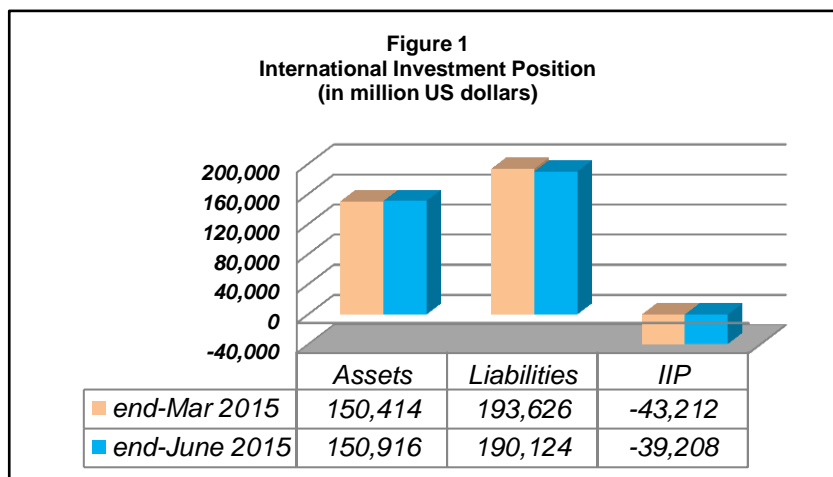


INTERNATIONAL INVESTMENT POSITION OF THE PHILIPPINES

End – June 2015

The country's IIP registers lower net liability position. The country's preliminary International Investment Position (IIP), based on the Balance of Payments and International Investment Position Manual, 6th edition (BPM6), registered a net liability position of US\$39.2 billion as of end-June 2015, lower by US\$4 billion than the end-March 2015 net liability position of US\$43.2 billion. This was due to the decrease in total financial liabilities (by US\$3.5 billion), coupled with the increase in total financial assets (by US\$0.5 billion). Total outstanding external financial liabilities reached US\$190.1 billion as of end-June 2015, while total outstanding external financial assets amounted to US\$150.9 billion (Figure 1).



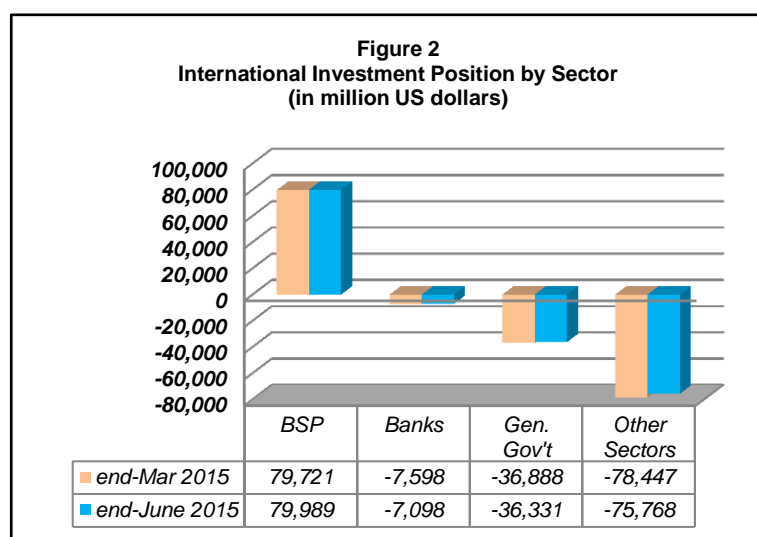
The decrease in total external financial liabilities was due mainly to revaluation adjustments arising from changes in market prices. The redemption of resident-issued portfolio investments held by non-residents also contributed to the decrease in financial liabilities. Meanwhile, higher total external financial assets was largely on account of residents' investments in equity and debt securities issued by non-residents as well as increase in residents' direct investments abroad.

On a year-on-year basis, the country's net liability position likewise decreased by US\$4.9 billion from US\$44.1 billion as of end-June 2014 (revised). This developed as the increase in total external financial assets exceeded the increase in total external financial liabilities.

