

Report on Economic and Financial Developments

First Quarter 2018



BANGKO SENTRAL NG PILIPINAS

Report on Economic and Financial Developments - First Quarter 2018

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Executive Summary

Domestic economy remains firm in Q1 2018. Real gross domestic product (GDP) grew by 6.8 percent, tracking the low end of the national government's growth target of 7.0 - 8.0 percent for 2018. Growth was generally broad-based as most of the key sectors expanded during the review quarter. On the production side, domestic activity was supported by continued growth in services, particularly in the trade and repair sub-sector, and strong expansion in industry, primarily in the manufacturing sub-sector. The positive outturn in the agriculture sector likewise contributed to supply-side growth. On the expenditure side, resilient household spending, robust growth in investments, mainly on durable equipment, as well as continued strong government spending provided demand-side boost that compensated for the negative contribution of net exports.

Labor market conditions continue to be stable. Based on preliminary results of the Labor Force Survey (LFS) in January 2018, unemployment rate was at 5.3 percent, which translates to 2.3 million individuals, slightly higher than the 5.0-percent recorded in the previous survey. Most of the unemployed were males, were between 15-24 years of age, and were junior high school graduates. Similarly, employment rate declined marginally to 94.7 percent from 95.0 percent. While the number of employed persons increased during the period, the higher increase in labor force participation weighed down on the overall rate of employment. Underemployment also rose to 18.0 percent from 15.9 percent. A large part of the underemployed was in the services sector.

The National Government was in a deficit in Q1. Cash operations of the national government yielded a deficit of ₱152.2 billion in Q1 2018. This was equivalent to 3.9 percent of GDP, higher than the 2.3-percent share to GDP a year ago. Total revenues for Q1 reached ₱619.8 billion, 16.4 percent higher than in the previous year.

Tax collections, which comprised 90.1 percent of total revenues, increased by 16.4 percent from a year ago. Similarly, total expenditures during the review period amounted to ₱772.0 billion, 25.4 percent higher than a year ago. The year-on-year expansion in expenditures can be attributed mainly to the increase in maintenance and infrastructure spending.

Headline inflation higher. Headline inflation for Q1 2018 rose to 3.8 percent from the year- and quarter ago rates of 2.9 percent and 3.0 percent, respectively, using the 2012-based Consumer Price Index series released by the Philippine Statistics Authority. The Q1 inflation rate settled near the upper end but remained within the national government's announced target range of 3.0 percent \pm 1.0 percentage point (ppt) for the year. Inflation pressures in Q1 were due mainly to higher price increases in selected food commodities as well as alcoholic beverages and tobacco products.

Domestic liquidity remains adequate. Money supply grew by 14.4 percent y-o-y as of end-March 2018 to ₱10.9 trillion, faster than the 11.9-percent expansion as of end-December 2017. The increase in domestic liquidity was driven largely by the 14.5-percent year-on-year growth in domestic claims or credits to the economy in March 2018. Credits extended to the private sector rose by 17.3 percent, supported by the sustained increase in bank lending.

The BSP maintains monetary policy settings in Q1 2018. The BSP decided to maintain its policy interest rate at 3.0 percent at the 8 February and 22 March monetary policy meetings. The BSP's monetary policy decisions during the review quarter were based on its assessment that while inflation outturns showed an elevated path in 2018, baseline forecasts (using the 2012-based CPI data) showed inflation remaining within the inflation target in 2018 and moderating further in 2019.

Nevertheless, the BSP sees the balance of risks to the inflation outlook as remaining tilted toward the upside, which argues for maintaining vigilance in setting the stance of monetary policy going forward. In addition, on 15 February, the BSP announced the reduction in the reserve requirement ratio by one percentage point effective 2 March as an operational adjustment in the implementation of monetary policy.

Domestic interest rates rise. Amid uncertainty over policy rate hikes by the US Federal Reserve and the BSP, Treasury bill rates in the primary market increased. Similarly, the secondary market yields of actively traded government securities rose in end-March 2018 relative to the end-December 2017 rates. Moreover, it was noted that the policy rate hike by the US Federal Reserve on 21 March supported the rise in the yields of almost all maturities.

The banking system remains sound. Total resources of the banking system grew by 9.2 percent to reach ₱15.7 trillion as of end-March 2018. As share to GDP, total resources stood at 97.3 percent of GDP. Outstanding loans of universal and commercial banks (U/KBs), net of banks' RRP placements with the BSP, grew by 18.3 percent, year-on-year, in March 2018. In terms of asset quality, the banking system's gross non-performing loan ratio improved to 1.8 percent as of end-March 2018 relative to the year-ago ratio of 2.0 percent. Capital adequacy ratios on solo and consolidated bases declined slightly compared to a quarter ago to 14.4 percent (from 15.0 percent) and 15.0 percent (from 15.7 percent), respectively. Nonetheless, these figures remained well above the BSP regulatory threshold of 10.0 percent and international minimum of 8.0 percent.

Philippine stock exchange resilient amid investor cautiousness. The Philippine stock exchange index rose by 2.6 percent, quarter-on-quarter, to average 8,571.05 index points in Q1 2018. Uncertainty emanating from the external front such as fears of a faster-than-expected US monetary tightening and adverse impact of rising trade tensions between the US and China was counterbalanced by

optimism on the country's economic prospects given sustained strong GDP growth and implementation of the tax reform program.

Debt spreads widen generally. While investor confidence was supported by the country's firm economic performance during the review quarter, debt spreads widened generally on uncertainty over the pace of the US Federal Reserve's policy rate hikes, concerns over the impact of a trade war as well as rising inflation on the domestic front. The country's 5-year sovereign Credit Default Swap, which increased to 74 basis points in Q1 from 59 basis points a quarter ago, has remained lower than Indonesia's 101 basis points although higher than Malaysia's 72 basis points and Thailand's 46 basis points. Similarly, the Emerging Market Bond Index Global Philippines ended the quarter wider at 102 basis points.

BOP position registers higher deficit. The country's balance of payments position recorded a deficit of US\$1.2 billion in Q1 2018 after yielding a surplus of US\$505 million in Q4 2017. The review quarter's deficit was also higher than the US\$994-million deficit a year ago. This development was underpinned by the marked increase in net lending by residents to the rest of the world (net outflows) under the financial account even as the current account deficit declined in Q1. Net outflows in the financial account surged to US\$1.5 billion from US\$328 million a year ago, stemming largely from residents' net repayment of loans. Meanwhile, the current account remained in deficit, albeit lower, as the widening trade-in-goods deficit was offset partially by higher net receipts, primarily in the trade-in-services account. Domestic and global economic activity supported external demand. Meanwhile, the continued rise in imports of goods reflected increased spending by the national government,

Gross international reserves remain adequate. Gross international reserves stood at US\$80.5 billion in end-March 2018, slightly lower than US\$81.6 billion in end December 2017. At the end-March level, the GIR could cover 7.9-months' worth of imports of goods and payments of services

and primary income. It was also equivalent to 5.5 times the country's short-term external debt based on original maturity and 4.1 times based on residual maturity. The decrease in reserves was due mainly to the lower inflows from BSP's investments abroad and to outflows arising from the BSP's foreign exchange operations.

External debt remains manageable. External debt stood at US\$73.2 billion as of end-March 2018, marginally higher than the end-2017 level of US\$73.1 billion. The slight increase in the debt stock was attributed mainly to positive foreign exchange revaluation adjustments coming from the weakened US Dollar against the Japanese Yen which pushed the debt stock higher.

Peso depreciates against the US dollar in Q1 2018.

The peso averaged ₱51.45/US\$1 in Q1, depreciating against the US dollar by 0.97 percent from the previous quarter's average of ₱50.93/US\$1. The peso's depreciation during the review period reflected market concerns over the country's widening trade gap and growing expectations of further US Federal Reserve rate hikes during the year. On a year-to-date basis, the peso depreciated against the US dollar by 4.28 percent to close at ₱52.16/US\$1 on 28 March from the end-December 2017 closing rate of ₱49.93/US\$1. Depreciation pressures were, however, offset partly by the sustained inflows of foreign exchange from overseas Filipino remittances, foreign direct investments, business processing outsource receipts, and recovery of exports, as well as the ample level of international reserves and sustained economic growth.

Global economic activity gains strength. Economic activity in key economies continued to grow in Q1 2018. In the US, real GDP expanded by 2.8 percent during the review quarter on fixed investment, consumption and exports. Growth in the eurozone was likewise sustained at 2.5 percent. Similarly, growth in most emerging economies in Asia remained on track, driven by strong consumption and investment.

Introduction

The Philippine economy continued to grow in Q1 2018. Real gross domestic product expanded by 6.8 percent during the review quarter, tracking the low end of the national government's target of 7.0 - 8.0 percent for 2018. Supply-side expansion was driven by the continued growth in services and the strong performance of the industry sector. On the other hand, demand-side impetus came from resilient household spending and robust growth in investments.

Headline inflation rose during the review quarter to 3.8 percent. This settled near the upper end but remained within the national government's announced target range of 3.0 percent \pm 1.0 percentage point for the year. Inflation pressures were due mainly to higher price increases in food, alcoholic beverages and tobacco products.

Monetary policy settings were maintained in Q1 2018 based on the BSP's assessment that while inflation outturns showed an elevated path in 2018, baseline forecasts showed inflation remaining within the inflation target in 2018 and moderating further in 2019. The BSP also recognizes that the balance of risks to the inflation outlook as remaining tilted toward the upside, which argues for maintaining vigilance in setting the stance of monetary policy going forward.

The Philippine banking system remained sound. Bank lending as measured by outstanding loans of universal and commercial banks, net of banks' RRP placements with the BSP, grew by 18.3 percent in Q1 2018. This was accompanied by adequate bank capitalization and loan exposure coverage.

In terms of external payments position, the country's external buffers remained adequate, with reserves amounting to US\$80.5 billion in end-March 2018. Remittances and receipts from BPOs continued to support the country's external position. At the same time, external debt remained manageable, with a debt profile composed largely of medium- to long-term (MLT) maturities.

In the quarters ahead, commitment to the fiscal reform program that expands the country's productivity in the long run and broadens the coverage of social safety nets in the immediate term is seen to usher in a higher growth potential. For its part, the BSP will remain firm in its intent to ensure that monetary policy will continue to support price and financial stability objectives.

Real Sector

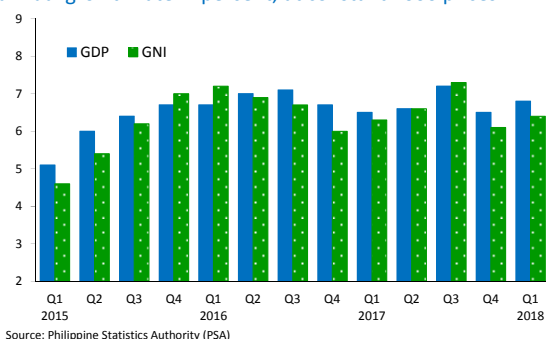
Aggregate Supply and Demand

Real gross domestic product (GDP) in Q1 2018 grew by 6.8 percent, higher than the 6.5 percent registered a year- and quarter-ago. The Q1 growth rate tracked closely the lower end of the national government's (NG) growth target range of 7.0 - 8.0 percent for 2018. The country's growth performance was among the fastest in the region and came second only to Vietnam (7.4 percent) during the quarter.

Domestic economy stays firm in Q1 2018

Output growth in Q1 remained broad-based with the major sectors of the economy contributing positively. On the supply side, growth was buoyed mainly by the firm numbers coming from the services and industry sectors, boosted by the acceleration in retail trade subsectors and manufacturing, respectively. Fuelling growth on the demand side were the increase in public construction and government spending along with the sustained acceleration in household spending and investments.

Chart 1. Gross Domestic Product and Gross National Income
annual growth rate in percent; at constant 2000 prices



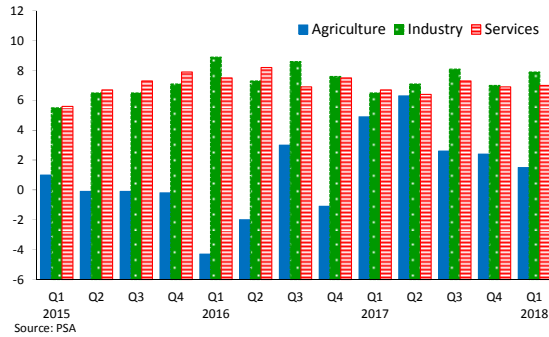
GDP by industry

On the production side, the services sector remained the primary engine of growth in Q1, accelerating by 7.0 percent from 6.7 percent and 6.9 percent in the previous year and quarter, respectively, and contributed 4.0 percentage points (ppts) to total GDP. The higher growth in the sector stemmed from the following subsectors: financial intermediation (7.6 percent from 5.2 percent a quarter ago) due to the increase in the number of transactions in bank and non-bank institutions; transport, storage and communication (6.4 percent from 4.9 percent) due to higher increase in land transport and communication services; public administration and defense, compulsory social security (13.2 percent from 8.5 percent) due to upward adjustments in the compensation for civilian and military and uniformed government personnel; and other services (8.8 percent from 6.3 percent) due to activities in the social-related subsectors such as education and health and social work. Growth in these subsectors was able to offset the slowdown in trade and repair of motor vehicles, motorcycles, personal and household goods (6.1 percent from 8.7 percent), due in part to less optimistic consumer sentiment; and real estate, renting and business activities (4.7 percent from 6.6 percent), due mainly to lower renting and other business activities. However, despite the deceleration in the trade and repair of motor vehicles, motorcycles, personal household goods the subsector comprised 27 percent of total services sector, making it a significant contributor.

The industry sector expanded by 7.9 percent, higher than its year-ago and quarter-ago growth of 6.5 percent and 7.0 percent, respectively (Table 1). This contributed 2.7 ppts to overall GDP. The expansion in the industry sector was supported mainly by higher manufacturing and construction activities, as these sectors grew by 8.0 percent (from 7.9 percent a quarter ago) and 9.3 percent (from 4.3 percent), respectively. Majority of the subsectors in manufacturing expanded. Similarly,

the acceleration in construction could be attributed to the substantial increase in NG’s disbursements consistent with the Build, Build, Build program.

Chart 2. Gross Domestic Product, by Industry
annual growth rate in percent; at constant 2000 prices



The agriculture sector decelerated to 1.5 percent from 4.9 percent and 2.4 percent in the previous year and quarter, respectively, and contributed 0.1 ppt to total GDP. The slower growth of the sector was due to the slowdown in agriculture subsector and further contraction in fishing.

GDP by expenditure

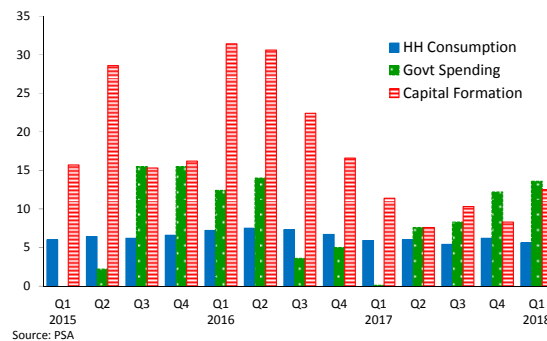
On the demand side, household expenditure grew at a slower pace of 5.6 percent in Q1 compared to 5.9 percent and 6.2 percent a year and quarter ago, and contributed 3.9 ppts to total GDP. The slowdown in the growth of household expenditure from the previous quarter can be attributed to the deceleration in the consumption of food and non-alcoholic beverages, housing, water, electricity, gas and other fuels, furnishings, household equipment and routine, transport, and restaurants and hotels and further contraction of alcoholic beverages and tobacco.

Capital formation accelerated to 12.5 percent, higher than 11.4 percent and 8.3 percent a year and quarter ago. Faster growth in construction spending (both public and private), breeding stock and orchard development, and additions to inventory (which came from a drawdown in the previous quarter) provided support to the sector. The higher investment in public construction stemmed from the government’s commitment to expedite infrastructure development. Likewise, acceleration

in the growth of private construction was reflected in the increased number of building permits approved in Q1.

Higher government spending at 13.6 percent, from 0.1 percent and 12.2 percent a year and quarter ago, translated to a 1.4-ppt contribution to total GDP. The increased government spending can be attributed mainly to the NG’s higher disbursements for infrastructure and other capital outlays and personnel services.

Chart 3. Gross Domestic Product, by Expenditure
annual growth rate in percent; at constant 2000 prices



Overall exports grew by 6.2 percent, remarkably lower than the year- and quarter-ago rates of 17.4 percent and 20.6 percent, respectively. The slowdown in the growth of exports of goods (2.9 percent from 22.2 percent a quarter ago) outweighed the acceleration in the growth of exports of services (17.9 percent from 14.5 percent). The lower growth in exports of goods was driven primarily by the contraction in exports of semiconductors, and slowdown in the growth of export of electronic data processing and metal components. Meanwhile, the higher growth of exports of services was due mainly to the accumulated growth in travel and miscellaneous services.

Similarly, overall imports increased by 9.3 percent from 18.7 percent and 18.1 percent a year and quarter ago, respectively. The deceleration was due to the slowdown in the imports of both goods and services to 9.3 percent and 9.6 percent from the previous quarter’s 18.2 percent and 17.8 percent, respectively. The lower growth in import of goods was driven primarily by the decelerated growth

across all principal goods in addition to the contraction of mineral fuels and transport equipment. The main drivers for the deceleration in the growth of imports of services were the lower growth in imports of travel and miscellaneous services.

Labor and Employment

Labor and employment conditions remain stable based on the results of the preliminary Labor Force Survey (LFS) in January 2018¹ as the number of employed persons reached 41.8 million, 0.8 percent higher than 41.6 million in October 2017 (*Table 2*). Employment rate, however, declined to 94.7 percent from 95.0 percent due mainly to the larger increase of the labor force.

Labor market conditions remain stable

The increase in the number of employed persons (January 2018 versus October 2017) was attributed mainly to the additional 6.82 percent or 628,430 employed persons in the agriculture, hunting and forestry sub-sector. Based on the LFS Report for January 2018, the high performance of the crops subsector in Q4 2017 provided a more optimistic outlook among farmers along with the start of the planting season.

