaction value was due to the q-o-q decline in the following accounts: interbank transactions (12.7 percent) and RP/RRP/SDA maturities transactions (4.3 percent).

On a y-o-y basis, the volume transactions increased by 3.0 percent while the value of transactions slightly declined by 1.5 percent. As a result of higher interbank payments and third-party transactions, the total revenues derived from PhilPaSS operations reached ₱37.8 million, 7.6 percent higher than the ₱35.2 million recorded in the previous quarter. However, total revenues declined by 1.5 percent relative to previous year's revenues.

[20] Starting 1 April 2014, the volume and value of transactions exclude payment transfers to BSP Payments Unit.

E. External Sector

Balance of Payments

Q3 2014 BOP position registers lower surplus

The country's balance of payments position yielded a surplus of US$712 million in Q3 2014. This was lower by 42.9 percent than the US$1.2 billion surplus recorded in the same quarter a year ago, mainly on account of the net outflows (or net lending of residents to the rest of the world) in the financial account, a reversal of the net inflows in Q3 2013. Meanwhile, the current account surplus improved, buoyed by the narrowing of the trade-in-goods deficit and the sustained increase in net receipts in the secondary income account.

Balance of Payments (in million US$)

	Q3	
	2014	**2013**
Current Account	3037	2647
Capital Account	23	31
Financial Account*	1088	-314
Net Unclassified Items	-1259	-1745
Overall BOP	**712**	**1247**

*Positive balance in the financial account indicates net outflows while a negative balance indicates net inflows. The overall BOP position, therefore, is equal to the current account plus the capital account minus the financial account plus net unclassified items.

Global growth prospects remain uneven and sub-par. The outlook for the US economy continues to strengthen while economic conditions in the euro area remain fragile. Meanwhile, growth prospects in major emerging markets, including in Asia, remain challenging, with the Chinese economy slowing and Japan's economy showing signs of moderation.

Current account surplus rises

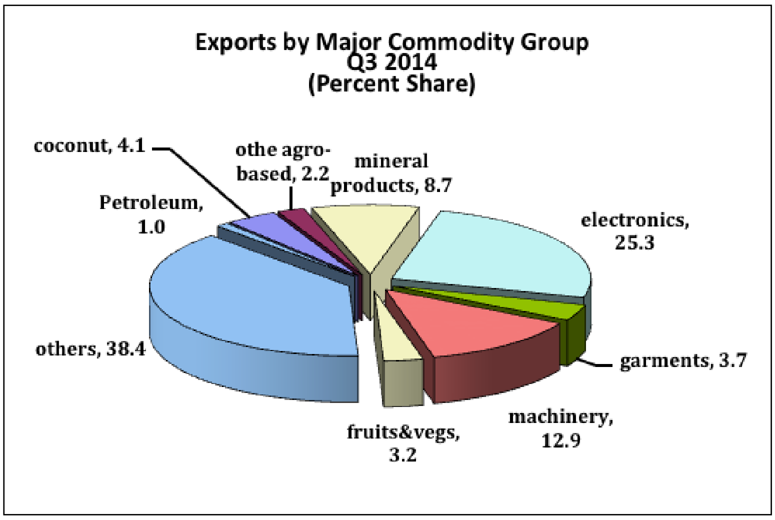
Current Account. The current account recorded a surplus of US$3 billion (equivalent to 4.4 percent of GDP) in Q3 2014, from US$2.6 billion (4.1 percent of GDP) in Q3 2013. The higher current account surplus was due to the narrowing of the trade-in-goods deficit and the continued increase in net receipts in secondary income, which more than offset the decrease in net receipts in trade-in-services and primary income.[21]

Trade-in-goods deficit narrows

Trade-in-Goods. The trade-in-goods posted a lower deficit of US$4.4 billion in Q3 2014 from US$5.2 billion in Q3 2013, as the growth in exports of goods outpaced that of imports. The narrowing of the trade-in-goods balance during the quarter reflected improving external demand as overall global growth dynamics are seen to remain broadly favorable.

Exports of goods expand

Exports of Goods. Exports of goods increased by 15.7 percent to US$13.5 billion in Q3 2014 from US$11.6 billion in Q3 2013, mainly driven by higher shipments of manufactured goods (US$10.8 billion). The continued growth in goods exports was backed by stronger demand from major trading partners such as Japan, U.S., and China.



[21] Primary Income account (formerly the Income account) shows the flows for the use of labor and financial resources between resident and non-resident institutional units. Secondary Income account (formerly the Current Transfers account) shows current transfers, in cash or in kind, for nothing in return, between residents and non-residents.

The major commodity groups which contributed to the higher export receipts in Q3 2014 were as follows:

- Manufactured products exports, which amounted to US$10.8 billion, increased by 18.7 percent relative to the same quarter in 2013. Manufactured goods exports contributed 14.6 ppts to the 15.7 percent growth in total goods exports. In particular, machinery and transport equipment grew by 80.8 percent to US$1.7 billion from US$958 million, while shipments of non-consigned electronic products and other electronics increased by 14.8 percent to US$4.3 billion from US$3.7 billion. Exports of chemicals also rose by 43.6 percent to US$1.1 billion.

- Coconut products exports expanded by 44.1 percent to US$556 million, due particularly to coconut oil exports which rose by 72.0 percent, driven by the increase in the world price of coconut oil.

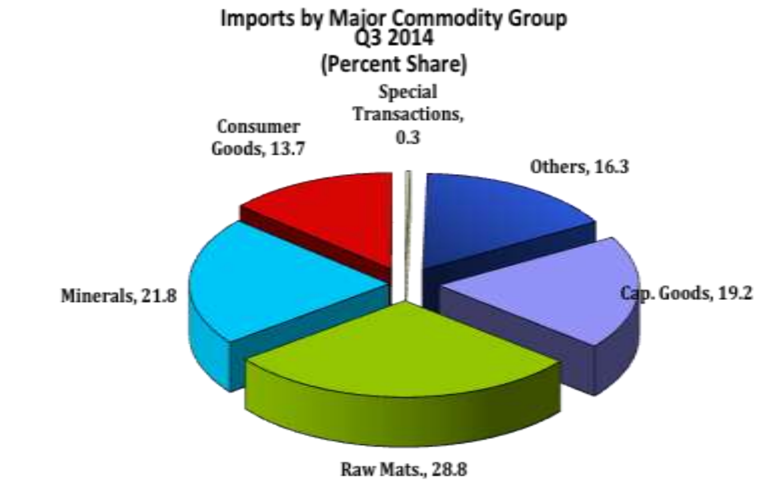
The other major export commodity groups which recorded expansions were other agro-based products (mostly fish) and other mineral products (such as nickel ore, copper ore, and copper concentrates).

The improvement in these major commodity exports were partially offset by the declines in the exports of petroleum products by 49.9 percent, due to the decrease in Dubai crude oil price from US$106.20/barrel in Q3 2013 to US$101.50/barrel in Q3 2014.

Imports of goods increase

Imports of Goods. Imports of goods amounted to US$17.9 billion in Q3 2014, higher by 6.2 percent than the US$16.9 billion posted in Q3 2013. Imports of mineral fuels and lubricants, and consumer

goods contributed 3.0 ppts and 2.1 ppts, respectively, to the 6.2 percent growth in total goods imports.



Source: Philipine Statistics Authority (PSA)

Imports of mineral fuels and lubricants rose by 15.2 percent as a result of the increased demand for both coal and petroleum crude, following the decline in world oil prices.

Consumer goods imports rose by 17.2 percent to US$2.4 billion in Q3 2014, as both importations of durable and non-durable goods increased (20.3 percent and 14.4 percent, respectively). Durable goods imports were driven by miscellaneous manufactures (US$491 million) and passenger cars and motorized cycles (US$599 million). Meanwhile, rice imports, which increased to US$145 million from US$52 million, contributed largely to the growth in imports of non-durables.

Capital goods imports amounting to US$3.4 billion increased across all commodity sub-groups, except for power generating and specialized machines, which slightly declined by 3.8 percent.

Meanwhile, raw materials and intermediate goods imports decreased by 13.7 percent. In particular, declines were recorded in unprocessed

raw materials (by 40.7 percent) – mainly inedible crude materials (by 62.7 percent) and semi-processed raw materials (9.5 percent) – mainly materials and accessories for the manufacture of non-consigned electronics (by 52.7 percent).

Trade-in-services account registers lower surplus

Trade-in-Services. The trade-in-services account registered a lower surplus of US$1.5 billion in Q3 2014, compared to the US$2.3 billion surplus in Q3 last year. The lower surplus was attributed largely to increased net payments for transport and travel services. Meanwhile, notable growth in net receipts was recorded in computer services (by 27.0 percent to US$795 million) and technical, trade-related, and other business services (by 7.5 percent to US$3.5 billion).[22, 23]

Export revenues in business process outsourcing (BPO) services—which are lodged under telecommunication, computer and information, and technical, trade-related and other business services—totaled US$4.5 billion in Q3 2014, or higher by 5.5 percent than the US$34.3 billion receipts in Q3 2013.

Primary income account continues to post net receipts

Primary Income. The primary income account recorded net receipts of US$247 million in Q3 2014, lower by 13.7 percent than the US$287 million in Q3 2013. The 8.3 percent growth in compensation inflows from resident overseas Filipino (OF) workers, which amounted to US$1.9 billion, was partially offset by the 12.5 percent increase in net payments of investment income (US$1.7 billion). The increase in net payments of investment income was mainly due to higher (by

[22]Include manufacturing services on physical inputs owned by others, mostly electronic products, and business process outsourcing (BPOs).
[23] Based on BPM6, financial services consist of: a) explicitly charged and other financial services; and b) financial intermediation services indirectly measured (FISIM). FISIM refers to margins between interest payable and reference rate on loans and deposits. Government goods and services i.e. cover goods and services: a) supplied by and to embassies, military bases and international organizations; b) acquired from the host economy by diplomats, consular staff, and military personnel located abroad and their dependents; and c) services supplied by and to governments and not included in other categories of services.

74.9 percent) net dividends paid to foreign direct investors amounting to US$809 million.

Net receipts of secondary income increase

Secondary Income. Net receipts in the secondary income account expanded by 8.1 percent to US$5.7 billion in Q3 2014 compared to US$5.3 billion in Q3 2013. The growth was largely due to the 7.6 percent rise in personal transfers amounting to US$5.3 billion. Comprising nearly 98.0 percent of personal transfers, OF workers' remittances increased by 6.5 percent to US$5.2 billion. Sustained demand for skilled Filipinos overseas and the continuing efforts of banks and non-bank remittance service providers to expand their international and domestic market coverage and introduce innovations in financial products and services in the remittance market provided support to the remittance inflows.

Net receipts in the capital account decrease

Capital Account. Net receipts in the capital account fell to US$23 million in Q3 2014 from US$31 million in Q3 2013. The decline was due to lower net receipts of other capital transfers to corporates, households and non-profit institutions serving households (NPISHs) and general government, and higher net payments for the acquisition of non-produced, nonfinancial assets.

Financial account reverses to net outflows in Q3 2014

Financial Account. The financial account yielded net outflows (or net lending of residents to the rest of the world) of US$1.1 billion in Q3 2014, a reversal of the US$314 million net inflows (or net borrowing by residents from the rest of the world) in Q3 2013. This was largely due to the substantial growth in net outflows in the other investment account and the reversal to net outflows in the direct investment account. Meanwhile, the higher net inflows in the portfolio investment account partially offset these outflows.

Direct investments reverse to net outflows

Direct Investments. The direct investments account recorded net outflows (or net lending of residents to the rest of the world) amounting to US$190 million in Q3 2014, a reversal of the net inflows of US$295 million in Q3 2013.

The turnaround stemmed from the significant rise in residents' net acquisition of financial assets which more than offset the increase in the net incurrence of liabilities (foreign direct investments in the Philippines or FDI). Residents' net acquisition of financial assets more than doubled to US$1.6 billion from US$710 million in Q3 2013 due to the significant increase in lending by resident direct investors to their foreign affiliates (from US$417 to US$1 billion) and in net equity capital placements abroad (to US$427 million from US$207). Meanwhile, FDI increased to US$1.4 billion (by 42.2 percent) from US$1 billion. The sustained increase in net FDI inflows during the quarter reflected the continued investor confidence in the country's solid macroeconomic fundamentals. In particular, non-residents' net equity capital investments during the period amounted to US$446 million from US$60 million due to the expansion in gross equity capital placements coupled with the decline in equity capital withdrawals. The bulk of equity capital placements came mostly from the United States, Singapore, Taiwan, Japan and Germany and were channeled to the following sectors: manufacturing, real estate, wholesale and retail trade, financial and insurance, and transportation and storage.

Net inflows of portfolio investments increase

Portfolio Investments. The portfolio investments account posted net inflows (or net borrowing of residents from the rest of the world) of US$1.5 billion in Q3 2014, 71.0 percent higher than the net inflows in Q3 2013. Higher net inflows arising from residents' net disposal of financial assets and net incurrence of liabilities were recorded during the period, at US$781 million

(from US$354 million) and US$683 million (from US$502 million), respectively. The increase in net disposal of financial assets was largely due to non-residents' higher net redemption of long-term debt securities held by residents.

Meanwhile, the higher net incurrence of liabilities was attributed to increases in non-residents' net placements in resident-issued debt and equity securities, particularly investments in long-term debt securities issued by the NG and equity securities issued by resident non-bank corporations.

Trading in financial derivatives results in net loss

Financial Derivatives. The financial derivatives account recorded a net loss of US$9 million in Q3 2014, a reversal of the US$66 million net gain in Q3 2013.

Net outflows of other investments grow considerably

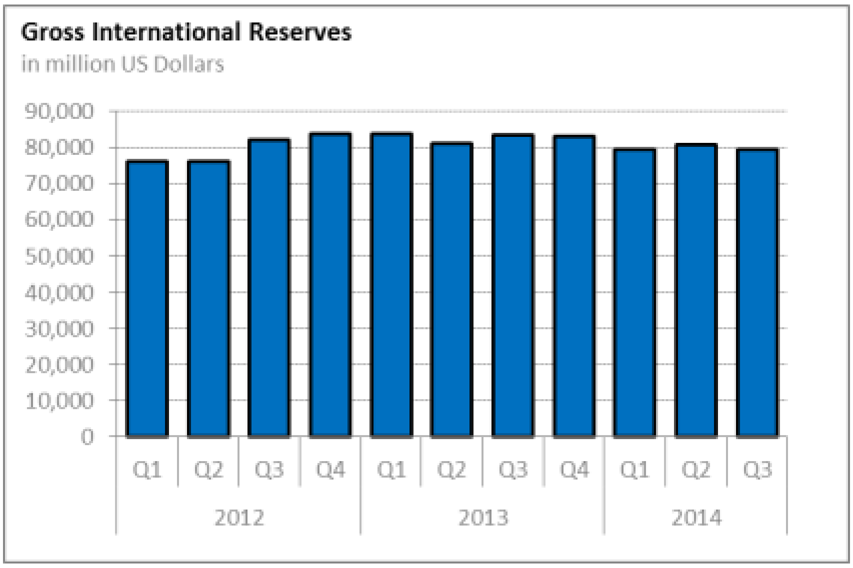
Other Investments. The other investment account recorded net outflows (or net lending by residents to the rest of the world) amounting to US$2.4 billion in Q3 2014, more than twice that of the previous period. This is on the back of the increase in residents' deposits abroad of US$1.2 billion, combined with resident banks' net repayment of loans to non-resident creditors of US$850 million and non-residents' withdrawal of deposits in resident banks amounting to US$652 million.

International Reserves

International reserves increase

The country's GIR rose to US$79.6 billion as of end-September 2014, lower by US$1.2 billion than the previous quarter's level. The end-September GIR level remains ample as it can cover 10.8 months' worth of imports of goods and payments of services and income. It is

also equivalent to 8.3 times the country's short-term external debt based on original maturity and 6.1 times based on residual maturity.[24]



The decrease in reserves was due mainly to the revaluation adjustments on the BSP's gold holdings, other foreign-currency denominated reserves as well as payments for maturing FX obligations of the NG. These outflows were partially offset by the FX operations of the BSP, net foreign currency deposits by the TOP, and income from the BSP's investments abroad.

Bulk of the reserves, or 86.6 percent of the total GIR as of end-September, was held in foreign investments. Meanwhile, 9.5 percent of total reserves were in gold and the remaining 3.9 percent were the combined holdings of Special Drawing Rights (SDRs), the BSP's reserve position in the IMF, and FX holdings.

[24] Short-term debt based on residual maturity refers to outstanding external debt with original maturity of one year or less, plus principal payments on medium- and long-term loans of the public and private sectors falling due within the next 12 months.

Net international reserves (NIR), which refers to the difference between the BSP's GIR and total short-term liabilities, was recorded at US$79.5 billion as of end-September.

Exchange Rate

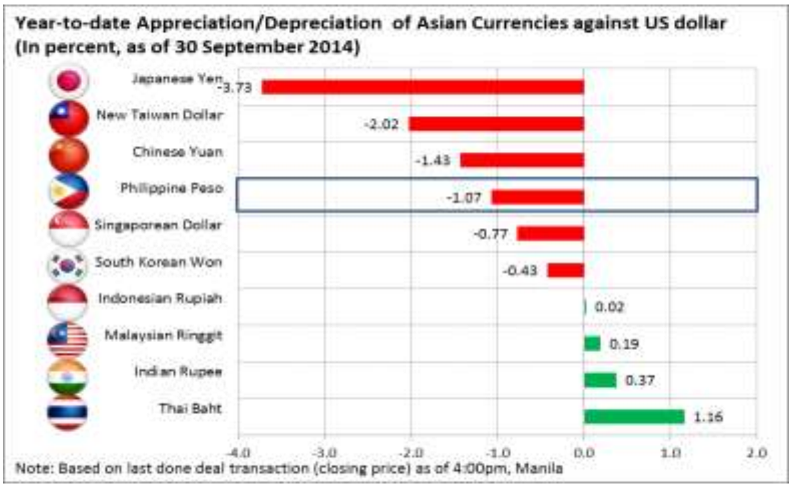
The peso appreciates

In Q3 2014, the peso averaged ₱43.77/US$1, appreciating by 0.82 percent from the previous quarter's average of ₱44.13/US$1. Meanwhile, on a y-o-y basis, the peso depreciated by 0.21 percent relative to the P43.68/US$1 average in Q3 2013. The peso stabilized against the US dollar during the review period on account of positive sentiment on the domestic economy which, in turn, was spurred by the robust GDP growth in Q2 2014, projected improvement in external payments position, and credit rating upgrade. However, concerns on the monetary policy path of the US Federal Reserve and its impact on global liquidiy, along with geopolitical developments in Russia and Ukraine, continued to affect the movement of the peso.

In July 2014, the peso strengthened to average ₱43.47/US$1 relative to the previous month's ₱43.82/US$1 due mainly to market expectations from the projected improvement in the country's external payments position which spurred capital inflows. Further, the peso strengthened on account of the country's credit rating upgrade (to investment grade) given by Japan Credit Rating Agency, recognizing the country's sound macroeconomic fundamentals, and rising per-capita income (resulting from the expansion of infrastructure investments and continuing governance reforms). However, in August 2014, the peso slightly weakened to average ₱43.77/US$1 due mainly to the World Bank's growth forecast downgrade on the Philippines—citing weaker government spending, tighter monetary policy, and higher inflation. The peso depreciated further to average ₱44.08/US$1 in September 2014 on account of the

Philippine trade deficit,[25] along with concern on the potential spillover impact on interest rate and exchange rate volatility of the normalization of US monetary policy next year.[26]

Overall, during the review quarter, the peso continued to be supported by the sustained inflows of FX from OF remittances,[27] foreign portfolio[28] and direct investments,[29] coupled with the robust 6.4 percent Philippine GDP growth in Q2 2014. Likewise, the ample level of the country's GIR provided broad stability to the peso.[30]



On a year-to-date basis, the peso depreciated against the US dollar by 1.07 percent on 30 September 2014 as it closed at ₱44.88/US$1, moving in tandem with most Asian currencies except the Indonesian rupiah, Malaysian ringgit, Indian rupee, and Thai baht which appreciated vis-à-vis the US dollar.[31]

[25] Balance of trade in July 2014 stood at –US$33 million. (Source: Philippine Statistics Authority)
[26] On 17 September 2014, US Fed officials raised their median estimate for the federal funds rate by 25 bps to 1.375 percent by the end of 2015. (Source: Chair's FOMC Press Conference Projection Materials: 17 September 2014. Retrieved from http://www.federalreserve.gov/monetarypolicy/fomcpresconf20140917.htm)
[27] Personal remittances from OFs continued to rise in August 2014, posting 7.2 percent growth y-o-y to reach US$2.3 billion.
[28] Foreign portfolio investments registered in September 2014 amounted to US$2.1 billion, reflecting a slight improvement (3.8 percent) from the previous month's level.
[29] Foreign direct investments (FDI) sustained net inflows in August 2014 totaling US$299 million, more than twice the year-ago level of US$141 million.
[30] GIR reached US$79.6 billion as of end-September 2014 (revised).
[31] Based on the last done deal in the afternoon.

Meanwhile, volatility, as measured by the coefficient of variation (COV) of the peso's daily closing rates, was slightly lower at 0.94 percent in Q3 2014 compared with 0.95 percent in the previous quarter. This reflected investor confidence towards the peso, buoyed by the country's robust economic growth, amid uncertainty in the path of US monetary policy and geopolitical concerns in several countries.[32]

On a real trade-weighted basis, the peso slightly lost external price competitiveness against the basket of currencies of all trading partners (TPI) and trading partners in advanced (TPI-A) countries, but gained external price competitiveness against the basket of currencies of trading partners in developing (TPI-D) countries during the review quarter. The real effective exchange rate (REER) index of the peso increased q-o-q by 0.5 percent and 1.6 percent, vis-a-vis the basket of currencies in the TPI and TPI-A, respectively. This developed as the narrowing inflation differential failed to offset the nominal appreciation of the peso against the currencies in the TPI and TPI-A baskets. Meanwhile, the peso slightly gained external price competitiveness against the basket of currencies of trading partners in developing (TPI-D) countries as the impact of narrowing inflation differential more than offset the peso's nominal appreciation which led to a decrease in the REER index of the peso against this currency basket by 0.3 percent. [33,34]

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[32] The coefficient of variation is computed as the standard deviation of the daily exchange rate divided by the average exchange rates for the period.

[33] The Trading Partners Index (TPI) measures the nominal and real effective exchange rates of the peso across the currencies of 14 major trading partners of the Philippines, which includes US, Euro Area, Japan, Australia, China, Singapore, South Korea, Hong Kong, Malaysia, Taiwan, Indonesia, Saudi Arabia, United Arab Emirates, and Thailand. The TPI-Advanced measures the effective exchange rates of the peso across currencies of trading partners in advanced countries comprising of the US, Japan, Euro Area, and Australia. The TPI-Developing measures the effective exchange rates of the peso across 10 currencies of partner developing countries which includes China, Singapore, South Korea, Hong Kong, Malaysia, Taiwan, Indonesia, Saudi Arabia, United Arab Emirates, and Thailand.