End-June 2015 International Investment Position

The BSP maintains a net asset position, while Banks, the General Government and Other Sectors remain net users of foreign resources.

Across sectors, only the BSP maintained a net external asset position as of end-June 2015 while the rest of the sectors—Banks (i.e., Deposit-taking Corporations except the Central Bank), General Government and Other Sectors—posted net external liability positions, albeit lower than the levels registered as of end-March 2015. (Figure 2)



The BSP's net external asset position increased by US\$0.3 billion to US\$80 billion as of end-June 2015 from US\$79.7 billion as of end-March 2015. This was attributed mainly to the increase in the BSP's reserve assets to US\$80.6 billion from US\$80.5 billion as of end-March 2015.

Meanwhile, the net liability position of Banks decreased marginally to US\$7.1 billion as of end-June 2015 from US\$7.6 billion as of end-March 2015. This was due mainly to the 11.8 percent decline in local banks' issuances of equity securities held by non-residents, which was partly offset by the 7.6 percent increase in foreign loans. The rise in residents' holdings of debt securities issued by non-residents by 8.5 percent to US\$8.9 billion also contributed to the improvement in the net liability position of this sector.

The General Government also recorded a decrease in its net liability position of US\$36.3 billion as of end-June 2015 compared with the US\$36.9 billion recorded as of end-March 2015. This was on account of the decline by US\$1.2 billion in National Government (NG)-issued debt securities held by non-residents, which more than offset the US\$0.6 billion increase in foreign loans.

The Other Sectors' net liability position likewise improved amounting to US\$75.8 billion as of end-June 2015, a decline of US\$2.6 billion from US\$78.4 billion as of end-March 2015. This was due to the significant decrease in residents' liabilities to foreign portfolio

End-June 2015 International Investment Position

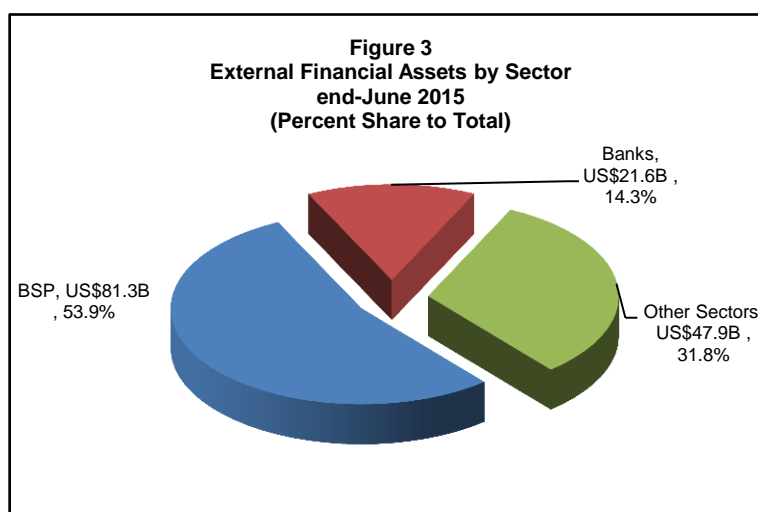
investors by US\$1.4 billion and to direct investors, particularly on equity capital by US\$0.9 billion.