Employment in the industry sector also increased by 0.7 percent due to the additional 111,980 employed persons in the construction subsector. Meanwhile, employment in the services sector decreased by 1.45 percent with a 343,620 reduction in employed persons, offsetting some of the employment gains in the agriculture and industry sectors. Most of the subsectors posted employment losses particularly in the accommodation and food service activities subsector, decreasing by 6.9 percent or 127,240 workers. Of the total employed persons, 55.9 percent were in the services sector,

26.0 percent in the agriculture sector, and 18.1 percent in the industry sector.

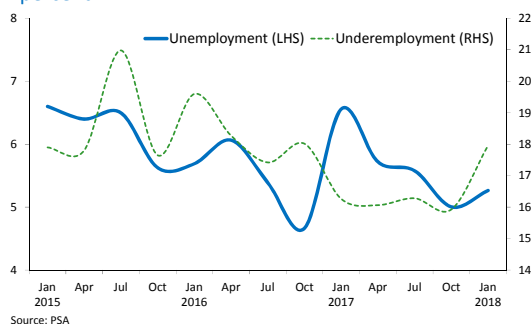
Almost all classes of workers exhibited losses in the January 2018 LFS. Employment losses were registered in the wage and salary workers (-97,330 workers); self-employed workers without any paid employee (-1,610 workers); and employer in own-family-operated farm or business (-98,190 workers). However, the said losses were offset by the additional 402,040 unpaid workers who worked in own family-operated farm or business employment. Of the total employed, the number of wage and salary workers comprised 61.7 percent; self-employed workers at 27.7 percent; employed in own family-operated farm or business at 3.6 percent; and unpaid workers who worked in own family-operated farm or business at 6.9 percent.

On the number of hours worked, employed persons who worked on a full-time basis (40 hours or more) dropped by 5.0 percent while those who worked on a part-time basis (less than 40 hours) increased by 10.1 percent. Of the total employed, those who worked on full-time basis comprised 63.6 percent, 35.2 percent were on part-time, and 1.2 percent were those with jobs but not at work.

Meanwhile in January 2018, the number of jobless Filipinos rose to 2.3 million from 2.2 million in October 2017, resulting in an unemployment rate of 5.3 percent, slightly higher than 5.0 percent in the previous survey round. Most of the unemployed were men (65.5 percent), between 15-24 years of age (43.2 percent), and were junior high school graduates (29.4 percent).

¹ Released by the PSA on 7 March 2018.

Chart 4. Unemployment and Underemployment Rates in percent



The underemployment rate² increased by 2.3 ppts to 18.0 percent from 15.9 percent (January 2018 versus October 2017 LFS). Of the total underemployed, 44.6 percent were in the services sector, 36.2 percent in the agriculture sector, and 19.2 percent in the industry sector.

In the January 2018 LFS, the labor force participation rate (LFPR) slightly increased by 0.1 ppt to 62.2 percent from 62.1 percent in October 2017. The rise in the LFPR indicates that more Filipinos want to join and re-join the labor force, encouraged in part by the sustained economic growth performance of the country.

Based on the PSA's Labor Turnover Survey (LTS)³ for Q4 2017, the labor turnover rate (LTR)⁴ in the National Capital Region (NCR) rose to 1.4 percent, higher by 0.3 ppt than 1.1 percent recorded in the Q3 2017 but lower than 3.4 percent posted a year ago. The accession rate of 8.3 percent exceeded the total separation rate of 6.9 percent, i.e., 83 workers per 1,000 employed were added to the enterprise workforce due to business expansion or replacement; while 69 workers per 1,000 employed were laid off or quit their jobs.

² Based on the ILS Report in January 2018, underemployment entails low job quality. There are workers whose income were not sufficient to sustain their family expenditures want additional work to earn more. Most underemployed persons are poor and cannot afford to remain without work so they accept any type of job available regardless of working conditions and pay.

³ The LTS aims to capture the quarterly job creations and job displacements in business enterprises in Metro Manila. The Q4 2017 LTS was released in April 2018.

⁴ The LTR is the percent difference between accession rate and separation rate.

The services sector had the highest LTR at 1.7 percent with an accession rate of 8.7 percent and a separation rate of 7.0 percent. Employment gains were attributed to the financial and insurance activities subsector at 3.7 percent as well as accommodation and food service activities subsector at 3.5 percent. Similarly, the industry sector registered positive LTR at 0.4 percent due mainly to employment gains in the mining and quarrying at 10.2 percent. Meanwhile, the agriculture, fishery and forestry sector registered a negative LTR of 4.6 percent as the separation rate of 6.5 percent exceeded the accession rate of 1.9 percent.

Fiscal Sector

National Government Cash Operations

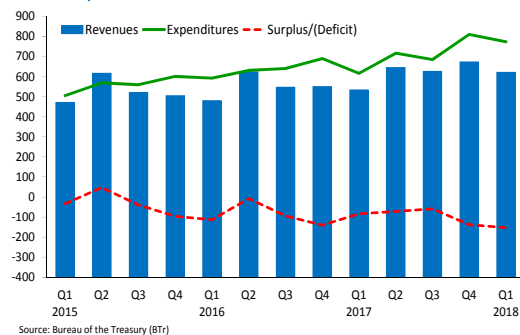
The cash operations of the NG yielded a deficit of ₱152.2 billion in Q1 2018, higher than the year-ago deficit level of ₱83.0 billion. The NG's fiscal deficit for Q1 2018 was equivalent to 3.9 percent of GDP, higher than 2.3 percent a year ago (*Table 3*).

NG cash operations yield a higher deficit

Total NG revenues for Q1 2018 reached ₱619.8 billion, 16.4 percent higher than the Q1 2017 level of ₱532.4 billion. Total revenue as share to GDP was recorded at 15.8 percent in Q1 2018, higher than 14.9 percent a year ago. The y-o-y increase in revenues was due mainly to improved collections by the Bureau of Customs (BOC) and Bureau of Internal Revenue (BIR) by 24.0 percent and 19.0 percent, respectively. Tax collections, which constituted 90.1 percent of total revenues, amounted to ₱558.7 billion, 16.4 percent higher than the comparable figure a year-ago. Non-tax revenues, which consisted mainly of collections made by the Bureau of the Treasury (BTr), likewise increased by 16.6 percent y-o-y.

Meanwhile, total NG expenditures in Q1 2018 reached ₱772.0 billion, 25.4 percent higher than the ₱615.4 billion expenditures in Q1 2017. Relative to the size of the economy, total NG disbursements was at 19.7 percent of GDP in Q1 2018, an increase from the previous year's 17.2 percent ratio. The y-o-y expansion in expenditures can be attributed mainly to the increase in maintenance and infrastructure spending by 10.8 percent and 15.4 percent, respectively.⁵ Likewise, allotment and capital transfers to local government units (LGUs) as well as for personnel services and subsidiaries to government-owned and -controlled corporations (GOCCs) increased during the quarter.

Chart 5. Cash Operations of the National Government
in billion pesos



Netting out the interest payments from total expenditures, the resulting primary deficit amounted to ₱55.0 billion, representing 1.4 percent of GDP during the review quarter. In terms of financing the deficit, the NG incurred net borrowings in Q1 2018 amounting to ₱145.9 billion coming mainly from domestic sources.

Fiscal discipline has generated sufficient fiscal space which can be allocated to accelerate infrastructure development. The need to address infrastructure gaps is a top priority for the country to increase productive capacity and competitiveness. The government is pursuing massive buildup in infrastructure and increase infrastructure spending over the medium term.

⁵ DBM Assessment Report on NG Disbursement Performance as of December 2017.

Monetary Sector

Prices

Headline inflation. Headline inflation continued to increase in Q1 2018 at 3.8 percent compared to year- and quarter-ago rates of 2.9 percent and 3.0 percent, respectively, using the 2012-based CPI series released by the PSA (*Table 4*).⁶

Q1 2018 inflation pressures mostly from selected food commodities

The Q1 headline inflation was within the NG's announced target range of 3.0 percent \pm 1.0 ppt for 2018.

Core inflation. Core inflation (2012=100), which measures generalized price pressures by excluding volatile items such as food and energy, rose to 3.0 percent in Q1, higher than the 2.7 percent a year ago and 2.4 percent in the previous quarter. Similarly, the BSP-computed alternative measures for core inflation increased in Q1 2018 compared to the previous quarter. In particular, the trimmed mean rose to 2.5 percent (from 1.8 percent), the weighted median increased to 2.4 percent (from 1.5 percent), and the net of volatile items was higher at 2.8 percent (from 2.1 percent).

⁶ The 2012-based CPI series was derived using an updated consumer basket of goods and services and their respective weights. This series was released by the PSA starting 6 March 2018.

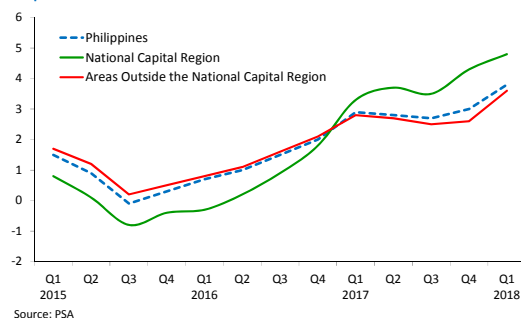
Table A. Alternative Core Inflation Measures (2012=100)
quarterly averages of year-on-year change

Quarter	Official Headline Inflation	Official Core Inflation	Trimmed Mean ¹	Weighted Median ²	Net of Volatile Items ³
2015	0.7	1.0	1.5	1.7	1.2
Q1	1.5	1.3	2.4	2.6	1.5
Q2	0.9	1.3	1.6	1.7	1.3
Q3	-0.1	0.8	1.0	1.3	1.0
Q4	0.3	0.8	1.0	1.1	1.2
2016	1.3	1.6	1.2	1.1	1.5
Q1	0.7	1.0	0.9	1.0	1.2
Q2	1.0	1.2	1.1	1.0	1.4
Q3	1.5	1.7	1.3	1.0	1.6
Q4	2.0	2.2	1.3	1.2	1.7
2017	2.9	2.4	1.6	1.5	2.1
Q1	2.9	2.7	1.6	1.5	2.2
Q2	2.8	2.5	1.5	1.4	1.9
Q3	2.7	2.3	1.6	1.5	2.0
Q4	3.0	2.4	1.8	1.5	2.1
2018					
Q1	3.8	3.0	2.5	2.4	2.8

¹The 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.
²The 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.
³The net of volatile items method excludes the following items: bread and cereals; vegetables; sugar, jam, honey, chocolate, and confectionery; electricity; gas; fuels and lubricants for personal transport equipment; and passenger transport by road, which represents 29.5 percent of all items. The series has been recomputed using a new methodology that is aligned with PSA's method of computing the official core inflation, which re-weights remaining items to comprise 100 percent of the core basket after excluding non-core items.
 Source: PSA, BSP estimates

Food inflation (2012=100) posted faster price increase in Q1 at 5.0 percent from 3.4 percent in the previous quarter. Higher prices of key agricultural products like corn, meat, fruits, and vegetables were observed as the lingering effects of weather disturbances that hit the country adversely impacted domestic supply. Rice prices also went up during the quarter due to the end of the harvest season while fish prices increased from tightness in domestic supply associated with the fishing ban in the Visayas.

Chart 6. Food and Non-Food Inflation in the Philippines (2012=100)
in percent



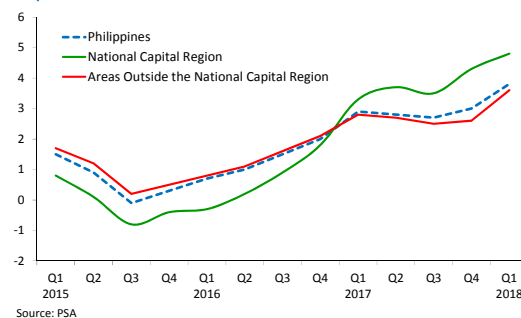
Meanwhile, non-food inflation (2012=100) eased slightly to 2.6 percent in Q1 from its year-ago

rate of 2.8 percent and quarter-ago rate of 2.7 percent. This could be attributed to the decrease in electricity rates which was reflected in the heavily-weighted commodity group of housing, water, electricity, gas and other fuels. Similarly, transport, communication, and education services registered slower price increase during the review quarter.

In terms of geographical location, inflation rates (2012=100) in the NCR rose to 4.8 percent in Q1 from 4.3 percent in the previous quarter (*Table 4a*). Food inflation increased to 6.7 percent in Q1 (from 5.4 percent) as most food commodities posted above-threshold inflation rates (i.e., higher than 4 percent) during the quarter namely, meat, fish, oils and fats, fruits, vegetables, and food products not elsewhere classified.

On the other hand, non-food inflation in NCR eased slightly in Q1 to 3.7 percent from 3.9 percent in the previous quarter. Slower price increases were noted for the indices housing, water, electricity, gas and other fuels, transport, health, clothing and footwear, as well as recreation and culture.

Chart 7. Inflation Rate (2012=100)
in percent



Inflation in the areas outside NCR (AONCR) accelerated to 3.6 percent in Q1 2018 from 2.6 percent in the previous quarter as both food and non-food items increased during the quarter (*Table 4b*). Food inflation rose to 4.7 percent in Q1 2018 from 3.0 percent in the previous quarter as a number of key items namely, corn, meat, fish, and fruit posted above-threshold price increases.

Non-food inflation in AONCR registered a slight uptick in Q1 2018 to 2.3 percent (from 2.2 percent) due mostly to higher inflation of transport, restaurants and miscellaneous goods and services, health, furnishings and household equipment, and recreation and culture.

Domestic Liquidity⁷

Money supply or M3 grew by 14.4 percent y-o-y as of end-March 2018 to ₱10.9 trillion, faster than the 11.9-percent expansion as of end-December 2017 (Table 5).

Domestic liquidity remains ample

The increase in M3 was driven largely by the 14.5-percent y-o-y growth in domestic claims or credits to the economy in March 2018. Credits extended to the private sector rose by 17.3 percent, supported by the sustained increase in bank lending. Meanwhile, net claims on the central government grew by 7.0 percent, reflecting mainly the increased borrowings by the NG.

Table B. Domestic Liquidity (M3)

PARTICULARS	Levels (in billion pesos)			Growth Rates (in percent)	
	Mar 2018	Dec 2017	Mar 2017	Quarter-on-Quarter	Year-on-Year
Domestic Liquidity (M3)	10,914.9	10,635.7	9,544.7	2.6	14.4
<i>of which:</i>					
Net Foreign Assets	4,621.6	4,403.2	4,378.1	5.0	5.6
Domestic Claims	10,767.7	10,474.3	9,405.0	2.8	14.5
<i>of which:</i>					
Net Claims on Central Government	1,781.3	1,635.2	1,664.6	8.9	7.0
Claims on the Private Sector	7,748.1	7,548.4	6,607.8	2.6	17.3

Source: Department of Economic Statistics (DES), BSP

Net foreign assets (NFA) in peso terms rose by 5.6 percent y-o-y in March 2018. The BSP's NFA position continued to expand during the month on the back of robust foreign exchange inflows coming mainly from OF remittances, BPO receipts, and foreign portfolio investments. The NFA of banks

⁷The 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.

also expanded as banks' foreign assets increased on account of higher investments in marketable debt securities.

Meanwhile, the growth of M4, a broader concept of domestic liquidity comprising broad money liabilities and foreign currency deposits of residents, accelerated to 13.3 percent y-o-y in March 2018 compared to the 11.3-percent growth in December 2017.

Monetary Policy Developments

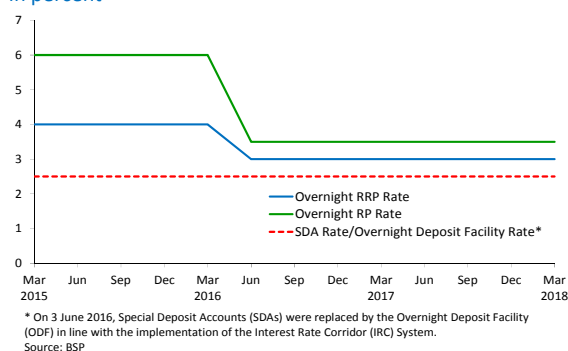
During the monetary policy meetings in 8 February and 22 March, the BSP decided to maintain the key policy interest rate at 3.0 percent for the overnight reverse repurchase or RRP facility. The corresponding interest rates on the overnight lending and deposit facilities were also kept steady.

The BSP maintains its policy interest rate during the quarter

The BSP's monetary policy decisions during the quarter were based on its assessment that while recent inflation outturns showed an elevated path in 2018, the latest baseline forecasts (using the 2012-based CPI data) showed inflation remaining within the inflation target in 2018 and moderating further in 2019. The BSP also considered that prospects for domestic activity continue to be firm on the back of robust domestic demand, strong growth in credit and liquidity, and a sustained recovery in global economic growth. The higher inflation in January was also due to better enforcement of tax laws on tobacco as well as temporary increases in prices of selected food items, such as fish and vegetables.

At the same time, the BSP recognized that risks to the inflation outlook remain weighted toward the upside owing mainly to price pressures emanating from pending petitions for adjustments in minimum wages and transportation fares.

Chart 8. BSP Policy Rates
in percent



Nevertheless, non-monetary measures such as institutional arrangements in setting transportation fares and minimum wages, unconditional cash transfers, as well as transport subsidies are expected to help mitigate these inflationary impulses. In addition, the proposed reforms in the rice industry could also help temper price pressures.

Meanwhile, the BSP noted that inflation expectations have also started to rise and will therefore need to be monitored closely in the coming months. Monetary authorities also observed that economic growth remains solid enough to absorb some policy tightening if warranted.

Given these considerations during the review quarter, the BSP believes that prevailing monetary policy settings should be kept. Nevertheless, the BSP reiterates that it remains watchful against any signs of second-round effects and inflation becoming broader based. The BSP stands firm in its intent to take immediate and appropriate measures to ensure that the monetary policy stance continues to support the BSP's price and financial stability objectives.

In addition, on 15 February, the BSP announced the reduction in the RR ratio by one percentage point effective 2 March 2018 as an operational adjustment toward a more market-based implementation of monetary policy. The move is in line with the BSP's commitment to gradually lessen its reliance on reserve requirements for managing liquidity in the financial system.

Monetary Operations

For Q1 2018, bulk of the BSP's monetary operations had been through the RRP facility. The average bid-to-cover ratio for the RRP facility was at 1.5. Similarly, market demand for the 7-day and 28-day Term Deposit Facility (TDF) remained strong. In addition, the BSP offered a 14-day TDF tenor starting on 14 February 2018, in response to the strong interest of various counterparties for a tenor longer than 7 days but shorter than 28 days following a series of industry consultations. Average bid-to-cover ratios for the 7-, 14-, and 28-day tenors were at 2.0, 1.3 and 1.5, respectively.