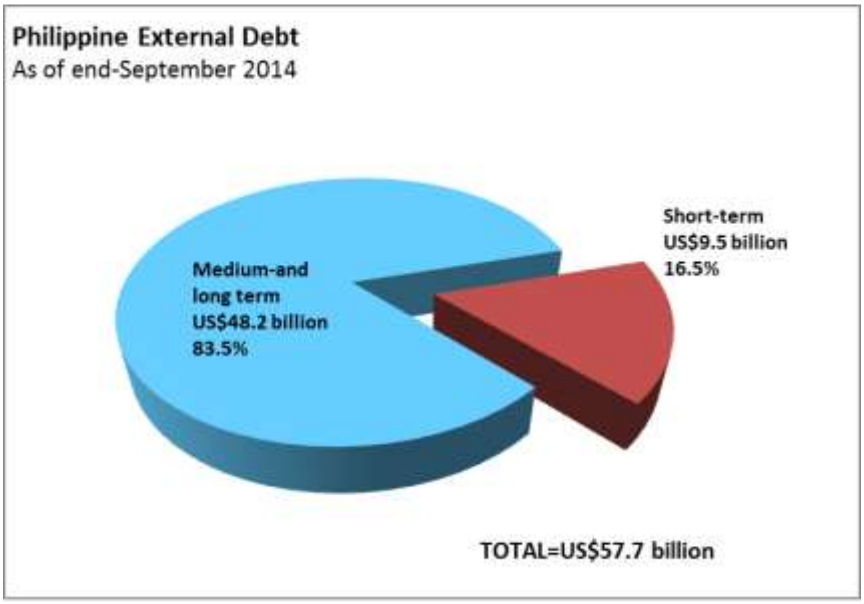
[34] The REER index represents the Nominal Effective Exchange Rate (NEER) index of the peso, adjusted for inflation rate differentials with the countries whose currencies comprise the NEER index basket. A decrease in the REER index indicates some gain in the external price competitiveness of the peso, while a significant increase indicates the opposite. The NEER index, meanwhile, represents the weighted average exchange rate of the peso vis-à-vis a basket of foreign currencies.

On a y-o-y basis, the peso lost external price competitiveness against the basket of currencies in the TPI and TPI-A as the peso appreciated in real terms by 3.0 percent and 4.3 percent, respectively, due to the combined effects of the nominal appreciation of the peso and widening inflation differential. Similarly, the peso lost external price competitiveness against the TPI-D basket as the nominal depreciation of the peso failed to neutralize the impact of widening inflation differential, resulting in the real appreciation of the peso by 2.0 percent.

External Debt

External debt remains manageable

As of end-September 2014, outstanding external debt approved/registered by the BSP stood at US$57.7 billion, down by US$375 million (or 0.6 percent) from the US$58.1 billion level in the second quarter. Year-on-year, the debt stock likewise fell from US$59.1 billion in September 2013 or by US$1.3 billion.



The decline resulted mainly from negative foreign exchange (FX) revaluation adjustments (US$1.1 billion) as the U.S. economy gradually recovered. This led to the strengthening of the US Dollar

against most third currencies, particularly the Japanese Yen (US$822 million), as the Japanese economy went into recession in the third quarter. The downward impact on the debt stock of this development was partly offset by: (a) increased investments of non-residents in Philippine debt papers issued abroad (US$519 million), notwithstanding the announced end of the US Fed Reserve's quantitative easing program; and (b) net availments (US$237 million) mainly by the NG.

On a y-o-y basis, the decline was a result of: (a) negative FX revaluation adjustments (US$1.6 billion); (b) net repayments (US$279 million); and (c) previous periods' adjustments (negative US$138 million) due to audit findings/late reporting. The downward impact of these developments on outstanding debt was tempered by the transfer of Philippine debt papers from residents to non-residents (US$657 million), as foreign investors continued to seek higher yielding emerging market papers.

The maturity profile of the country's external debt in the third quarter of the year remained heavily biased towards medium- and long-term (MLT) accounts [i.e., those with original maturities longer than one (1) year], with MLT accounts at 83.5 percent (US$48.2 billion) of total external debt. The weighted average maturity of 19.8 years for MLT loans was slightly shorter than the 19.9 years recorded in the previous quarter.

Short-term (ST) loans [or those with original maturities of up to one (1) year] stood at US$9.5 billion and comprised 16.5 percent of total external debt stock.

The bulk (US$40.7 billion or 70.6 percent) of outstanding external debt was owed by the public sector, mainly by the NG, which

financed priority projects, developmental programs, and budget requirements. Total public sector obligations, however, slightly declined from US$41.0 billion in June 2014 due largely to negative FX revaluation adjustments (US$1.1 billion) as the US Dollar strengthened against other currencies; the effect of this was partially negated by: (a) increased non-residents' holdings of public sector debt papers (US$617 million); and (b) net availments (US$250 million), mainly by the NG.

Similarly, private sector debt was slightly down to US$17.0 billion from US$17.1 billion a quarter ago as non-residents' holdings of private sector debt papers issued offshore declined to US$1.8 billion from US$1.9 billion.

The debt service ratio (DSR), which relates principal and interest payments (or debt service burden (DSB) to exports of goods and receipts from services and primary income, improved to 5.8 percent in September 2014. The DSR has consistently remained well below the international benchmark range of 20.0 to 25.0 percent.

The external debt ratio (EDT), a solvency indicator, or total outstanding debt expressed as a percentage of gross national income (GNI) continued to improve and stood at 17.2 percent from 17.6 percent in June 2014 and 18.3 percent a year ago. The same trend is observed using GDP as denominator, despite the slower growth of the Philippine economy at 5.3 percent for the third quarter. These ratios indicated the country's sustained stronger position to service foreign obligations in the medium-term.

Foreign Interest Rates

Monetary policy in AEs remains accommodative

The timing of exit from accommodative monetary policy in AEs will differ across economies depending on the pace and strength of their economic growth. Accommodative monetary policy is expected to continue in countries where the recovery remains fragile due to weakness in labor market conditions, slowdown in spending, and anemic bank lending growth. The US has been tapering its asset purchases as it has gained growth momentum in recent quarters.

In Q3 2014, the US Fed decided to further reduce the pace of its asset purchases. Starting in October 2014, the US Fed will add to its holdings of agency mortgage-backed securities at a pace of US$5 billion per month from US$10 billion per month. Meanwhile, purchases of longer-term Treasury securities will amount to US$10 billion per month from US$15 billion per month. It maintained its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. In addition, the US Fed maintained the target range for the federal funds target rate between 0-0.25 percent and anticipates that the Fed funds rate will be maintained at the current target range for a considerable time after the asset purchase program ends, especially if projected inflation continues to run below the US Fed's 2.0 percent longer-run goal, while the longer-term inflation expectations remain well anchored.[35] As the US Fed maintained its monetary policy stance, the US prime rate and discount rate continued to average 3.25 percent and 0.75 percent, respectively, during the review period.[36] Meanwhile, the US Federal funds rate

[35] http://www.federalreserve.gov/newsevents/press/monetary/2014monetary.htm
[36] The prime rate refers to the interest rate charged by banks to their most creditworthy customers. The discount rate refers to the rate charged by the Federal Reserve Bank when it extends credit to depository institutions.

increased marginally to 0.0784 percent in Q2 2014 from the 0.0780 percent average reported in the previous quarter (Table 16).

The Monetary Policy Committee (MPC) of the Bank of England (BOE) maintained its monetary policy settings, keeping the official bank rate paid on KB reserves at 0.5 percent in Q3 2014. The MPC also decided to maintain the stock of asset purchases financed by the issuance of central bank reserves at £375 billion.[37]

The Bank of Japan (BOJ), after shifting to quantitative and qualitative monetary easing policy, adopted the monetary base control which involved the change in the main operating target for its money market operations (MMO) from the uncollateralized overnight call rate to the monetary base. In Q3 2014, the BOJ continued to conduct MMO to increase the monetary base at about 60-70 trillion yen yearly.[38] In addition, the BOJ continued to buy at annual pace Japanese government bonds (JGBs) at 50 trillion yen, exchange-traded funds (ETFs) at 1 trillion yen, and Japan REITs at 30 billion yen. The BOJ will maintain its purchases of commercial papers and corporate bonds until their outstanding amounts reach 2.2 trillion yen and 3.2 trillion yen, respectively.

The Governing Council of the European Central Bank (ECB), decided to decrease the interest rate on the main refinancing operation by 10 bps to 0.05 percent during the review period. The interest rate on the marginal lending facility was also slashed by 10 bps to 0.30 percent, while the interest rate on the deposit facility was also

[37] The previous change in the official bank rate was a reduction of 0.5 percentage points to 0.5 percent on 5 March 2009. A program of asset purchases financed by the issuance of central bank reserves was initiated on 5 March 2009. The previous change in the size of that program was an increase of £50 billion to a total of £375 billion on 5 July 2012.

[38] Under this guideline, the monetary base -- whose amount outstanding was 138 trillion yen at end-2012 -- is expected to reach 200 trillion yen at end-2013 and 270 trillion yen at end-2014 (Source: Bank of Japan's Statement of Monetary Policy, 04 April 2013 -Introduction of the "Quantitative and Qualitative Monetary Easing")

cut by 10 bps to -0.20 percent. The decision aims to further support the provision of credit to the broad economy.

Meanwhile, the 90-day LIBOR and 90-day Singapore Interbank Offered Rate (SIBOR) marginally increased in Q3 2014 to 0.234 percent and 0.406 percent from 0.228 percent and 0.404 percent, respectively, as global financial markets remained liquid (Table 16).

Global Economic Developments

In Q3 2014, global growth was characterized by a slowdown in most advanced and emerging economies. Global labor market conditions generally improved. Inflation rates of advanced economies declined while that of emerging economies showed diverse trends.

The deceleration of US GDP to 2.3 percent in Q3, from 2.4 percent in the previous quarter, reflected a downturn in private inventory investment and decelerations in exports, non-residential fixed investment, state and local government spending, and personal consumption expenditures.[39]

In Japan, output growth further contracted by 1.2 percent in Q3 from the previous quarter's contraction of 0.2 percent, as the rise in public demand and net exports failed to offset the decline in private demand.[40]

Meanwhile, GDP of the euro area remained unchanged at 0.8 percent in the third quarter. The GDP growth of the euro area was supported

[39] US Bureau of Economic Analysis
[40] Statistics Bureau of Japan

largely by higher GDP growth in Greece, Slovakia, Spain, Latvia, and France.[41]

Among emerging economies in Asia, Hong Kong posted a faster GDP growth in the third quarter, as output increased by 2.7 percent relative to the previous quarter's 1.8 percent due to the rise in private and public consumption.[42] In Singapore, economic activity during the review quarter grew by 2.4 percent, the same pace as in the previous quarter, on account of the expansion in the services sector and the stability of manufacturing output.[43] Meanwhile, a slowdown in output growth was observed in South Korea and China during the review quarter. South Korea's GDP growth decelerated to 3.2 percent in the third quarter, from 3.5 percent a quarter ago, as exports and facilities investment slowed sharply.[44] Economic activity in China slowed down to 7.3 percent from the previous quarter's 7.5 percent driven by lower property investment, which weakened credit growth and industrial production.[45]

In the ASEAN region, output growth accelerated in Thailand and Vietnam during the review quarter. Thailand's GDP grew by 0.6 percent in Q3 2014, improving slightly from a 0.4 percent rise in the previous quarter, mainly supported by private consumption and investments, amid the decline in exports and government expenditure.[46] Economic activity in Vietnam expanded 6.2 percent in Q3 2014 relative to the 5.4 percent a quarter ago, driven significantly by expansion in the services sector.[47] Meanwhile, GDP growth in Indonesia, Malaysia, and the Philippines slowed down during the review quarter. Indonesian economy expanded 5.0 percent in

[41] Eurostat
[42] Census and Statistics Department, Hong Kong
[43] The Ministry of Trade and Industry, Singapore
[44] Bank of Korea
[45] National Bureau of Statistics of China
[46] National Economic and Social Development Board, Thailand
[47] General Statistics Office of Vietnam

Q3 2014, the slowest growth rate since 2009, due to the slowdown in investment and the decline in exports.[48] In Malaysia, output growth expanded 5.6 percent in Q3, decelerating from 6.5 percent growth a quarter ago, as all sectors of the economy rose at a slower pace.[49] Output growth in the Philippines grew at a slower pace of 5.3 percent in Q3 relative to the previous quarter's 6.4 percent due mainly to the deceleration in the services sector which is the main driver of the country's GDP growth.[50]

In terms of domestic prices of goods, the average inflation rates of major advanced economies declined in Q3. In the US, the inflation rate decreased to 1.8 percent from 2.1 percent in the previous quarter. Likewise, inflation in Japan and the euro area decelerated to 3.3 percent and 0.4 percent relative to 3.6 percent and 0.6 percent, respectively, a quarter ago.

Among emerging Asian economies, inflation rates varied across countries. Inflation rate in Hong Kong inched up to 4.8 percent from the previous quarter's 3.7 percent. In contrast, inflation rates in South Korea, Singapore, China and India decelerated to 1.4 percent, 0.9 percent, 2.3 percent, and 3.9 percent, respectively, from 1.6 percent, 2.3 percent, 3.0 percent, and 5.8 percent, a quarter ago.

Global labor market conditions generally improved. The rate of unemployment in the US eased to 6.1 percent from 6.2 percent in the previous quarter. Similarly, in the euro area, unemployment rate declined to 11.5 percent from 11.6 percent in the previous quarter. In Japan, jobless rate remained unchanged at 3.6 percent. In Asia, unemployment rates showed varied trends. Unemployment rate in South Korea and Singapore declined to 3.5 percent and 1.9 percent

[48] Statistics Indonesia
[49] Bank Negara, Malaysia
[50] Philippine Statistics Authority

from 3.7 percent and 2.0 percent, respectively, a quarter ago. Meanwhile, jobless rate in Hong Kong grew to 3.3 percent from the previous quarter's 3.1 percent. In China, unemployment rate remained subdued at 4.1 percent.

Macroeconomic Indicators in Selected Economies, Q3 2014
(in percent)

Country	**Real GDP** (y-o-y growth rate)				**Inflation** (quarterly average)				**Unemployment**[1/]			
	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2013	Q1 2014	Q2 2014	Q3 2014
G3												
US	2.6	2.0	2.4	2.3	1.2	1.4	2.1	1.8	7.0	6.7	6.2	6.1
Japan	2.5	2.9	-0.2	-1.2	1.4	1.5	3.6	3.3	3.9	3.6	3.6	3.6
Euro area	0.4	1.0	0.8	0.8	0.8	0.7	0.6	0.4	12.0	11.8	11.6	11.5
Emerging Asia												
Hong Kong	2.9	2.6	1.8	2.7	4.3	4.1	3.7	4.8	3.3	3.1	3.1	3.3
South Korea	3.7	3.9	3.5	3.2	1.1	1.1	1.6	1.4	3.0	3.5	3.7	3.5
Singapore	4.9	4.8	2.4	2.4	2.0	1.0	2.3	0.9	1.8	2.1	2.0	1.9
China	7.7	7.4	7.5	7.3	2.7	2.9	3.0	2.3	4.1	4.1	4.1	4.1
India	4.7	4.6	5.7	n.a.	7.1	5.4	5.8	3.9	n.a.	n.a.	n.a.	n.a.
ASEAN												
Indonesia	5.7	5.2	5.1	5.0	8.0	7.8	7.1	4.4	6.2	5.7	5.9	n.a.
Malaysia	5.1	6.2	6.5	5.6	3.0	3.5	3.3	3.0	3.1	3.1	3.0	3.1
Philippines	6.3	5.6	6.4	5.3	3.4	4.1	4.3	4.7	6.5	7.5	7.0	6.7
Thailand	0.6	-0.5	0.4	0.6	1.7	2.0	2.5	2.0	0.7	0.9	1.0	0.8
Vietnam	6.0	5.1	5.4	6.2	5.9	4.8	4.7	4.3	2.2	2.2	2.1	n.a.

Sources: Bloomberg
1/ Unemployment rate is the proportion (in percent) of the total number of unemployed to the total number of persons in the labor force.

F. Financial Condition of the BSP

Balance Sheet

BSP's net worth marginally improves, y-o-y, but eases, q-o-q

Based on the preliminary and unaudited statement of financial condition of the BSP as of end-September 2014, total assets reached ₽4,062.2 billion, 0.8 percent or ₽34.0 billion higher than the quarter-ago level (Table 17). Relative to the end-September 2013 level, the amount decreased by 2.1 percent or ₽86.0 billion. The BSP's liabilities, on the other hand, increased by ₽39.8 billion or 1.0 percent, q-o-q, to ₽4,013.3 billion, but eased by 2.1 percent or ₽87.0 billion relative to the end-September 2013 level. Consequently, the BSP's net worth declined to ₽48.9 billion compared to the quarter-ago level of ₽54.7 billion. The amount was, however, slightly

higher by 2.1 percent or ₱1.0 billion than the ₱47.9 billion posted at end-September 2013.

Balance Sheet of the BSP*
In billion pesos

	2014		2013
	Sept	Jun	Sept
Assets	4,062.2	4,028.2	4,148.2
Liabilities	4,013.3	3,973.5	4,100.3
Networth	48.9	54.7	47.9

* Unaudited

The increase in the BSP's assets, relative to Q2 2014, was due largely to higher Philippine peso equivalent of international reserves (GIR), which accounted for about 87.3 percent of total assets, arising from the depreciation of the peso against the US dollar.

Similarly, the BSP's liabilities increased during the review period as the unwinding of deposits from the BSP's SDA facility was outpaced by the growth of reserve deposits of other depository corporations (ODCs) and deposits of the TOP with the BSP. In particular, reserve deposits increased by ₱34.2 billion to ₱1,285.5 billion from ₱1,251.3 billion a quarter ago, while deposits of the TOP increased by ₱86.6 billion to ₱476.7 billion. The BSP raised RR by 1.0 percent each in April and May 2014 as a proactive move to manage potential risks that could arise from the strong growth in domestic liquidity.[51]

Income Statement

BSP registers a much lower y-t-d loss from operations

Based on preliminary and unaudited data, the BSP registered a net loss of ₱5.9 billion for Q3 2014. For the first three quarters of 2014,

[51] MB meetings on Monetary Policy dated 27 March 2014 and 8 May 2014

however, the BSP posted a lower loss from operations of ₱5.3 billion when compared to last year's ₱19.4 billion (Table 18).

Income Statement of the BSP*

in billion pesos

Accounts	2014*				2013			
	Q1	Q2	Q3	Q1-Q3	Q1	Q2	Q3	Q1-Q3
Revenues	10.524	12.961	12.690	36.175	15.239	20.830	10.426	46.495
Less: Expenses	15.097	16.010	19.433	50.540	23.261	20.634	21.985	65.880
Net Income Before Gain/Loss(-) on FX Rate Fluctuations, Provisions for Income Tax and Capital Reserves	**-4.573**	**-3.049**	**-6.743**	**-14.365**	**-8.022**	**0.196**	**-11.559**	**-19.385**
Add/Less: Gain/Loss(-) on FX Rate Fluctuations	8.978	-0.741	0.852	9.089	-6.256	-0.290	8.758	2.212
Provision for Income Tax	0.000	0.000	0.000	0.000	0.000	1.718	0.486	2.204
Net Income Available for Distribution	**4.405**	**-3.790**	**-5.891**	**-5.276**	**-14.278**	**-1.812**	**-3.287**	**-19.377**

*Unaudited and preliminary

Total revenues for the Q3 2014 amounted to ₱12.7 billion, lower than the ₱13.0 billion posted in the previous quarter, as miscellaneous income for Q3 2014 decreased by 12.8 percent from the previous quarter's aggregate level. Interest income, on the other hand, improved by 4.5 percent or ₱0.4 billion, q-o-q.

Total expenditures amounted to ₱19.4 billion, ₱3.4 billion higher than the level posted last quarter. The q-o-q increase in expenditures was due mainly to higher cost of taxes and licenses, interest expense on NG deposits and SDAs, and other expenses.

G. Challenges and Policy Directions

The near to medium-term economic outlook remains uncertain, with risks largely external. First, global developments continue to show uneven recovery across countries. A rebound in the US economy, albeit slower-than-expected and solid prospects in emerging Asia contribute to global growth. Meanwhile, weak economic activities in

the euro area and Japan as well as in the emerging markets of Latin America and the Middle East persist.

Second, the uncertainty surrounding the timing of the US Federal Reserve's shift towards monetary policy normalization indicates that capital flow volatility could materialize anew, which could affect financial markets. Third, the possible hard landing in China and the continued sub-par growth in advanced economies could have dampening effects on the external sector of emerging economies, including the Philippines.

On the domestic front, operational constraints related to weak absorptive capacity of operating agencies, administrative bottlenecks in the implementation of key programs along with changes in the budgeting system remain. This has led to modest spending during the review quarter. Government spending has to be brought back in line with targets to help sustain the high-growth momentum of the economy. Aside from these, the Philippines faces the risk of short-term disruption in economic activities arising from weather-related disturbances[52] and power shortages.

Nonetheless, while growth appeared to have moderated in Q3 2014 and upside pressures to domestic inflation exist, the underlying narrative of the Philippine economy remains solid. The domestic economy continues to expand above historical average. Household consumption is expected to remain steady and growth in services sustained. The favorable trends in the manufacturing sector indicate the potential resurgence of the industry sector, which can potentially transform the sector into a major driver of growth in the Philippines.

[52] According to the United Nations University Institute for Environment and Human Security, the Philippines is the third most hazard-prone country in the world.

Amid downside risks and challenges in the external environment as well as bottlenecks in the domestic front, the BSP will continue to pay close attention to the outlook for inflation and growth to ensure that monetary policy settings remain consistent with price and financial stability. The BSP also remains prepared to deploy a menu of policy actions, as needed, to rein in inflation expectations further and pre-empt potential second-round effects even as previous monetary responses continue to work their way through the economy. This is also to weaken the adverse impact of capital outflows on the domestic economy by ensuring adequate level of liquidity in the economy and the financial markets during periods of heightened uncertainty and increased risk aversion. While guarding against speculative flows that could contribute to the peso's volatility and undermine the inflation target, the BSP will continue to maintain a market-determined exchange rate and a comfortable level of reserves.

On banking regulation and supervision, the BSP will sustain the reform momentum with a view to toughen its resilience against shocks as well as to boost its role as a catalyst for durable long-term economic growth. Toward this end, the BSP has pursued measures to strengthen corporate governance, enhance transparency, expand financial products and markets, help develop market infrastructure, and reinforce banking policies and guidelines. The BSP will continue to craft banking regulations that are responsive, consistent with best practices and in line with the international financial architecture reform agenda.

On a broader perspective, the BSP will further foster an enabling environment to promote greater access to the financial system

through its financial inclusion advocacies.[53] The BSP will continue to educate the public and further hone the skills needed by the populace to make well-informed economic and financial decisions and choices. Moreover, the BSP has been proactively promoting the development of microfinance since 2000, as a flagship program in support of poverty alleviation. This includes the Credit Surety Fund (CSF) Program – a credit enhancement scheme – developed by the BSP that provides a surety cover in lieu of acceptable collaterals for loans of micro, small and medium enterprises (MSMEs) from banking institutions.

The BSP also remains proactive in ensuring the credibility of the payments and settlements system with the continued enhancement of its processes in accordance with international best practices and development of the necessary infrastructure through the operation of the Philippines' real time gross settlement system or the PhilPaSS.