External Financial Assets

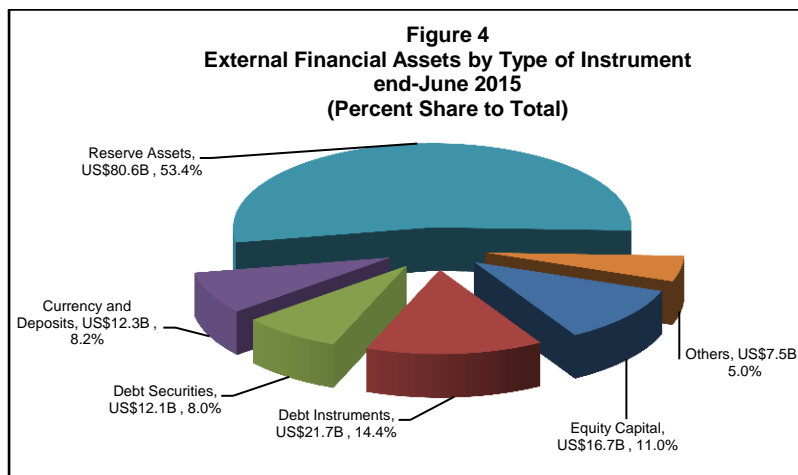
The BSP holds the highest stock of external financial assets. The BSP continued to hold the largest share (53.9 percent) of residents' total claims on the rest of the world, amounting to US\$81.3 billion as of end-June 2015. The level was higher than its US\$81.1 billion holdings as of end-March 2015 (Figure 3).

The Other Sectors accounted for 31.8 percent (or US\$47.9 billion) of total outstanding financial assets. Its external assets as of end-June 2015 were higher by 1.4 percent than the US\$47.3 billion recorded in end-March 2015. These assets were mostly in the form of residents' direct investments abroad, which comprised about four-fifths (78.6 percent) of other sectors' total assets.

Banks held the remaining US\$21.6 billion (14.3 percent) of the total external financial assets as of end-June 2015. This was lower by 2 percent compared to the end-March 2015 level. Banks' assets were comprised mostly of debt securities holdings, loans to non-residents, and currency and deposits abroad.

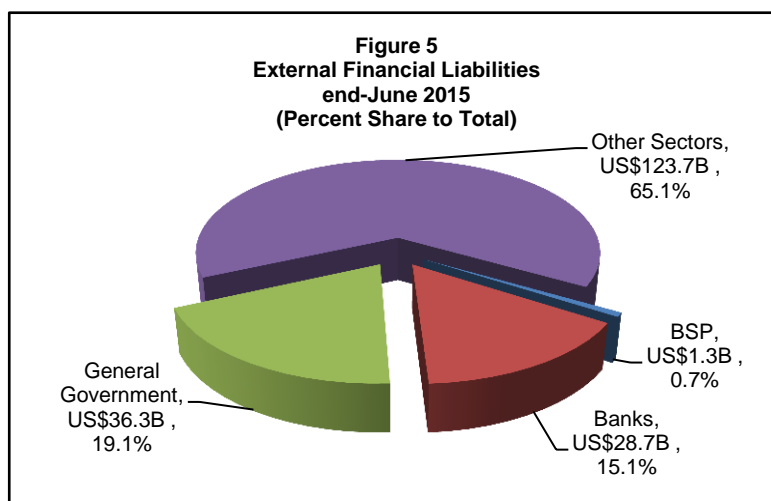


The bulk of residents' financial assets are in the form of reserve assets held by the BSP. More than half (53.4 percent) of residents' total holdings of external assets as of end-June 2015 were reserve assets held by the BSP, amounting to US\$80.6 billion. Investments in debt instruments issued by foreign affiliates (or intercompany loans) accounted for 14.4 percent of total external financial assets as of end-June 2015 compared to 14.1 percent as of end-March 2015. The rest were residents' placements in equity capital (11.0 percent), deposits abroad (8.2 percent), holdings of non-resident issued debt securities (8.0 percent) and other assets (5.0 percent) (Figure 4).



External Financial Liabilities

The Other Sectors have the highest financial exposure to the rest of the world. The Other Sectors continued to hold the majority of residents’ total liabilities to non-residents, with a 65.1 percent share as of end-June 2015 (Figure 5). The sector’s outstanding liabilities decreased however by US\$2 billion (1.6 percent) to US\$123.7 billion as of end-June 2015 from US\$125.7 billion as of end-March 2015. These liabilities were largely in the form of equity capital placements by non-residents (34.7 percent) and residents’ issuances of equity securities (34.5 percent).



The General Government’s outstanding external liabilities amounted to US\$36.3 billion as of end-June 2015, accounting for 19.1 percent of total external liabilities to non-residents. The sector’s outstanding external liabilities comprised mostly of issuances of debt securities (56.2 percent) and loans (43.8 percent).