The 28-day TDF, which was not offered during the period 20 December 2017 - 31 January 2018, was re-offered starting on 7 February 2018 as short-term liquidity conditions normalized after the holiday season. The re-opening of the 28-day TDF and the additional offering of a 14-day tenor were in accordance with the BSP's assessment that liquidity conditions have normalized following the combined impact of increased liquidity demand during the holiday season and the NG's issuance of 5-year Retail Treasury Bonds (RTBs) in December 2017.

Adjustments in the offer volumes for the various tenors of the TDF were done on a weekly basis based on the BSP's assessment of prevailing liquidity conditions. The TDF auctions were conducted every Wednesday while the RRP auction was carried out as a daily fine-tuning operation.

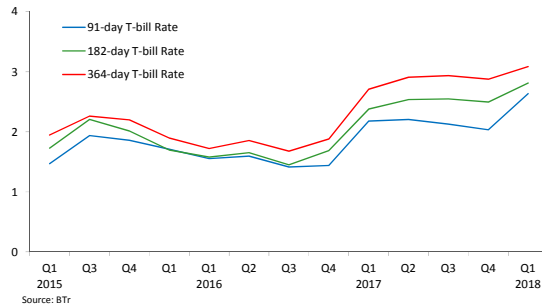
Domestic Interest Rates

Amid uncertainty over policy rate hikes by the US Fed and the BSP, Treasury bill (T-bill) rates in the primary markets in Q1 2018 showed weaker preference for shorter-tenored GS.

Primary market interest rates rise across the board

The 91-day, 182-day, and 364-day T-bill rates in the primary market increased to 2.64 percent, 2.81 percent and 3.09 percent in Q1 2018 from the Q4 2017 rates of 2.03 percent, 2.50 percent and 2.88 percent, respectively (*Table 6*).

Chart 9. Treasury Bill Rates in percent

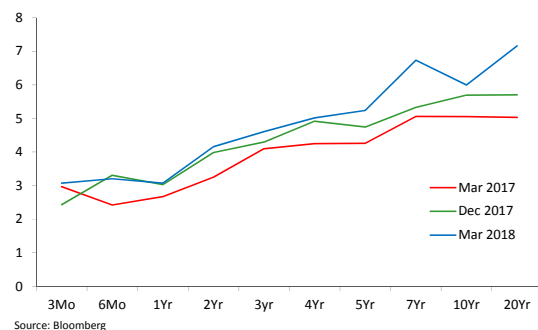


Similarly, the secondary market yields of actively traded GS rose in end-March 2018 relative to end-December 2017 levels.

Yields of secondary market GS increase across all tenors

The US Federal Reserve policy rate hike on 21 March 2018 supported the rise in the yields of almost all maturities, ranging from 4.30 bps (1-year) to at most 145.87 bps (20-year). Meanwhile, the yield of 6-month GS declined by 10.12 bps.

Chart 10. Yield Curve of Government Securities in percent



The savings deposit, time deposit, and interbank call loan (IBCL) rates were higher in Q1 2018 by 5.40 bps, 55.40 bps and 15.98 bps, respectively, compared to their Q4 2017 levels. Meanwhile, the lending rate was lower by 5.10 bps.

Other market interest rates generally increase

Interest rates on the 7-day and 28-day TDFs fell in Q1 2018 by 35.40 bps and 31.71 bps to settle at 3.03 percent and 3.18 percent, respectively.

TDF rates decline on lower offer volume

This reflected the impact of the closure of the 28-day TDF beginning 20 December 2017 up to 31 January 2018. The 14-day TDF which was offered beginning 14 February 2018, settled at 3.14 percent in Q1 2018.

The differentials (gross and net of tax) between the domestic and US interest rates widened in Q1 2018 relative to Q4 2017. The higher interest rate differential can be traced to the 56.70-bp increase in RP 91-day T-bill rate relative to the 44.30-bp gain in 90-day London Interbank Offered Rate (LIBOR), and the 40.34-bp gain in average US 90-day T-bill rate. The wider differential is largely due to higher foreign interest rates following the US Fed policy rate hike, and relatively higher domestic interest rates.

The positive differential between the BSP's policy interest rate (overnight borrowing or RRP rate) and the US Federal Funds target declined to 125 bps as of end-March 2018, given the 25 bps increase in the US Federal Funds rate against the unchanged BSP policy rate. Compared to its December 2017 level, the risk-adjusted spread between the two policy rates further narrowed to 48 bps in March 2018, with a 14.89-bp decline in risk premium (measured as the difference between the 10-year Republic of the Philippines (ROP) and the 10-year US note).

Adjusted for risk premium, interest rate differentials narrow

The lower risk premium was due to the 41.57-bp increase in the yields of the 10-year US Treasury note relative to the much larger 56.46-bp increase in the yields of 10-year ROP note.

Financial Sector

Banking System

The Philippine banking system remained resilient, providing financial intermediation to the economy and supporting long-term growth.

Philippine banking system's assets and deposits continue to grow

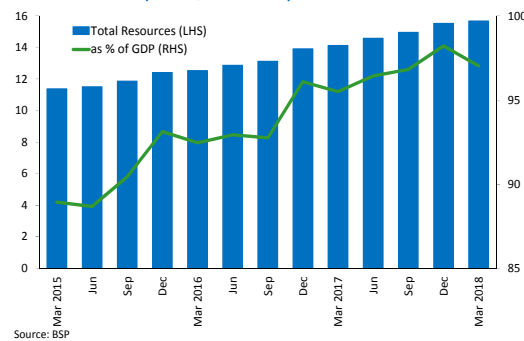
In Q1 2018, banks' balance sheets exhibited steady growth in assets and deposits. Furthermore, asset quality continued to improve while capital adequacy ratios remained above international standards. Banks continued to dominate the financial sector, with U/KBs accounting for about 91 percent of total banks' resources. In terms of the number of head offices and branches/agencies, non-bank financial intermediaries maintained its relatively widest physical network, consisting mainly of pawnshops.

Performance of the Banking System

Market Size

The total resources of the banking system grew by 11.0 percent to reach ₱15.7 trillion as of end-March 2018 from ₱14.1 trillion a year ago, and by 1.0 percent from the end-December 2017 level (Table 7). As percent of GDP, total resources stood at 97.0 percent.

Chart 11. Total Resources of the Banking System
levels in trillion pesos; share in percent

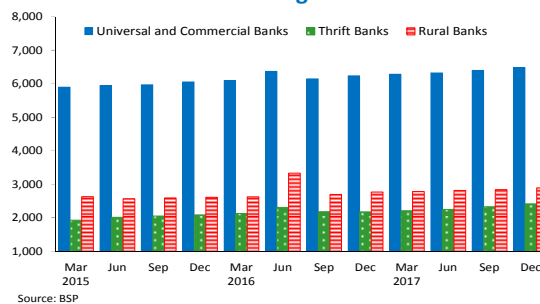


The number of banking institutions (head offices) decreased to 587 offices as of end-December 2017 from 602 offices a year ago and 592 offices a quarter ago (Table 8).

Banks' operating network sustains expansion

The banks' head offices are comprised of 43 U/KBs, 55 thrift banks (TBs), and 489 rural banks (RBs). This indicated continued consolidation of banks as well as the exit of weaker players in the banking system.

Chart 12. Number of Banking Institutions



Meanwhile, the operating network (head offices and branches/agencies) of the banking system increased to 11,793 offices as of end-December 2017 from 11,178 offices a year ago and 11,571 offices a quarter ago, due mainly to the increase in the branches/agencies of U/KBs, TBs, and RBs.

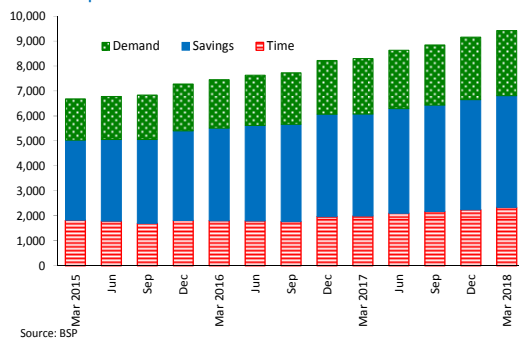
Savings Mobilization

As of end-March 2018, banks' total deposits reached ₱9.4 trillion, higher than the year- and quarter-ago levels by 13.5 percent and 2.9 percent, respectively.⁸

Deposits continue to grow

On a quarterly basis, time, demand, and savings deposits grew by 4.4 percent, 4.2 percent, and 1.4 percent, respectively. Foreign currency deposits owned by residents (FCD-Residents) likewise increased by 1.4 percent, q-o-q, to ₱1.9 trillion.⁹

Chart 13. Deposit Liabilities of Banks in billion pesos



Bank Lending Operations

Outstanding loans of U/KBs, net of banks' RRP placements with the BSP, grew by 18.3 percent, y-o-y in March 2018. Meanwhile, bank lending, inclusive of RRPs, registered annual growth of 18.8 percent.

Bank lending posts steady growth

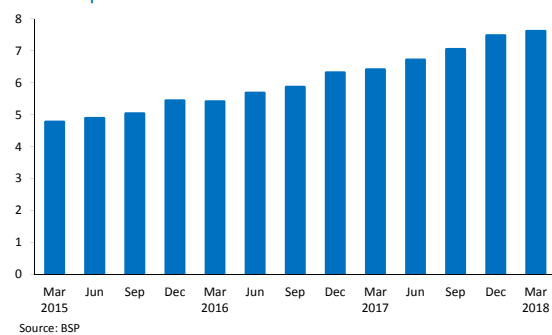
Loans for production activities—which comprised 88.4 percent of banks' aggregate loan portfolio, net of RRP—grew by 18.1 percent in March 2018. The growth in production loans was driven primarily by increased lending to the following

⁸ This refers to the total peso-denominated deposits of the banking system.

⁹ FCD-Residents, along with M3, forms part of a money supply measure called M4. Meanwhile, M3 consists of savings deposits, time deposits, demand deposits, currency in circulation, and deposit substitutes.

sectors: real estate activities (18.6 percent); electricity, gas, steam and airconditioning supply (23.7 percent); wholesale and retail trade, repair of motor vehicles and motorcycles (17.6 percent); manufacturing (11.1 percent); financial and insurance activities (17.1 percent); other community, social and personal activities (83.1 percent); and information and communication (27.9 percent). Bank lending to other sectors also increased during the month except in agriculture, forestry and fishing (-8.0 percent), and administrative and support services activities (-37.9 percent).

Chart 14. Loans Outstanding of Commercial Banks (Gross of RRPs) in trillion pesos



Loans for household consumption, likewise, grew by 19.3 percent, y-o-y, in March 2018 due mainly to the increase in motor vehicle (23.9 percent) and credit card (21.7 percent) loans.

Credit Card Receivables

The combined credit card receivables (CCRs) of the banking system as of end-March 2018 increased by 21.9 percent to ₱240.0 billion, y-o-y, and by 1.0 percent, q-o-q.

Credit card receivables continue to grow

The ratio of CCRs to the total loan portfolio (TLP) as of March 2018 remained unchanged relative to the quarter-ago ratio of 2.8 percent, and is higher than the year-ago ratio of 2.7 percent. In terms of loan quality, the ratio of non-performing CCRs to total CCRs improved to 5.8 percent from 5.9 percent a

year ago but grew marginally from the quarter-ago ratio of 5.8 percent.

Motor Vehicle Loans¹⁰

As of end-March 2018, the banking system's combined motor vehicle loans (MVLs) increased to ₱498.6 billion registering y-o-y growth of 22.0 percent and q-o-q growth of 5.0 percent.

Motor vehicle loans remain on the uptrend

Demand for passenger cars and commercial vehicles grew ahead of the effectivity of the higher excise tax following the passage of the Tax Reform for Acceleration and Inclusion (TRAIN) Law. In addition, introduction of new and refreshed models, appropriate product mix, as well as flexible financing schemes from banks and other car financing firms helped sustain the rise in vehicle purchases.

The share of total MVLs to TLP increased to 5.8 percent relative to the previous year's and quarter's ratio of 5.6. In terms of loan quality, the ratio of non-performing MVLs to total MVLs improved to 3.8 percent from the year-ago ratio of 4.1 percent and was unchanged q-o-q.

Salary-Based General-Purpose Consumption Loans¹¹

The banking system's Salary-Based General-Purpose Consumption Loans (SBGPCL) increased to ₱147.6 billion as of end-March 2018, 2.5 percent higher than the year-ago level but 1.7 percent lower than the previous quarter's level.¹²

Salary loans sustain growth

The share of total SBGPCLs to TLP decreased to 1.7 percent from the year- and quarter-ago ratios of 2.0 percent and 1.8 percent. In terms of loan quality, the ratio of non-performing SBGPCLs to

total SBGPCLs increased to 5.8 percent relative to the previous year's and quarter's ratio of 4.1 percent and 5.1 percent, respectively.

Residential Real Estate Loans

As of end-March 2018, the total residential real estate loans (RREs) of the banking system reached ₱615.4 billion growing by 16.0 percent, y-o-y, and by 2.5 percent, q-o-q.

Residential real estate loans grow moderately

Sustained household investments in residential properties, the increase in the number of projects unveiled by real estate developers and the intensified promotional campaigns by banks, supported the growth in real estate purchases during the review period. Total RREs to TLP decreased to 7.1 percent from the year-ago ratio of 7.2 percent and remained unchanged q-o-q. In terms of loan quality, the non-performing RREs remained unchanged at 2.9 percent relative to the year-ago ratio, but decreased from the 2.8 percent ratio posted a quarter ago.

Asset Quality and Capital Adequacy

The Philippine banking system's GNPL ratio improved to 1.8 percent as of end-March 2018 relative to the year-ago ratio of 2.0 percent but slightly increased relative to the previous quarter's ratio of 1.7 percent (*Table 9*). Banks' initiatives to improve their asset quality along with prudent lending regulations helped maintain the GNPL ratio below its pre-Asian crisis level of 3.5 percent.¹³

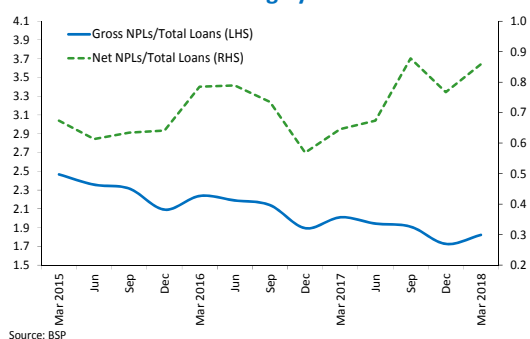
¹⁰ Formerly "Auto Loans", renamed effective September 2015

¹¹ Formerly "Salary Loans"

¹² Data collection started with June 2014 data.

¹³ The 3.5 percent NPL ratio was based on the pre-2013 definition.

Chart 15. Ratio of Gross NPLs and Net NPLs to Total Loans of the Banking System



Meanwhile, the net non-performing loan (NNPL) ratio increased to 0.9 percent as of end-March 2018 relative to the ratio of 0.7 percent registered a year ago and 0.8 percent a quarter ago. In computing for the NNPLs, specific allowances for credit losses on TLP are deducted from the GNPLs. Said allowances decreased to ₱86.7 billion in end-March 2018 from ₱104.6 billion a year ago but increased slightly from the quarter-ago level of ₱85.1 billion.¹⁴

The Philippine banking system's GNPL ratio of 1.8 percent was higher with respect to that of Malaysia (1.1 percent) and South Korea (1.2 percent) but lower than that of Indonesia (2.6 percent) and Thailand (2.9 percent).¹⁵

The loan exposures of banks remained adequately covered as the banking system registered an NPL coverage ratio of 120.5 percent as of end-March 2018 from 114.9 percent registered a year ago and 120.4 percent a quarter ago.

The CAR of U/KBs at end-December 2017 decreased slightly to 14.4 percent on solo basis, relative to the previous quarter's ratio of 15.0 percent.

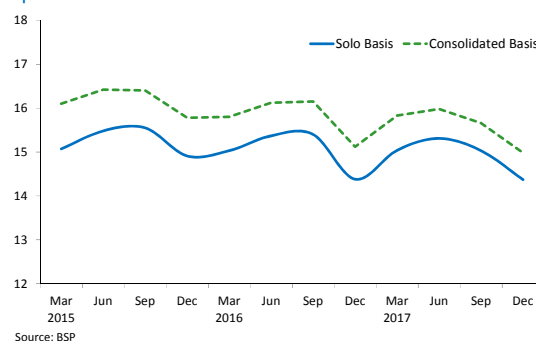
¹⁴ This type of provisioning applies to loan accounts classified under loans especially mentioned (LEM), substandard-secured loans, substandard-unsecured loans, doubtful accounts and loans considered as loss accounts.

¹⁵ Sources: Malaysia (Banking System's Ratio of net impaired loans to net total loans, December 2017); South Korea (Domestic Banks' Substandard or Below Loans [SBLs] ratio, September 2017); Indonesia, IMF and financial stability reports (Banks' Nonperforming Loans to Gross Loans Ratio, Q4 2017); and Thailand (Total Financial Institutions' Gross NPLs ratio, March 2018).

Banks' CARs remain well above international standards

Likewise, the CAR on a consolidated basis declined marginally to 15.0 percent from the quarter-ago ratio of 15.7 percent. Nonetheless, these figures remained well above the BSP regulatory threshold of 10.0 percent and international minimum of 8.0 percent.

Chart 16. Capital Adequacy Ratio of Universal and Commercial Banks in percent



The CAR of Philippine U/KBs, on a consolidated basis, at 15.0 percent was lower than that of South Korea (15.4 percent), Malaysia (17.5 percent), Thailand (18.1 percent) and Indonesia (23.0 percent).¹⁶

Banking Policies

Banking policies implemented during the quarter were aimed at enhancing/providing guidelines/regulations on the following: (1) Stress Testing Exercises; (2) Basel III Leverage Ratio Framework; (3) framework for Basic Deposit Accounts; (4) Know-Your-Member Guidelines for Non-Stock Savings and Loan Association; (5) minimum prudential liquidity requirements for stand-alone thrift banks, rural banks, cooperative banks and quasi-banks; (6) reserve requirements;

¹⁶ Sources: South Korea (Domestic Banks' Capital Ratio, Third Quarter 2017); Malaysia (Banking System's Total Capital Ratio, March 2018); Thailand (Commercial Banks' Capital Funds Percentage of Risk Assets, February 2018); and Indonesia, IMF and financial stability reports (Commercial Banks, Regulatory Capital to Risk-Weighted Assets Ratio Q4 2017).