Finally, amidst the increasing interconnectedness of global financial markets, the BSP will remain an active participant in regional and international cooperation programs and fora, in order to reap the benefits of collaborative engagement.

[53] To mainstream financial inclusion, the BSP has focused on three areas, namely: (1) broad access to credit at reasonable rates through responsible and proportionate regulation that encourages market innovation; (2) timely and relevant economic and financial learning activities; and (3) well-founded financial consumer protection programs.

Annex A

Banking Policies

Banking policies implemented during the quarter were aimed at strengthening guidelines or regulations on: (1) qualifications of a director; (2) microfinance; (3) required reports under the Basel III risk-based capital adequacy framework for U/KBs and their subsidiary banks and QBs; (4) cross-selling framework (5); meaning of pre-approved credit cards; (6) application of special licensing fees on relocation of head offices, branches/other banking offices (OBOs), and approved but unopened branches/OBOs to restricted areas; (7) reportorial requirements for bank deposit interest rates; (8) single borrower's loan limit allowed for QBs; (9) report on cross-border financial positions of banks; and (10) regulations on interlocking positions.

Amendment to the Guidelines on the Qualifications of a Director

Subsections X141.2a(3) of Manual of Regulations for Banks (MORB) and Section 4141Q.2a(3) of Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) on the qualifications of a director are amended to incorporate the exemption of certain directors from the requirement to attend a corporate governance seminar.

The following persons are exempted from attending a special seminar on corporate governance for board of directors:

1. Foreign nationals who have attended corporate governance training covering core topics in the BSP-recommended syllabus and certified by the Corporate Secretary as having been made aware of the general responsibility and specific duties and responsibilities of the board of directors and specific duties and responsibilities of a director;

2. Filipino citizens with recognized stature, influence and reputation in the banking community and whose business practices stand as testimonies to good corporate governance;

3. Distinguished Filipino and foreign nationals who served as senior officials in central banks and/ or financial regulatory agencies, including former MB members; or

4. Former Chief Justices of the Philippines Supreme Court. ***(Circular No. 840 dated 2 July 2014)***

Amendments to Appendix 45 (Notes on Microfinance) of Section X361 of the MORB

The BSP amended Appendix 45 of the MORB particularly Section X361 on the notes on microfinance.

I. General features of a Microinsurance Product (as provided by the Insurance Code)

1. Premiums, contributions, fees or charges are collected/deducted prior to the occurrence of a contingent event. The amount of contributions, premiums, fees or charges, computed on a daily basis, does not exceed seven and a half percent (7.5%) of the current daily minimum wage rate for nonagricultural workers in Metro Manila; and

2. Guaranteed benefits are provided upon occurrence of a contingent event. The maximum sum of guaranteed benefits is not more than one thousand (1,000) times of the current daily minimum wage rate for nonagricultural workers in Metro Manila. ***(Circular No. 841 dated 4 July 2014)***

Required reports under the Basel III Risk-Based Capital Adequacy Framework for Universal and Commercial Banks and their Subsidiary Banks and Quasi-Banks

The BSP amended the MORB and the MORNBFI to include certain provisions on the required reports under the Risk-Based Capital Adequacy Framework, particularly on the implementation of Basel III reform standards in the Philippines and sanctions thereto for non-reporting, late and/or erroneous reporting, as follows:

Banks and QBs which are subsidiaries of U/KBs shall submit a report of their risk-based CAR on a solo basis (head office plus branches) and on a consolidated basis (parent bank plus subsidiary financial allied undertakings. But excluding financial companies) quarterly to the appropriate department of the SES in the prescribed forms within the deadlines, i.e., fifteen (15) banking days and thirty (30) banking days after the end of the reference quarter, respectively. Only banks and quasi banks with subsidiary financial allied undertakings

(excluding insurance companies) which under existing regulations are required to prepare consolidated statements of condition on a line-by-line basis shall be required to submit report on a consolidated basis. The abovementioned reports shall be classified as Category A-1 reports.

All U/KBs as well as their subsidiary banks and QBs shall be subject to all other reporting requirements (i.e., Basel III Capital Adequacy Summary Report) under the Basel III risk-based capital as may be prescribed by the BSP.

Late and/or erroneous reporting of all reports in compliance with the Basel III requirements shall be subject to penalties provided under subsection X192.2 of the MORB and subsection 4192Q.2 of the MORNBFI. Banks and QBs failing to submit the required reports within the prescribed deadline shall be subject to monetary penalties applicable for delayed reporting under existing regulations.

Appendix 6/Appendix Q-3 on reports required of banks/QBs in relation to Subsections X115.4/4115Q.3 of the MORB/MORNBFI are hereby amended to reflect the required capital adequacy reports. ***(Circular No. 842 dated 25 July 2014)***

Revised Cross-selling Framework

The BSP approved the guidelines for the cross-selling of collective investment schemes and amendments of certain provisions of the MORB, as provided under Circular No. 801 dated 27 June 2013 (revised Cross-selling Framework). This new approval of the MB reflects phase two and expands the products which banks can cross-sell. These include:

- CIS products of entities belonging to the same banking group or financial conglomerate as the bank may be cross-sold by the latter; and

- Traditional protection-type insurance products such as life policies may now be cross-sold by banks even if the insurance product is from an entity that is not within the same banking group or financial conglomerate as the bank.

While phase two further liberalizes the products for cross-selling, more stringent disclosure requirements are also being introduced. These new disclosures are in line with the BSP's drive towards consumer protection and are meant to make potential investors aware of the investment risks.

The new disclosures include a "Product Highlights Sheet" (PHS) which underscores key product information in a clear and concise manner. Consistent with prudent practice on investments, a Client Suitability Assessment shall be undertaken prior to the acquisition of the client of a CIS. This is to be followed by an Investment Policy Statement which formalizes in writing the investment philosophy of the client.

There is also the required inclusion of a standard disclosure statement in all investment contracts and marketing materials that the CIS is not a product of the bank. And to instil full transparency, financial product providers are expected to take all reasonable steps to ensure fair dealings with the client, particularly disclosing potential conflicts of interest, where they arise. ***(Circular No. 844 dated 11 August 2014)***

Meaning of Pre-Approved Credit Cards

Provisions of the MORB and MONBFI are amended to clarify the meaning of pre-approved credit card, as follows:

Pre-approved credit cards are unsolicited credit cards issued by credit card issuers to consumers who have not applied for such credit cards. Acts prescribed under Appendices 103, Q-61 and N-10 and similar acts are deemed tantamount to the act of issuing pre-approved credit cards, notwithstanding any contrary stipulations in the contract.

Application is a documented request of the credit card applicant to a credit card issuer for the availment of a credit card. The intention and consent for the availment of the credit card must be clear and explicit.

The prohibition on the issuance of pre-approved credit cards by all BSP supervised financial entities with credit card operations under Subsection x320.3 of MORB, and Subsections 4320Q.3 and 4301N.3 of the MORNBFI is enhanced by stressing, under said regulations, that the provisions of Circular No. 845 dated 15 August 2014 shall prevail notwithstanding any contrary stipulations in the contract. **(*Circular No. 845 dated 15 August 2014)***

Application of Special Licensing Fees on Relocation of Head Offices, Branches/OBO, and Approved but Unopened Branches/OBOs to Restricted areas

The BSP issued Circular No. 847, subjecting the relocation of head offices, branches or other banking offices, and approved but unopened branches to the cities of Makati, Mandaluyong, Manila, Paranaque, Pasay, Pasig, Quezon and San Juan to the special licensing fee of P20 million for U/KBs, and P15 million for TBs.

When relocating branches or banking offices, banks are required to give a notice of relocation signed by its president and accompanied by a certified true copy of the board’s resolution for said move.

The notice, which must be submitted to the BSP’s Supervision and Examination Sector, should also include information on the new site for the branch, the timetable for the relocation, and the date and manner of payment of the licensing fee.

Relocation of branches/OBO beyond one year shall be deemed as permanent closure and surrender of license of the branch/OBO at the old site, and the opening of a branch/OBO at the new site shall be deemed as an establishment of a new branch/OBO.

A bank’s head office may be relocated anywhere it is allowed to establish branches as provided in Subsection x151.4 of MORB on branching guidelines. Provided, that head offices located outside the restricted areas which will be relocated to restricted areas shall be subject to special licensing fee upon approval of the relocation. ***(Circular No. 847 dated 28 August 2014)***

Reportorial Requirements for Bank Deposit Interest Rates

For purposes of determining market median rates on deposits and monitoring banks that rely excessively on large, high-cost or volatile deposits/borrowings specified in Item g of Appendix 48 of the MORB, all banks shall submit a quarterly report on bank deposit interest rates which shall be included in the Report of Selected Branch Accounts.

Appendix 6 of the MORB is hereby amended, to add the schedule of bank deposit interest rates in the Report of Selected Branch Accounts and amend the frequency of report submission to quarterly basis from semestral basis. The report shall be submitted 20 banking days after end reference quarter and shall become effective starting with the 30 September 2014 quarterly report. ***(Circular No. 848 dated 8 September 2014)***

Amendment to Subsection 4303Q.1 of the MORNBFI on Exclusions from Single Borrower's Loan (SBL) Limit Allowed for Quasi-Banks

The BSP amended the MORNBFI on Exclusions from SBL Limit Allowed for QBs to include the following:

"In case of a stand-alone trust corporation is a subsidiary or affiliate of QB, the asset under management of the trust corporation shall not form part of the relevant exposures of the parent QB for purposes of calculating the SBL and the ceilings for accommodation to DOSRI of the said parent QB.

The purchase by the trust corporation, in behalf of its clients, of securities or instruments issued by its parents QB shall not form part of the relevant exposure of the trust corporation for purposes of calculating the SBL and DOSRI ceilings of the said trust corporation." ***(Circular No. 849 dated 8 September 2014)***

Report on Cross-Border Financial Positions of Banks

The BSP approved the issuance of the Report on Cross-Border Financial Positions that is designed to measure and monitor the cross-border financial claims and liabilities of U/KBs and their subsidiary TBs to provide the BSP with a comprehensive view of potential financial risks and transmission channels emanating from foreign counterparties of Philippine banks.

The following guidelines shall cover the submission of the Report:

1. Coverage

   All U/KBs and their subsidiary TBs shall submit the Report on Cross-Border Financial Positions on a solo basis in accordance with the Guidelines on the Completion of the Report.

2. Reportorial Requirements

   The Report on Cross-Border Financial Positions shall be considered a Category B report and shall be implemented in two phases:

   a. Phase 1 – U/KBs and their subsidiary TBs shall submit an initial, one–time report on their total cross-border financial position according to geographic region/country and currency within 120 calendar days after the initial reference date of 30 September 2014 using the template in Annex B.

   b. Phase 2 – U/KBs and their subsidiary TBs shall submit a quarterly report on their cross-border financial positions which shall be categorized according to the sector of their non-resident counterparty within a country. This sector report shall replace the initial report required under Phase 1 and shall be submitted within 30 banking days from end of reference quarter starting 31 March 2015.

   Appendix 6 of the MORB on the list of reports required of banks is amended to include the Report on Cross-Border Financial Positions of Banks.

3. Late and/or erroneous reporting of the said report shall be subject to penalties prescribed under Subsection X192.2 of the MORB for Category B reports.

4. Mode and Manner of Submission

Specific guidelines on the mode and manner of submission of the Report on Cross-Border Financial Positions in the Philippines shall be covered by a separate memorandum issuance.

The Report on Cross-Border Financial Positions of Banks shall become effective starting with the 30 September 2014 quarter-end report for Phase 1 implementation and with the 31 March 2015 quarter-end report for Phase 2 implementation. ***(Circular No. 850 Dated 8 September 2014)***

Amendments to Regulations on Interlocking Positions

As a general rule, the BSP does not allow concurrent officerships, including secondments between banks, or between a bank and QB or a non-bank. It also does not allow secondments, between QB or between a QB and a bank or between a QB and NBFI. However, subject to prior approval of the MB, concurrent officerships, including secondments may be allowed in the following cases:

1. Concurrent officership positions as corporate secretary or assistant corporate secretary between bank/s, QB/s and NBFI/s, other than investment house/s, outside of those covered under item c(4) of section 145 of the MORB: *Provided*, That proof of disclosure to and consent from all of the involved Financial Institutions (FIs), on the concurrent officership positions, shall be submitted to the BSP; and

2. Concurrent officership positions in the same capacity which do not involve management functions, i.e., internal auditors, corporate secretary, assistant corporate secretary and security officer, between a QB and one or more of its subsidiary QB/s and NBFI/s, or between a bank and one or more of its subsidiary QBs and NBFIs, or between

QB/s and/or NBFI/s or between bank/s, QB/s and NBFI/s, other than investment house/s: *Provided*, That in the last two instances, at least twenty percent of the equity of each of the banks, QBs and NBFIs is owned by a holding company or by any of the banks/QBs within the group.

3. Concurrent officership positions as corporate secretary or assistant corporate secretary between QB/s and/or NBFI/s or between bank/s, QB/s and NBFI/s, other than IH/s, outside of those covered by item c(6) of Section 4145Q and 4140N: Provided, That proof of disclosure to and consent from all of the involved FIs, on the concurrent officership positions, shall be submitted to the BSP. ***(Circular No. 851 dated 30 September 2014)***

Annex B

Capital Market Reforms

Helping develop market infrastructure

▪ The PSE signed a service agreement with NASDAQ OMX. The agreement is for the use of NASDAQ OMX's X-stream Trading Technology to cover trading, clearing, central securities depository, and market surveillance systems at the PSE. The X-stream will provide the PSE with upgrades to allow it to trade more products in the market in the future. It will replace PSETrade, the trading platform that has been in place since July 2010 and developed by NYSE Euronext Technology SAS. The new trading engine is expected to be available by mid-2015.

▪ The PSE signed a Memorandum of Understanding with Deutsche Börse to build and develop a cooperative relationship in the areas of market data and information services. The collaboration will include the licensing of current market data offerings, increasing distribution channels for real-time data, and new product design and innovation. The new relationship with PSE is the latest in a series of market data partnerships between Deutsche Börse and exchanges in the Asia region over the last year.[54]

Expanding products and markets

▪ The Insurance Commission (IC) released a circular that recognizes exchange traded funds (ETFs) as a product that insurance and reinsurance companies and mutual benefit associations (MBAs) can invest in for liquidity and diversification.[55] The IC also allowed insurance companies to participate in Securities Borrowing and Lending (SBL) transactions as lenders, with equity shares listed at the PSE as one of the acceptable collaterals. The participation of the insurance sector in investment products like the ETF or trading mechanisms like the SBL is expected to increase liquidity in the market.

[54] In April 2014, Deutsche Börse and Shanghai Stock Exchange (SSE) announced a partnership under which SSE assumed responsibility for the real-time distribution, marketing and sales of key Deutsche Börse market data products in mainland China. In October 2013, Deutsche Börse became the exclusive licensor of Bombay Stock Exchange's market data and information products to all international clients.
[55] IC Circular Letter 2014-30 to 31

Promoting investor confidence

- PSE revised the composition of the PSEi along with the other sector indices based on the previously approved criteria. The recomposition in the PSEi and sector indices was the result of the PSE's regular review of its indices which covered trading activity from July 2013 to June 2014. Inclusion in the PSEi requires a listed company to rank among the top companies in terms of liquidity and full market capitalization. In addition, companies in the main index are required to maintain a higher free float level of 12 percent compared to the minimum requirement of 10 percent for listed companies. To be included in the sector indices, companies must rank among the top 50 percent in terms of median daily value per month in eight out of the 12 month period in review.

1 GROSS NATIONAL INCOME AND GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN

for periods indicated

in million pesos, at constant 2000 prices

												Annual Change (%)						
	2012				2013				2014			2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Agriculture, Hunting, Forestry and Fishing	172,589	161,887	158,826	205,665	178,074	161,587	159,353	207,605	179,705	167,050	155,051	3.2	-0.2	0.3	0.9	0.9	3.4	-2.7
Industry	479,160	510,299	481,188	560,796	533,487	563,942	518,353	603,652	561,873	608,227	557,582	11.3	10.5	7.7	7.6	5.3	7.9	7.6
Mining and Quarrying	18,074	27,258	13,829	12,885	18,460	27,353	14,524	12,558	20,117	27,935	15,655	2.1	0.3	5.0	-2.5	9.0	2.1	7.8
Manufacturing	342,235	338,489	323,524	391,463	374,755	373,357	352,194	438,607	400,764	414,144	377,583	9.5	10.3	8.9	12.0	6.9	10.9	7.2
Construction	67,760	89,095	86,503	104,904	88,850	103,908	89,479	99,419	89,069	105,170	100,162	31.1	16.6	3.4	-5.2	0.2	1.2	11.9
Electricity, Gas and Water Supply	51,091	55,457	57,331	51,544	51,422	59,324	62,157	53,067	51,923	60,978	64,182	0.6	7.0	8.4	3.0	1.0	2.8	3.3
Services	831,914	922,099	886,046	941,705	885,830	994,151	954,616	1,004,808	945,980	1,055,227	1,005,718	6.5	7.8	7.7	6.7	6.8	6.1	5.4
Transportation, Storage and Communication	121,777	128,328	108,129	123,860	123,446	136,861	114,908	133,871	132,935	146,459	120,961	1.4	6.6	6.3	8.1	7.7	7.0	5.3
Trade and Repair of Motor Vehicles, Motorcycles, Personal & Household Goods	228,899	250,361	276,892	299,520	238,463	266,146	292,347	318,546	252,844	282,843	310,044	4.2	6.3	5.6	6.4	6.0	6.3	6.1
Financial Intermediation	100,641	116,821	102,054	107,271	118,743	128,810	114,434	118,696	125,519	136,690	123,264	18.0	10.3	12.1	10.7	5.7	6.1	7.7
R. Estate, Renting and Business Activities	156,299	176,286	172,861	173,453	165,317	193,118	192,860	186,643	181,053	209,675	204,821	5.8	9.5	11.6	7.6	9.5	8.6	6.2
Public Administration & Defense; Compulsory Social Security	61,891	78,198	69,572	65,209	65,178	82,793	73,729	63,677	69,297	83,815	71,561	5.3	5.9	6.0	-2.3	6.3	1.2	-2.9
Other Services	162,408	172,106	156,537	172,391	174,683	186,423	166,339	183,375	184,332	195,745	175,068	7.6	8.3	6.3	6.4	5.5	5.0	5.2
Gross Domestic Product	**1,483,664**	**1,594,285**	**1,526,060**	**1,708,165**	**1,597,391**	**1,719,680**	**1,632,322**	**1,816,065**	**1,687,558**	**1,830,504**	**1,718,351**	**7.7**	**7.9**	**7.0**	**6.3**	**5.6**	**6.4**	**5.3**
Net Primary Income	293,452	305,557	287,629	308,786	309,809	301,936	344,927	346,903	356,245	343,615	354,314	5.6	-1.2	19.9	12.3	15.0	13.8	2.7
Gross National Income	**1,777,115**	**1,899,842**	**1,813,688**	**2,016,951**	**1,907,200**	**2,021,617**	**1,977,249**	**2,162,967**	**2,043,803**	**2,174,119**	**2,072,665**	**7.3**	**6.4**	**9.0**	**7.2**	**7.2**	**7.5**	**4.8**

Note: Data on Real GDP and its components are based on 2000 prices. The use of terminology Gross National Income (GNI) in place of Gross National Product (GNP) has been adopted in the revised/rebased Philippine System of National Accounts (PSNA) in accordance with the 1993/1998 System of National Accounts prescribed by the United Nations.Total may not add up due to rounding.

Source : Philippine Statistics Authority (PSA) *

* Republic Act No. 10625 (RA 10625) signed on 12 September 2013 mandated the reorganization of the Philippine Statistical System (PSS) and the creation of the PSA which merged the major statistical agencies engaged in primary data collection and compilation of secondary data, namely: National Statistics Office (NSO), National Statistical Coordination Board (NSCB), Bureau of Agricultural Statistics (BAS), and Bureau of Labor and Employment Statistics (BLES).

1a GROSS NATIONAL INCOME AND GROSS DOMESTIC PRODUCT BY EXPENDITURE SHARES

for periods indicated

in million pesos, at constant 2000 prices

	2012				2013				2014			Annual Change (%) 2013				Annual Change (%) 2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Household Final Consumption Expenditure	1,035,983	1,092,699	1,051,037	1,262,804	1,092,750	1,148,368	1,116,046	1,337,596	1,156,716	1,214,258	1,173,701	5.5	5.1	6.2	5.9	5.9	5.7	5.2
Government Final Consumption Expenditure	166,855	197,699	163,666	143,957	183,505	221,676	175,065	143,394	187,012	221,727	170,600	10.0	12.1	7.0	-0.4	1.9	0.0	-2.6
Capital Formation	230,730	230,404	303,660	387,274	345,598	307,812	369,308	474,058	378,434	304,816	382,600	49.8	33.6	21.6	22.4	9.5	-1.0	3.6
Fixed Capital	314,349	297,917	311,559	361,355	368,582	338,340	341,055	390,318	409,068	353,733	375,527	17.3	13.6	9.5	8.0	11.0	4.5	10.1
Construction	104,052	130,086	132,530	161,901	139,275	151,571	137,727	154,979	137,517	159,324	154,717	33.9	16.5	3.9	-4.3	-1.3	5.1	12.3
Durable Equipment	175,124	138,699	151,520	158,768	193,382	157,048	174,858	195,648	237,276	162,534	189,107	10.4	13.2	15.4	23.2	22.7	3.5	8.1
Breeding Stock & Orchard Dev't	27,158	23,146	18,814	30,949	27,314	22,910	18,638	27,201	26,106	22,432	18,417	0.6	-1.0	-0.9	-12.1	-4.4	-2.1	-1.2
Intellectual Property Products	8,016	5,986	8,695	9,736	8,610	6,812	9,832	12,490	8,169	9,442	13,286	7.4	13.8	13.1	28.3	-5.1	38.6	35.1
Changes in Inventories	-83,620	-67,513	-7,899	25,919	-22,984	-30,528	28,253	83,740	-30,634	-48,917	7,073							
Exports	774,451	876,504	774,433	627,750	692,294	808,886	870,680	647,745	785,856	894,215	956,190	-10.6	-7.7	12.4	3.2	13.5	10.5	9.8
Less: Imports	711,150	804,660	765,427	726,495	731,320	767,709	897,583	772,710	805,272	791,285	949,274	2.8	-4.6	17.3	6.4	10.1	3.1	5.8
Statistical Discrepancy	-13,205	1,639	-1,309	12,875	14,564	647	-1,193	-14,019	-15,188	-13,228	-15,465	210.3	-60.5	8.9	-208.9	-204.3	-2,143.7	-1,196.5
Gross Domestic Product	**1,483,664**	**1,594,285**	**1,526,060**	**1,708,165**	**1,597,391**	**1,719,680**	**1,632,322**	**1,816,065**	**1,687,558**	**1,830,504**	**1,718,351**	**7.7**	**7.9**	**7.0**	**6.3**	**5.6**	**6.4**	**5.3**
Net Primary Income	293,452	305,557	287,629	308,786	309,809	301,936	344,927	346,903	356,245	343,615	354,314	5.6	-1.2	19.9	12.3	15.0	13.8	2.7
Gross National Income	**1,777,115**	**1,899,842**	**1,813,688**	**2,016,951**	**1,907,200**	**2,021,617**	**1,977,249**	**2,162,967**	**2,043,803**	**2,174,119**	**2,072,665**	**7.3**	**6.4**	**9.0**	**7.2**	**7.2**	**7.5**	**4.8**

Note: Data on Real GDP and its components are based on 2000 prices. The use of terminology Gross National Income (GNI) in place of Gross National Product (GNP) has been adopted in the revised/rebased Philippine System of National Accounts (PSNA) in accordance with the 1993/1998 System of National Accounts prescribed by the United Nations. Total may not add up due to rounding.