End-June 2015 International Investment Position

The external liabilities of Banks amounting to US\$28.7 billion accounted for 15.1 percent of the country's total external liabilities as of end-June 2015. This was lower by US\$1 billion than the end-March 2015 outstanding level of US\$29.7 billion. The sector's liabilities were mostly in the form of issuances of equity securities (34.5 percent) and loans (41.4 percent).

Financial liabilities are predominantly in the form of equity securities, equity capital and foreign loans. Outstanding financial liabilities of residents to the rest of the world consisted largely of non-residents' holdings of resident-issued equity securities (US\$52.6 billion), non-residents' placements in equity capital (US\$45.1 billion), and foreign loans (US\$41.5 billion) equivalent to 27.7 percent, 23.7 percent and 21.8 percent, respectively. Debt securities, mostly issued by the NG, comprised 15.2 percent (US\$28.9 billion) of these foreign obligations. The rest were debt instruments (US\$14.6 billion) and other liabilities (US\$7.4 billion) (Figure 6).

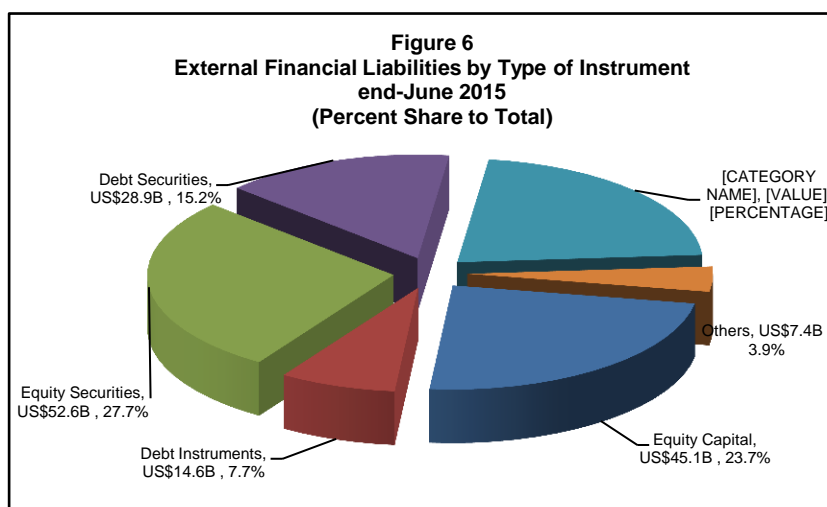


Table 1. International Investment Position by Sector
as of end periods indicated
(in million US dollars)

	Jun -14			Mar -15			Jun -15		
	Assets	Liabilities	IIP	Assets	Liabilities	IIP	Assets	Liabilities	IIP
Levels									
Cental Bank (CB)	81164	1463	79701	81052	1332	79721	81337	1348	79989
Deposit-taking corporations, except CB	19348	29267	-9918	22092	29689	-7598	21646	28744	-7098
General Government	0	37314	-37314	0	36888	-36888	0	36331	-36331
Other Sectors	40574	117175	-76601	47269	125717	-78447	47933	123701	-75768
Total	141086	185219	-44133	150414	193626	-43212	150916	190124	-39208
Percent Share to Total									
Cental Bank (CB)	57.5	0.8		53.9	0.7		53.9	0.7	
Deposit-taking corporations, except CB	13.7	15.8		14.7	15.3		14.3	15.1	
General Government	0.0	20.1		0.0	19.1		0.0	19.1	
Other Sectors	28.8	63.3		31.4	64.9		31.8	65.1	
Total	100.0	100.0		100.0	100.0		100.0	100.0	
Growth Rates (Quarter-on-Quarter)									
Cental Bank (CB)	1.7	0.2		1.1	-4.0		0.4	1.2	
Deposit-taking corporations, except CB	4.3	4.0		-5.5	-3.3		-2.0	-3.2	
General Government	0.0	0.6		0.0	0.3		0.0	-1.5	
Other Sectors	5.4	7.0		5.4	4.4		1.4	-1.6	
Total	3.1	5.1		1.4	2.3		0.3	-1.8	
Growth Rates (Year-on-Year)									
Cental Bank (CB)	-0.2	2.5		1.6	-8.8		0.2	-7.9	
Deposit-taking corporations, except CB	31.9	5.7		19.1	5.5		11.9	-1.8	
General Government	0.0	-7.2		0.0	-0.6		0.0	-2.6	
Other Sectors	23.4	10.9		22.8	14.8		18.1	5.6	
Total	9.5	5.8		9.9	9.9		7.0	2.6	