- (7) basic security deposit requirements; and
- (8) allowable investments of Unit Investment Trust Funds (UITFs) (*Annex A*).

Capital Market Reforms

Capital market policy reforms continued to gain ground in Q1 2018 as landmark institutional measures were adopted by the BSP and the Securities and Exchange Commission (SEC). During the period, the reforms implemented focused on developing the necessary market infrastructure and on improving the ease of doing business in the country (*Annex B*).

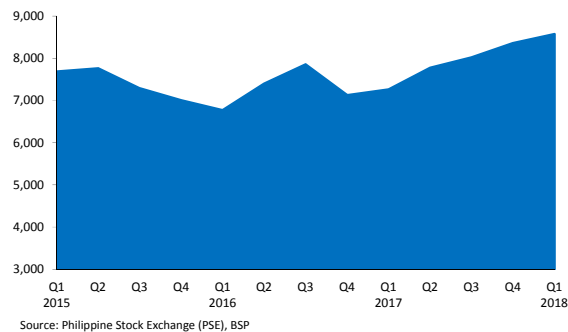
Stock Market

In the first three of months of 2018, the PSEi rose by 2.6 percent, q-o-q, to average 8,571.05 index points (*Table 10*).

Q1 developments dampen investor sentiments

In January, the bellwether index was boosted by investors' bullish outlook on the Philippine economy. The favorable outlook was followed by key developments such as: the implementation of the TRAIN law that cut personal income taxes while raising levies on other items to fund the Government's infrastructure program; and the possible entry of a third player in the telecommunications industry.

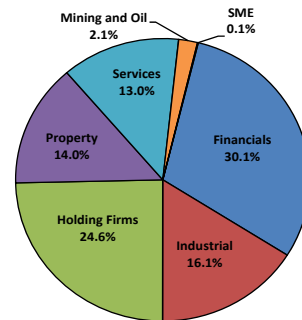
Chart 17. Average PSEi in index points



In the succeeding two months, the market saw pressures coming from external and local factors. On the external factors, fears that the US Fed may quicken its pace of tightening to curb resurgent US inflation; subdued reading of February factory activity in the region' and rising trade tensions, particularly between the US and China, weighed on the PSEi. On the domestic front, concerns over high domestic valuations and the faster-than-expected domestic inflation in January and February contributed to the index's decline during the period.

With sentiments moderating in the latter part of the period, total capitalization declined by 2.4 percent q-o-q from ₱17.58 trillion in end-December 2017 to ₱17.15 trillion in end-March 2018. Nearly all counters finished in negative territory q-o-q, with the Small and Medium Enterprises (SME) subsector falling by 22.0 percent, holding firms by 6.6 percent, property by 4.7 percent, financials by 3.6 percent, and mining and oil by 2.9 percent. In contrast, the remaining two subsector capitalization rallied q-o-q: the services sector rose by 9.0 percent and the industrials by 0.4 percent.

Chart 18. PSE Market Capitalization by Sector End-March 2018, percent share

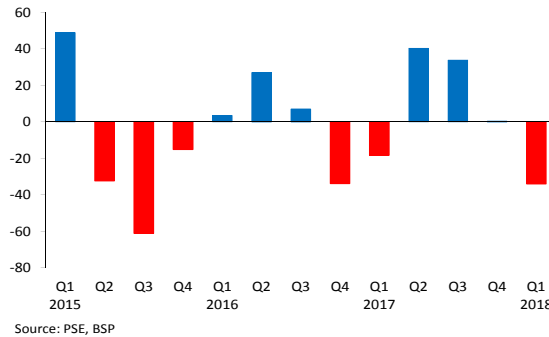


Source: PSE, BSP

Foreign investors reverted to being net sellers of ₱34.0 billion worth of local shares during the first three months of the year. This was much higher than the net sales of ₱18.3-billion posted in the previous year. This development may be attributed to higher Treasury yields overseas and the repatriation of foreign earnings by US multinational

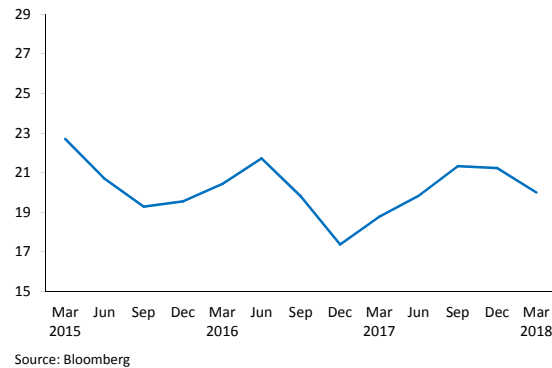
corporations to take advantage of the new one-off tax break.¹⁷

Chart 19. PSEi Foreign Transactions
in billion pesos



Meanwhile, data from Bloomberg show that the price-earnings ratio for listed issues peaked at 23.4x for the year on 29 January. However, as the elevated valuation began to worry investors, as reflected in the decline in the main index, the price-earnings ratio began to dip to close at 20.7x in end-March.

Chart 20. Price-Earnings Ratio



¹⁷ The "Tax Cuts and Jobs Act" passed by the US Congress in December 2017 offers incentives for corporations to bring back to the US the money that they previously stashed overseas. The new rules require US multinational companies to pay a tax of between 8 percent (on less liquid assets) to 15.5 percent (on offshore cash) on overseas earnings made since 1987 if they remain offshore. However, after making this one-off payment, they'll be able to bring the money back home without paying additional taxes. Under the old law, they would have owed a top rate of 35 percent when bringing foreign profits back to the US. While the one-time "repatriation tax" will sting, many companies stand to benefit from much lower tax rates in the future. Much of the earnings they make overseas in 2018 and beyond will no longer incur any US tax, even if they're returned to the US.

Bond Market

Local Currency Bond Market

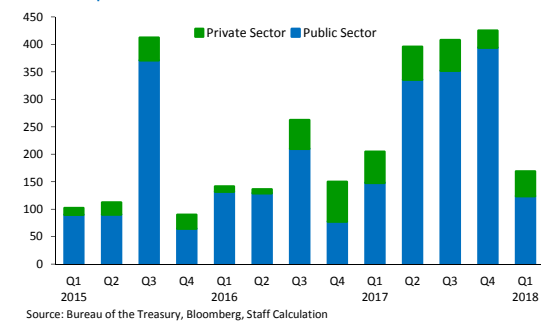
Size and Composition¹⁸

Local currency (LCY) bonds issued by both the public and private sectors amounted to ₱168.7 billion in Q1 2018, 60.3 percent lower than the ₱204.5 billion recorded in the same period last year and 17.5 percent lower than the ₱424.9 billion registered in the previous quarter.

LCY bond issuances of public sector decrease

The NG-issued Treasury bills (T-bills) and Fixed-rate Treasury bonds (T-bonds) reached a total of ₱124.0 billion to decrease by 68.5 percent from its Q4 2017 level. The decline in government issuance reflects the higher yields demanded for by investors. The private sector issuance of LCY bonds amounted to ₱44.7 billion, 20.6 percent lower than that in the previous year but 45.3 percent higher than in the previous quarter. During the quarter, local firms continued to tap the bond market before the US Fed resumed the hike in its policy rates this year.

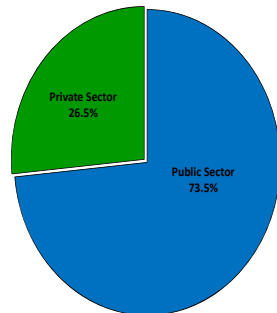
Chart 21. LCY Bond Issuances
in billion pesos



¹⁸This 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 rollovers of maturing series which were issued by the BTr and GOCCs.

In terms of market share, issuances from the public sector comprised 73.5 percent of the total bond issuances while the private sector took the remaining 26.5 percent. Bonds issued by the BTr accounted for the entire public sector issuance while issuers from the private sector came from banks and holding companies.

Chart 22. LCY Bond Issuances
as percent of market share; Q1 2018



Source: Bureau of the Treasury, Bloomberg, Staff Calculation

Primary Market¹⁹

In the primary auctions conducted for both T-bills and T-bonds, the NG offered a total of ₱240.0 billion short- and long-term debt securities.

NG partially awards auction offerings, rejects high yields

Demand was robust as tenders were oversubscribed by about 1.4 times. Tenders for T-bills reached ₱179.5 billion as against the NG's offering of ₱120.0 billion, while tenders for T-bonds reached ₱155.1 billion against the ₱120.0 billion offering.

The NG partially awarded the ₱240.0 billion offering in GS in Q1 2018 following the NG's rejection of some bids for T-bills and T-bonds, which were found to be relatively higher than NG's preferred rates. Demand for shorter-term debt instruments tended to be higher than that for long-term instruments given, among others, uncertain

¹⁹ The discussion includes primary market for government issuances only.

external developments that affected investment decisions for the long-term.

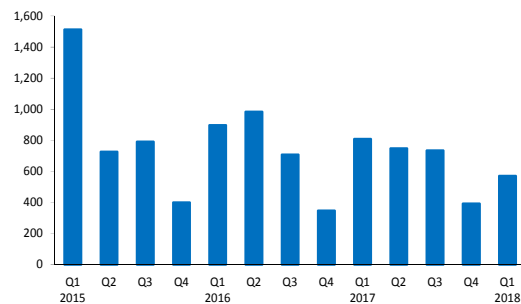
Secondary Market

Trading of both government and private corporate bonds in the secondary market increased by 45.7 percent to ₱569.2 billion from ₱390.7 billion registered in the previous quarter. Meanwhile, on a y-o-y basis, trading in the secondary market decreased by 29.5 percent.

Trading increases in the secondary market

Trading was dominated mostly by Retail Treasury Bonds (RTBs) and Fixed Income Treasury Notes (FXTNs) which accounted for 42.5 percent and 34.9 percent of the total trading, respectively. Meanwhile, the share of corporate bonds traded at the Philippine Dealing and Exchange Corporation (PDEx) remained marginal at 1.3 percent.

Chart 23. Secondary Market Volume
in billion pesos



Source: Philippine Dealing and Exchange Corporation (PDEx)

The improved trading activity reflected partly the significant reforms in the development of the local currency debt market such as the operationalization of the Government Securities Repo Program.

Foreign Currency Bond Market

During the quarter, the government issued in the offshore market US\$2 billion worth of new 10-year US dollar bonds as part of the country's liability management exercise.

NG taps international bond market in raising funds

The Philippines also became the first country in the Association of Southeast Asian Nations (ASEAN) region to issue Panda bonds or renminbi-denominated bonds worth RMB 1.46 billion. The successful inaugural issuance reflected strong investor confidence over the country's fiscal and growth performance.

Meanwhile, for the private sector, most firms also took advantage of ample domestic liquidity, as indicated by a couple of issuances by a financial institution and a holding company of US\$300 million bonds and US\$500 million bonds, respectively, in the foreign capital market. Sourcing by corporates of their financing needs from the local capital market reflects prudent liability management and hedging strategy as the dollar was seen to strengthen, backed by the expected US Fed rate hikes.

Credit Risk Assessment

The China Lianhe Credit Rating Co., Ltd., a major Chinese credit rating agency has given the Philippines' planned issue of RMB 1.46 billion-worth of "Panda bonds" its highest rating of 'AAA' with a stable outlook.

Top Chinese credit rating agency rates PHL's Panda bonds 'AAA'

In its credit rating report on the Philippines, Lianhe²⁰ said the country's strengths lie on its (1) strong and consistent economic growth, with employment continuously improving; (2) government debt ratios that are continuously improving and well covered by fiscal revenue; (3) large remittance inflows that contribute to the country's ability to earn foreign exchange; (4) low

²⁰ Lianhe pertains to China Lianhe Credit Rating Co., Ltd., a Beijing-based company that offers business and sovereign credit rating services.

level of external debt and the very strong capacity to repay these obligations; and (5) stable source of repayment from government revenues.

Additionally, China Lianhe Credit Rating Co., Ltd. also factored in the strengthened economic relations between the Philippines and China.

Bond spreads

In January, debt spreads narrowed as investor concerns remained muted. Geopolitical tensions in the Korean Peninsula continued to ease.

Domestically, investor confidence remained firm due to the strong economic growth for 2017 at 6.7 percent. This placed the country among the fastest-growing economies in Asia.

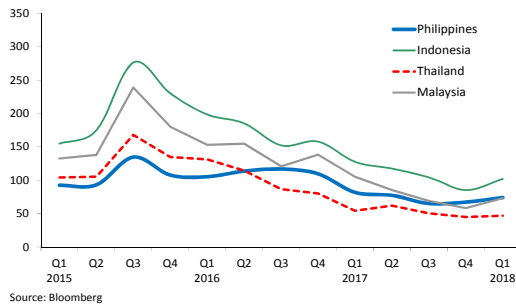
Debt spreads narrower on TRAIN passage and improved US economic data

In February, debt spreads widened as long-term bond yields in the US rose, indicating higher inflation expectations and a faster-than-expected US Fed policy rate hikes.

In March, debt spreads widened further due to brewing concerns of a trade war as US President Trump announced the imposition of tariffs on imported steel and aluminum. These tariffs were aimed at preventing other countries from gaining unfair competitive advantage as they purposely devalue their currencies. On the domestic front, investors were wary of continued rising inflation.

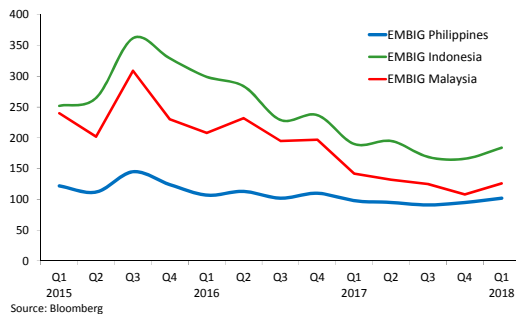
As of end-March, the Philippines' 5-year sovereign CDS stood at 74 bps, higher than the 59 bps in end-4Q 2017. It has remained lower than Indonesia's 101 bps while higher than Malaysia's 72 bps and Thailand's 46 bps in the current quarter.

Chart 24. 5-Year Credit Default Swap Spreads of Selected ASEAN Countries in basis points



Meanwhile, the Emerging Market Bond Index Global (EMBIG) Philippines ended the review quarter wider at 102 bps when compared to the previous quarter’s closing of 95 bps.

Chart 25. Emerging Market Bond Index Global Spreads of Selected ASEAN Countries in basis points



Payments and Settlements System²¹

In Q1 2018, the total number of transactions settled and processed in the Philippine Payments and Settlements System (PhilPaSS) increased by 2.0 percent to 541,276 from the previous quarter’s level of 530,500. The uptick in the volume of transactions was due mainly to the increase in PHP/USD trades (peso leg) (18.7 percent) and interbank transactions (2.8 percent), offset partly by the moderation in OF remittances via PhilPaSS REMIT (2.6 percent).

²¹ Starting 1 April 2014, the volume and value of transactions exclude payment transfers to BSP Payments Unit.

Table C. PhilPaSS Transactions

	2018		2017		Growth Rates (in percent)	
	Q1	Q4	Q1	Q4	Q-o-Q	Y-o-Y
Volume	541,276	530,500	419,455		2.0	29.0
Value (in trillion pesos)	73.5	59.0	78.7		24.6	-6.6
Transaction Fees (in million pesos)	39.7	35.1	35.5		13.1	11.8

Source: Payments and Settlements Office, BSP

Meanwhile, the total value of transactions likewise grew by 24.6 percent to ₱73.5 trillion from the previous quarter’s level of ₱59.0 trillion. The increase in the value of transactions was due mainly to the rise in the level of placements/maturities in the monetary operations system (MOS) facilities, interbank transactions (16.0 percent), and PHP/USD trades (peso leg) (10.3 percent).

Overseas Filipino remittances coursed through the REMIT system and interbank dealings continued to dominate the volume of transactions in PhilPaSS, accounting for 78.8 percent of the total volume for the quarter. In terms of value, placements/maturities in MOS facilities (reverse repurchase and term deposit), and interbank dealings made up 83.7 percent of the total value of transaction for the quarter.

On a year-on-year basis, the volume of transactions in Q1 2018 increased by 29.0 percent while the value of transactions slowed down by 6.6 percent. The increase in both the volume and value of transactions in Q1 2018 pushed the total revenue from PhilPaSS operations to ₱39.7 million, 11.8 percent higher than the year-ago level of ₱35.5 million and 13.1 percent higher than the quarter-ago level of ₱35.1 million.

External Sector

Balance of Payments

The country's balance of payments position (BOP) recorded a deficit of US\$1.2 billion in Q1 2018 after yielding a surplus of US\$505 million in Q4 2017 (Table 11).

Q1 2018 BOP position registers higher deficit

This quarter's deficit was also higher than the US\$994 million deficit posted in the same quarter a year ago. This development was underpinned by the marked increase in net outflows (or net lending by residents to the rest of the world) in the financial account even as the current account deficit declined during the quarter. Net outflows in the financial account surged to US\$1.5 billion from US\$328 million in Q1 2017 as other investments reversed to net outflows from net inflows last year, stemming largely from residents' net repayment of loans. Meanwhile, the current account remained in deficit, albeit lower, as the widening trade-in-goods deficit was partially offset by higher net receipts, primarily in the trade-in-services account.

Table D. Balance of Payments
in million US\$

	Q1 2017	Q1 2018
Current Account	-860	-208
Capital Account	6	11
Financial Account	328	1,457
Net Unclassified Items	188	428
Overall BOP *	-994	-1,227

Details may not add up due to rounding.

*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.

Source: DES, BSP

Domestic and global economic activity remained strong which boosted investor confidence and external demand, resulting in continued inflows

of foreign investments and exports of goods, respectively. Meanwhile, the continued rise in imports of goods reflected increased government spending on big infrastructure projects which drove the growth of the domestic economy.

Current Account. The current account registered a deficit of US\$208 million in Q1 2018, lower than the US\$860 million deficit posted in Q1 2017.

Current account deficit declines

This positive outcome was brought about by higher net receipts in the trade-in-services, primary and secondary income accounts, which partially offset the deficit in the trade-in-goods account.²²

Trade-in-Goods. The trade-in-goods deficit widened to US\$10.4 billion in Q1 2018 from US\$9.7 billion in the same quarter in 2017 as imports of goods expanded by US\$1.5 billion while exports of goods increased by US\$826 million.