Source : Philippine Statistics Authority (PSA) *

* Republic Act No. 10625 (RA 10625) signed on 12 September 2013 mandated the reorganization of the Philippine Statistical System (PSS) and the creation of the PSA which merged the major statistical agencies engaged in primary data collection and compilation of secondary data, namely: National Statistics Office (NSO) National Statistical Coordination Board (NSCB), Bureau of Agricultural Statistics (BAS), and Bureau of Labor and Employment Statistics (BLES).

2 SELECTED LABOR, EMPLOYMENT AND WAGE INDICATORS

	2012					2013								2014[P]			
	Ave./Total	Q1	Q2	Q3	Q4	Ave./Total	Q1		Q2		Q3		Q4	Q1 [4]	Q2 [5]	Q3 [5]	Q4
							w/ Region VIII	w/o Region VIII	w/ Leyte	w/o Leyte	w/ Leyte	w/o Leyte					
Employment Status [1]																	
Labor Force (in thousands)	40,426	40,226	40,645	40,401	40,433	41,022	40,834	38,913	40,906	40,057	41,178	40,351	41,172	39,387	41,589	41,230	n.a.
Employed	37,600	37,334	37,842	37,555	37,670	38,118	37,940	36,137	37,819	37,011	38,175	37,390	38,537	36,418	38,665	38,451	n.a.
Unemployed	2,826	2,892	2,803	2,847	2,763	2,905	2,894	2,776	3,087	3,046	3,002	2,961	2,635	2,969	2,924	2,778	n.a.
Underemployed	7,514	7,018	7,313	8,565	7,160	7,371	7,934	7,464	7,251	7,096	7,340	7,169	6,961	7,103	7,030	7,050	n.a.
Labor Force Participation Rate (%)	64.2	64.2	64.7	64.0	63.9	63.9	64.1	64.1	63.8	63.8	63.9	63.9	63.9	63.8	65.2	64.4	n.a.
Employment Rate (%)	93.0	92.8	93.1	93.0	93.2	92.9	92.9	92.9	92.5	92.4	92.7	92.7	93.6	92.5	93.0	93.3	n.a.
Unemployment Rate (%)	7.0	7.2	6.9	7.0	6.8	7.1	7.1	7.1	7.5	7.6	7.3	7.3	6.4	7.5	7.0	6.7	n.a.
Underemployment Rate (%)	20.0	18.8	19.3	22.8	19.0	19.3	20.9	20.7	19.2	19.2	19.2	19.2	18.1	19.5	18.2	18.3	n.a.
Overseas Employment (Deployed), in thousands	1,802	498	484	441	379	1,802	465	n.a.	488	n.a.	455	n.a.	394	n.a.	n.a	n.a.	n.a.
Land-based	1,435	391	397	354	294	1,469	375	n.a.	405	n.a.	373	n.a.	317	n.a.	n.a	n.a.	n.a.
Sea-based	367	107	87	87	85	333	90	n.a.	84	n.a.	83	n.a.	77	n.a.	n.a	n.a.	n.a.
Strikes																	
Number of New Strikes	3	0	0	1	2	1	0	n.a.	1	n.a.	0	n.a.	0	0	0	n.a.	n.a.
Number of Workers Involved	209	0	0	20	189	400	0	n.a.	400	n.a.	0	n.a.	0	0	0	n.a.	n.a.
Nominal Daily Wage Rates (in pesos) [2]																	
Non-Agricultural																	
NCR	456.0	426.0	446.0	446.0	456.0	466.0	456.0	n.a.	456.0	n.a.	456.0	n.a.	466.0	466.0	466.0	466.0	466.0 [6]
Regions Outside NCR	349.5	337.0	349.5	349.5	349.5	349.5	349.5	n.a.	349.5	n.a.	349.5	n.a.	349.5	349.5	362.5	362.5	362.5 [6]
Agricultural																	
NCR																	
Plantation	419.0	389.0	409.0	409.0	419.0	429.0	419.0	n.a.	419.0	n.a.	419.0	n.a.	429.0	429.0	429.0	429.0	429.0 [6]
Non-Plantation	419.0	389.0	409.0	409.0	419.0	429.0	419.0	n.a.	419.0	n.a.	419.0	n.a.	429.0	429.0	429.0	429.0	429.0 [6]
ONCR																	
Plantation	324.5	312.0	324.5	324.5	324.5	324.5	324.5	n.a.	324.5	n.a.	324.5	n.a.	324.5	324.5	337.5	337.5	337.5 [6]
Non-Plantation	309.0	292.0	304.5	304.5	309.0	309.0	309.0	n.a.	309.0	n.a.	309.0	n.a.	309.0	322.0	322.0	322.0	322.0 [6]
Real Daily Wage Rates (in pesos) [3], 2006=100																	
Non-Agricultural																	
NCR	363.6	346.1	359.4	355.4	363.6	362.4	363.4	n.a.	361.3	n.a.	359.3	n.a.	362.4	361.0	356.5	354.6	354.6 [6]
Regions Outside NCR	268.2	262.5	269.1	267.6	268.2	256.8	265.4	n.a.	262.6	n.a.	260.4	n.a.	256.8	255.9	261.7	259.3	258.7 [6]
Agricultural																	
NCR																	
Plantation	334.1	316.0	329.6	325.9	334.1	333.6	333.9	n.a.	332.0	n.a.	330.2	n.a.	333.6	332.3	328.2	326.5	326.5 [6]
Non-Plantation	334.1	316.0	329.6	325.9	334.1	333.6	333.9	n.a.	332.0	n.a.	330.2	n.a.	333.6	332.3	328.2	326.5	326.5 [6]
ONCR																	
Plantation	249.0	243.0	249.8	248.5	249.0	238.4	246.4	n.a.	243.8	n.a.	241.8	n.a.	238.4	237.6	243.7	241.4	240.9 [6]
Non-Plantation	235.3	227.4	234.4	233.2	235.3	224.1	232.7	n.a.	230.9	n.a.	226.9	n.a.	224.1	230.3	226.9	225.0	224.9 [6]

Notes:

1/ Starting with January 2007 LFS round, the population projection based on the 2000 Census of Population was adopted to generate the labor force statistics per NSCB Resolution No. 1 Series of 2005.

2/ Source of data for both nominal and real wage rates is the National Wages and Productivity Commission. Includes basic minimum wage and cost of living allowance (COLA). Starting 2006, annual average/total is as of December.

3/ Starting 10 November 1990, adjustments in the minimum legislated wage rates are being determined by the Regional Tripartite Wages Productiviity Board. Starting 2010, real terms is computed using 2006 as base year.

4/ Data on employment status from PSA excludes Region VIII.

5/ Data on employment status from PSA excludes the province of Leyte.

6/ As of October 2014

P Preliminary

n.a. Data not available

Sources: Philippine Overseas Employment Administration (POEA), National Wages and Productivity Commission (NWPC), and National Conciliation and Mediation Board (NCMB) and Philippine Statistics Authority (PSA)*

* Republic Act No. 10625 (RA 10625) signed on 12 September 2013 mandated the reorganization of the Philippine Statistical System (PSS) and the creation of the Philippine Statistics Authority (PSA) which merged the major statistical agencies engaged in primary data collection and compilation of secondary data, namely: National Statistics Office (NSO), National Statistical Coordination Board (NSCB), Bureau of Agricultural Statistics (BAS), and Bureau of Labor and Employment Statistics (BLES).

3 CASH OPERATIONS OF THE NATIONAL GOVERNMENT
for periods indicated
in billion pesos

	2012				2013				2014			2014
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3 Program
Revenues	**361.0**	**399.9**	**358.0**	**416.0**	**364.3**	**475.1**	**427.1**	**449.5**	**398.4**	**535.3**	**491.3**	**508.1**
Tax	302.3	369.7	324.9	364.3	316.7	429.6	387.7	401.2	355.2	469.2	449.4	473.0
Non-tax	58.7	30.3	33.2	51.7	47.6	45.5	39.4	48.3	43.2	66.1	41.9	35.1
Expenditures	**394.9**	**400.4**	**427.6**	**554.9**	**430.8**	**460.0**	**477.0**	**512.4**	**482.5**	**505.2**	**468.4**	**551.0**
Interest Payments	98.5	51.5	95.2	67.6	98.3	58.8	101.0	65.3	103.1	56.6	97.7	105.4
Equity	0.0	0.9	0.0	20.4	0.2	0.1	0.2	10.9	0.1	0.3	0.8	0.8
Net Lending	3.2	8.5	10.4	5.4	-8.1	4.7	5.6	14.4	4.9	1.5	2.0	3.1
Subsidy	5.6	7.1	5.7	24.2	4.2	9.0	22.2	30.9	1.2	48.3	12.7	7.3
Allotment to LGUs	71.0	78.4	74.1	74.9	80.3	83.6	76.9	76.5	85.1	89.0	85.8	68.3
Tax Expenditures	7.3	7.6	3.4	14.1	0.6	11.2	2.6	4.6	0.1	12.3	0.7	9.0
Others	209.3	246.4	238.7	348.3	255.3	292.5	268.6	309.7	288.0	297.1	268.9	357.1
Surplus/Deficit (-)	**-33.9**	**-0.5**	**-69.6**	**-138.9**	**-66.5**	**15.2**	**-49.9**	**-62.8**	**-84.1**	**30.1**	**22.9**	**-42.9**
Financing [1]	**162.5**	**12.2**	**91.2**	**272.3**	**-0.8**	**88.6**	**178.1**	**53.2**	**42.1**	**64.3**	**93.9**	**106.6**
External Borrowings	66.8	-5.7	-10.4	19.3	-49.3	-15.2	-11.6	-7.8	-4.2	-5.3	26.6	21.6
Domestic Borrowings	95.7	17.9	101.6	253.0	48.5	103.8	189.6	61.0	46.3	69.6	67.4	85.0
Total Change in Cash: Deposit/Withdrawal (-)	**164.7**	**-23.9**	**-45.5**	**196.5**	**-182.2**	**85.9**	**142.1**	**20.1**	**-170.8**	**88.5**	**85.5**	**62.9**
Budgetary	128.6	11.7	21.7	133.4	-67.3	103.8	128.1	-9.6	-42.0	94.5	116.8	63.7
Non-Budgetary Accounts [2]	36.1	-35.6	-67.1	63.1	-114.9	-17.9	14.0	29.7	-128.8	-5.9	-31.4	-0.8

[1] Availment less repayment
[2] Refers to accounts not included in the NG budget, e.g., sale, purchase or redemption of government securities, but included in the cash operations report to show the complete relations in the movements of the cash accounts.
Note: Details may not add up to total due to rounding off
Source: Bureau of the Treasury

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4 CONSUMER PRICE INDEX IN THE PHILIPPINES
for periods indicated
(2006=100)
Quarterly Average

	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3
ALL ITEMS	**119.0**	**120.0**	**120.9**	**121.9**	**124.3**	**126.0**	**126.7**	**127.6**	**128.2**	**129.7**	**131.2**	**131.4**	**132.3**	**133.2**	**134.4**	**135.9**	**137.7**	**139.0**	**140.7**
FOOD AND NON-ALCHOLIC BEVERAGES	128.0	128.3	129.8	131.7	135.2	136.2	136.7	138.1	138.0	138.9	141.0	141.5	141.7	142.2	144.1	147.1	149.7	151.8	155.6
FOOD ITEMS	128.9	129.2	130.8	132.8	136.5	137.4	137.9	139.4	139.2	140.1	142.3	142.7	142.9	143.3	145.4	148.6	151.3	153.5	157.5
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	115.6	116.1	116.6	117.3	120.0	122.3	123.7	124.6	125.8	128.4	129.7	130.8	158.4	168.5	170.1	171.1	173.6	175.2	176.1
NON-FOOD	113.2	114.7	115.2	115.5	117.3	119.3	120.3	120.7	121.9	123.7	124.8	124.8	125.3	126.0	126.7	127.4	128.6	129.3	129.7
CLOTHING AND FOOTWEAR	112.9	113.6	114.7	115.4	116.5	117.8	119.3	119.9	120.9	123.7	125.3	125.9	126.8	128.2	129.1	129.7	131.3	132.5	133.5
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	112.3	115.0	115.2	115.3	117.7	120.6	121.1	121.7	123.4	125.9	127.2	126.5	126.9	127.7	127.8	129.1	130.9	131.5	130.9
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTING MAINTENANCE OF THE HOUSE	112.9	113.9	114.3	114.8	115.6	116.6	117.3	117.6	118.2	120.6	122.4	123.2	124.0	125.0	125.5	126.0	127.4	128.1	128.9
HEALTH	119.1	119.7	121.0	121.7	122.8	123.8	125.0	125.5	126.2	128.0	129.3	129.8	130.7	131.8	132.7	133.2	135.0	135.8	137.2
TRANSPORT	115.2	115.9	116.0	116.7	120.0	123.5	124.0	124.1	125.2	126.3	125.5	125.9	126.3	126.1	126.8	126.9	127.7	127.8	128.2
COMMUNICATION	92.6	92.6	92.7	92.6	92.5	92.4	92.4	92.2	92.2	92.5	92.6	92.6	92.7	92.6	92.7	92.6	92.7	92.7	92.7
RECREATION AND CULTURE	104.7	105.1	105.5	105.6	105.8	106.5	107.2	107.4	108.3	109.3	110.1	110.2	110.7	111.6	112.8	112.9	113.5	113.8	114.3
EDUCATION	121.6	123.1	126.3	126.7	126.8	128.7	132.7	132.8	132.9	134.8	138.7	138.7	138.7	140.8	145.2	145.2	145.2	147.5	152.6
RESTAURANTS AND MISCELLANEOUS GOODS AND SERVICES	115.1	115.8	116.3	116.7	117.9	119.0	119.9	120.4	121.5	123.0	123.8	124.2	125.0	125.9	126.5	126.9	127.6	128.3	128.7

Quarter-on-Quarter Change (in percent)

	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3
ALL ITEMS	**1.1**	**0.8**	**0.8**	**0.8**	**2.0**	**1.4**	**0.6**	**0.7**	**0.5**	**1.2**	**1.2**	**0.2**	**0.7**	**0.7**	**0.9**	**1.1**	**1.3**	**0.9**	**1.2**
FOOD AND NON-ALCHOLIC BEVERAGES	0.9	0.2	1.2	1.5	2.7	0.7	0.4	1.0	-0.1	0.7	1.5	0.4	0.1	0.4	1.3	2.1	1.8	1.4	2.5
FOOD ITEMS	0.9	0.2	1.2	1.5	2.8	0.7	0.4	1.1	-0.1	0.6	1.6	0.3	0.1	0.3	1.5	2.2	1.8	1.5	2.6
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	1.1	0.4	0.4	0.6	2.3	1.9	1.1	0.7	1.0	2.1	1.0	0.8	21.1	6.4	0.9	0.6	1.5	0.9	0.5
NON-FOOD	1.3	1.3	0.4	0.3	1.6	1.7	0.8	0.3	1.0	1.5	0.9	0.0	0.4	0.6	0.6	0.6	0.9	0.5	0.3
CLOTHING AND FOOTWEAR	0.9	0.6	1.0	0.6	1.0	1.1	1.3	0.5	0.8	2.3	1.3	0.5	0.7	1.1	0.7	0.5	1.2	0.9	0.8
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	2.1	2.4	0.2	0.1	2.1	2.5	0.4	0.5	1.4	2.0	1.0	-0.6	0.3	0.6	0.1	1.0	1.4	0.5	-0.5
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTING MAINTENANCE OF THE HOUSE	0.8	0.9	0.4	0.4	0.7	0.9	0.6	0.3	0.5	2.0	1.5	0.7	0.6	0.8	0.4	0.4	1.1	0.5	0.6
HEALTH	1.5	0.5	1.1	0.6	0.9	0.8	1.0	0.4	0.6	1.4	1.0	0.4	0.7	0.8	0.7	0.4	1.4	0.6	1.0
TRANSPORT	1.2	0.6	0.1	0.6	2.8	2.9	0.4	0.1	0.9	0.9	-0.6	0.3	0.3	-0.2	0.6	0.1	0.6	0.1	0.3
COMMUNICATION	-1.2	0.0	0.1	-0.1	-0.1	-0.1	0.0	-0.2	0.0	0.3	0.1	0.0	0.1	-0.1	0.1	-0.1	0.1	0.0	0.0
RECREATION AND CULTURE	-0.3	0.4	0.4	0.1	0.2	0.7	0.7	0.2	0.8	0.9	0.7	0.1	0.5	0.8	1.1	0.1	0.5	0.3	0.4
EDUCATION	0.5	1.2	2.6	0.3	0.1	1.5	3.1	0.1	0.1	1.4	2.9	0.0	0.0	1.5	3.1	0.0	0.0	1.6	3.5
RESTAURANTS AND MISCELLANEOUS GOODS AND SERVICES	0.9	0.6	0.4	0.3	1.0	0.9	0.8	0.4	0.9	1.2	0.7	0.3	0.6	0.7	0.5	0.3	0.6	0.5	0.3

Year-on-Year Change (in percent)

	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3
ALL ITEMS	**3.9**	**3.8**	**3.9**	**3.6**	**4.5**	**5.0**	**4.8**	**4.7**	**3.1**	**2.9**	**3.6**	**3.0**	**3.2**	**2.7**	**2.4**	**3.4**	**4.1**	**4.4**	**4.7**
FOOD AND NON-ALCHOLIC BEVERAGES	4.4	3.5	4.2	3.8	5.6	6.2	5.3	4.9	2.1	2.0	3.1	2.5	2.7	2.4	2.2	4.0	5.6	6.8	8.0
FOOD ITEMS	4.5	3.5	4.4	4.0	5.9	6.3	5.4	5.0	2.0	2.0	3.2	2.4	2.7	2.3	2.2	4.1	5.9	7.1	8.3
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	3.6	2.9	2.7	2.6	3.8	5.3	6.1	6.2	4.8	5.0	4.9	5.0	25.9	31.2	31.1	30.8	9.6	4.0	3.5
NON-FOOD	3.7	4.1	3.7	3.3	3.6	4.0	4.4	4.5	3.9	3.7	3.7	3.4	2.8	1.9	1.5	2.1	2.6	2.6	2.4
CLOTHING AND FOOTWEAR	2.3	2.4	2.9	3.1	3.2	3.7	4.0	3.9	3.8	5.0	5.0	5.0	4.9	3.6	3.0	3.0	3.5	3.4	3.4
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	4.2	5.9	5.6	4.8	4.8	4.9	5.1	5.6	4.8	4.4	5.0	3.9	2.8	1.4	0.5	2.1	3.2	3.0	2.4
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTING MAINTENANCE OF THE HOUSE	2.5	2.6	2.6	2.5	2.4	2.4	2.6	2.4	2.2	3.4	4.3	4.8	4.9	3.6	2.5	2.3	2.7	2.5	2.7
HEALTH	3.9	3.7	3.8	3.8	3.1	3.4	3.3	3.1	2.8	3.4	3.4	3.4	3.6	3.0	2.6	2.6	3.3	3.0	3.4
TRANSPORT	5.7	4.3	2.5	2.5	4.2	6.6	6.9	6.3	4.3	2.3	1.2	1.5	0.9	-0.2	1.0	0.8	1.1	1.3	1.1
COMMUNICATION	-1.0	-1.1	-1.0	-1.2	-0.1	-0.2	-0.3	-0.4	-0.3	0.1	0.2	0.4	0.5	0.1	0.1	0.0	0.0	0.1	0.0
RECREATION AND CULTURE	0.8	0.6	0.6	0.6	1.1	1.3	1.6	1.7	2.4	2.6	2.7	2.6	2.2	2.1	2.5	2.5	2.5	2.0	1.3
EDUCATION	4.2	4.3	4.6	4.7	4.3	4.5	5.1	4.8	4.8	4.7	4.5	4.4	4.4	4.5	4.7	4.7	4.7	4.8	5.1
RESTAURANTS AND MISCELLANEOUS GOODS AND SERVICES	2.8	2.7	2.6	2.3	2.4	2.8	3.1	3.2	3.1	3.4	3.3	3.2	2.9	2.4	2.2	2.2	2.1	1.9	1.7

Source: Philippine Statistics Authority (PSA) *

* Republic Act No. 10625 (RA 10625) signed on 12 September 2013 mandated the reorganization of the Philippine Statistical System (PSS) and the creation of the Philippine Statistics Authority (PSA) which merged the major statistical agencies engaged in primary data collection and compilation of secondary data, namely: National Statistics Office (NSO), National Statistical Coordination Board (NSCB), Bureau of Agricultural Statistics (BAS), and Bureau of Labor and Employment Statistics (BLES).