Note: Details may not add up to totals due to rounding.

Table 2. External Financial Assets

as of end periods indicated

(in million US dollars)

Instrument/Sector	Central Bank (CB)			Deposit-taking corporations, except CB			General Government			Other Sectors			Total			% to Total		
	Jun -14	Mar -15	Jun -15	Jun -14	Mar -15	Jun -15	Jun -14	Mar -15	Jun -15	Jun -14	Mar -15	Jun -15	Jun -14	Mar -15	Jun -15	Jun -14	Mar -15	Jun -15
	Levels																	
Direct Investment	0	0	0	638	675	680	0	0	0	31130	36969	37682	31768	37643	38362	22.5	25.0	25.4
Equity Capital	0	0	0	638	675	680	0	0	0	12808	15835	15981	13446	16510	16661	9.5	11.0	11.0
Debt Instruments	0	0	0	0	0	0	0	0	0	18322	21133	21701	18322	21133	21701	13.0	14.1	14.4
Portfolio Investment	362	532	630	6831	8231	8923	0	0	0	2432	3528	3532	9624	12291	13085	6.8	8.2	8.7
Equity Securities	51	53	104	11	9	7	0	0	0	275	721	911	337	783	1022	0.2	0.5	0.7
Debt Securities	311	479	526	6820	8221	8916	0	0	0	2157	2807	2621	9287	11508	12063	6.6	7.7	8.0
Financial Derivatives	0	0	0	327	645	279	0	0	0	2	44	41	330	689	320	0.2	0.5	0.2
Other Investment	69	62	63	11552	12541	11764	0	0	0	7011	6729	6678	18632	19332	18505	13.2	12.9	12.3
Other Equity	69	62	63	0	0	0	0	0	0	0	0	0	69	62	63	0.0	0.0	0.0
Currency and Deposits	0	0	0	5487	6147	5735	0	0	0	6932	6654	6603	12419	12801	12337	8.8	8.5	8.2
Loans	0	0	0	6020	6353	5976	0	0	0	0	0	0	6020	6353	5976	4.3	4.2	4.0
Insurance, pension, and standardized guarantee schemes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	0.0	0.0
Trade Credit and Advances	0	0	0	0	0	0	0	0	0	79	75	75	79	75	75	0.1	0.1	0.0
Other Accounts Receivable	0	0	0	45	40	53	0	0	0	0	0	0	45	40	53	0.0	0.0	0.0
Reserve Assets	80733	80459	80644	0	0	0	0	0	0	0	0	0	80733	80459	80644	57.2	53.5	53.4
Total	81164	81052	81337	19348	22092	21646	0	0	0	40574	47269	47933	141086	150414	150916	100.0	100.0	100.0
Growth Rates (Quarter-on-Quarter)																		
Direct Investment	0.0	0.0	0.0	0.1	0.2	0.8	0.0	0.0	0.0	5.1	4.0	1.9	5.0	3.9	1.9			
Equity Capital	0.0	0.0	0.0	0.1	0.2	0.8	0.0	0.0	0.0	4.4	3.6	0.9	4.2	3.4	0.9			
Debt Instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.5	4.3	2.7	5.5	4.3	2.7			
Portfolio Investment	565.0	0.4	18.4	2.9	12.5	8.4	0.0	0.0	0.0	7.4	30.4	0.1	7.5	16.5	6.5			
Equity Securities	1.8	0.8	96.3	55.4	9.0	-27.2	0.0	0.0	0.0	47.1	120.6	26.4	38.0	102.0	30.5			
Debt Securities	7048.6	0.4	9.7	2.9	12.5	8.5	0.0	0.0	0.0	3.8	18.0	-6.6	6.6	13.2	4.8			