Trade-in-goods deficit increases

Exports of Goods. Exports of goods expanded by 7 percent to US\$12.6 billion in Q1 2018 from US\$11.8 billion in Q1 2017, following improved demand from the country's trading partners in Asia (i.e., Hong Kong, Singapore, China). Growth in exports of goods was driven mainly by increased shipments of manufactures and mineral products which totaled US\$10.1 billion and US\$1.1 billion, respectively.

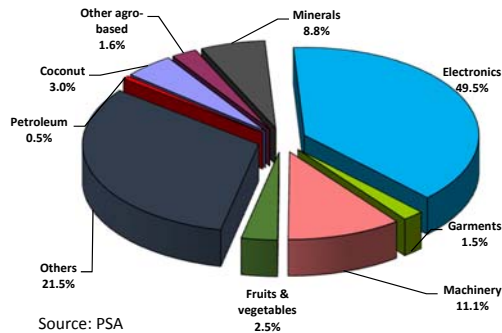
Exports of goods increase

Exports of manufactured goods, which consisted about 80 percent of total goods exports increased

²² 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.

by 7 percent, due primarily to the 42.1 percent growth in shipments of non-consigned electronic products, which more than offset the declines posted in exports of garments (by 60.5 percent), chemicals (by 41.3 percent), and other non-consigned electronics (by 14.8 percent).

Chart 26. Exports by Major Commodity Group
percent share, Q1 2018



Exports of mineral products grew by 33.8 percent, on account of increased shipments of gold, copper metal and copper concentrates as a result of the increase in their world market prices. Higher exports of forest, fruits and vegetables, petroleum, and sugar and products were also recorded during the quarter. However, shipments of coconut products were lower by 31.4 percent due to the drop in exports of coconut oil (by 38.1 percent) as both export volume and its international market price declined in Q1 2018.

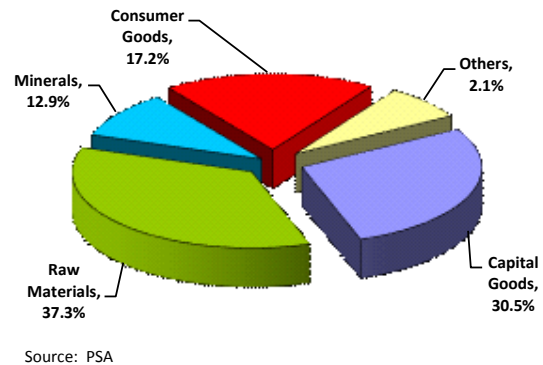
Imports of Goods. Imports of goods rose by 7.1 percent in Q1 2018 to reach almost US\$23 billion compared to US\$21.5 billion in Q1 2017. The upturn was attributed to increases registered across all major commodity groups, notably imports of capital goods.

Imports of goods continue to expand

Capital goods imports rose by 33.5 percent to US\$6.9 billion due largely to increased importation of telecommunication equipment and electrical machines, and power generating and specialized machines. Imports of mineral fuels and lubricant

increased by 7.3 percent to reach US\$2.9 billion in Q1 2018 from US\$2.7 billion in Q1 2017 on account of higher imports of petroleum crude. Imports of petroleum crude oil increased by 10.5 percent in Q1 2018, following the continued uptrend in the price of crude oil in the world market even as import volume dropped to 23 million barrels from 25 million barrels in Q1 2017.²³ Imports of consumer goods went up by 4.4 percent to US\$3.9 billion on account of higher purchases of both durable and non-durable goods. Durables grew by 3.6 percent on account of increased importation of passenger cars and motorized cycle and miscellaneous manufactures. Non-durables rose by 5.2 percent due to higher purchases of fish and fish preparation, and fruits and vegetables.

Chart 27. Imports by Major Commodity Group
percent share, Q1 2018



Meanwhile, imports of raw materials and intermediate goods increased to US\$8.4 billion during the quarter. The marginal growth was supported by higher purchases of manufactured goods (by 18.8 percent), notably iron and steel (23.7 percent), and chemicals (by 7.3 percent), particularly chemical compounds. These gains more than negated the 36.2 percent decline in imports of materials and accessories for the manufacture of electronics.

²³ Based on World Bank Commodities Price data, the average price of Dubai crude oil in January-March 2018 increased to US\$64.0/barrel from US\$52.9/barrel in January-March 2017.

Trade-in-Services. Net receipts in trade-in-services totaled US\$3.0 billion in Q1 2018, higher than the US\$1.8 billion net receipts in the same quarter last year.

Net receipts in trade-in-services increase

The 67.6 percent increment in net services receipts was boosted by the increases posted in other business services, and telecommunications, computer, and information services combined with lower net payments in travel services and transport services. The expansion in other business services was buoyed by technical, trade-related, and other business services (19.1 percent), comprising mainly of business process outsourcing (BPO) related transactions. Export revenues in BPO services amounted to US\$5.5 billion in Q1 2018, or a growth of 7.5 percent from the US\$5.1 billion receipts in Q1 2017. Meanwhile, net payments for travel services were lower by 41.5 percent as the growth in travel exports at 51.4 percent outpaced that of travel imports at 4.2 percent. These gains, however, were partly tempered by higher net payments recorded in charges for the use of intellectual property, and government goods and services.

Primary Income. The primary income account registered net receipts of US\$750 million in Q1 2018, higher than the US\$681 million net receipts in Q1 2017.

Net receipts in primary income rise

The 10.1 percent increase was a result of the increase in compensation inflows, mostly from resident overseas Filipino (OF) workers, amounting to US\$1.9 billion coupled with the decline in net payments of investment income during the quarter. Net payments of investment income dropped by 2.5 percent due largely to the 51.3 percent drop in dividends paid by local corporations to portfolio investors abroad. Moreover, higher net interest receipts on reserve assets (26.2 percent), and the

reversal of other investments to net receipts from net payments (250.9 percent) were recorded during the quarter.

Secondary Income. Net receipts in the secondary income account amounted to US\$6.5 billion in Q1 2018, higher than the US\$6.4 billion net receipts in Q1 2017.

Net receipts in secondary income post improvement

The 1.4 percent increase was attributed to the growth in net receipts of other current transfers (e.g., gifts and donations to financial and non-financial corporations, and other non-profit institutions), which rose by 61.3 percent to reach US\$207 million. Net receipts of personal transfers also grew marginally to US\$6.2 billion, the bulk (about 97 percent) of which comprised of non-resident OF workers' remittances totaling US\$6.1 billion.

Capital Account. Net receipts in the capital account rose by 80.8 percent to US\$11 million in Q1 2018, the bulk of which were other capital transfers to the NG.

Capital account registers higher net receipts

Financial Account. The financial account registered net outflows of US\$1.5 billion during the period in review, more than fourfold the US\$328 million net outflows in Q1 2017.

The financial account posts higher net outflows

This resulted as the other investment account reversed to net outflows during the quarter from net inflows in the same period last year, and following the decline in net inflows in the direct investments and financial derivatives accounts.

Meanwhile, portfolio investments posted lower net outflows during the quarter.

Direct Investments. Direct investments recorded lower net inflows of US\$1.3 billion in Q1 2018 from US\$1.5 billion in Q1 2017. This developed as the rise in residents' net incurrence of liabilities (foreign direct investments in the Philippines or FDI) was dampened by the increase in their net acquisition of financial assets.

Net inflows of direct investments decline

FDI expanded by 43.5 percent to US\$2.2 billion, reflective of investors' continued positive outlook on the Philippine economy on the back of sound macroeconomic fundamentals and robust growth prospects. In particular, net investments in equity capital rose by more than sixfold to US\$887 million as gross placements in equity capital of US\$996 million more than compensated for the withdrawals of US\$109 million. However, investments in debt instruments (i.e., lending by non-resident companies to their local affiliates to fund existing operations and business expansion) declined by 8.2 percent to US\$1.1 billion from US\$1.2 billion last year. Gross equity capital placements originated mainly from Singapore, Hong Kong, China, Japan, and Taiwan during the period. Bulk of said placements were invested in manufacturing; financial and insurance; real estate; arts, entertainment and recreation; and electricity, gas, steam and air-conditioning supply activities. Meanwhile, residents' direct investments abroad increased to US\$826 million from US\$36 million. This was brought about by the reversal of residents' investments in debt instruments to net outflows of US\$639 million from net inflows of US\$308 million last year.

Portfolio Investments. Portfolio investments yielded net outflows of US\$2.1 billion in Q1 2018, lower by 36.5 percent than the US\$3.3 billion net outflows posted in the same period in 2017.

Portfolio investment account registers lower net outflows

This developed mainly as net repayment of liabilities to non-residents dropped to US\$282 million from US\$2.6 billion in the previous year. Outflows stemming from non-residents' net redemption of equity securities (US\$654 million) issued to local corporates were tempered by inflows arising from non-residents' investments in debt securities issued by local banks (US\$380 million) and other corporates (US\$327 million). Meanwhile, resident's net acquisition of financial assets rose to US\$1.8 billion (from US\$614 million) consisting mainly of net placements in foreign debt securities.

Financial Derivatives. The financial derivatives account posted a lower net gain of US\$69 million during the review quarter compared to US\$131 million in Q1 2017.

Trading in financial derivatives results in net gain

Other Investments. The other investment account recorded net outflows of US\$806 million in Q1 2018, a turnaround from net inflows of US\$1.3 billion a year ago.

Other investment account reverses to net outflows

Outflows from residents' net repayment of liabilities reached US\$1.4 billion due largely to net repayment of loans extended by non-residents to local banks (US\$1.8 billion) and other private corporations (US\$806 million). Meanwhile, inflows from residents' net disposal of assets totaled US\$566 million mainly on account of local banks' net withdrawal of currency and deposits with non-residents (US\$1.2 billion).

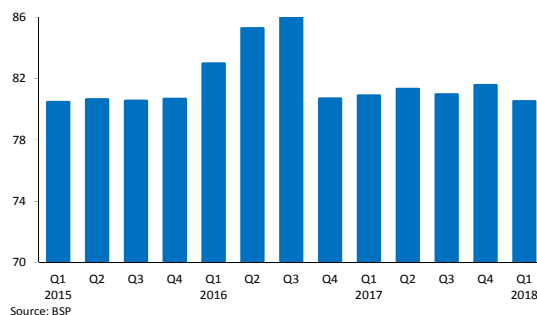
International Reserves

The country's GIR stood at US\$80.5 billion in end-March 2018, lower than the US\$81.6 billion in end-December 2017 (*Table 12*).

Reserves remain adequate

The GIR remained more than adequate as it can cover 7.9-months' worth of imports of goods and payments of services and primary income. It was also equivalent to 5.5 times the country's short-term external debt based on original maturity and 4.1 times based on residual maturity.

Chart 28. Gross International Reserves
in billion US dollars



The decrease in reserves was due mainly to the lower inflows from BSP's investments abroad and to outflows arising from the BSP's foreign exchange operations. This was, however, partially offset by the upticks in reserve position in the International Monetary Fund (IMF) and BSP's holdings of Special Drawing Rights (SDRs), and revaluation adjustments on its gold holdings.

Bulk or 80.6 percent of the total reserves as of end-March 2018 were held in foreign investments. The remaining 10.4 percent were in gold and 8.9 percent were in holdings of SDRs, the BSP's reserve position in the IMF, as well as foreign exchange.

Net international reserves (NIR), which refer to the difference between the BSP's GIR and total short-term liabilities, amounted to US\$80.5 billion as of end-March 2018, a decrease of US\$1.1 billion from end-December 2017.

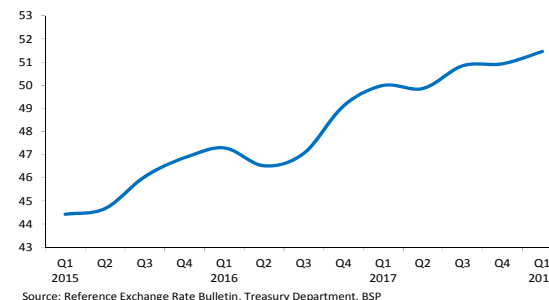
Exchange Rate

The peso averaged ₱51.45/US\$1 in Q1 2018, depreciating against the US dollar by 0.97 percent from the previous quarter's average of ₱50.93/US\$1 (*Table 13*).

Peso depreciates against the US dollar in Q1 2018

The peso's depreciation during the review period reflected market concerns over the country's widening trade gap and growing expectations of further US Federal Reserve rate hikes during the year. On a y-o-y basis, the peso likewise depreciated by 2.78 percent relative to the ₱50.00/US\$1 average in Q1 2017.²⁴

Chart 29. Quarterly Peso-Dollar Rate
PHp/US\$



In January, the peso depreciated against the US dollar by 0.23 percent to average ₱50.51/US\$1 from the ₱50.39/US\$1 in December 2017. The peso's depreciation was due partly to: (i) slower-than-expected Q4 2017 real GDP growth; (ii) strong US personal consumption expenditure (PCE) inflation data for Q4 2017, indicating firmer prospects of continued US Federal Reserve interest rate hikes; (iii) US President Donald Trump's statement on a stronger dollar;²⁵ and (iv) market players' cautiousness ahead of outgoing US Federal Reserve Chair Janet Yellen's last monetary policy meeting.

²⁴ Dollar rates (per peso) or the reciprocal of the peso-dollar rates were used to compute for the percentage change.

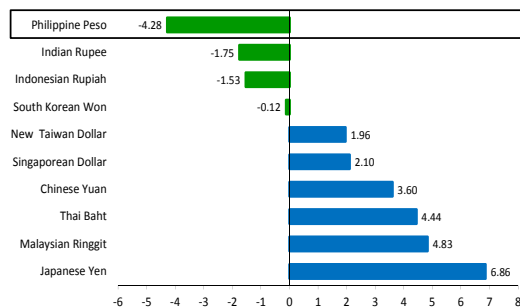
²⁵ Source: CNBC, 25 January 2018, "Trump says dollar will get 'stronger and stronger,' Mnuchin was misinterpreted".

The peso depreciated further in February by 2.47 percent to average ₱51.79/US\$1. The peso depreciated amid market concerns over: (i) the country's widening trade gap;²⁶ and (ii) renewed expectations of further US Fed rate hikes following the hawkish tone of its Chair Jerome Powell, in his debut Congressional testimony. In addition, the release of upbeat US housing, farm payrolls, and unemployment data in January 2018 likewise added pressure to the peso.²⁷

The depreciation of the peso continued in March as it averaged ₱52.07/US\$1, 0.54 percent weaker than the February average. The peso's depreciation can be attributed to the: (i) release of strong US inflation data for the month of February; (ii) imposition of US sanctions against China for various alleged trade violations; and (iii) market expectations of another US Fed rate increase in March.

On a year-to-date (y-t-d) basis, the peso depreciated against the US dollar by 4.28 percent to close at ₱52.16/US\$1 on 28 March from the end-December 2017 closing rate of ₱49.93/US\$1.

Chart 30. Year-to-date Appreciation (+)/ Depreciation (-) of Asian Currencies against US dollar
in percent, as of 28 March 2018



Note: Based on last done deal transaction (closing price) as of 4:00 pm, 28 March 2018 (Manila Time).
Source: Treasury Department-BSP

This was in contrast with the strengthening of most Asian currencies during the same period. Only the Indian rupee, Indonesian rupiah, and

²⁶ Source: ABS-CBN News, 9 February 2018, "Peso slides as trade deficit widens to record".

²⁷ Source: Thomson Reuters article dated 16 February 2018, "U.S. housing starts rebound; permits highest since 2007"; and CNBC article dated 2 February 2018, "Job growth up 200,000 in January, better than expectations, and wages up".

South Korean won depreciated against the US dollar.²⁸

Nonetheless, the sustained inflows of foreign exchange from OF remittances, foreign direct investments, BPO receipts, and recovery of exports, as well as the ample level of the country's GIR and the country's robust economic growth, continued to provide support to the peso.²⁹

Meanwhile, the volatility of the peso's daily closing rates (as measured by the coefficient of variation) stood at 1.51 percent during the review quarter, slightly higher than the 1.02 percent registered in the previous quarter.³⁰ Relative to other currencies in the region, the volatility of the peso was slightly higher except for the Japanese yen.

On a real trade-weighted basis, the peso lost external price competitiveness in Q1 2018 against the basket of currencies of all trading partners (TPI) and trading partners in advanced (TPI-A) countries.³¹ Relative to Q4 2017, the real effective exchange rate (REER) index of the peso increased by 0.41 percent and 2.22 percent against the TPI and TPI-A baskets, respectively (*Table 13b*).³² The

²⁸ Based on the last done deal transaction in the afternoon.

²⁹ As of end-March 2018, the country's GIR stood at US\$80.1 billion. This can cover 7.8 months' worth of imports of goods and payments of services and primary income. It is also equivalent to 5.6 times the country's short-term external debt based on original maturity and 4.1 times based on residual maturity. FDIs remained positive and registered a net inflow of US\$56.7 million as of end-January 2018. Remittances from OF workers continue to flow in from various geographical locations globally. In February 2018, cash remittances from OFs amounted to US\$4.6 billion. In 2017, exports of goods, and BPO and tourism receipts reached US\$48.2 billion, US\$22.1 billion, and US\$7.0 billion, respectively.

³⁰ The coefficient of variation is computed as the standard deviation of the daily closing exchange rate divided by the average exchange rates for the period.

³¹ 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.

³² The REER index represents the Nominal Effective Exchange Rate (NEER) index of the peso, adjusted for inflation rate

impact of widening inflation differential, partly countered by the nominal depreciation of the peso contributed in the general increase in the REER. Meanwhile, against the trading partners in developing (TPI-D) basket, the REER index of the peso decreased by 0.83 percent.

On the other hand, relative to the previous year, the peso gained external price competitiveness in Q1 2018 against the TPI, TPI-A, and TPI-D baskets. This developed as the nominal depreciation of the peso offset the impact of widening inflation differential against these currency baskets, resulting to a decrease in the REER index of the peso by 5.96 percent, 5.49 percent, and 6.28 percent against the TPI, TPI-A, and TPI-D baskets, respectively.

External Debt

Outstanding Philippine external debt stood at US\$73.2 billion as of end-March 2018, marginally higher (by US\$98 million or 0.1 percent) than the end-2017 level of US\$73.1 billion. Year-on-year, the debt stock declined by US\$609 million (or 0.8 percent) from US\$73.8 billion.