4a CONSUMER PRICE INDEX IN METRO MANILA
for periods indicated
(2006=100)
Quarterly Average

	2010				2011				2012				2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
ALL ITEMS	**114.8**	**116.0**	**116.7**	**117.6**	**119.5**	**120.9**	**121.2**	**122.1**	**122.9**	**123.7**	**125.6**	**125.4**	**125.7**	**125.8**	**126.5**	**127.8**	**129.2**	**130.3**	**131.4**
FOOD AND NON-ALCHOLIC BEVERAGES	124.1	123.4	124.9	128.6	130.3	130.6	130.5	132.9	131.6	132.0	135.3	135.2	134.9	134.7	136.5	139.6	141.3	143.3	147.1
FOOD ITEMS	124.9	124.2	125.7	129.7	131.5	131.7	131.6	134.2	132.7	133.0	136.5	136.3	135.9	135.7	137.6	141.0	142.8	144.9	149.0
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	115.0	115.5	115.8	116.3	117.6	118.9	119.1	119.5	120.4	122.5	124.2	126.5	140.3	144.7	145.8	146.5	151.2	152.6	153.2
NON-FOOD	110.9	113.0	113.3	113.1	115.2	117.0	117.4	117.7	119.4	120.3	121.7	121.4	121.7	121.8	122.0	122.6	123.8	124.6	124.6
CLOTHING AND FOOTWEAR	114.7	115.5	117.3	117.9	118.7	118.9	121.2	121.3	123.1	126.6	129.8	130.4	131.1	132.3	132.6	132.8	135.5	136.8	138.2
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	111.2	115.4	114.9	114.0	116.6	119.2	119.3	120.0	121.8	122.9	124.5	123.4	123.5	123.5	123.0	124.2	125.5	126.3	125.0
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTING MAINTENANCE OF THE HOUSE	109.7	111.0	111.4	111.8	112.1	112.2	112.3	112.4	112.7	114.1	117.7	119.2	120.5	120.8	120.8	121.1	123.7	124.7	125.6
HEALTH	121.7	122.0	124.7	125.0	126.7	127.0	128.8	129.0	130.0	130.8	132.4	132.6	134.5	134.7	136.5	136.6	139.7	140.4	143.4
TRANSPORT	106.4	106.9	106.3	107.2	110.8	114.3	114.0	113.7	114.9	114.4	113.8	114.3	114.2	113.5	114.2	114.6	115.6	115.6	115.6
COMMUNICATION	93.7	93.7	93.9	93.8	93.6	93.4	93.3	93.2	93.1	93.7	93.9	93.9	93.9	93.9	93.9	93.9	94.1	94.1	94.1
RECREATION AND CULTURE	105.8	106.7	107.2	107.4	107.5	107.4	107.3	107.3	110.2	111.1	112.5	112.5	113.1	114.1	114.8	114.8	115.9	116.7	117.6
EDUCATION	125.9	127.5	130.6	130.6	130.6	132.2	135.5	135.5	135.5	137.0	140.0	140.0	140.0	142.1	146.2	146.2	146.2	149.0	154.5
RESTAURANTS AND MISCELLANEOUS GOODS AND SERVICES	111.7	111.8	112.9	113.0	114.8	115.9	116.3	116.5	119.5	119.9	120.7	120.7	120.9	121.1	121.2	121.3	121.8	122.7	123.1

Quarter-on-Quarter Change (in percent)

	2010				2011				2012				2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
ALL ITEMS	**1.0**	**1.0**	**0.6**	**0.8**	**1.6**	**1.2**	**0.2**	**0.7**	**0.7**	**0.7**	**1.5**	**-0.2**	**0.2**	**0.1**	**0.6**	**1.0**	**1.1**	**0.9**	**0.8**
FOOD AND NON-ALCHOLIC BEVERAGES	-0.8	-0.6	1.2	3.0	1.3	0.2	-0.1	1.8	-1.0	0.3	2.5	-0.1	-0.2	-0.1	1.3	2.3	1.2	1.4	2.7
FOOD ITEMS	-0.9	-0.6	1.2	3.2	1.4	0.2	-0.1	2.0	-1.1	0.2	2.6	-0.1	-0.3	-0.1	1.4	2.5	1.3	1.5	2.8
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	0.9	0.4	0.3	0.4	1.1	1.1	0.2	0.3	0.8	1.7	1.4	1.9	10.9	3.1	0.8	0.5	3.2	0.9	0.4
NON-FOOD	1.7	1.9	0.3	-0.2	1.9	1.6	0.3	0.3	1.4	0.8	1.2	-0.2	0.2	0.1	0.2	0.5	1.0	0.6	0.0
CLOTHING AND FOOTWEAR	1.2	0.7	1.6	0.5	0.7	0.2	1.9	0.1	1.5	2.8	2.5	0.5	0.5	0.9	0.2	0.2	2.0	1.0	1.0
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	3.6	3.8	-0.4	-0.8	2.3	2.2	0.1	0.6	1.5	0.9	1.3	-0.9	0.1	0.0	-0.4	1.0	1.0	0.6	-1.0
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTING MAINTENANCE OF THE HOUSE	0.4	1.2	0.4	0.4	0.3	0.1	0.1	0.1	0.3	1.2	3.2	1.3	1.1	0.2	0.0	0.2	2.1	0.8	0.7
HEALTH	1.4	0.2	2.2	0.2	1.4	0.2	1.4	0.2	0.8	0.6	1.2	0.2	1.4	0.1	1.3	0.1	2.3	0.5	2.1
TRANSPORT	2.0	0.5	-0.6	0.8	3.4	3.2	-0.3	-0.3	1.1	-0.4	-0.5	0.4	-0.1	-0.6	0.6	0.4	0.9	0.0	0.0
COMMUNICATION	-1.3	0.0	0.2	-0.1	-0.2	-0.2	-0.1	-0.1	-0.1	0.6	0.2	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0
RECREATION AND CULTURE	-0.6	0.9	0.5	0.2	0.1	-0.1	-0.1	0.0	2.7	0.8	1.3	0.0	0.5	0.9	0.6	0.0	1.0	0.7	0.8
EDUCATION	0.1	1.3	2.4	0.0	0.0	1.2	2.5	0.0	0.0	1.1	2.2	0.0	0.0	1.5	2.9	0.0	0.0	1.9	3.7
RESTAURANTS AND MISCELLANEOUS GOODS AND SERVICES	0.1	0.1	1.0	0.1	1.6	1.0	0.3	0.2	2.6	0.3	0.7	0.0	0.2	0.2	0.1	0.1	0.4	0.7	0.3

Year-on-Year Change (in percent)

	2010				2011				2012				2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
ALL ITEMS	**3.6**	**3.7**	**3.9**	**3.4**	**4.1**	**4.2**	**3.9**	**3.8**	**2.8**	**2.3**	**3.6**	**2.7**	**2.3**	**1.7**	**0.7**	**1.9**	**2.8**	**3.6**	**3.9**
FOOD AND NON-ALCHOLIC BEVERAGES	3.6	2.2	2.9	2.8	5.0	5.8	4.5	3.3	1.0	1.1	3.7	1.7	2.5	2.0	0.9	3.3	4.7	6.4	7.8
FOOD ITEMS	3.7	2.3	2.9	2.9	5.3	6.0	4.7	3.5	0.9	1.0	3.7	1.6	2.4	2.0	0.8	3.4	5.1	6.8	8.3
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	3.0	2.4	1.9	2.0	2.3	2.9	2.8	2.8	2.4	3.0	4.3	5.9	16.5	18.1	17.4	15.8	7.8	5.5	5.1
NON-FOOD	3.5	4.3	4.4	3.8	3.9	3.5	3.6	4.1	3.6	2.8	3.7	3.1	1.9	1.2	0.2	1.0	1.7	2.3	2.1
CLOTHING AND FOOTWEAR	2.7	3.0	3.7	4.1	3.5	2.9	3.3	2.9	3.7	6.5	7.1	7.5	6.5	4.5	2.2	1.8	3.4	3.4	4.2
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	4.9	7.7	7.9	6.2	4.9	3.3	3.8	5.3	4.5	3.1	4.4	2.8	1.4	0.5	-1.2	0.6	1.6	2.3	1.6
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTING MAINTENANCE OF THE HOUSE	1.5	1.8	2.1	2.3	2.2	1.1	0.8	0.5	0.5	1.7	4.8	6.0	6.9	5.9	2.6	1.6	2.7	3.2	4.0
HEALTH	4.1	4.0	4.1	4.2	4.1	4.1	3.3	3.2	2.6	3.0	2.8	2.8	3.5	3.0	3.1	3.0	3.9	4.2	5.1
TRANSPORT	7.4	5.7	2.7	2.8	4.1	6.9	7.2	6.1	3.7	0.1	-0.2	0.5	-0.6	-0.8	0.4	0.3	1.2	1.9	1.2
COMMUNICATION	-1.5	-1.5	-1.3	-1.2	-0.1	-0.3	-0.6	-0.6	-0.5	0.3	0.6	0.8	0.9	0.2	0.0	0.0	0.2	0.2	0.2
RECREATION AND CULTURE	0.8	0.3	0.8	0.9	1.6	0.7	0.1	-0.1	2.5	3.4	4.8	4.8	2.6	2.7	2.0	2.0	2.5	2.3	2.4
EDUCATION	2.3	2.9	4.1	3.8	3.7	3.7	3.8	3.8	3.8	3.6	3.3	3.3	3.3	3.7	4.4	4.4	4.4	4.9	5.7
RESTAURANTS AND MISCELLANEOUS GOODS AND SERVICES	1.4	0.5	1.3	1.3	2.8	3.7	3.0	3.1	4.1	3.5	3.8	3.6	1.2	1.0	0.4	0.5	0.7	1.3	1.6

Source: Philippine Statistics Authority (PSA) *

* Republic Act No. 10625 (RA 10625) signed on 12 September 2013 mandated the reorganization of the Philippine Statistical System (PSS) and the creation of the Philippine Statistics Authority (PSA) which merged the major statistical agencies engaged in primary data collection and compilation of secondary data, namely: National Statistics Office (NSO), National Statistical Coordination Board (NSCB), Bureau of Agricultural Statistics (BAS), and Bureau of Labor and Employment Statistics (BLES).

4b CONSUMER PRICE INDEX IN AREAS OUTSIDE METRO MANILA
for periods indicated
(2006=100)
Quarterly Average

	2010				2011				2012				2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
ALL ITEMS	**120.3**	**121.3**	**122.3**	**123.2**	**125.8**	**127.6**	**128.4**	**129.3**	**129.8**	**131.6**	**133.0**	**133.3**	**134.4**	**135.5**	**136.8**	**138.5**	**140.4**	**141.7**	**143.6**
FOOD AND NON-ALCHOLIC BEVERAGES	128.8	129.4	130.9	132.4	136.3	137.4	138.0	139.2	139.3	140.4	142.2	142.8	143.2	143.7	145.7	148.7	151.4	153.5	157.4
FOOD ITEMS	129.7	130.3	131.9	133.5	137.5	138.6	139.2	140.5	140.5	141.5	143.5	144.0	144.4	144.8	147.0	150.1	153.0	155.2	159.3
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	115.7	116.2	116.8	117.5	120.4	123.0	124.7	125.6	126.8	129.6	130.8	131.6	162.1	173.3	175.0	176.0	178.1	179.7	180.7
NON-FOOD	114.0	115.2	115.8	116.4	118.1	120.3	121.5	122.0	122.8	125.1	126.0	126.1	126.7	127.7	128.6	129.3	130.6	131.2	131.7
CLOTHING AND FOOTWEAR	112.3	113.0	113.8	114.6	115.8	117.4	118.6	119.5	120.2	122.7	123.9	124.4	125.4	126.8	127.9	128.6	130.0	131.0	131.9
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	112.8	114.9	115.3	115.9	118.2	121.2	121.9	122.5	124.1	127.3	128.4	128.0	128.4	129.5	130.0	131.4	133.4	133.9	133.6
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTING MAINTENANCE OF THE HOUSE	114.0	114.9	115.3	115.9	116.9	118.2	119.0	119.5	120.2	122.9	124.0	124.7	125.3	126.5	127.2	127.8	128.7	129.3	130.0
HEALTH	118.4	119.1	120.0	120.7	121.7	122.9	124.0	124.6	125.1	127.2	128.5	129.0	129.7	131.0	131.7	132.3	133.7	134.6	135.5
TRANSPORT	117.9	118.7	119.0	119.6	122.9	126.4	127.1	127.4	128.4	130.0	129.1	129.5	130.1	130.0	130.7	130.7	131.4	131.7	132.1
COMMUNICATION	92.1	92.2	92.2	92.1	92.0	92.0	92.0	91.8	91.8	91.9	92.0	92.0	92.1	92.0	92.1	92.0	92.1	92.1	92.0
RECREATION AND CULTURE	104.3	104.6	104.9	104.9	105.2	106.2	107.1	107.4	107.7	108.7	109.2	109.4	109.8	110.8	112.1	112.3	112.6	112.8	113.2
EDUCATION	120.3	121.8	125.0	125.6	125.7	127.7	131.9	132.0	132.1	134.2	138.3	138.3	138.3	140.4	144.9	144.9	144.9	147.1	152.0
RESTAURANTS AND MISCELLANEOUS GOODS AND SERVICES	116.6	117.6	117.8	118.2	119.2	120.3	121.4	122.1	122.5	124.3	125.2	125.8	126.8	128.0	128.7	129.4	130.2	130.8	131.2

Quarter-on-Quarter Change (in percent)

	2010				2011				2012				2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
ALL ITEMS	**1.2**	**0.8**	**0.8**	**0.7**	**2.1**	**1.4**	**0.6**	**0.7**	**0.4**	**1.4**	**1.1**	**0.2**	**0.8**	**0.8**	**1.0**	**1.2**	**1.4**	**0.9**	**1.3**
FOOD AND NON-ALCHOLIC BEVERAGES	1.2	0.5	1.2	1.1	2.9	0.8	0.4	0.9	0.1	0.8	1.3	0.4	0.3	0.3	1.4	2.1	1.8	1.4	2.5
FOOD ITEMS	1.2	0.5	1.2	1.2	3.0	0.8	0.4	0.9	0.0	0.7	1.4	0.3	0.3	0.3	1.5	2.1	1.9	1.4	2.6
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	1.2	0.4	0.5	0.6	2.5	2.2	1.4	0.7	1.0	2.2	0.9	0.6	23.2	6.9	1.0	0.6	1.2	0.9	0.6
NON-FOOD	1.1	1.1	0.5	0.5	1.5	1.9	1.0	0.4	0.7	1.9	0.7	0.1	0.5	0.8	0.7	0.5	1.0	0.5	0.4
CLOTHING AND FOOTWEAR	0.7	0.6	0.7	0.7	1.0	1.4	1.0	0.8	0.6	2.1	1.0	0.4	0.8	1.1	0.9	0.5	1.1	0.8	0.7
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	1.4	1.9	0.3	0.5	2.0	2.5	0.6	0.5	1.3	2.6	0.9	-0.3	0.3	0.9	0.4	1.1	1.5	0.4	-0.2
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTING MAINTENANCE OF THE HOUSE	1.0	0.8	0.3	0.5	0.9	1.1	0.7	0.4	0.6	2.2	0.9	0.6	0.5	1.0	0.6	0.5	0.7	0.5	0.5
HEALTH	1.5	0.6	0.8	0.6	0.8	1.0	0.9	0.5	0.4	1.7	1.0	0.4	0.5	1.0	0.5	0.5	1.1	0.7	0.7
TRANSPORT	1.0	0.7	0.3	0.5	2.8	2.8	0.6	0.2	0.8	1.2	-0.7	0.3	0.5	-0.1	0.5	0.0	0.5	0.2	0.3
COMMUNICATION	-1.1	0.1	0.0	-0.1	-0.1	0.0	0.0	-0.2	0.0	0.1	0.1	0.0	0.1	-0.1	0.1	-0.1	0.1	0.0	-0.1
RECREATION AND CULTURE	-0.3	0.3	0.3	0.0	0.3	1.0	0.8	0.3	0.3	0.9	0.5	0.2	0.4	0.9	1.2	0.2	0.3	0.2	0.4
EDUCATION	0.6	1.2	2.6	0.5	0.1	1.6	3.3	0.1	0.1	1.6	3.1	0.0	0.0	1.5	3.2	0.0	0.0	1.5	3.3
RESTAURANTS AND MISCELLANEOUS GOODS AND SERVICES	1.2	0.9	0.2	0.3	0.8	0.9	0.9	0.6	0.3	1.5	0.7	0.5	0.8	0.9	0.5	0.5	0.6	0.5	0.3

Year-on-Year Change (in percent)

	2010				2011				2012				2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
ALL ITEMS	**4.1**	**3.9**	**3.9**	**3.6**	**4.6**	**5.2**	**5.0**	**5.0**	**3.2**	**3.1**	**3.6**	**3.1**	**3.5**	**3.0**	**2.9**	**3.9**	**4.5**	**4.6**	**5.0**
FOOD AND NON-ALCHOLIC BEVERAGES	4.5	3.9	4.5	4.0	5.8	6.2	5.4	5.1	2.2	2.2	3.0	2.6	2.8	2.4	2.5	4.1	5.7	6.8	8.0
FOOD ITEMS	4.7	3.9	4.7	4.2	6.0	6.4	5.5	5.2	2.2	2.1	3.1	2.5	2.8	2.3	2.4	4.2	6.0	7.2	8.4
ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	3.8	3.1	2.9	2.8	4.1	5.9	6.8	6.9	5.3	5.4	4.9	4.8	27.8	33.7	33.8	33.7	9.9	3.7	3.3
NON-FOOD	3.6	3.9	3.3	3.2	3.6	4.4	4.9	4.8	4.0	4.0	3.7	3.4	3.2	2.1	2.1	2.5	3.1	2.7	2.4
CLOTHING AND FOOTWEAR	2.2	2.3	2.5	2.8	3.1	3.9	4.2	4.3	3.8	4.5	4.5	4.1	4.3	3.3	3.2	3.4	3.7	3.3	3.1
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	3.9	5.1	4.6	4.2	4.8	5.5	5.7	5.7	5.0	5.0	5.3	4.5	3.5	1.7	1.2	2.7	3.9	3.4	2.8
FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTING MAINTENANCE OF THE HOUSE	2.7	2.9	2.8	2.7	2.5	2.9	3.2	3.1	2.8	4.0	4.2	4.4	4.2	2.9	2.6	2.5	2.7	2.2	2.2
HEALTH	3.9	3.7	3.6	3.5	2.8	3.2	3.3	3.2	2.8	3.5	3.6	3.5	3.7	3.0	2.5	2.6	3.1	2.7	2.9
TRANSPORT	5.2	3.9	2.4	2.5	4.2	6.5	6.8	6.5	4.5	2.8	1.6	1.6	1.3	0.0	1.2	0.9	1.0	1.3	1.1
COMMUNICATION	-0.6	-0.8	-0.9	-1.1	-0.1	-0.2	-0.2	-0.3	-0.2	-0.1	0.0	0.2	0.3	0.1	0.1	0.0	0.0	0.1	-0.1
RECREATION AND CULTURE	0.8	0.7	0.5	0.3	0.9	1.5	2.1	2.4	2.4	2.4	2.0	1.9	1.9	1.9	2.7	2.7	2.6	1.8	1.0
EDUCATION	4.8	4.7	4.7	5.0	4.5	4.8	5.5	5.1	5.1	5.1	4.9	4.8	4.7	4.6	4.8	4.8	4.8	4.8	4.9
RESTAURANTS AND MISCELLANEOUS GOODS AND SERVICES	3.3	3.6	3.1	2.6	2.2	2.3	3.1	3.3	2.8	3.3	3.1	3.0	3.5	3.0	2.8	2.9	2.7	2.2	1.9

Source: Philippine Statistics Authority (PSA) *

* Republic Act No. 10625 (RA 10625) signed on 12 September 2013 mandated the reorganization of the Philippine Statistical System (PSS) and the creation of the Philippine Statistics Authority (PSA) which merged the major statistical agencies engaged in primary data collection and compilation of secondary data, namely: National Statistics Office (NSO), National Statistical Coordination Board (NSCB), Bureau of Agricultural Statistics (BAS), and Bureau of Labor and Employment Statistics (BLES).

5 MONETARY INDICATORS (DCS CONCEPT: SRF-Based) [1]

as of periods indicated
in billion pesos

	2012				2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2 [r]	Q3 [p]
A. Liquidity											
1. M4 (2+7)	5,621.1	5,814.4	5,756.7	6,252.7	6,204.4	6,836.0	7,323.2	8,054.2	8,215.0	8,351.9	8,508.1
2. M3 : Broad Money Liabilities (3+6)	4,596.7	4,783.4	4,734.0	5,252.5	5,195.1	5,748.6	6,201.9	6,925.0	7,029.4	7,100.1	7,204.1
3. M2 (4+5)	4,368.2	4,535.6	4,543.6	5,013.3	4,973.7	5,523.3	5,988.2	6,693.6	6,795.8	6,864.3	6,945.1
4. M1: Currency Outside Depository Corporations and Transferable Deposits (Narrow Money)	1,471.8	1,450.5	1,458.4	1,606.5	1,657.1	1,779.4	1,823.6	2,045.2	2,051.6	2,107.2	2,134.6
Currency Outside Depository Corporations (Currency in Circulation)	476.9	468.0	469.7	558.7	541.5	525.5	521.1	640.3	586.2	580.3	587.9
Transferable Deposits (Demand Deposits)	994.9	982.5	988.8	1,047.8	1,115.6	1,253.9	1,302.5	1,404.8	1,465.4	1,526.9	1,546.8
5. Other deposits included in broad money	2,896.4	3,085.2	3,085.1	3,406.9	3,316.5	3,743.9	4,164.6	4,648.4	4,744.3	4,757.1	4,810.5
Savings Deposits	1,940.5	2,005.2	2,046.5	2,187.6	2,240.2	2,466.2	2,650.7	2,889.2	3,084.4	3,007.0	3,074.7
Time Deposits	956.0	1,080.0	1,038.6	1,219.3	1,076.3	1,277.7	1,513.8	1,759.2	1,659.8	1,750.1	1,735.7
6. Securities Other Than Shares Included in Broad Money (Deposit Substitutes)	228.5	247.7	190.4	239.2	221.4	225.3	213.7	231.5	233.5	235.8	259.0
7. Transferable & Other Deposits in Foreign Currency (FCDU Deposits-Residents)	1,024.5	1,031.0	1,022.7	1,000.1	1,009.3	1,087.4	1,121.3	1,129.2	1,185.6	1,251.7	1,304.0
8. Liabilities Excluded from Broad-Money (Other Liabilities)	2,501.1	2,469.5	2,692.0	2,409.5	2,645.3	2,200.4	1,923.2	1,509.5	1,693.2	1,708.6	1,788.7
B. Domestic Claims	4,878.5	5,083.0	5,135.1	5,414.0	5,598.6	5,643.4	5,677.7	5,988.7	6,332.0	6,473.9	6,587.7
1. Net Claims on Central Government	996.1	989.3	1,030.0	969.2	1,148.8	1,015.0	913.1	950.8	1,188.5	1,110.2	1,030.8
Claims on Central Government	1,467.8	1,430.2	1,426.0	1,559.4	1,567.0	1,536.2	1,574.5	1,638.8	1,735.0	1,733.2	1,735.8
Less: Liabilities to Central Government	471.8	440.9	396.0	590.2	418.2	521.2	661.4	688.0	546.5	623.1	705.0
2. Claims on Other Sectors	3,882.4	4,093.7	4,105.1	4,444.8	4,449.8	4,628.4	4,764.7	5,037.8	5,143.4	5,363.7	5,556.9
Claims on Other Financial Corporations	434.9	500.4	489.5	540.3	551.2	555.6	563.3	559.1	559.5	574.6	612.7
Claims on State and Local Government	71.5	70.3	70.9	71.0	72.5	72.4	73.0	74.7	73.3	71.9	70.5
Claims on Public Nonfinancial Corporations	277.6	305.2	284.4	280.3	281.7	278.8	273.1	266.4	265.1	271.2	268.2
Claims on Private Sector	3,098.4	3,217.8	3,260.3	3,553.1	3,544.6	3,721.7	3,855.2	4,137.7	4,245.5	4,446.0	4,605.5
C. Net Foreign Assets	3,243.7	3,201.0	3,313.7	3,248.2	3,251.0	3,393.0	3,568.7	3,575.0	3,576.3	3,586.6	3,709.0
1. Bangko Sentral ng Pilipinas	3,196.9	3,154.1	3,359.5	3,382.3	3,390.0	3,467.8	3,586.9	3,643.8	3,520.0	3,476.6	3,524.1
Claims on Non-residents	3,272.2	3,226.5	3,431.0	3,452.0	3,458.7	3,540.2	3,661.7	3,719.8	3,597.3	3,551.7	3,599.6
Less: Liabilities to Non-residents	75.3	72.5	71.5	69.7	68.7	72.4	74.8	76.0	77.3	75.1	75.4
2. Other Depository Corporations	46.8	46.9	-45.8	-134.1	-139.0	-74.7	-18.2	-68.8	56.3	110.0	184.8
Claims on Non-residents	623.7	634.0	621.1	584.1	571.3	615.4	665.7	696.0	810.2	828.5	863.9
Less: Liabilities to Non-residents	576.9	587.1	667.0	718.2	710.3	690.1	683.9	764.8	753.9	718.5	679.0

[1] Based on the Standardized Report Forms (SRFs), a unified framework for reporting monetary and financial statistics to the International Monetary Fund.