Financial Derivatives	0.0	0.0	0.0	-2.2	2.1	-56.7	0.0	0.0	0.0	4.4	-17.8	-6.6	-2.2	0.6	-53.5			
Other Investment	0.0	-4.8	1.9	5.6	-15.1	-6.2	0.0	0.0	0.0	6.2	2.8	-0.8	5.8	-9.6	-4.3			
Other Equity	0.0	-4.8	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4.8	1.9			
Currency and Deposits	0.0	0.0	0.0	6.5	-16.1	-6.7	0.0	0.0	0.0	6.2	2.8	-0.8	6.3	-7.2	-3.6			
Loans	0.0	0.0	0.0	5.0	-14.0	-5.9	0.0	0.0	0.0	0.0	0.0	0.0	5.0	-14.0	-5.9			
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Trade Credit and Advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	1.2	-0.4	0.5	1.2	-0.4			
Other Accounts Receivable	0.0	0.0	0.0	-8.4	-14.3	31.7	0.0	0.0	0.0	0.0	0.0	0.0	-8.4	-14.3	31.7			
Reserve Assets	1.4	1.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	1.2	0.2			
Total	1.7	1.1	0.4	4.3	-5.5	-2.0	0.0	0.0	0.0	5.4	5.4	1.4	3.1	1.4	0.3			
Growth Rates (Year-on-Year)																		
Direct Investment	0.0	0.0	0.0	-0.2	5.9	6.6	0.0	0.0	0.0	20.9	24.8	21.0	20.4	24.4	20.8			
Equity Capital	0.0	0.0	0.0	-0.2	5.9	6.6	0.0	0.0	0.0	19.1	29.1	24.8	18.0	28.0	23.9			
Debt Instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.2	21.7	18.4	22.2	21.7	18.4			
Portfolio Investment	0.0	878.8	74.2	4.9	24.0	30.6	0.0	0.0	0.0	37.0	55.8	45.3	16.1	37.2	36.0			
Equity Securities	0.0	5.8	104.0	0.8	26.9	-40.5	0.0	0.0	0.0	118.8	285.6	231.5	146.4	220.6	203.1			
Debt Securities	0.0	10929.0	69.3	4.9	24.0	30.7	0.0	0.0	0.0	30.7	35.2	21.5	14.0	32.1	29.9			
Financial Derivatives	0.0	0.0	0.0	-12.8	92.7	-14.6	0.0	0.0	0.0	-64.4	1968.6	1750.7	-13.6	104.5	-2.8			
Other Investment	2.8	-10.7	-9.0	61.7	14.7	1.8	0.0	0.0	0.0	31.3	1.9	-4.7	48.4	9.8	-0.7			
Other Equity	2.8	-10.7	-9.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.8	-10.7	-9.0			
Currency and Deposits	0.0	0.0	0.0	30.8	19.3	4.5	0.0	0.0	0.0	31.7	2.0	-4.7	31.3	9.6	-0.7			
Loans	0.0	0.0	0.0	109.4	10.8	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	109.4	10.8	-0.7			
Insurance, pension, and standardized guarantee schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Trade Credit and Advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	-3.4	-4.3	0.4	-3.4	-4.3			
Other Accounts Receivable	0.0	0.0	0.0	-40.4	-18.4	17.2	0.0	0.0	0.0	0.0	0.0	0.0	-40.4	-18.4	17.2			
Reserve Assets	-0.6	1.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.6	1.0	-0.1			
Total	-0.2	1.6	0.2	31.9	19.1	11.9	0.0	0.0	0.0	23.4	22.8	18.1	9.5	9.9	7.0			

Note: Details may not add up to totals due to rounding.