External debt remains manageable

The slight increase in the debt stock in Q1 was brought about by: (a) positive FX revaluation adjustments (US\$621 million), due largely from the weakened US Dollar against the Japanese Yen which pushed the debt stock higher by US\$655 million (but peso depreciation against the US Dollar³³ decreased the debt level by US\$144 million); and (b) prior periods' adjustments (US\$685 million) due to late reporting. These upward pressures on the debt stock were partially

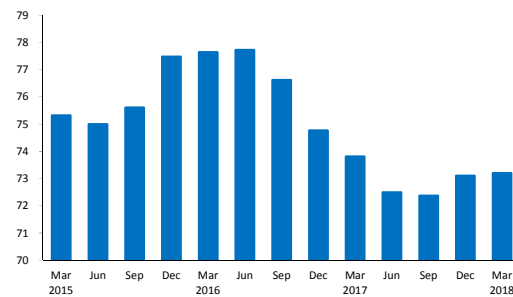
differentials with the countries whose currencies comprise the NEER index basket. A decrease in the REER index indicates some gain in the external price competitiveness of the peso, while a significant increase indicates the opposite. The NEER index, meanwhile, represents the weighted average exchange rate of the peso vis-à-vis a basket of foreign currencies.

³³ From PHP49.9230/US\$1.00 in 31 December 2017 to PHP52.2070/US\$1.00 in 31 March 2018.

mitigated by: (a) net principal repayments (US\$735 million), which resulted mainly from the bullet payments at maturity as well as prepayments by the private sector; and (b) transfer of holdings of Philippine debt papers issued offshore (US\$472 million) by non-residents to residents.³⁴

Year-on-year, the decline was due to net repayments (US\$3.4 billion), primarily on the private sector's short-term (ST) non-trade accounts. This downward impact on the debt stock was partly offset by: (a) previous periods' adjustments (positive US\$1.5 billion) due to late reporting; (b) upward FX revaluation adjustments (US\$713 million); and (c) transfer of Philippine debt papers from residents to non-residents (US\$618 million).

Chart 31. Philippine External Debt
in billion US dollars



Source: International Operations Department (IOD)-BSP

By Maturity

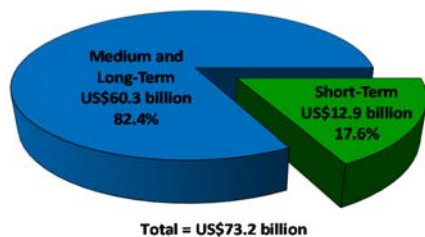
The maturity profile of the country's external debt remains predominantly medium- to long-term (MLT) in nature [i.e., those with original maturities longer than one (1) year], with share to total at 82.4 percent (US\$60.3 billion); thus, FX requirements for debt payments are well spread out and more manageable. The weighted average maturity for all MLT loans stood at 17.3 years in March 2018, with public sector borrowings having a longer average term of 22.8 years compared to 7.8 years for the private sector.

Short-term accounts [or those with original maturities of up to one (1) year] comprised the

³⁴ This may be attributed to foreign investors' reaction to the US Federal Reserve's interest rate hike in March 2018.

17.6 percent balance of debt stock and consisted of bank liabilities, trade credits and others.

Chart 32. Philippine External Debt by Maturity
as of end-March 2018

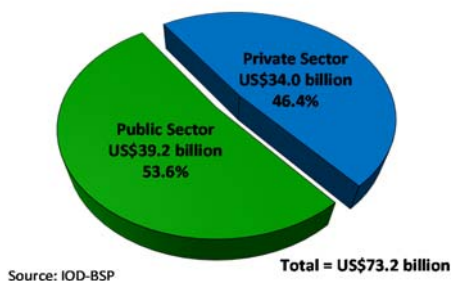


Source: IOD-BSP

By Borrower

Public sector external debt stood at US\$39.2 billion (or 53.6 percent of total debt stock), higher than the US\$37.5 billion (51.3 percent of total) in the previous quarter due largely to net availments of US\$1.5 billion, mainly by the National Government (US\$1.6 billion). While there was a positive FX revaluation of US\$602 million, this was partially offset by the US\$503 million increase in residents' investments in debt papers issued offshore by the public sector. About US\$32.5 billion (83.0 percent of public sector obligations) were NG borrowings.

Chart 33. Philippine External Debt by Borrower
as of end-March 2018



Source: IOD-BSP

Private sector debt aggregated US\$34.0 billion (46.4 percent of total) and was lower by US\$1.6 billion quarter on quarter due to net principal repayments (US\$2.2 billion). About US\$12.1 billion of these accounts were obtained without BSP approval, while capital leases amounted to US\$1.1 billion.

The Debt Service Ratio (DSR), which relates principal and interest payments (debt service burden or DSB) to exports of goods and receipts from services and primary income, is a measure of adequacy of the country's FX earnings to meet maturing obligations. As of end-March 2018, the ratio improved to 7.6 percent from the 9.1 percent recorded for the same period a year ago due to higher receipts and lower payments during the reference quarter. The ratio is, however, higher than the 6.2 percent figure as of end-December 2017. The DSR has consistently remained at single digit level, and well below the international benchmark range of 20.0 to 25.0 percent.

The external debt ratio (a solvency indicator), or total outstanding debt expressed as a percentage of annual aggregate output (GNI), continued to show an improving trend, declining to 19.1 percent from 19.4 percent in the fourth quarter of 2017 and 20.0 percent a year ago. The same improving trend was observed using GDP as denominator, with the Philippine economy growing by 6.8 percent in the first quarter of 2018.

Foreign Interest Rates

The timing of exit from accommodative monetary policy in advanced economies (AEs) has differed across countries depending on the strength of their respective economic growth conditions.

Accommodative monetary policy is expected to continue in countries where risk of low inflation persists and recovery remains fragile due to weakness in labor market conditions, slowdown in spending, and anemic bank lending growth.

Some AEs begin to increase policy rates

In Q1 2018, the US Fed raised the target range for the Federal funds rate to 1.50-1.75 percent as labor market has continued to strengthen and economic activity has been rising at a moderate pace. As part of its monetary policy stance, the Fed continued to

roll over at auction the amount of principal payments from its holdings of Treasury securities. The Fed also continued reinvesting in agency mortgage-backed securities the amount of principal payments from the Fed's holdings of agency debt and agency mortgage-backed securities.³⁵ As a result of the Fed hike, both the average US prime rate and discount rate increased to 4.526 percent and 2.026 percent from the previous quarter's 4.298 percent and 1.798 percent, respectively. Moreover, the US Fed funds rate increased to 1.435 percent from the 1.202-percent average reported in the previous quarter (Table 16).

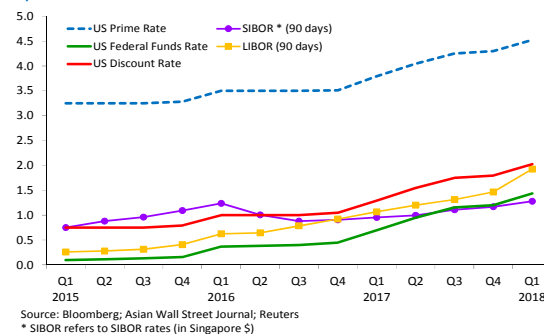
The Monetary Policy Committee (MPC) of the Bank of England (BOE) maintained the official bank rate paid on commercial banks' reserves at 0.50 percent. It maintained the purchase of up to £10 billion of corporate bonds, financed by the issuance of central bank reserves. In addition, it maintained the stock of United Kingdom (UK) government bond purchases, financed by the issuance of central bank reserves, at £435 billion.³⁶

The Bank of Japan (BOJ) continued its "Quantitative and Qualitative Monetary Easing with Yield Curve Control" as a new framework to further strengthen its monetary easing scheme. Currently, the framework is composed of two components. The first component is the "yield curve control" in which the BOJ controls short-term and long-term interest rates; and the second component is an "inflation-overshooting commitment" in which the BOJ commits itself to expand the monetary base until inflation exceeds the 2 percent target. As for the short-term interest rate, the BOJ applies a negative interest rate of 0.1 percent to current accounts that financial institutions hold at the Bank. For the long-term interest rate, the BOJ buys Japanese government bonds (JGBs) at a rate of 80 trillion yen per year in order for the 10-year JGB yields to remain at around zero percent. In terms of asset purchases, the BOJ has doubled the

purchase of exchange-traded funds (ETFs) at an annual pace of 6 trillion yen from 3.3 trillion yen while the purchase of Japanese real estate investment trusts (J-REITs) has been maintained at 90 billion yen annually. Likewise, the BOJ continues its purchases of commercial papers and corporate bonds until their outstanding amounts reach 2.2 trillion yen and 3.2 trillion yen, respectively.³⁷ Meanwhile, the Governing Council of the European Central Bank (ECB) decided to maintain the interest rates on the deposit facility, main refinancing operation, and marginal lending facility at -0.40 percent, 0.0 percent, and 0.25 percent, respectively. For non-monetary policy measures, the Governing Council also decided that from January 2018, the net asset purchases are intended to continue at a monthly pace of €30 billion until the end of September 2018, or beyond, if necessary.³⁸

Meanwhile, both the 90-day LIBOR and 90-day Singapore Interbank Offered Rate (SIBOR) increased in Q1 2018 to 1.927 percent and 1.280 percent, respectively, from 1.466 percent and 1.168 percent in the previous quarter as global financial markets remained generally liquid.

Chart 34. Selected Foreign Interest Rates in percent



³⁵ Press Release. (n.d.). Retrieved from <https://www.federalreserve.gov/newsevents/pressreleases/monetary20180321a.htm>

³⁶ Press Release. (n.d.). Retrieved from <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2018/march-2018>

³⁷ Press Release. (n.d.). Retrieved from https://www.boj.or.jp/en/mopo/mpmdeci/state_2018/k180309a.html

³⁸ Press Release. (n.d.). Retrieved from <https://www.ecb.europa.eu/press/pr/date/2018/html/ecb.mp180308.en.html>

Global Economic Developments

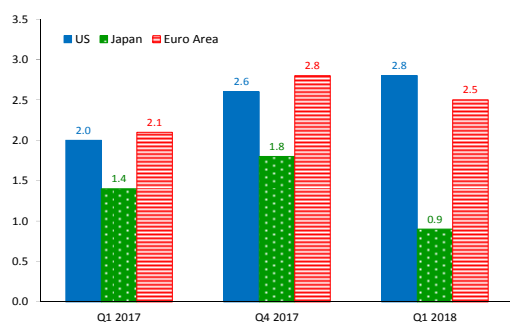
The sustained upswing in the global economic activity in Q1 2018 suggests continuous recovery led by world trade and industrial production. These were seen in the previous quarter's resurgent investment spending and strong global trade among AEs, and increased manufacturing output in Asian economies.

The US grew by 2.8 percent in Q1 2018, y-o-y. The growth in real GDP was driven by nonresidential fixed investment, personal consumption expenditure, exports, private inventory and government spending.³⁹

The Eurozone economic activity expanded by 2.5 percent in Q1 2018, slightly lower than the 2.8-percent growth in the previous quarter.⁴⁰ The deceleration in economic activity, particularly in industrial production and economic sentiments led to lower-than-expected GDP growth.

The Japanese economy likewise grew albeit marginally at 0.9 percent in Q1 2018.⁴¹ This has been attributed to the flat growth in private consumption and public demand while investment spending fell.

Chart 35. Real GDP of G3 Countries
year-on-year growth; in percent



Source: Bloomberg; Country Websites

³⁹ US Bureau of Economic Analysis News Release, 27 April 2018 (based on GDP Advance Estimate, "second" estimate will be released on 30 May 2018)

⁴⁰ Eurostat News Release and Euro Indicators, 15 May 2018

⁴¹ Quarterly Estimates of GDP for January-March 2018 (First Preliminary Estimates), Cabinet Office Japan, 16 May 2018

Most emerging economies in Asia remained on track with solid output growth that was driven by strong consumption and investment.

The Hong Kong economy grew by 4.7 percent for Q1 2018 with private and government consumption expenditure as the main drivers.⁴²

Singapore's 4.4 percent growth was fueled primarily by robust manufacturing, in particular, by electronics, precision engineering and chemicals clusters.⁴³

Growth of the Chinese economy remained stable for three consecutive quarters, growing at 6.8 percent⁴⁴ amid government efforts to deleverage, as well as contain debt and financial risks.

Similarly, South Korea's economy expanded by 2.8 percent, the same pace in the previous quarter, due mainly to the rebound in agriculture, manufacturing and construction sectors.⁴⁵

India's economy grew by 7.7 percent in Q1 2018, the fastest in seven quarters boosted by a jump in investments and manufacturing growth at faster pace.

In the ASEAN-5 region, member countries' GDP growth rates remained generally stable in Q1 2018. In Thailand, the 4.8-percent growth in GDP was driven mainly by acceleration in private consumption spending and expansion in external demand following recovery in both private and public investment.⁴⁶ Meanwhile, the surge in Vietnam's growth at 7.4 percent was attributed to flourishing exports, massive FDI and robust tourism sector.⁴⁷ Philippines also expanded by 6.8 percent,

⁴² "Gross Domestic Product for the 1st Quarter 2018," Census and Statistics Department, Hong Kong, 11 May 2018

⁴³ Ministry of Trade and Industry Singapore, 17 May 2018

⁴⁴ "Preliminary Accounting Results of GDP for the First Quarter of 2018," National Bureau of Statistics of China, 14 April 2018

⁴⁵ Press Release on "Real Gross Domestic Product: 1st Quarter of 2018 (Advance Estimate)," The Bank of Korea, 2018

⁴⁶ Economic Report on "Gross Domestic Product : Q1/2018," National Economic and Social Development Board (NESDB), 21 May 2018

⁴⁷ Vietnam Economic Growth, FocusEconomics, Q1 2018

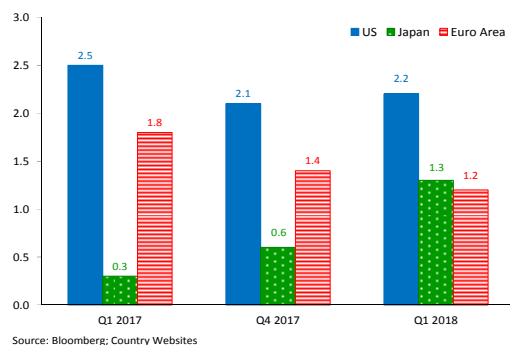
higher than previous quarter's growth, owing to manufacturing, other services and trade.⁴⁸

Meanwhile, the Indonesian economy grew at 5.1 percent in Q1 2018, attributed to stronger domestic demand.⁴⁹

The Malaysian economy remained resilient with 5.4 percent GDP growth in Q1 2018, buoyed by services and manufacturing on the production side, while private consumption were the main driver on the expenditure side.⁵⁰

Average headline inflation in the US in Q1 2018 rose to 2.2 percent from the previous quarter's 2.1 percent due to rising cost of fuel products, healthcare, and shelter. Similarly, Japan's inflation rose to 1.3 percent on rising food prices. Inflation in the Euro area declined slightly to 1.2 percent as prices climbed at a softer pace for food, alcohol and tobacco.

Chart 36. Inflation of G3 Countries
quarterly average, in percent



Most emerging Asian economies recorded lower inflation in Q1 2018, except for Hong Kong and India. Hong Kong's inflation was recorded at 2.5 percent as a result of rising electricity, gas and water, and food prices. In India, cost of housing; clothing and footwear; pan, tobacco and intoxicants rose at a faster pace, contributing to higher inflation at 4.7 percent.

⁴⁸ Philippine Statistics Authority, "Philippine economy grows by 6.8 percent in the first quarter of 2018", 10 May 2018

⁴⁹ Bank Indonesia, 22 May 2018

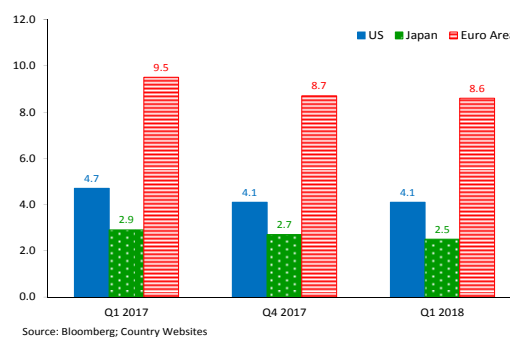
⁵⁰ Press Release on "Gross Domestic Product First Quarter 2018," Department of Statistics, Malaysia, 17 May 2018

On the other hand, consumer prices declined in Singapore to 0.2 percent, as the cost of transport and housing increased at a slower pace while cost of food remained low. In South Korea, the slowdown in costs of housing and utilities, food and non-alcoholic beverages and transport resulted in an average inflation rate of 1.2 percent. Meanwhile, average prices in China were recorded at 1.9 percent, unchanged from the previous quarter.

In the ASEAN-5 region, average inflation rates moved generally slower in Q1 2018, except for Philippines and Vietnam. The Philippines recorded a higher inflation of 3.8 percent in Q1 2018 due to increased prices in selected food commodities, alcoholic beverages and tobacco products. Similarly, average inflation rate in Vietnam was higher at 2.8 percent during the review period as cost of housing and construction materials climbed faster.

Global labor market conditions improved moderately. The unemployment rate in Japan and Euro area eased to 2.5 percent and 8.6 percent, respectively, while that for the US remained unchanged during the review quarter.

Chart 37. Unemployment Rates of G3 Countries
in percent



In Asia, unemployment rate remained stable in South Korea and China, while lower rates were reported in Hong Kong and Singapore at 3.7 percent, 3.9 percent, 2.9 percent and 2.0 percent, respectively. On the contrary, unemployment rates in the Philippines and Thailand were slightly higher than in Q4 2017 at 5.3 percent and 1.2 percent, respectively.