[p] Preliminary

[r] Revised

Note : Details may not add up to totals due to rounding.
Source : Bangko Sentral ng Pilipinas

6 SELECTED DOMESTIC INTEREST RATES

for periods indicated; in percent per annum

	NOMINAL INTEREST RATES											REAL INTEREST RATES [1]										
	2012				2013				2014			2012				2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Interbank Call Loans	4.3473	4.1610	3.947	3.6832	3.0555	2.2794	2.0235	2.0155	2.0147	2.0618	2.3356	1.2473	1.2610	0.3465	0.6832	-0.1445	-0.4206	-0.3765	-1.3845	-2.0853	-2.3382	-2.3644
Savings Deposits	1.5180	1.2940	1.2910	1.2640	1.1130	0.8550	0.7330	0.6590	0.5370	0.6270	0.6580	-1.5820	-1.6060	-2.3090	-1.7360	-2.0870	-1.8450	-1.6670	-2.7410	-3.5630	-3.7730	-4.0420
Time Deposits (All Maturities)	2.7420	2.8370	2.7740	2.9340	2.3730	1.4430	1.1210	1.0850	0.9740	0.9870	1.0480	-0.3580	-0.0630	-0.8260	-0.0660	-0.8270	-1.2570	-1.2790	-2.3150	-3.1260	-3.4130	-3.6520
Manila Reference Rates (All Maturities) [2]	5.0625	4.9375	4.5625	3.4375	3.0000	2.0000	1.5625	1.5000	1.2500	1.3125	1.3750	1.9625	2.0375	0.9625	0.4375	-0.2000	-0.7000	-0.8375	-1.9000	-2.8500	-3.0875	-3.3250
Lending Rates																						
High	7.9840	8.0219	7.8091	7.5378	7.1142	6.9750	6.9732	6.6567	6.7287	6.8083	6.8860	4.8840	5.1219	4.2091	4.5378	3.9142	4.2750	4.5732	3.2567	2.6287	2.4083	2.1860
Low	5.6636	5.7576	5.5490	5.2894	4.8584	4.6800	4.5337	4.3396	4.3688	4.3417	4.3861	2.5636	2.8576	1.9490	2.2894	1.6584	1.9800	2.1337	0.9396	0.2688	-0.0583	-0.3139
All Maturities [3]	6.0510	5.7040	5.4840	5.4550	5.8420	5.7800	5.7880	5.6520	5.5000	5.4780	5.6180	2.9510	2.8040	1.8840	2.4550	2.6420	3.0800	3.3880	2.2520	1.4000	1.0780	0.9180
Bangko Sentral Rates																						
R/P (Overnight) [4]	6.5000	N.T.	5.7500	N.T.	N.T.	N.T.	5.5000	N.T.	N.T.	N.T.	N.T.	3.4000	N.T.	2.1500	N.T.	N.T.	N.T.	3.1000	N.T.	N.T.	N.T.	N.T.
R/P (Term) [4]	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.	N.T.
RR/P (Overnight) [4]	4.2206	4.0000	3.8192	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000	3.5000	3.7180	1.1206	1.1000	0.2192	0.5000	0.3000	0.8000	1.1000	0.1000	-0.6000	-0.9000	-0.9820
RR/P (Term) [4]	N.T.	4.0696	3.9512	3.6786	3.5847	3.5000	3.5000	3.5000	3.5000	3.5000	3.9380	N.T.	1.1696	0.3512	0.6786	0.3847	0.8000	1.1000	0.1000	-0.6000	-0.9000	-0.7620
Rediscounting	4.1997	4.0000	3.8307	3.5757	3.5000	3.5000	3.5000	3.5245	3.5608	3.5460	3.7390	1.0997	1.1000	0.2307	0.5757	0.3000	0.8000	1.1000	0.1245	-0.5392	-0.8540	-0.9610
Rate on Government Securities																						
Treasury Bills, All Maturities	2.2200	2.4400	1.9870	0.7160	0.4740	0.6030	0.9280	0.1210	1.2880	1.5000	1.5000	-0.8800	-0.4600	-1.6130	-2.2840	-2.7260	-2.0970	-1.4720	-3.2790	-2.8120	-2.9000	-3.2000
91-Days	1.8840	2.3340	1.4580	0.3450	0.0590	0.3860	0.6680	0.0010	1.0650	1.2740	1.2580	-1.2160	-0.5660	-2.1420	-2.6550	-3.1410	-2.3140	-1.7320	-3.3990	-3.0350	-3.1260	-3.4420
182-Days	2.2080	2.3080	1.8250	0.6790	0.3000	0.5480	0.8970	0.0460	1.4000	1.5890	1.5820	-0.8920	-0.5920	-1.7750	-2.3210	-2.9000	-2.1520	-1.5030	-3.3540	-2.7000	-2.8110	-3.1180
364-Days	2.6110	2.5310	2.2280	0.8270	0.7000	0.7550	1.0490	0.2270	1.5400	1.8630	1.8090	-0.4890	-0.3690	-1.3720	-2.1730	-2.5000	-1.9450	-1.3510	-3.1730	-2.5600	-2.5370	-2.8910
Government Securities in the Secondary Market [5]																						
3 Months	2.5212	2.3812	0.8038	0.4865	0.4021	1.9375	0.7313	0.4917	1.6917	1.3229	1.7104	-0.0788	-0.5188	-2.8962	-2.5135	-2.7979	-0.7625	-1.9687	-3.6083	-2.2083	-3.0771	-2.6896
6 Months	2.5327	2.4885	1.2042	0.7885	0.4677	1.9854	1.0687	0.6000	2.0367	1.4938	1.9479	-0.0673	-0.4115	-2.4958	-2.2115	-2.7323	-0.7146	-1.6313	-3.5000	-1.8633	-2.9062	-2.4521
1-Year	3.1665	2.6419	1.6885	0.9885	0.8729	2.1938	1.5646	0.9333	2.3125	1.8917	2.1729	0.5665	-0.2581	-2.0115	-2.0115	-2.3271	-0.5062	-1.1354	-3.1667	-1.5875	-2.5083	-2.2271
2-Years	3.3462	3.1385	2.7250	3.0577	2.5729	3.2271	2.8250	2.5208	2.7563	2.8542	2.9813	0.7462	0.2385	-0.9750	0.0577	-0.6271	0.5271	0.1250	-1.5792	-1.1437	-1.5458	-1.4187
3-Years	3.8038	3.9135	3.9077	3.8258	2.8625	3.3479	2.9875	2.9187	3.1650	2.8917	3.3833	1.2038	1.0135	0.2077	0.8258	-0.3375	0.6479	0.2875	-1.1813	-0.7350	-1.5083	-1.0167
4-Years	4.7596	4.6462	4.4692	3.9865	2.9792	3.7229	3.4354	3.4521	3.3917	3.1750	3.5083	2.1596	1.7462	0.7692	0.9865	-0.2208	1.0229	0.7354	-0.6479	-0.5083	-1.2250	-0.8917
5-Years	4.8250	5.1058	4.7096	4.1058	3.0708	3.7312	3.4750	3.7625	3.7479	3.9812	4.2146	2.2250	2.2058	1.0096	1.1058	-0.1292	1.0312	0.7750	-0.3375	-0.1521	-0.4188	-0.1854
7-Years	5.1462	5.1673	4.8462	4.1385	3.2937	4.0917	3.7208	3.6850	3.8615	4.0292	4.1229	2.5462	2.2673	1.1462	1.1385	0.0937	1.3917	1.0208	-0.4150	-0.0385	-0.3708	-0.2771
10-Years	5.7962	5.9192	4.8962	4.4000	3.5292	4.2771	3.8437	3.8038	4.4562	4.1667	4.3475	3.1962	3.0192	1.1962	1.4000	0.3292	1.5771	1.1437	-0.2962	0.5562	-0.2333	-0.0525
20-Years	6.0072	6.0227	5.8487	5.9692	3.8146	4.3042	4.2896	5.1875	5.3938	5.3750	5.3125	3.4072	3.1227	2.1487	2.9692	0.6146	1.6042	1.5896	1.0875	1.4938	0.9750	0.9125
25-Years	6.4469	6.3827	6.0454	5.8962	4.1396	5.4487	5.5792	5.6458	5.6354	5.4329	5.3750	3.8469	3.4827	2.3454	2.8962	0.9396	2.7487	2.8792	1.5458	1.7354	1.0329	0.9750

[1] Nominal interest rate less inflation rate

[2] Refers to the New Manila Reference Rates based on combined transactions on time deposits and promissory notes of reporting commercial banks. Per BSP Circular No. 846, the generation and publication of MRR rates will be discontinued effective 17 September 2014. September data covers bank reports prior to the said date.

[3] Refers to the weighted average interest rate of reporting commercial banks' interest incomes on their outstanding peso-denominated loans

[4] Weighted average of transacted rates

[5] End of Period

[p] Preliminary

[r] Revised

N.T. - No transactions

Source: Bangko Sentral ng Pilipinas

7 NUMBER OF FINANCIAL INSTITUTIONS [1]
as of periods indicated

	2011				2012				2013				2014	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
T o t a l	**25,078**	**25,544**	**25,828**	**26,170**	**26,512**	**26,784**	**26,742**	**27,189** r	**27,329** r	**27,503** r	**27,759** r	**28,047** r	**28,065** r	**28,094** r
Head Offices	7,379	7,411	7,433	7,415	7,433	7,421	7,268	7,238 r	7,205 r	7,112 r	7,053 r	7,012 r	6,943 r	6,888 r
Branches/Agencies	17,699	18,133	18,395	18,755	19,079	19,363	19,474	19,951 r	20,124 r	20,391 r	20,706 r	21,035 r	21,122 r	21,206 r
Banks	8,870	8,915	8,965	9,050	9,186	9,207	9,301	9,410	9,477	9,543	9,720	9,935	10,020	10,120
Head Offices	746	739	730	726	723	712	705	696	687	683	676	673	667	664
Branches/Agencies	8,124	8,176	8,235	8,324	8,463	8,495	8,596	8,714	8,790	8,860	9,044	9,262	9,353	9,456
Universal and Commercial Banks	4,695	4,764	4,813	4,857	4,904	4,965	5,028	5,145	5,182	5,234	5,330	5,461	5,514	5,583
Head Offices	38	38	38	38	38	37	37	37	36	36	36	36	36	36
Branches/Agencies	4,657	4,726	4,775	4,819	4,866	4,928	4,991	5,108	5,146	5,198	5,294	5,425	5,478	5,547
Thrift Banks	1,419	1,381	1,394	1,491	1,545	1,522	1,545	1,619	1,641	1,662	1,773	1,828	1,856	1,878
Head Offices	73	72	70	71	71	69	69	70	70	70	71	71	70	70
Branches/Agencies	1,346	1,309	1,324	1,420	1,474	1,453	1,476	1,549	1,571	1,592	1,702	1,757	1,786	1,808
Savings and Mortgage Banks	894	854	887	979	1,007	1,003	1,020	1,052	1,072	1,085	1,150	1,199	1,219	1,242
Head Offices	28	27	27	28	28	28	28	28	28	28	28	28	28	28
Branches/Agencies	866	827	860	951	979	975	992	1,024	1,044	1,057	1,122	1,171	1,191	1,214
Private Development Banks	357	358	340	344	367	341	346	385	384	387	429	432	437	432
Head Offices	20	20	19	19	19	18	18	19	19	19	20	19	19	19
Branches/Agencies	337	338	321	325	348	323	328	366	365	368	409	413	418	413
Stock Savings and Loan Assns.	141	142	140	141	144	150	151	154	157	162	166	168	171	175
Head Offices	22	22	21	21	21	20	20	20	20	20	20	20	19	19
Branches/Agencies	119	120	119	120	123	130	131	134	137	142	146	148	152	156
Microfinance Banks	27	27	27	27	27	28	28	28	28	28	28	29	29	29
Head Offices	3	3	3	3	3	3	3	3	3	3	3	4	4	4
Branches/Agencies	24	24	24	24	24	25	25	25	25	25	25	25	25	25
Rural Banks	2,756	2,770	2,758	2,702	2,737	2,720	2,728	2,646	2,654	2,647	2,617	2,646	2,650	2,659
Head Offices	635	629	622	617	614	606	599	589	581	577	569	566	561	558
Branches/Agencies	2,121	2,141	2,136	2,085	2,123	2,114	2,129	2,057	2,073	2,070	2,048	2,080	2,089	2,101

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7 NUMBER OF FINANCIAL INSTITUTIONS [1]
(Continuation)

	2011				2012				2013				2014	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Non-Banks	16,208	16,629	16,863	17,120	17,326	17,577	17,441	17,779 r	17,852 r	17,960 r	18,039 r	18,112 r	18,045 r	17,974 r
Head Offices	6,633	6,672	6,703	6,689	6,710	6,709	6,563	6,542 r	6,518 r	6,429 r	6,377 r	6,339 r	6,276 r	6,224 r
Branches/Agencies	9,575	9,957	10,160	10,431	10,616	10,868	10,878	11,237 r	11,334 r	11,531 r	11,662 r	11,773 r	11,769 r	11,750 r
Investment Houses	28	28	28	27	27	27	27	27	26	26	26	26	26	25
Head Offices	18	18	18	17	17	17	17	17	16	16	16	16	16	15
Branches/Agencies	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Finance Companies	47	47	47	47	46	85	85	87	87	87	87	87	88	88
Head Offices	21	21	21	21	20	20	20	20	20	20	20	20	20	20
Branches/Agencies	26	26	26	26	26	65	65	67	67	67	67	67	68	68
Investment Companies	4	4	4	4	4	4	4	3	3	3	3	3	3	3
Head Offices	4	4	4	4	4	4	4	3	3	3	3	3	3	3
Branches/Agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securities Dealers/Brokers	14	14	14	14	14	13	13	13	13	13	13	13	13	13
Head Offices	14	14	14	14	14	13	13	13	13	13	13	13	13	13
Branches/Agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pawnshops	15,818	16,239	16,467	16,729	16,936	17,128	16,992	17,335	17,408	17,514	17,579	17,652	17,584	17,513
Head Offices	6,381	6,420	6,451	6,442	6,464	6,463	6,317	6,301	6,279	6,188	6,123	6,085	6,022	5,971
Branches/Agencies	9,437	9,819	10,016	10,287	10,472	10,665	10,675	11,034	11,129	11,326	11,456	11,567	11,562	11,542
Lending Investors	2	2	1	1	1	1	1	1	1	1	1	1	1	1
Head Offices	2	2	1	1	1	1	1	1	1	1	1	1	1	1
Branches/Agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Stock Savings and Loan Assns.	167	167	174	174	174	195	195	195	196	198	199	198	198	199
Head Offices	69	69	70	70	70	71	71	71	70	72	72	71	71	71
Branches/Agencies	98	98	104	104	104	124	124	124	126	126	127	127	127	128
Private Insurance Companies [2]	119	119	119	116	116	116	116	110 r	110 r	110 r	110 r	110 r	110 r	110 r
Head Offices	115	115	115	112	112	112	112	108 r	108 r	108 r	108 r	108 r	108 r	108 r
Branches/Agencies	4	4	4	4	4	4	4	2 r	2 r	2 r	2 r	2 r	2 r	2 r
Government Non-Banks	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Head Offices	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Branches/Agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Venture Capital Corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Head Offices	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Branches/Agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Card Companies	4	4	4	3	3	3	3	3	3	3	3	3	3	3
Head Offices	4	4	4	3	3	3	3	3	3	3	3	3	3	3
Branches/Agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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7 NUMBER OF FINANCIAL INSTITUTIONS [1]
(Continuation)

	2011				2012				2013				2014	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Other Non-Bank with QBF	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Head Offices	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Branches/Agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electronic Money Issuer	-	-	-	-	-	-	-	-	-	-	3	4	4	4
Head Offices	-	-	-	-	-	-	-	-	-	-	3	4	4	4
Branches/Agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remittance Agent	-	-	-	-	-	-	-	-	-	-	1	1	1	1
Head Offices	-	-	-	-	-	-	-	-	-	-	1	1	1	1
Branches/Agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit Granting Entities	-	-	-	-	-	-	-	-	-	-	9	9	9	9
Head Offices	-	-	-	-	-	-	-	-	-	-	9	9	9	9
Branches/Agencies	-	-	-	-	-	-	-	-	-	-	-	-	-	-

[1] Refers to the number of financial establishments which includes the head offices and branches; excludes the Bangko Sentral ng Pilipinas
Starting Q4 2009, data include other banking offices per Circular 505 and 624 dated 22 December 2005 and 13 October 2008, respectively.
(Other banking offices refer to any office or place of business in the Philippines other than the head office, branch or extension offfice, which primarily engages in banking activities other than the acceptance of deposits and/or servicing of withdrawals thru tellers or other authorized personnel.)

[2] Covers only the head offices and their foreign branches.

\- zero or nil

Source: Bangko Sentral ng Pilipinas

8 TOTAL RESOURCES OF THE PHILIPPINE FINANCIAL SYSTEM [1]

as of periods indicated

in billion pesos

Institutions	2011				2012				2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
T o t a l	**8,958.8**	**9,208.5**	**9,286.8**	**9,645.6**	**9,530.3**	**9,805.7**	**9,970.7**	**10,622.4**	**10,757.2**	**11,291.2**	**11,829.0**	**12,694.7**	**12,875.1**	**13,031.8**	**13,271.0**
Banks	7,119.6	7,314.2	7,360.6	7,643.4	7,464.3	7,671.5	7,866.9	8,357.9	8,419.4	8,931.3	9,463.1	10,311.8	10,446.9	10,603.6	10,842.8
Universal and Commercial Banks [2]	6,350.5	6,548.1	6,598.1	6,833.0	6,668.0	6,877.6	7,054.3	7,486.7	7,547.6	7,995.5	8,505.4	9,300.4	9,412.5	9,545.6	9,769.9
Thrift Banks [2]	587.5	581.5	576.9	623.6	608.6	606.2	622.4	681.6	679.3	739.9	764.6	809.1	825.0	851.1	866.3
Rural Banks	181.7	184.6	185.6	186.8	187.8	187.6	190.1	189.7	192.6	196.0	193.1	202.3	209.4	206.9	206.9 [a]
Non-Banks [3]	1,839.1	1,894.3	1,926.2	2,002.2	2,066.0	2,134.3	2,103.9	2,264.4	2,337.8	2,359.9	2,365.9	2,382.9	2,428.2	2,428.2 [b]	2,428.2 [b]

[1] *Excludes the Bangko Sentral ng Pilipinas; amount includes allowance for probable losses.*

[2] *Data prior to 2008 were based on the Consolidated Statement of Condition which valued asset gross of allowance for probable losses and net of amortization and depreciation. Data from March 2008 onwards are based on the new Financial Reporting Package which valued asset gross of amortization, depreciation and allowance for probable losses.*

[3] *Includes Investment Houses, Finance Companies, Investment Companies, Securities Dealers/Brokers, Pawnshops, Lending Investors, Non Stocks Savings and Loan Associations, Credit Card Companies (which are under BSP supervision), and Private and Government Insurance Companies (i.e., SSS and GSIS).*

[a] *As of end-June 2014*

[b] *As of end-March 2014*

Notes: (1) Data on Non-Banks are based on Consolidated Statement of Condition (CSOC).

(2) Data on Rural Banks were based on CSOC up to March 2010. Data from April 2010 onwards are based on FRP.

(3) Details may not add up to total due to rounding off.

Source: Bangko Sentral ng Pilipinas

9 NON-PERFORMING LOANS (NPL), TOTAL LOANS AND LOAN LOSS PROVISIONS OF THE BANKING SYSTEM [1]
end-of-period
in billion pesos

	Non-Performing Loans [2]				Gross Non-Performing Loans [3]				Net Non-Performing Loans [3]				Total Loans				Loan Loss Provisions			
	UB&KBs	TBs	RBs	Total	UB&KBs	TBs	RBs	Total	UB&KBs	TBs	RBs	Total	UB&KBs	TBs	RBs	Total	UB&KBs	TBs	RBs	Total
2006	117.410	20.550	9.045	147.005									2073.698	249.993	83.234	2406.925	97.031	10.138	3.820	110.989
2007	97.634	20.231	9.841	127.706									2195.110	295.499	100.215	2590.824	91.123	9.560	3.587	104.270
2008																				
Mar	96.432	19.730	10.350	126.512									2131.720	296.741	106.735	2535.196	89.962	9.588	3.761	103.311
Jun	94.057	19.416	9.960	123.433									2345.606	295.576	101.540	2742.722	90.918	9.578	3.668	104.164
Sep	93.825	19.603	9.910	123.338									2328.091	296.750	97.819	2722.660	89.039	10.343	3.727	103.109
Dec	88.191	20.107	9.563	117.861									2502.662	303.632	95.892	2902.186	88.201	10.774	3.636	102.611
2009																				
Mar	88.577	23.137	10.124	121.838									2486.854	301.073	94.716	2882.643	87.956	11.302	3.810	103.068
Jun	84.622	23.294	10.268	118.184									2518.667	311.965	95.485	2926.117	86.597	12.289	3.949	102.835
Sep	81.415	25.035	10.209	116.659									2506.186	296.766	96.452	2899.404	90.592	12.467	3.955	107.014
Dec	80.912	23.396	10.157	114.465									2725.200	321.742	97.534	3144.476	90.898	12.097	3.952	106.947
2010																				
Mar	81.382	25.189	9.363	115.934									2531.003	320.902	99.346	2951.251	91.982	12.702	4.380	109.064
Jun	87.668	25.868	9.491	123.027									2682.230	326.275	100.778	3109.283	95.394	13.723	4.603	113.720
Sep	83.141	28.177	9.417	120.735									2670.645	343.058	97.794	3111.497	97.379	14.500	4.533	116.412
Dec	80.215	26.323	10.249	116.787									2802.041	359.484	103.695	3265.220	95.040	14.123	5.102	114.265
2011																				
Mar	82.410	25.911	11.838	120.159									2759.938	354.660	117.155	3231.753	99.197	16.645	5.970	121.812
Jun	74.143	22.746	12.198	109.087									3030.631	367.867	119.701	3518.199	93.548	13.420	6.113	113.081
Sep	74.326	22.699	12.127	109.152									3021.051	364.469	121.659	3507.179	91.944	13.618	6.296	111.858
Dec	71.938	21.953	12.263	106.154									3222.105	383.731	120.963	3726.799	90.903	12.946	6.176	110.025
2012																				
Mar					106.354	26.090	13.940	146.384	18.918	11.550	7.470	37.938	3192.496	402.540	123.740	3718.776	124.968	18.170	7.690	150.828
Jun					102.098	24.360	14.370	140.828	11.393	9.530	7.350	28.273	3388.091	432.990	124.870	3945.951	127.269	18.270	8.230	153.769
Sep					103.420	25.830	14.800	144.050	13.224	11.340	7.060	31.624	3444.161	410.520	128.780	3983.461	128.598	18.560	9.000	156.158
Dec					100.610	26.530	15.850	142.990	11.310	12.220	6.910	30.440	3650.760	449.260	128.580	4228.600	128.460	18.090	10.220	156.770
2013 [p]																				
Mar					99.357	26.930	17.250	143.537	16.245	12.240	8.073	36.558	3625.043	439.240	129.473	4193.756	127.487	18.960	10.420	156.867
Jun					100.912	27.840	15.910	144.662	14.569	12.320	7.420	34.309	3760.891	468.830	128.740	4358.461	131.291	20.130	9.750	161.171
Sep					100.638	28.895	16.400	145.933	16.497	13.088	7.870	37.455	3922.085	490.705	126.790	4539.580	131.338	20.199	9.740	161.277
Dec					90.509	27.729	17.306	135.544	8.050	12.291	8.250	28.591	4256.963	508.199	131.788	4896.950	130.440	20.107	10.327	160.874
2014 [p]																				
Mar					93.526	27.057	18.114	138.697	10.144	13.146	8.800	32.090	4329.734	547.791	137.889	5015.414	131.790	18.771	10.612	161.173
Jun					94.798	27.165	17.867	139.830	12.437	12.931	8.895	34.263	4513.288	562.850	132.888	5209.026	133.317	19.088	10.240	162.645
Sep					96.181	26.049	17.867 [a]	140.097	14.129	11.572	8.895 [a]	34.596	4704.656	575.778	132.888 [a]	5413.322	133.708	19.375	10.240 [a]	163.323