Table E. Macroeconomic Indicators in Selected Economies
in percent

Country	Real GDP (y-o-y growth rate)				Inflation (quarterly average)				Unemployment Rate ¹					
	2017		2018		2017		2018		2017		2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
G3														
US	2.0	2.2	2.3	2.6	2.8	2.5	1.9	1.9	2.1	2.2	4.7	4.3	4.3	4.1
Japan	1.4	1.5	1.9	1.8	0.9	0.3	0.4	0.6	0.6	1.3	2.9	2.9	2.8	2.7
Euro Area	2.1	2.4	2.7	2.8	2.5	1.8	1.5	1.4	1.4	1.2	9.5	9.2	9.0	8.7
Emerging Asia²														
Hong Kong	4.3	3.9	3.7	3.4	4.7	0.6	2.0	1.8	1.6	2.5	3.3	3.2	3.1	3.0
South Korea	3.0	2.9	3.8	2.8	2.8	2.0	1.9	2.3	1.5	1.2	3.8	3.8	3.7	3.7
Singapore	2.5	2.8	5.5	3.6	4.4	0.7	0.8	0.5	0.5	0.2	2.2	2.2	2.2	2.1
China	6.9	6.9	6.8	6.8	6.8	2.1	1.9	1.8	1.9	1.9	4.0	4.0	4.0	3.9
India	6.1	5.7	6.5	7.0	7.7	2.4	1.5	2.4	3.7	4.7	n.a.	n.a.	n.a.	n.a.
ASEAN-5³														
Indonesia	5.0	5.0	5.1	5.2	5.1	3.6	4.3	3.8	3.5	3.3	5.6	5.3	5.5	n.a.
Malaysia	5.6	5.8	6.2	5.9	5.4	4.3	4.0	3.7	3.5	1.8	3.4	3.4	3.4	3.4
Philippines	6.5	6.6	7.2	6.5	6.8	2.9	2.9	2.7	3.0	3.8	6.6	5.7	5.6	5.0
Thailand	3.4	3.9	4.3	4.0	4.8	1.3	0.1	0.5	0.9	0.6	1.2	1.2	1.2	1.1
Vietnam	5.1	5.7	6.4	6.8	7.4	5.0	3.3	3.1	2.7	2.8	2.3	2.3	2.2	n.a.

¹ Unemployment rate is the proportion (in percent) of the total number of unemployed as a percentage of the labor force.

² Includes Emerging Asia countries classified in the July 2016 IMF World Economic Outlook (WEO) update, plus Hong Kong, South Korea, and Singapore.

³ ASEAN-5 pertains to those countries in the said WEO update.

n.a. - not available

Source: Bloomberg, Country Websites

Bulk of the BSP's assets were composed of international reserves amounting to ₱4,187.1 billion as of end-March 2018, 3.5 percent higher than the year-ago balance of ₱4,044.1 billion. The slight uptick in the reported peso equivalent of international reserves was brought about by the combined effect of gradual peso depreciation against the US dollar along with inflows arising from the NG's net foreign currency deposits (which include proceeds from the issuance of renminbi-denominated bonds, or Panda Bonds, for the NG's general financing requirements) and revaluation adjustments in the gold holdings of the BSP resulting from the increase in the price of gold in the international market.

Meanwhile, the BSP's liabilities of ₱4,690.3 billion as of end-March 2018 comprised mostly of deposits and currency issues. These were supported by higher placements in the TDF.

Financial Condition of the BSP

Balance Sheet

The BSP's total assets stood at ₱4,781.7 billion as of end-March 2018, slightly higher by ₱169.0 billion or 3.7 percent than the year-ago level of ₱4,612.7 billion. This was also higher by ₱115.0 billion or 2.5 percent relative to the end-December 2017 level of ₱4,666.6 billion (*Table 17*). The BSP's liabilities increased by ₱138.7 billion or 3.0 percent, y-o-y, to ₱4,690.3 billion. Likewise, liabilities increased by ₱104.1 billion or 2.3 percent when compared to the end-December 2017 level. Consequently, the BSP's net worth for the review period was reported at ₱91.4 billion, 49.6 percent higher than the year-ago level of ₱61.1 billion, and 13.5 percent higher than the end-December 2017 net worth of ₱80.5 billion.

The BSP's net worth remains strong

Table F. Balance Sheet of the BSP
in billion pesos

	2018	2017	
	Mar ^P	Dec ^U	Mar
Assets	4,781.7	4,666.6	4,612.7
Liabilities	4,690.3	4,586.2	4,551.6
Net Worth	91.4	80.5	61.1

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

^PBased on the tentative BSP Financial Statements (FS) as of end-March 2018.

^UBased on the unaudited pre-closing BSP FS as of end-December 2017.

^{P&U} Figures may change once the end-2017 FS become final and audited.

Source: BSP

Income Statement

Based on unaudited data, the BSP registered a net income of ₱9.8 billion for the period March 2018. Net income was primarily a result of interest income combined with realized ₱7.0 billion foreign exchange gains during the period (*Table 18*).

BSP continues to register net income during the review period

Total revenues for the period March 2018 amounted to ₱14.9 billion, 18.8 percent higher than the ₱12.6 billion posted in the same period last year. The increased revenue was brought mainly by the rise in interest income on international reserves and domestic securities by approximately ₱3.4 billion and ₱0.4 billion, respectively.

Table G. Income Position of the BSP
in billion pesos

	2018	2017	
	Q1 ^p	Q4 ^q	Q1
Revenues	14.918	27.470	12.557
Less: Expenses	12.143	15.943	15.588
Net Income/(Loss) Before Gain/(Loss) on FXR Fluctuations and Income Tax Expense/(Benefit)	2.775	11.527	-3.031
Gain/(Loss) on Foreign Exchange Rate Fluctuations	7.040	2.688	4.695
Income Tax Expense/(Benefit)	0.000	1.338	0.000
Net Income/(Loss) After Tax	9.815	12.877	1.664

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

^pBased on the tentative BSP Financial Statements (FS) as of end-March 2018.

^qBased on the unaudited pre-closing BSP FS as of end-December 2017.

^rFigures may change once the end-2017 FS become final and audited.

Source: BSP

Meanwhile, total expenditures as compared to the same period last year, decreased by ₱3.4 billion to ₱12.1 billion. The y-o-y fall in expenditures was due mainly to lower interest expenses and taxes and licenses.

Conclusion, Challenges and Policy Directions

The Philippine economy started 2018 on firm footing. While Q1 GDP was slightly below the low end of the target for the year, domestic growth fundamentals are expected to remain strong. Sustained domestic consumption, and ample liquidity and credit should provide the necessary impetus to the economy. In addition, the implementation of the tax reform at the start of the review quarter is seen to address infrastructure bottlenecks that are expected to generate long-term gains to the economy. This

should ensure that potential capacity is at pace with economic expansion, keeping inflation manageable over the medium and long term.

Lending support to the country's growth prospects is the global economic upswing that the IMF noted in its April 2018 World Economic Outlook (WEO). The growth pickup in global economic activity is projected at 3.9 percent for both 2018 and 2019. The strength in the global economic outlook could be attributed to strong momentum, favorable market sentiment, accommodative financial conditions, and expansionary fiscal policy in the US, and the recovery in commodity prices.

The IMF observed further that risks to the growth outlook are broadly balanced in the near term. Strong business and consumer confidence along with the recovery in investments could result in a rebound in productivity and stronger potential output growth, which could further accelerate demand. On the downside, a correction in financial markets, which have registered a sustained rise in asset prices with low volatility, could lead to tighter global financial conditions. In addition, faster-than-expected normalization of the US Federal Reserve and further deterioration of trade tensions could lead to additional market correction and weaker confidence.

Consequently, developments in the external operating environment may have spillover effects on the domestic economy via trade (real) and financial channels. For instance, the recovery in external demand should have a positive lift to Philippine exports of goods and services. At the same time, however, the resurgence in external demand may fuel commodity prices such as oil and food. In addition, the economic strengthening in advanced economies may result in faster pace of normalization in global monetary conditions, leading to rising interest rates. In fact, domestic developments in Q1 have seen episodes of volatility in the financial market owing to uncertainty surrounding US Fed rate hikes, resulting in the depreciation of the peso, rising domestic interest rates and inflationary pressures.

Nevertheless, sustained solid macroeconomic fundamentals over the years have provided the country with ample policy space and economic buffers to remain resilient amid these challenges. Meanwhile, a more crucial element toward sustaining economic growth going forward is to remain firm to the fiscal reform program. The reform program can be seen as two-pronged. Firstly, it expands the country's potential capacity in the long run through its emphasis on massive infrastructure development. Secondly, it broadens the coverage of social safety nets in the immediate term, mitigating the temporary impact of tax adjustments on the real economy as well as distributing welfare gains more equitably across the population. All in all, the reform program is seen to put the country's growth at a higher trajectory in the years ahead.

For its part, the BSP will remain firm in its intent to ensure that monetary policy will continue to support price and financial stability objectives. The continued management of inflation and inflation expectations, and safeguarding of the financial system against emerging risks are seen to ensure the stability of the domestic operating environment. To this end, the BSP will continue to keep a watchful eye over how domestic and external developments will evolve to ensure that an enabling monetary and financial environment is maintained to achieve the country's growth objectives, while safeguarding price and financial stability. In addition, the BSP is continuously refining its monetary operations tools in order to be more responsive to changes in market and liquidity conditions. For instance, the BSP started offering a 14-day term deposit facility on 14 February in order to respond to the liquidity requirements of banks.

In response to uncertainties in the global financial market, the BSP will ensure adequate level of liquidity in the economy and the financial markets during periods of heightened uncertainty. 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 international reserves as safeguard against external shocks.

The sound and stable condition of the Philippine banking system has been one of the anchors of the sustained robust performance of the domestic economy. The state of the country's financial system, at present, is grounded on the structural and regulatory reforms pursued in the sector over the years. To this end, the BSP will continue to ensure that a sound regulatory framework is in place. As such, Philippine banks will be able to cope with challenges related to global financial volatilities.

Moreover, to guard against possible formation of financial imbalances, the BSP has continued to expand and refine its crises surveillance and monitoring toolkit. To name a few, the Philippine Composite Index of Financial Stress (PCIFS) has been used to measure the degree of stress across financial markets; and the Early Warning System on currency crisis and on debt sustainability has preemptively helped flag any brewing risks in the economy.

The BSP will also continue to pursue reforms promoting effective risk management, a stronger capital base and improved corporate governance standards, which are essential ingredients to ensuring stability in the financial system. 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.

In addition, the BSP will continue to actively pursue initiatives to promote a deeper domestic capital market that will complement the presence of a resilient banking system. The policy thrust is to focus on enhancing further the infrastructure and the regulatory framework for capital market transactions to promote efficiency in trading, settlement and delivery of securities.

At the same time, the BSP will continue to adopt policies and programs that would help develop a sound, responsive, and inclusive financial system

that will broaden the access of the underserved and the unbanked segments of our population to the financial sector. Among the key strategies in the BSP's financial inclusion agenda are putting in place banking regulations that leverage on technology to increase access to financial products; strengthening financial consumer protection; and raising financial education and awareness to new financial products and modes of delivery.⁵¹ For instance, in addition to the Philippine Electronic Fund Transfer (EFT) System and Operations network, or PESONet, the BSP is set to launch the Instapay in April 2018, a real-time low value push payment scheme.⁵² Through the Instapay, individual Filipinos can start enjoying safe and affordable electronic retail payments in real-time.

The BSP will likewise remain proactive in promoting a safe, sound and efficient payments and settlements system. The BSP will continue to ensure its credibility and enhance the processes by providing the necessary infrastructure in the operation of the Philippines' real time gross settlement system or the PhilPaSS.

Finally, amid 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.

⁵¹ As early as 2004, the BSP has adopted a "test and learn" approach, now called regulatory sandbox, to allow financial technology (FinTech) innovations in the financial system.

⁵² It is designed to facilitate small value payments and enable merchants to accept digital payments from customer on real-time basis using cards or any digital device, like smartphones.

Annexes

Annex A. Banking Policies

Guidelines on the Conduct of Stress Testing Exercises (BSP Circular No. 989 dated 4 January 2018)

The Monetary Board (MB) approved the Guidelines on the Conduct of Stress Testing Exercises, which provide the overarching governance standards and risk management expectations on stress testing practices in the banking industry.

Stress testing is defined as a tool to evaluate the potential effects of specified changes in risk factors on a bank's financial position under a severe but plausible scenario. In this respect, banks are expected to develop sound assumptions generally depicting events or scenarios that may result in significant losses and to assess the impact of these scenarios on the bank's performance or capital and liquidity positions. For instance, banks may assume 50 percent default in the loan portfolio and assess its impact on CAR and level of available funds.

The BSP is issuing the stress testing guidelines as part of its continuing initiatives to further strengthen risk governance and contribute to the sustained safety and soundness of the industry. Stress testing allows banks to prepare for events with severe financial impact. In particular, based on the results of stress testing, banks may adopt proactive measures such as the implementation of capital build up initiatives or enhancement of risk management practices all aimed at improving their resilience in times of actual crisis.

Related to this, the issuance provides that the board of directors should consider the results of stress testing exercises in capital and liquidity planning, in setting risk appetite, and in planning for business continuity management, and, in the case of domestic systemically important banks (DSIBS), in developing recovery plans. These

expectations are consistent with the earlier issued guidelines on corporate governance under Circular No. 969.

Banks are expected to employ a combination of different approaches for stress testing. Methodologies may range from simple sensitivity analysis to the more complex tools, such as scenario analysis and reverse stress testing. Following the principle of proportionality, simplified requirements are set out for stand-alone thrift, rural and cooperative banks.

The fundamental requirements for system and model capabilities for the conduct of effective stress testing exercises have been laid out in Circular No. 971 on risk governance. Specifically, the principles of accuracy and integrity; completeness; timeliness; and adaptability are the same underpinnings of robust stress testing exercises.

The approved guidelines are applicable to all types of banks on solo and consolidated bases. Banks that are part of group structures shall conduct stress testing exercises on a consolidated basis or at the parent bank's level, covering all institutions considered as material entities in the banking group. The Bangko Sentral is giving banks a period of two (2) years from the effectivity date of the issuance to gradually progress from their existing stress testing practices to fully meet the expectations in the Circular.

Amendments to the Basel III Leverage Ratio Framework (BSP Circular No. 990 dated 4 January 2018)

The MB extended the monitoring period of Basel III Leverage Ratio Framework amending subsections of the Manual of Regulations for Banks (MORB) and Manual of Regulations for Non-Bank Financial Institutions (MORNBFI). The Basel III Leverage Ratio is designed to act as a supplementary measure to the risk-based capital requirements.

The circular states that starting 31 December 2014 and every quarter thereafter until 30 June 2018,

banks/QBs concerned shall submit the Basel II Leverage Ratio reporting template, including required disclosure template, on both solo and consolidated bases for monitoring purposes.

The report submission is summarized below:

Report Date	Reference Date	Deadline of Submission
30 September 2017 31 December 2017	31 December 2017	Fifteen (15) banking/business days from end of reference date on solo basis, and
31 March 2018	31 March 2018	Thirty (30) banking/business days from end of reference date on consolidated basis
30 June 2018	30 June 2018	

During the monitoring period, public disclosure of information relative to leverage ratio shall not be required. The monitoring of the leverage ratio shall be implemented as a Pillar 1 minimum requirement effective on 1 July 2018. Upon migration to a Pillar 1 requirement, the Basel III Leverage Ratio report shall be submitted quarterly along with the Basel III CAR report on both solo and consolidated bases.

Framework for Basic Deposit Accounts (BSP Circular No. 992 dated 1 February 2018)

The MB approved a new Circular setting out the framework for banks to offer a basic deposit account to promote account ownership among the unbanked.

Ownership of an account provides Filipinos the tool to save and transact money in a safe, convenient and affordable manner. It can unlock access to a wider range of financial services to meet their various needs, including credit, insurance and investments. However, the World Bank Global Findex (2014) estimates that only 31.3 percent of Filipino adults have formal accounts. The usual barriers include costs, lack of money, lack of documentary requirements, and perceived low utility of a bank account, among others.

The basic deposit account framework addresses these observed barriers. The minimum key

features of the account include: simplified know-your-customer (KYC) requirements; an opening amount of less than ₱100; no minimum maintaining balance; and no dormancy charges. To prevent misuse of the basic deposit account, its maximum balance is set at ₱50,000. These features meet the need of the unbanked for a low-cost, no-frills deposit account which they can open even if they do not have the standard identification documents.

As an incentive for banks, the basic deposit account is granted a preferential zero percent (0%) reserve requirement which lowers their account maintenance cost. This regulatory incentive does not apply to regular bank accounts even if their balances fall below ₱50,000.

Banks can customize their basic deposit account product to serve wider markets and harness technological innovations in client onboarding and servicing of the account, provided the necessary controls are in place and the specified minimum key features are strictly observed.

The basic deposit account supports the implementation of the National Retail Payments System (NRPS) that aims to increase adoption of digital payments in the country. By having a transactional account, the previously unbanked will be able to participate in the digital finance ecosystem and benefit from electronic fund transfers for their remittance and payment needs.

The BSP expects that the basic deposit account will provide the much needed boost in expanding formal account ownership and usage in the country, particularly among the unserved low-income markets.

Adoption of Know-Your-Member Guidelines for Non-Stock Savings and Loan Association (BSP Circular No. 993 dated 29 January 2018)

The MB approved the guidelines on the establishment of the true identity and eligibility of persons to become members of Non-Stock Savings and Loan Associations (NSSLAs), and on

the determination of the propriety of NSSLAs' fund investments.

The Know-Your-Member (KYM) guidelines set clear BSP's expectations on the responsibilities of the Board of Trustees and Management of NSSLAs to establish and implement effective risk management system and risk control, and to set out the documentary requirements for membership, to ensure that all members are eligible. It aims to protect the NSSLAs' members by preventing the use of NSSLAs by unscrupulous persons as a means to profit or to take advantage of their nature and operations.

Similarly, the NSSLAs' members are also protected with the MB approval of the rules and regulations governing the investments of NSSLAs of their unutilized or excess funds. Said guidelines clearly define the allowable investments and limit of such investments that NSSLAs can enter into. The investments, which must not exceed ten percent of the NSSLAs' total assets, unless otherwise approved by the MB, must be safe, readily marketable, high grade and locally-issued.

The new guidelines form part of the Bangko Sentral's reform agenda to promote a more responsive regulatory environment for non-bank financial institutions under its jurisdiction

Amendments to the Adoption of Minimum Prudential Liquidity Requirements for Thrift Banks (TBs), Rural Banks (RBs), Cooperative Banks (CBs), and Quasi-Banks (QBs) (BSP Circular No. 996 dated 8 February 2018)

The MB approved the adoption of minimum prudential liquidity requirements for TBs, RBs, CBs, and QBs, which are designed to enhance the covered BSP-supervised financial institutions' (BSFIs) resilience to liquidity stress events. With this new development, all banks and QBs will be subject to calibrated minimum prudential liquidity requirements. The BSP first rolled out regulatory minimum for UKBs through the implementation of the Liquidity Coverage Ratio (LCR) under Circular No. 905 dated 10 March 2016.