[1] *Data include banks under liquidation, foreign office transactions and interbank loans*
[2] *Starting Sept. 2002, for supervisory purposes, computation of NPL was based on BSP Circular No. 351 which defines total loans as gross of allowance for probable losses and interbank loans less loans classified as loss. This has been discontinued in 2013.*
For comparability purposes, 2012 was revised based on the new definition (BSP Circular No. 772).
[3] *Starting January 2013, NPL data are based on BSP Circular No. 772. Gross NPL represents the actual level of NPL without any adjustment for loans treated as "loss" and fully provisioned.*
As a complementary measure to computing gross NPL, banks shall likewise compute their net NPLs, which shall refer to gross NPLs less specific allowance for credit losses on the total loan portfolio,
Under Cir 772, there are no available data for Gross NPLs and Net NPLs earlier than 2012.
[a] *As of June 2014*
[p] *Preliminary*
[r] *Revised*
Details may not add up due to rounding off.
Source: Bangko Sentral ng Pilipinas

9 RATIO OF NON-PERFORMING LOANS (NPL) AND LOAN LOSS PROVISIONS [1] TO TOTAL LOANS OF THE BANKING SYSTEM

end-of-period, in percent

	NPL/Total Loans [2]				Gross NPL/Total Loans [3]				Net NPL/Total Loans [3]				Loan Loss Provisions/Total Loans			
	UBs &KBs	TBs	RBs	Total	UBs &KBs	TBs	RBs	Total	UBs &KBs	TBs	RBs	Total	UBs &KBs	TBs	RBs	Total
2006	5.662	8.220	10.867	6.108									4.679	4.055	4.589	4.611
2007	4.448	6.846	9.820	4.929									4.151	3.235	3.579	4.025
2008																
Mar	4.524	6.649	9.697	4.990									4.220	3.231	3.524	4.075
Jun	4.010	6.569	9.809	4.500									3.876	3.240	3.612	3.798
Sep	4.030	6.606	10.131	4.530									3.825	3.485	3.810	3.787
Dec	3.524	6.622	9.973	4.061									3.524	3.548	3.792	3.536
2009																
Mar	3.562	7.685	10.689	4.227									3.537	3.754	4.023	3.575
Jun	3.360	7.467	10.754	4.039									3.438	3.939	4.136	3.514
Sep	3.249	8.436	10.585	4.024									3.615	4.201	4.100	3.691
Dec	2.969	7.272	10.414	3.640									3.335	3.760	4.052	3.401
2010																
Mar	3.215	7.849	9.425	3.928									3.634	3.958	4.409	3.696
Jun	3.268	7.928	9.418	3.957									3.557	4.206	4.567	3.657
Sep	3.113	8.213	9.629	3.880									3.646	4.227	4.635	3.741
Dec	2.863	7.322	9.884	3.577									3.392	3.929	4.920	3.499
2011																
Mar	2.986	7.306	10.105	3.718									3.594	4.693	5.096	3.769
Jun	2.446	6.183	10.190	3.101									3.087	3.648	5.107	3.214
Sep	2.460	6.228	9.968	3.112									3.043	3.736	5.175	3.189
Dec	2.233	5.721	10.138	2.848									2.821	3.374	5.106	2.952
2012																
Mar					3.331	6.481	11.266	3.936	0.593	2.869	6.037	1.020	3.914	4.514	6.215	4.056
Jun					3.013	5.626	11.508	3.569	0.336	2.201	5.886	0.717	3.756	4.219	6.591	3.897
Sep					3.003	6.292	11.492	3.616	0.384	2.762	5.482	0.794	3.734	4.521	6.989	3.920
Dec					2.756	5.905	12.327	3.381	0.310	2.720	5.374	0.720	3.519	4.027	7.948	3.707
2013 [p]																
Mar					2.741	6.131	13.323	3.423	0.448	2.787	6.235	0.872	3.517	4.317	8.048	3.740
Jun					2.683	5.938	12.358	3.319	0.387	2.628	5.764	0.787	3.491	4.294	7.573	3.698
Sep					2.566	5.888	12.935	3.215	0.421	2.667	6.207	0.825	3.349	4.116	7.682	3.553
Dec					2.126	5.456	13.132	2.768	0.189	2.419	6.260	0.584	3.064	3.957	7.836	3.285
2014 [p]																
Mar					2.160	4.939	13.137	2.765	0.234	2.400	6.382	0.640	3.044	3.427	7.696	3.214
Jun					2.100	4.826	13.445	2.684	0.276	2.297	6.694	0.658	2.954	3.391	7.706	3.122
Sep					2.044	4.524	13.445 [a]	2.588	0.300	2.010	6.694 [a]	0.639	2.842	3.365	7.706 [a]	3.017

[1] *Data include banks under liquidation, foreign office transactions and interbank loans*

[2] *Starting Sept. 2002, for supervisory purposes, computation of NPL was based on BSP Circular No. 351 which defines total loans as gross of allowance for probable losses and interbank loans less loans classified as loss. This has been discontinued in 2013. For comparability purposes, 2012 was revised based on the new definition (BSP Circular No. 772).*

[3] *Starting January 2013, NPL data are based on BSP Circular No. 772. Gross NPL represents the actual level of NPL without any adjustment for loans treated as "loss" and fully provisioned. As a complementary measure to computing gross NPL, banks shall likewise compute their net NPLs, which shall refer to gross NPLs less specific allowance for credit losses on the total loan portfolio, Under Cir 772, there are no available data for Gross NPLs and Net NPLs earlier than 2012.*

[a] *As of June 2014*

[p] *Preliminary*

[r] *Revised*

Details may not add up due to rounding off.

Source: Bangko Sentral ng Pilipinas

10 STOCK MARKET TRANSACTIONS

volume in million shares, value in million pesos

	2011				2012				2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Volume	**144561.66**	**232516.13**	**431850.68**	**247667.21**	**402134.64**	**152893.27**	**116967.00**	**371124.14**	**165036.11**	**170243.22**	**106453.04**	**73402.60**	**113134.63**	**122112.95**	**155536.84**
Financials	649.77	629.78	1437.01	1406.99	1619.09	1153.39	991.09	1434.87	1815.66	1373.89	985.60	3439.37	991.83	1341.28	1557.88
Industrial	6459.48	5767.22	29367.37	7523.85	31502.63	13358.43	16361.98	81440.23	18622.06	35931.14	15349.83	10863.19	12327.91	13115.47	13643.92
Holding Firms	23546.00	11491.64	22863.87	10799.79	21750.94	7081.48	9092.28	143645.87	33659.42	36289.90	5254.42	5249.95	5728.28	6984.49	12527.16
Property	19404.63	13990.78	18584.86	12717.69	25507.07	18144.86	14136.54	18676.08	22018.37	16990.66	19349.91	10129.14	12053.14	22135.73	20366.00
Services	5078.58	4239.70	18563.10	16441.57	14403.95	10480.28	15809.81	44604.55	23393.54	21728.44	10166.98	13676.50	7058.13	12922.53	17377.49
Mining & Oil	89423.15	196396.98	341034.30	198775.39	307350.84	102674.80	60575.05	81321.26	65526.75	57928.96	55346.02	30042.96	74974.61	64492.45	89992.02
SME	0.07	0.02	0.17	1.94	0.12	0.02	0.24	1.30	0.32	0.23	0.29	0.30	0.32	1120.34	71.58
ETF[1/]												1.20	0.43	0.67	0.79
Value	**325016.49**	**336795.12**	**384521.96**	**376257.75**	**502081.17**	**445647.94**	**359916.16**	**464065.85**	**623381.92**	**781004.56**	**587512.48**	**554283.93**	**457084.65**	**535924.41**	**548203.31**
Financials	31968.14	34907.81	49817.86	53460.36	74928.86	60289.15	51589.26	96175.25	101569.89	98627.55	77285.06	64828.29	65887.57	73681.14	69826.00
Industrial	100461.68	92832.94	107984.16	72814.84	114995.40	132721.16	69893.61	101501.50	125878.91	228624.02	144381.97	185202.80	104205.70	110557.32	94253.72
Holding Firms	74750.50	79750.31	63531.85	70700.41	106954.09	104977.44	87474.18	101072.63	167319.88	187192.27	135004.74	116193.95	121553.96	120482.76	131683.28
Property	39979.01	35069.70	39404.37	35773.05	58562.32	52982.59	65675.31	66954.93	108596.25	100356.43	139774.30	60423.30	67866.56	105043.74	79090.12
Services	53189.45	47266.24	44127.85	91303.82	78836.70	59063.52	67397.33	81771.86	91228.15	150765.32	81065.52	119723.35	83835.26	96403.67	143589.44
Mining & Oil	24667.56	46968.04	79655.10	52200.89	67803.28	35613.99	17885.38	16578.97	28786.17	15437.61	9997.26	7790.60	13688.16	22755.68	29112.89
SME	0.15	0.08	0.76	4.39	0.53	0.08	1.09	10.71	2.68	1.35	3.63	3.45	5.31	6927.92	557.35
ETF[1/]												118.18	42.13	72.18	90.52
Composite Index (end of period)	4055.14	4291.21	3999.65	4371.96	5107.73	5246.41	5346.10	5812.73	6847.47	6465.28	6191.80	5889.83	6428.71	6844.31	7283.07

Sum of details may not add up to totals due to rounding.

1/ Starting 2 December 2013, trading of an Exchange Traded Fund commenced. ETF is an open-end investment company that trades its shares in the stock exchange

Source : Philippine Stock Exchange

11 PHILIPPINES: BALANCE OF PAYMENTS
in million U.S. dollars

	2013 r				2014 p		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Current Account	2163	2207	2647	3376	764	3004	3037
Export	21918	23909	25502	25728	22905	27001	28757
Import	19755	21702	22854	22352	22141	23997	25720
Goods, Services, and Primary Income	-2440	-2847	-2655	-2646	-4233	-2483	-2694
Export	17187	18687	20052	19572	17749	21382	22848
Import	19627	21534	22707	22218	21981	23865	25542
Goods and Services	-2557	-2923	-2942	-2852	-4301	-2653	-2941
Export	15161	16606	17960	17427	15528	19149	20530
Import	17718	19529	20902	20279	19829	21801	23471
Goods	-3394	-4210	-5222	-4876	-5413	-3112	-4439
Credit: Exports	10546	11135	11628	11203	10154	13669	13453
Debit: Imports	13940	15345	16850	16079	15567	16781	17893
Services	837	1287	2280	2024	1112	460	1498
Credit: Exports	4615	5471	6332	6223	5374	5480	7077
Debit: Imports	3778	4184	4052	4200	4262	5020	5578
Primary Income	117	76	287	207	68	170	247
Credit: Receipts	2026	2081	2091	2145	2221	2234	2318
Debit: Payments	1909	2005	1805	1939	2152	2064	2071
Secondary Income	4603	5054	5303	6022	4997	5487	5730
Credit: Receipts	4730	5222	5450	6156	5157	5618	5909
Debit: Payments	128	169	147	134	160	132	179
Capital Account	26	31	31	27	26	26	23
Credit: Receipts	31	33	36	33	28	28	28
Debit: Payments	5	2	5	6	2	2	6
Financial Account	-1941	2649	-314	1878	3977	527	1088
Net Acquisition of Financial Assets	790	1354	2282	2044	4130	2369	1955
Net Incurrence of Liabilities	2731	-1295	2596	166	154	1842	867
Direct Investment	-810	852	-295	403	-469	-656	190
Net Acquisition of Financial Assets	1144	917	710	1044	1247	1077	1618
Net Incurrence of Liabilities	1954	65	1004	641	1715	1732	1428
Portfolio Investment	-785	-478	-857	1118	2680	-848	-1464
Net Acquisition of Financial Assets	-356	154	-354	-81	1109	332	-781
Net Incurrence of Liabilities	428	632	502	-1199	-1572	1181	683
Financial Derivatives	49	-25	-66	-47	-19	-7	9
Net Acquisition of Financial Assets	-48	-80	-99	-85	-72	-50	-74
Net Incurrence of Liabilities	-97	-55	-33	-39	-53	-44	-83
Other Investment	-396	2301	903	403	1784	2038	2353
Net Acquisition of Financial Assets	50	364	2025	1166	1847	1010	1192
Net Incurrence of Liabilities	446	-1937	1123	763	63	-1027	-1161
NET UNCLASSIFIED ITEMS	-2593	1452	-1745	-265	-1288	-2172	-1259
OVERALL BOP POSITION	1537	1041	1247	1260	-4475	330	712
Debit: Change in Reserve Assets	1547	1030	1258	1250	-4464	320	723
Credit: Change in Reserve Liabilities	11	-11	11	-11	11	-11	11
Use of Fund Credits	0	0	0	0	0	0	0
Short-term	11	-11	11	-11	11	-11	11

Details may not add up to total due to rounding.
p Preliminary
r Revised to reflect data updates from official data sources and post-audit adjustments
Technical Notes:
1. Balance of Payments Statistics are based on the IMF's Balance of Payments and International Investment Position Manual, 6th Edition.
2. Financial Account, including Reserve Assets, is calculated as sum of net acquisitions of financial assets less net incurrence of liabilities.
3. Balances in the current and capital accounts are derived by deducting debit entries from credit entries.
4. Balances in the financial account are derived by deducting net incurrence of liabilities from net acquisition of financial assets.
5. Negative values of Net Acquisition of Financial Assets indicate withdrawal/disposal of financial assets; negative values of Net Incurrence of Liabilities indicate repayment of liabilities.
6. Overall BOP position is calculated as the change in the country's net international reserves (NIR), less non-economic transactions (revaluation and gold monetization/demonetization). Alternatively, it can be derived by adding the current and capital account balances less financial account plus net unclassified items.
7. Net unclassified items is an offsetting account to the overstatement or understatement in either receipts or payments of the recorded BOP components vis-à-vis the overall BOP position.
8. Data on Deposit-taking corporations, except the central bank consist of transactions of commercial and thrift banks and offshore banking units (OBUs).

12 INTERNATIONAL RESERVES

as of periods indicated
in million US dollars

	2013				2014		
	Mar	Jun	Sep	Dec	Mar	Jun	Sep
Gross International Reserves	**83,951**	**81,255**	**83,507**	**83,187**	**79,645**	**80,733**	**79,557**
Gold	9,901	7,663	8,241	7,498	8,006	8,285	7,570
SDRs	1,257	1,261	1,286	1,303	1,308	1,308	1,255
Foreign Investments	71,325	70,645	72,367	72,936	68,991	69,890	68,936
Foreign Exchange	944	1,146	1,036	856	746	639	1,207
Reserve Position in the Fund	524	540	578	594	595	612	590
Net International Reserves	**83,938**	**81,254**	**83,495**	**83,185**	**79,632**	**80,731**	**79,544**

Source: Bangko Sentral ng Pilipinas

13a EXCHANGE RATES OF THE PESO

units of foreign currency per peso
period averages

	US Dollar	Japanese Yen	Euro	Pound Sterling	Australian Dollar	Singapore Dollar	Hongkong Dollar	Malaysian Ringgit	Thailand Baht	Indonesian Rupiah	New Taiwan Dollar	South Korean Won	Chinese Yuan	Saudi Rial	Emirati Dirham
2011	**0.0231**	**1.8411**	**0.0166**	**0.0144**	**0.0224**	**0.0290**	**0.1797**	**0.0706**	**0.7033**	**202.2252**	**0.6784**	**25.5615**	**0.1493**	**0.0866**	**0.0848**
Jan	0.0226	1.8691	0.0169	0.0144	0.0227	0.0291	0.1761	0.0693	0.6905	204.0816	0.6586	25.3256	0.1494	0.0849	0.0831
Feb	0.0229	1.8891	0.0168	0.0142	0.0227	0.0292	0.1782	0.0697	0.7024	204.2901	0.6679	25.5460	0.1508	0.0858	0.0840
Mar	0.0230	1.8742	0.0164	0.0142	0.0227	0.0291	0.1791	0.0697	0.6977	201.0490	0.6780	25.7588	0.1509	0.0862	0.0844
Apr	0.0231	1.9269	0.0160	0.0142	0.0219	0.0289	0.1798	0.0698	0.6956	200.2107	0.6727	25.1157	0.1511	0.0867	0.0849
May	0.0232	1.8806	0.0162	0.0142	0.0217	0.0287	0.1802	0.0697	0.7001	198.1982	0.6661	25.0798	0.1506	0.0869	0.0852
Jun	0.0231	1.8567	0.0160	0.0142	0.0217	0.0285	0.1794	0.0697	0.7026	196.8135	0.6634	24.8933	0.1493	0.0865	0.0847
Jul	0.0234	1.8557	0.0163	0.0145	0.0217	0.0284	0.1819	0.0700	0.7037	199.6198	0.6734	24.7292	0.1509	0.0876	0.0858
Aug	0.0236	1.8165	0.0165	0.0144	0.0224	0.0285	0.1838	0.0703	0.7035	200.0000	0.6826	25.2951	0.1511	0.0884	0.0866
Sep	0.0232	1.7860	0.0168	0.0147	0.0227	0.0290	0.1812	0.0713	0.7057	202.7650	0.6889	25.8732	0.1485	0.0872	0.0854
Oct	0.0230	1.7641	0.0168	0.0146	0.0228	0.0294	0.1790	0.0723	0.7107	204.0816	0.6976	26.6241	0.1468	0.0863	0.0845
Nov	0.0231	1.7899	0.0170	0.0146	0.0229	0.0298	0.1798	0.0728	0.7147	207.8775	0.6984	26.2177	0.1469	0.0867	0.0849
Dec	0.0229	1.7839	0.0174	0.0147	0.0226	0.0296	0.1782	0.0724	0.7126	207.7151	0.6931	26.2796	0.1455	0.0859	0.0841
2012	**0.0237**	**1.8893**	**0.0184**	**0.0149**	**0.0229**	**0.0296**	**0.1837**	**0.0731**	**0.7358**	**221.5638**	**0.7003**	**26.6838**	**0.1495**	**0.0888**	**0.0870**
Jan	0.0229	1.7638	0.0178	0.0148	0.0221	0.0294	0.1780	0.0715	0.7237	207.7151	0.6885	26.2369	0.1448	0.0860	0.0842
Feb	0.0234	1.8355	0.0177	0.0148	0.0219	0.0294	0.1818	0.0709	0.7204	210.8434	0.6926	26.3125	0.1477	0.0879	0.0861
Mar	0.0233	1.9235	0.0177	0.0147	0.0221	0.0294	0.1811	0.0710	0.7156	212.9719	0.6886	26.2749	0.1473	0.0875	0.0857
Apr	0.0234	1.9036	0.0178	0.0146	0.0226	0.0293	0.1818	0.0716	0.7225	214.2857	0.6900	26.6115	0.1477	0.0878	0.0860
May	0.0233	1.8606	0.0182	0.0146	0.0234	0.0294	0.1812	0.0722	0.7297	215.6863	0.6876	26.9939	0.1476	0.0875	0.0857
Jun	0.0234	1.8528	0.0187	0.0150	0.0235	0.0299	0.1814	0.0743	0.7398	219.7802	0.6995	27.2480	0.1488	0.0877	0.0859
Jul	0.0239	1.8860	0.0194	0.0153	0.0232	0.0301	0.1851	0.0756	0.7547	224.9489	0.7153	27.2817	0.1520	0.0895	0.0876
Aug	0.0238	1.8694	0.0192	0.0151	0.0227	0.0297	0.1845	0.0741	0.7471	227.2727	0.7123	26.9122	0.1513	0.0892	0.0874
Sep	0.0240	1.8722	0.0186	0.0149	0.0231	0.0295	0.1857	0.0738	0.7425	227.5313	0.7075	26.9397	0.1515	0.0898	0.0880
Oct	0.0241	1.9019	0.0186	0.0150	0.0234	0.0295	0.1870	0.0737	0.7399	232.3126	0.7056	26.7152	0.1513	0.0905	0.0886
Nov	0.0243	1.9679	0.0190	0.0152	0.0234	0.0297	0.1885	0.0744	0.7463	232.5581	0.7080	26.4329	0.1516	0.0912	0.0893
Dec	0.0244	2.0350	0.0186	0.0151	0.0233	0.0297	0.1890	0.0744	0.7469	232.8590	0.7084	26.2467	0.1520	0.0915	0.0896
2013	**0.0236**	**2.2977**	**0.0178**	**0.0151**	**0.0244**	**0.0295**	**0.1829**	**0.0742**	**0.7230**	**245.5338**	**0.6997**	**25.8055**	**0.1451**	**0.0884**	**0.0866**
Jan	0.0246	2.1833	0.0185	0.0154	0.0234	0.0301	0.1903	0.0745	0.7381	237.3247	0.7137	26.1531	0.1528	0.0921	0.0902
Feb	0.0246	2.2870	0.0184	0.0159	0.0238	0.0304	0.1907	0.0761	0.7327	238.0952	0.7285	26.7344	0.1532	0.0922	0.0903
Mar	0.0246	2.3291	0.0189	0.0163	0.0238	0.0306	0.1906	0.0764	0.7253	238.0952	0.7299	27.0040	0.1527	0.0921	0.0902
Apr	0.0243	2.3692	0.0187	0.0159	0.0234	0.0301	0.1887	0.0741	0.7060	236.4865	0.7250	27.2303	0.1504	0.0911	0.0893
May	0.0242	2.4438	0.0187	0.0158	0.0244	0.0302	0.1879	0.0731	0.7195	237.2881	0.7210	26.9162	0.1487	0.0908	0.0889
Jun	0.0233	2.2697	0.0177	0.0150	0.0247	0.0294	0.1809	0.0732	0.7164	229.7461	0.6976	26.4293	0.1430	0.0874	0.0856
Jul	0.0231	2.2990	0.0176	0.0152	0.0252	0.0292	0.1789	0.0735	0.7168	232.0888	0.6905	25.9770	0.1415	0.0865	0.0847
Aug	0.0228	2.2300	0.0171	0.0147	0.0253	0.0290	0.1768	0.0746	0.7195	240.1130	0.6830	25.4567	0.1396	0.0855	0.0837
Sep	0.0228	2.2622	0.0171	0.0144	0.0246	0.0288	0.1769	0.0742	0.7235	256.7237	0.6764	24.7496	0.1396	0.0856	0.0838
Oct	0.0232	2.2651	0.0170	0.0144	0.0244	0.0288	0.1796	0.0736	0.7220	262.1723	0.6805	24.6943	0.1414	0.0868	0.0851
Nov	0.0230	2.2954	0.0170	0.0143	0.0246	0.0286	0.1780	0.0733	0.7254	265.9574	0.6776	24.3813	0.1399	0.0861	0.0843
Dec	0.0227	2.3387	0.0166	0.0139	0.0252	0.0285	0.1758	0.0734	0.7311	272.3147	0.6728	23.9394	0.1378	0.0850	0.0833
2014	**0.0226**	**2.3258**	**0.0167**	**0.0135**	**0.0246**	**0.0284**	**0.1752**	**0.0732**	**0.7321**	**265.3397**	**0.6808**	**23.5275**	**0.1393**	**0.0848**	**0.0830**
Jan	0.0223	2.3140	0.0163	0.0135	0.0251	0.0283	0.1727	0.0734	0.7322	270.9677	0.6703	23.7101	0.1347	0.0835	0.0818
Feb	0.0223	2.2745	0.0163	0.0135	0.0248	0.0282	0.1728	0.0737	0.7269	266.3116	0.6749	23.8692	0.1353	0.0835	0.0818
Mar	0.0223	2.2828	0.0161	0.0134	0.0246	0.0283	0.1733	0.0732	0.7229	255.4745	0.6785	23.8908	0.1377	0.0837	0.0820
Apr	0.0224	2.2981	0.0162	0.0134	0.0240	0.0281	0.1737	0.0729	0.7239	255.7201	0.6769	23.3846	0.1394	0.0840	0.0823
May	0.0228	2.3180	0.0166	0.0135	0.0245	0.0285	0.1765	0.0735	0.7400	261.5193	0.6858	23.3281	0.1420	0.0854	0.0836
Jun	0.0228	2.3295	0.0168	0.0135	0.0244	0.0285	0.1769	0.0734	0.7422	271.7391	0.6845	23.2612	0.1423	0.0856	0.0838
Jul	0.0230	2.3389	0.0170	0.0135	0.0245	0.0286	0.1783	0.0732	0.7390	269.9229	0.6886	23.4480	0.1427	0.0863	0.0845
Aug	0.0228	2.3485	0.0171	0.0137	0.0245	0.0285	0.1771	0.0727	0.7319	266.4797	0.6850	23.4308	0.1407	0.0857	0.0839
Sep	0.0227	2.4279	0.0176	0.0139	0.0250	0.0286	0.1759	0.0728	0.7295	269.9229	0.6824	23.4244	0.1393	0.0851	0.0833

Source: Bangko Sentral ng Pilipinas

13b EFFECTIVE EXCHANGE RATE INDICES OF THE PESO

1980 = 100
period averages

		NOMINAL			REAL		
		Trading Partners Index			Trading Partners Index		
		Overall [1]	Advanced [2]	Developing [3]	Overall	Advanced	Developing
2011		**14.42**	**11.12**	**23.98**	**81.08**	**70.63**	**112.97**
	Jan	14.37	11.18	23.75	82.62	73.19	113.77
	Feb	14.47	11.23	23.97	82.64	72.90	114.13
	Mar	14.45	11.16	24.02	81.98	71.56	114.05
	Apr	14.44	11.22	23.91	82.07	71.83	113.97
	May	14.38	11.15	23.85	81.32	70.81	113.32
	Jun	14.29	11.05	23.72	81.05	70.53	113.00
	Jul	14.39	11.15	23.87	80.54	70.59	111.72
	Aug	14.44	11.12	24.04	80.34	69.91	112.03
	Sep	14.43	11.07	24.09	80.01	69.05	112.20
	Oct	14.41	10.97	24.20	80.26	68.93	112.93
	Nov	14.50	11.09	24.28	80.98	70.02	113.42
	Dec	14.46	11.09	24.14	80.21	69.51	112.16
2012		**14.92**	**11.61**	**24.67**	**84.60**	**75.09**	**116.35**
	Jan	14.43	11.08	24.07	83.64	74.10	115.17
	Feb	14.64	11.33	24.30	83.55	74.09	114.98
	Mar	14.72	11.51	24.24	83.24	74.33	114.01
	Apr	14.75	11.51	24.35	84.02	74.59	115.53
	May	14.76	11.47	24.43	83.84	74.05	115.69
	Jun	14.89	11.52	24.71	84.95	74.79	117.50
	Jul	15.17	11.78	25.12	85.95	76.18	118.32
	Aug	15.06	11.69	24.93	85.14	75.35	117.32
	Sep	15.03	11.66	24.92	84.50	74.41	116.84
	Oct	15.09	11.76	24.94	84.90	75.21	116.92
	Nov	15.25	12.00	25.02	85.81	76.96	117.19
	Dec	15.31	12.11	25.04	85.65	77.24	116.51
2013		**15.26**	**12.38**	**24.45**	**87.44**	**81.57**	**115.85**
	Jan	15.53	12.43	25.14	91.17	84.88	120.98
	Feb	15.72	12.65	25.35	90.71	84.77	120.01
	Mar	15.82	12.82	25.37	90.76	84.87	120.03
	Apr	15.71	12.81	25.07	90.41	84.80	119.30
	May	15.75	12.96	24.97	90.39	85.15	118.89
	Jun	15.14	12.27	24.27	87.15	80.87	115.93
	Jul	15.08	12.29	24.09	85.75	80.37	113.22
	Aug	14.88	12.02	23.92	84.33	78.11	112.32
	Sep	14.89	12.07	23.89	84.35	78.23	112.25
	Oct	14.97	12.11	24.04	85.06	78.90	113.18
	Nov	14.94	12.15	23.90	85.09	79.45	112.66
	Dec	14.85	12.10	23.72	84.84	79.26	112.29
2014		**14.83**	**12.08**	**23.70**	**86.96**	**81.73**	**114.57**
	Jan	14.67	11.94	23.45	87.98	83.80	114.77
	Feb	14.63	11.86	23.47	86.45	81.75	113.37
	Mar	14.65	11.85	23.53	85.66	80.41	112.96
	Apr	14.67	11.89	23.52	85.87	80.20	113.67
	May	14.88	12.07	23.85	87.05	81.03	115.51
	Jun	14.94	12.14	23.92	87.71	81.68	116.36
	Jul	15.01	12.23	23.99	87.59	82.13	115.60
	Aug	14.96	12.25	23.80	87.14	81.93	114.77
	Sep	15.05	12.46	23.74	87.19	82.65	114.14

[1] Australia, Euro Area, U.S., Japan, Hong Kong, Taiwan, Thailand, Indonesia, Malaysia, Singapore, South Korea, China, Saudi Arabia, and U.A.E.

[2] U.S., Japan, Euro Area, and Australia

[3] Hong Kong, Taiwan, Thailand, Indonesia, Malaysia, Singapore, South Korea, China, Saudi Arabia, and U.A.E.

[r] Revised using actual inflation rates

Source: Bangko Sentral ng Pilipinas

14 TOTAL EXTERNAL DEBT

as of periods indicated

in million US dollars

	30 June 2014				30 September 2014			
	Short-term		Medium & Long- Term	Total	Short-term		Medium & Long- Term	Total
	Trade	Non-Trade			Trade	Non-Trade		
Grand Total	**3,343**	**6,224**	**48,538**	**58,106**	**3,340**	**6,172**	**48,218**	**57,730**
Public Sector	**-**	**449**	**40,519** [a]	**40,967**	**-**	**380**	**40,348** [a]	**40,728**
Banks	**-**	**449**	**3,942**	**4,391**	**-**	**380**	**3,753**	**4,133**
Bangko Sentral ng Pilipinas	**-**	**-**	**1,463**	**1,463**	**-**	**-**	**1,419**	**1,419**
Others	**-**	**449**	**2,479**	**2,927**	**-**	**380**	**2,335**	**2,715**
Non-Banks	**-**	**-**	**36,577**	**36,577**	**-**	**-**	**36,595**	**36,595**
CB-BOL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NG and Others	**-**	**-**	**36,577**	**36,577**	**-**	**-**	**36,595**	**36,595**
Private Sector	**3,343**	**5,776**	**8,020**	**17,138**	**3,340**	**5,792**	**7,870**	**17,002**
Banks	**-**	**5,513**	**1,839**	**7,352**	**-**	**5,541**	**1,750**	**7,290**
Foreign Bank Branches	**-**	**1,547**	**5**	**1,552** [b]	**-**	**1,693**	**2**	**1,695** [b]
Domestic Banks	**-**	**3,966**	**1,834**	**5,800**	**-**	**3,847**	**1,748**	**5,595**
Non-Banks	**3,343**	**263**	**6,181** [c]	**9,786**	**3,340**	**252**	**6,120** [c]	**9,712**

	30 June 2014	30 September 2014
Inclusion		
[a] Cumulative foreign exchange revaluation on US dollar-denominated multi-currency loans from Asian Development Bank and World Bank	7	(25)
Exclusions		
[b] Due to Head Office/Branches Abroad accounts of branches and offshore banking units of foreign banks operating in the Philippines	5,850	4,872
[c] Obligations under various capital lease agreements;	1,120	1,120
Loans without BSP approval/registration	13,566	13,463

Source: Bangko Sentral ng Pilipinas

15 SELECTED EXTERNAL DEBT SERVICE INDICATORS[p/]

for periods indicated
in million US dollars

	2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Debt Service Burden (DSB) [1/]	2475	1662	1789	1482	1675	1576	1581
Principal	1610	1074	965	852	915	1011	861
Interest	865	589	824	630	760	564	720
External Debt *(end-of-period)*	59046	58009	59053	58506	58341	58106	57730
Export Shipments (XS) [2/]	10546	11135	11628	11203	10154	13669	13453
Exports of Goods and Receipts from Services and Income (XGSI) [2/ 3/]	20710	22558	24086	24073	21406	25446	27143
Current Account Receipts (CAR) [2/]	21918	23909	25502	25728	22905	27001	28757
Gross Domestic Product (GDP)	64869	68235	64057	74711	63978	70948	69542
Gross National Income (GNI)	77938	81092	78182	88848	77809	85198	84356
Ratios (%) :							
DSB to XS	23.47	14.93	15.39	13.23	16.50	11.53	11.75
DSB to XGSI	11.95	7.37	7.43	6.16	7.83	6.19	5.83
DSB to CAR	11.29	6.95	7.02	5.76	7.31	5.84	5.50
DSB to GDP	3.82	2.44	2.79	1.98	2.62	2.22	2.27
DSB to GNI	3.18	2.05	2.29	1.67	2.15	1.85	1.87
External Debt to GDP *(end-of-period)*	22.79	21.79	21.94	21.50	21.54	21.24	20.69
External Debt to GNI *(end-of-period)*	19.07	18.29	18.33	17.93	17.91	17.61	17.18

[1/] Debt service burden represents principal and interest payments after rescheduling. In accordance with the internationally-accepted concept, debt service burden consists of (a) Principal and interest payments on fixed MLT credits including IMF credits, loans covered by the Paris Club and Commercial Banks rescheduling, and New Money Facilities; and (b) Interest payments on fixed and revolving short-term liabilities of banks and non-banks but excludes (i) Prepayments of future years' maturities of foreign loans and (ii) Principal payments on fixed and revolving ST liabilities of banks and non-banks.

[2/] Based on the accounting principle under the Balance of Payments and International Investment Position Manual, Sixth edition (BPM6)

[3/] Includes cash remittances of overseas Filipino workers that were coursed through and reported by commercial banks which are reflected under Compensation of Employees in the Primary Income account and workers' remittances in the Secondary Income account.

[p/] Preliminary

Source: BSP

16 SELECTED FOREIGN INTEREST RATES
period averages; in percent

	2010				2011				2012				2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
US Prime Rate	3.2500	3.2500	3.2500	3.2500	3.2500	3.2500	3.2500	3.2500	3.2500	3.2500	3.2500	3.2500	3.2500	3.2500	3.2500	3.2500	3.2500	3.2500	3.2500
US Discount Rate	0.6097	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500	0.7500
US Federal Funds Rate	0.1395	0.1980	0.1996	0.1943	0.1622	0.1015	0.1054	0.0738	0.1142	0.1649	0.1570	0.1722	0.1546	0.1140	0.0848	0.0802	0.0767	0.0780	0.0784
LIBOR (90 days)	0.2521	0.4357	0.3880	0.2929	0.3079	0.2632	0.2978	0.4794	0.5141	0.4663	0.4239	0.3170	0.2917	0.2750	0.2614	0.2413	0.2358	0.2282	0.2343
SIBOR (90 days)[1]	0.6408	0.5749	0.5418	0.4509	0.4375	0.4375	0.3963	0.4250	0.4375	0.4375	0.4120	0.4063	0.4063	0.4063	0.4063	0.4062	0.4033	0.4038	0.4055

[1] SIBOR data refers to SIBOR rates (in Singapore $)

Source: Bloomberg, Asian Wall Street Journal, Reuters

17 BALANCE SHEET OF THE BANGKO SENTRAL NG PILIPINAS

as of periods indicated
in billion pesos

	2012				2013				2014		
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar [u]	Jun [u]	Sep [u/p]
Assets	**3,727.9**	**3,684.2**	**3,889.7**	**3,975.9**	**4,049.0**	**4,091.3**	**4,148.2**	**4,202.1**	**4,040.9**	**4,028.2**	**4,062.2**
International Reserves	3,248.1	3,202.9	3,408.2	3,424.3	3,416.3	3,494.4	3,613.9	3,670.0	3,545.2	3,500.3	3,547.2
Foreign Exchange Receivable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic Securities	219.0	217.3	220.3	218.1	220.9	219.8	221.5	219.5	219.0	222.0	222.0
Loans and Advances	115.8	119.4	116.5	118.5	108.7	101.1	97.2	94.5	85.6	85.2	85.0
Revaluation of International Reserves	0.0	0.0	0.0	64.6	131.4	92.5	32.2	32.6	0.0	26.1	7.4
Bank Premises and Other Fixed Assets	15.6	16.1	16.3	16.5	16.4	17.5	17.6	17.7	17.7	17.8	18.1
Derivative Instruments in a Gain Position	0.5	0.3	0.2	1.5	0.3	5.2	1.0	0.4	0.0	-0.1	0.7
Derivative Asset	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Assets	128.3	127.4	128.2	132.4	155.1	160.8	164.8	167.4	173.3	177.0	181.8
Liabilities	**3,606.3**	**3,582.7**	**3,815.1**	**3,911.4**	**3,996.6**	**4,041.7**	**4,100.3**	**4,161.3**	**3,985.3**	**3,973.5**	**4,013.3**
Currency Issue	576.2	555.5	559.6	692.7	653.2	626.6	633.9	797.5	708.0	705.0	714.5
Deposits	2,630.2	2,657.2	2,851.6	2,854.5	2,977.4	3,038.5	3,087.6	2,978.4	2,855.2	2,883.2	2,909.4
Reserve Deposits of Other Depository Corporations (ODCs) [1]	680.2	716.6	724.7	782.6	836.3	913.6	987.7	1,128.3	1,116.4	1,251.3	1,285.5
Reserve Deposits of Other Financial Corporations (OFCs) [2]	0.6	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	3.2	4.1
Special Deposit Accounts [3]	1,577.1	1,572.3	1,826.3	1,640.1	1,869.5	1,710.5	1,554.3	1,367.3	1,332.4	1,163.0	1,066.3
Treasurer of the Philippines [4]	293.9	259.7	214.3	340.9	193.6	339.4	476.8	412.3	333.6	390.1	476.7
Other Foreign Currency Deposits	3.5	23.6	15.8	20.5	7.4	0.0	0.1	0.0	0.1	0.0	0.0
Foreign Financial Institutions	43.0	40.3	40.3	40.3	40.3	37.2	36.1	35.5	35.5	39.7	39.5
Other Deposits [5]	31.9	44.4	29.9	29.8	29.8	37.4	32.3	34.5	36.9	35.8	37.4
Foreign Loans Payable	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Net Bonds Payable	21.9	21.1	21.3	20.5	20.9	21.6	22.2	22.2	22.9	21.8	22.9
Derivative Instruments in a Loss Position	3.9	5.8	0.9	0.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Derivatives Liability	0.3	0.3	0.2	0.1	0.2	0.0	0.0	0.0	0.0	0.1	0.0
Allocation of SDRs	55.7	53.8	53.9	52.9	51.4	54.5	56.0	57.3	58.0	56.5	55.8
Revaluation of International Reserves	50.7	4.8	38.9	0.0	0.0	0.0	0.0	0.0	33.6	0.0	0.0
Reverse Repurchase Agreements [3]	256.6	274.1	277.8	278.5	282.7	288.7	289.6	293.9	296.5	296.3	299.1
Other Liabilities	10.7	10.0	10.9	11.5	10.6	11.6	10.9	12.0	10.9	10.5	11.5
Net Worth	**121.6**	**101.5**	**74.6**	**64.5**	**52.4**	**49.6**	**47.9**	**40.8**	**55.6**	**54.7**	**48.9**
Capital	20.0	20.0	20.0	40.0	40.0	40.0	40.0	40.0	50.0	50.0	50.0
Surplus/Reserves	101.6	81.5	54.6	24.5	12.4	9.6	7.9	0.8	5.6	4.7	-1.1

Note: Details may not add up to totals due to rounding off.
[u/p] Unaudited/Preliminary. Starting with end-December 2005, BSP financial statements have been prepared in compliance with some of the requirements of the Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS) both of which have been aligned with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).
[1] ODCs are deposit generating institutions other than the BSP such as universal and commercial banks (UB/KBs), specialized government banks (SGBs), thrift banks (TBs), rural banks (RBs) and non-banks with quasi-banking functions (NBQBs).
[2] OFCs are trust units of banks.
[3] Includes accrued interest payables.
[4] Includes foreign currency deposits.
[5] Mostly GOCC deposits.

Source: Bangko Sentral ng Pilipinas

18 INCOME POSITION OF THE BANGKO SENTRAL NG PILIPINAS

for periods indicated
in billion pesos

	2012						2013						2014 u			
	Q1	Q2	Q3	Q4	Jan-Sep	FY	Q1	Q2	Q3	Q4	Jan-Sep	FY	Q1 u	Q2 u	Q3 u/p	Jan-Sep u/p
Revenues	**17.223**	**17.851**	**15.279**	**15.376**	**50.353**	**65.729**	**15.239**	**20.830**	**10.426**	**10.035**	**46.495**	**56.530**	**10.524**	**12.961**	**12.690**	**36.175**
Interest Income	10.485	10.161	10.145	10.125	30.791	40.916	7.923	7.640	8.986	7.878	24.549	32.427	7.656	7.908	8.266	23.830
International Reserves	8.202	7.511	7.502	7.598	23.215	30.813	6.092	5.545	5.753	6.019	17.390	23.409	5.966	6.045	6.121	18.132
Domestic Securities	0.984	1.206	1.282	1.025	3.472	4.497	0.523	0.387	0.524	0.457	1.434	1.891	0.297	0.501	0.792	1.590
Loans and Advances	0.741	0.774	0.791	0.905	2.306	3.211	0.668	0.906	1.828	0.560	3.402	3.962	0.513	0.438	0.426	1.377
Others	0.558	0.670	0.570	0.597	1.798	2.395	0.640	0.802	0.881	0.842	2.323	3.165	0.880	0.924	0.927	2.731
Miscellaneous Income	6.647	7.539	4.957	5.097	19.143	24.240	6.960	12.676	1.056	1.866	20.692	22.558	2.724	4.767	4.159	11.650
Net Income from Branches	0.091	0.151	0.177	0.154	0.419	0.573	0.356	0.514	0.384	0.291	1.254	1.545	0.144	0.286	0.265	0.695
Expenses	**28.302**	**27.115**	**27.727**	**27.544**	**83.144**	**110.688**	**23.261**	**20.634**	**21.985**	**18.182**	**65.880**	**84.062**	**15.097**	**16.010**	**19.433**	**50.540**
Interest Expenses	24.492	22.028	22.793	21.449	69.313	90.762	18.989	13.458	13.561	12.675	46.008	58.683	11.131	10.646	11.982	33.759
Legal Reserve Deposits of Banks	1.640	0.697	0.006	0.005	2.343	2.348	0.006	0.005	0.006	0.006	0.017	0.023	0.006	0.006	0.002	0.014
National Government Deposits	0.944	1.385	1.331	2.029	3.660	5.689	1.291	0.743	1.822	2.057	3.856	5.913	1.180	1.383	2.075	4.639
BSP Debt Instruments	2.443	2.392	2.666	2.519	7.501	10.020	2.487	2.533	2.581	2.603	7.601	10.204	2.605	2.619	2.762	7.985
Special Deposit Accounts	18.960	17.051	18.300	16.444	54.311	70.755	14.751	10.522	8.651	7.492	33.924	41.416	6.932	6.149	6.637	19.718
Loans Payable and Other Foreign Currency Deposits	0.483	0.474	0.465	0.450	1.422	1.872	0.453	0.496	0.479	0.497	1.428	1.925	0.505	0.474	0.494	1.473
Other Liabilities	0.022	0.029	0.025	0.002	0.076	0.078	0.001	-0.841	0.022	0.020	-0.818	-0.798	-0.097	0.015	0.012	-0.070
Cost of Minting/Printing of Currency	0.951	1.175	1.224	2.219	3.350	5.569	1.121	1.620	1.252	1.773	3.993	5.766	0.924	1.467	1.484	3.875
Taxes and Licenses	0.301	0.260	0.272	0.236	0.833	1.069	0.207	1.720	3.800	0.206	5.727	5.933	0.241	0.170	1.959	2.370
Others	2.558	3.652	3.438	3.640	9.648	13.288	2.944	3.836	3.372	3.528	10.152	13.680	2.801	3.727	4.008	10.536
Net Income Before Gain/Loss(-) on FXR Fluctuations, Income Tax Expense and Capital Reserves	**-11.079**	**-9.264**	**-12.448**	**-12.168**	**-32.791**	**-44.959**	**-8.022**	**0.196**	**-11.559**	**-8.147**	**-19.385**	**-27.532**	**-4.573**	**-3.049**	**-6.743**	**-14.365**
Gain/Loss(-) on Foreign Exchange Rate Fluctuations [1]	-8.686	-9.567	-17.311	-14.812	-35.564	-50.376	-6.256	-0.290	8.758	3.386	2.212	5.598	8.978	-0.741	0.852	9.089
Income Tax Expense	0.000	0.000	0.000	0.045	0.000	0.045	0.000	1.718	0.486	0.117	2.204	2.321	0.000	0.000	0.000	0.000
Capital Reserves																
Net Income Available for Distribution	**-19.765**	**-18.831**	**-29.759**	**-27.025**	**-68.355**	**-95.380**	**-14.278**	**-1.812**	**-3.287**	**-4.878**	**-19.377**	**-24.255**	**4.405**	**-3.790**	**-5.891**	**-5.276**

u/p Unaudited/Preliminary. Starting with end-December 2005, BSP financial statements have been prepared in compliance with some of the requirements of the Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS), both of which have been aligned with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

1 This represents realized gains or losses from fluctuations in FX rates arising from foreign currency-denominated transactions of the BSP, including: 1) rollover/re-investments of matured FX investments with foreign financial institutions and FX-denominated government securities; 2) servicing of matured FX obligations of the BSP; and 3) maturity of derivatives instruments.

Source: Bangko Sentral ng Pilipinas