TBs, RBs, CBs, and QBs will be subject to different measures depending on whether they belong to a banking group or not. Those that are subsidiaries and affiliates of UKBs will be subject to the LCR, which already applies to their parent-institutions. This approach promotes consistency in the management of liquidity risk across a financial group. The subsidiary banks and QBs will be subject to a minimum LCR of one hundred percent (100%) from 1 January 2019 onwards.

The stand-alone TBs, RB, CBs, and QBs, on the other hand, will be subject to a Minimum Liquidity Ratio (MLR) of twenty percent (20%) by 1 January 2019. The computation of the liquidity ratio is simple and straightforward. It is expressed as a percentage of a covered institution's eligible stock of liquid assets to its total qualifying liabilities. The stock of liquid assets are required to be unencumbered and readily liquefiable, while the qualifying liabilities include both on-balance sheet and off-balance sheet commitments. Based on impact studies, the BSP believes that covered institutions will be able to readily adjust to the new standard.

TBs, RBs, CBs, and QBs, will be required to monitor the level of their respective ratios throughout 2018. The BSP will also use this period to determine whether adjustments are needed. Once the minimum requirements are implemented in 2019, the BSP will address breaches in accordance with the persistence and gravity of the breach. Supervisory actions may therefore range from heightened monitoring, to requiring remedial measures, and finally, imposing sanctions.

The BSP considers the adoption of the LCR and the MLR as a significant step in aligning its supervisory framework with international standards. It also illustrates the BSP's commitment to the application of proportionality in its approach to supervision. This reform is complemented by the recent revision of the Liquidity Risk Management Guidelines under Circular No. 981 dated 3 November 2017 and the forthcoming guidelines on the implementation of the Net Stable Funding Ratio.

Reduction in Reserve Requirements (*BSP Circular 997 dated 15 February 2018*)

The MB approved the reduction in the reserve requirement ratio by one (1) percentage point as an operational adjustment to support the BSP's shift toward a more market-based implementation of monetary policy as well as its broad financial market reform agenda. The reduction will apply to the reservable liabilities of all banks and non-bank financial institutions with quasi-banking functions with reserve requirement currently at twenty (20) percent.

In deciding to reduce the reserve requirement ratios, the MB reaffirms the BSP's commitment to gradually lessen its reliance on reserve requirements for managing liquidity in the financial system. The MB believes that the BSP has attained sufficient progress in its shift towards the use of market-based monetary instruments since the adoption of the IRC framework in June 2016. Even as the BSP continues to refine its instruments and operations under the IRC, the MB observed that the BSP now has ample scope to mitigate the potential liquidity impact of a phased reduction in the reserve requirement via offsetting auction-based monetary operations.

At the same time, the MB noted that the reduction in reserve requirements will help mobilize liquidity in support of economic activity as well as capital market development over the medium term.

Amendments to the Basic Security Deposit Requirements (*Circular No. 998 dated 1 March 2018*)

The BSP has issued guidelines governing the basic security deposit requirement for faithful performance of trust and other fiduciary duties, investment management activities, securities custodianship operations, and duties of Personal Equity Retirement Account (PERA).

BSFIs authorized to engage in trust and other fiduciary business shall deposit with the Bangko Sentral eligible government securities, as security

for the faithful performance of its trust and other fiduciary duties equivalent to at least one percent (1%) of the book value of the total trust, other fiduciary and investment management assets.

As stated in BSP Circular No. 998, the deposit as security will also not be less than ₱500,000 for banks with trust and other fiduciary business, and investment management activities. This is higher than the previous basic security deposit of ₱300,000.

Trust corporations, in the meantime, will be required to deposit 0.05 percent of total book value of its assets under management but not less than ₱500,000. The basic security deposit will also be based on its trust rating score.

The BSP has also revised the valuation of securities and basis of computation of the basic security deposit starting end-March 2018. Government securities deposited with the BSP shall be measured at fair value according to the marking-to-market guidelines for government securities (and) subject to applicable haircuts.

The basic security deposit requirement will be complied with on a quarterly basis. The BSP will impose sanctions for any deficiency or failure to comply.

Amendment on the Allowable Investments of Unit Investment Trust Funds (UITFs) (*BSP Circular No. 999 dated 14 March 2018*)

The BSP will allow banks to invest trust funds in derivative instruments, as part of efforts to deepen the local debt market. The BSP issued Circular No. 999 which allows players to place UITFs in hedge and feeder funds.

This amendment is part of financial market liberalization as a part of reform agenda. It allows greater flexibility in UITFs' use of derivatives to create better investment value propositions. In the case of Feeder Fund or Fund-of-Funds, offshore/global funds may be allowed as target fund. However, financial derivatives shall not be

extensively or primarily used as an investment strategy of the target fund and that the risk level of the target fund remain consistent with the objective and risk profile of the investor fund.

The use of financial derivatives should be to help reduce risks, trim costs or generate additional income for the subject investment fund.

Annex B. Capital Market Reforms⁵³

On developing the necessary market infrastructure

The BSP and the Philippine Payments Management, Inc. (PPMI) signed a Memorandum of Agreement (MOA) on 12 January 2018 to strengthen governance in the retail payment system. Under the MOA, the BSP recognizes PPMI as the payment system management body (PSMB) while the PPMI recognizes the authority of the BSP as the primary overseer of the retail payment system given its critical role in the financial infrastructure as envisioned under the National Retail Payment System (NRPS) Framework.

The PSMB is a critical component of the NRPS Framework which has the objective of establishing a safe, efficient and reliable retail payment system in the Philippines. With the MOA, the BSP will provide continuing guidance to PPMI for the alignment of its policies, standards and rules with the NRPS Framework and the PPMI undertakes to ensure proper implementation of the NRPS principles through its policies, strategies and rules. The BSP and PPMI agreed to have a shared responsibility in monitoring new or emerging trends in the retail payment industry and to notify each other of any relevant information that would warrant appropriate action from either party. They will also engage each other in consultation concerning policy formulation, especially where it impacts the policy and regulatory framework governing BSFIs with respect to their payment system arrangements as well as on common

concerns to prevent conflict with any BSP or PPMI action.

On improving ease of doing business

The SEC simplified the reporting requirements for small companies through the adoption of the Philippine Financial Reporting Standards (PFRS) for Small Entities beginning 1 January 2019.⁵⁴ The adoption of the PFRS was developed in response to the feedback of small entities that PFRS for SMEs is too complex to apply. To make financial reporting requirements less costly and burdensome for small companies, the SEC (i) reduced the choices of accounting treatment; (ii) eliminated topics that are not generally relevant to small entities; (iii) simplified methods for recognition and measurement; and (iv) reduced disclosure requirements.

⁵³ Source: Bangko Sentral ng Pilipinas, Media Releases.

⁵⁴ Small entities are those with assets between ₱3 million to ₱100 million or total liabilities of between ₱3 million to ₱100 million.

List of Acronyms, Abbreviations, and Symbols

AE	Advanced Economies	GOCC	Government-Owned and -Controlled Corporations
AONCR	Areas Outside National Capital Region	GS	Government Securities
ASEAN	Association of Southeast Asian Nations	GDP	Gross Domestic Product
BOP	Balance of Payments	GIR	Gross International Reserves
BSP	Bangko Sentral ng Pilipinas	GNI	Gross National Income
BSFI	Bangko Sentral-Supervised Financial Institutions	GNPL	Gross Non-Performing Loan
BOE	Bank of England	Ibid	<i>ibidem</i> , “at the same place”
BOJ	Bank of Japan	IBCL	Interbank Call Loan Rate
bps	basis points	IRC	Interest Rate Corridor
BOC	Bureau of Customs	IMF	International Monetary Fund
BIR	Bureau of Internal Revenue	JGB	Japanese Government Bond
BTr	Bureau of the Treasury	J-REIT	Japanese Real Estate Investment Trust
BPO	Business Process Outsourcing	KYC	Know-Your-Customer
CAR	Capital Adequacy Ratio	KYM	Know-Your-Member
CPI	Consumer Price Index	LFPR	Labor Force Participation Rate
CB	Cooperative Bank	LFS	Labor Force Survey
CCR	Credit Card Receivable	LTR	Labor Turnover Rate
CDS	Credit Default Swap	LTS	Labor Turnover Survey
DSR	Debt Service Ratio	LCR	Liquidity Coverage Ratio
DSIB	Domestic Systemically Important Bank	LEM	Loans Especially Mentioned
EFT	Electronic Fund Transfer	LCY	Local Currency
EMBIG	Emerging Market Bond Index Global	LGU	Local Government Unit
ECB	European Central Bank	LIBOR	London Interbank Offered Rate
ETF	Exchange-Traded Funds	MORB	Manual of Regulations for Banks
FinTech	Financial Technology	MORNBFI	Manual of Regulations for Non-Bank Financial Institutions
FXTN	Fixed-Income Treasury Note	MLT	Medium- to Long-Term
FCD	Foreign Currency Deposit	MOA	Memorandum of Agreement
FDI	Foreign Direct Investment	MLR	Minimum Liquidity Ratio
FX	Foreign Exchange	MB	Monetary Board
GST	Goods and Services Tax		

List of Acronyms, Abbreviations, and Symbols

MOS	Monetary Operations System	PSE	Philippine Stock Exchange
MPC	Monetary Policy Committee	PSEi	Philippine Stock Exchange Index
MVL	Motor Vehicle Loan	q-o-q	quarter-on-quarter
NCR	National Capital Region	QB	Quasi-Bank
NESDB	National Economic and Social Development Board	REER	Real Effective Exchange Rate
NG	National Government	ROP	Republic of the Philippines
NRPS	National Retail Payment System	RR	Reserve Requirement
NFA	Net Foreign Assets	RREL	Residential Real Estate Loan
NIR	Net International Reserves	RTBs	Retail Treasury Bonds
NNPL	Net Non-Performing Loan	RRP	Reverse Repurchase
NEER	Nominal Effective Exchange Rate	RB	Rural Bank
NBFI	Non-Bank Financial Institution	SBGPCL	Salary-Based General-Purpose Consumption Loans
NPL	Non-Performing Loan	SEC	Securities and Exchange Commission
NSSLA	Non-Stock Savings and Loan Association	ST	Short Term
ODC	Other Depository Corporation	SIBOR	Singapore Interbank Offered Rate
O/N	Overnight	SME	Small and Medium Enterprises
ODF	Overnight Deposit Facility	SDR	Special Drawing Rights
OF	Overseas Filipinos	TRAIN	Tax Reform for Acceleration and Inclusion
PSMB	Payment System Management Body	TDF	Term Deposit Facility
PCE	Personal Consumption Expenditure	TB	Thrift Bank
PERA	Personal Equity Retirement Account	TLP	Total Loan Portfolio
ppts	percentage points	TPI	Trading Partners Index
PCIFS	Philippine Composite Index of Financial Stress	TPI-A	Trading Partners Index-Advanced Countries
PDEx	Philippine Dealing and Exchange Corporation	TPI-D	Trading Partners Index-Developing Countries
PESONet	Philippine Electronic Fund Transfer System and Operations Network	T-bill	Treasury Bill
PFRS	Philippine Financial Reporting Standards	T-bond	Treasury Bond
PhilPass	Philippine Payments and Settlements System	UK	United Kingdom
PPMI	Philippine Payments Management, Inc.	UITF	Unit Investment Trust Fund
PSA	Philippine Statistics Authority	U/KB	Universal and Commercial Bank
		y-o-y	year-on-year
		y-t-d	year-to-date

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1 GROSS NATIONAL INCOME AND GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN

for periods indicated

	LEVELS (in billion pesos; at constant 2000 prices)												2018 Q1
	2015				2016				2017				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Agriculture, Hunting, Forestry and Fishing	181.4	166.9	155.6	215.8	173.6	163.6	160.2	213.4	182.1	173.9	164.4	218.6	184.8
Industry	592.4	654.6	594.7	703.8	644.8	702.1	645.6	757.6	687.0	752.2	697.7	810.2	741.3
Mining and Quarrying	21.1	27.7	16.4	15.2	23.5	26.6	16.1	16.9	19.3	31.7	17.4	17.8	20.2
Manufacturing	425.0	434.2	400.7	501.2	459.0	461.1	428.0	537.4	494.4	497.9	471.3	579.6	533.8
Construction	91.8	129.5	108.0	127.7	102.1	144.7	125.2	140.0	112.0	150.9	130.2	146.1	122.5
Electricity, Gas and Water Supply	54.4	63.2	69.6	59.7	60.2	69.6	76.2	63.3	61.2	71.7	78.8	66.8	64.9
Services	993.6	1,123.2	1,074.1	1,144.1	1,068.2	1,215.5	1,147.8	1,230.3	1,139.3	1,293.4	1,231.2	1,315.7	1,219.5
Transportation, Storage and Communication	141.0	153.6	128.7	158.1	148.4	164.4	134.6	164.6	154.6	169.9	139.3	172.7	164.5
Trade and Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	270.3	307.6	338.3	354.3	290.7	334.9	359.7	382.2	311.9	354.5	385.9	415.5	331.0
Financial Intermediation	130.9	144.6	130.7	140.4	143.7	154.6	141.8	150.1	153.7	169.1	154.4	157.9	165.3
Real Estate, Renting and Business Activities	192.6	222.3	220.5	219.3	209.4	241.7	240.1	239.5	224.1	261.4	258.8	255.2	234.6
Public Administration and Defense; Compulsory Social Security	66.2	82.8	73.1	75.4	69.6	88.0	75.6	85.3	73.4	95.3	81.9	92.6	83.1
Other Services	192.5	212.3	183.0	196.5	206.5	231.9	196.0	208.7	221.6	243.2	210.8	221.8	241.0
Gross Domestic Product	1,767.4	1,944.7	1,824.4	2,063.7	1,886.6	2,081.2	1,953.6	2,201.3	2,008.4	2,219.5	2,093.3	2,344.5	2,145.6
Net Primary Income from the Rest of the World	381.3	372.7	377.5	411.4	417.8	396.4	395.9	422.3	440.5	422.5	428.1	438.0	459.7
Gross National Income	2,148.7	2,317.4	2,201.9	2,475.1	2,304.4	2,477.6	2,349.5	2,623.6	2,448.9	2,641.9	2,521.4	2,782.6	2,605.3

	ANNUAL CHANGE (in percent)												2018 Q1
	2015				2016				2017				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Agriculture, Hunting, Forestry and Fishing	1.0	-0.1	-0.1	-0.2	-4.3	-2.0	3.0	-1.1	4.9	6.3	2.6	2.4	1.5
Industry	5.5	6.5	6.5	7.1	8.9	7.3	8.6	7.6	6.5	7.1	8.1	7.0	7.9
Mining and Quarrying	-2.5	-8.6	0.5	14.0	11.3	-4.0	-2.0	10.9	-17.8	19.2	7.9	5.4	4.5
Manufacturing	6.0	4.7	5.8	6.1	8.0	6.2	6.8	7.2	7.7	8.0	10.1	7.9	8.0
Construction	5.1	18.8	9.6	11.6	11.2	11.8	16.0	9.7	9.7	4.3	4.0	4.3	9.3
Electricity, Gas and Water Supply	5.8	4.4	7.7	4.5	10.5	10.1	9.6	6.0	1.7	3.0	3.4	5.5	6.0
Services	5.6	6.7	7.3	7.9	7.5	8.2	6.9	7.5	6.7	6.4	7.3	6.9	7.0
Transportation, Storage and Communication	8.4	6.6	8.0	9.1	5.3	7.0	4.6	4.1	4.2	3.3	3.6	4.9	6.4
Trade and Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	5.9	6.7	8.4	7.3	7.5	8.9	6.3	7.9	7.3	5.8	7.3	8.7	6.1
Financial Intermediation	4.3	5.8	5.4	8.7	9.7	6.9	8.5	6.9	7.0	9.4	8.9	5.2	7.6
Real Estate, Renting and Business Activities	6.3	6.5	7.8	7.7	8.7	8.8	8.9	9.2	7.0	8.1	7.8	6.6	4.7
Public Administration and Defense; Compulsory Social Security	-4.0	-0.7	2.6	7.3	5.1	6.3	3.5	13.2	5.5	8.4	8.2	8.5	13.2
Other Services	6.9	11.1	7.3	7.7	7.2	9.2	7.1	6.2	7.3	4.9	7.5	6.3	8.8
Gross Domestic Product	5.1	6.0	6.4	6.7	6.7	7.0	7.1	6.7	6.5	6.6	7.2	6.5	6.8
Gross National Income	4.6	5.4	6.2	7.0	7.2	6.9	6.7	6.0	6.3	6.6	7.3	6.1	6.4

	CONTRIBUTION TO GDP GROWTH (in percentage point)												2018 Q1
	2015				2016				2017				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Agriculture, Hunting, Forestry and Fishing	0.1	.	.	.	-0.4	-0.2	0.3	-0.1	0.4	0.5	0.2	0.2	0.1
Industry	1.8	2.2	2.1	2.4	3.0	2.4	2.8	2.6	2.2	2.4	2.7	2.4	2.7
Mining and Quarrying	.	-0.1	.	0.1	0.1	-0.1	.	0.1	-0.2	0.2	0.1	.	.
Manufacturing	1.4	1.1	1.3	1.5	1.9	1.4	1.5	1.8	1.9	1.8	2.2	1.9	2.0
Construction	0.3	1.1	0.5	0.7	0.6	0.8	0.9	0.6	0.5	0.3	0.3	0.3	0.5
Electricity, Gas and Water Supply	0.2	0.1	0.3	0.1	0.3	0.3	0.4	0.2	0.1	0.1	0.1	0.2	0.2
Services	3.1	3.9	4.2	4.3	4.2	4.7	4.0	4.2	3.8	3.7	4.3	3.9	4.0
Transportation, Storage and Communication	0.6	0.5	0.6	0.7	0.4	0.6	0.3	0.3	0.3	0.3	0.2	0.4	0.5
Trade and Repair of Motor Vehicles, Motorcycles, Personal and Household Goods	0.9	1.0	1.5	1.2	1.2	1.4	1.2	1.4	1.1	0.9	1.3	1.5	1.0
Financial Intermediation	0.3	0.4	0.4	0.6	0.7	0.5	0.6	0.5	0.5	0.7	0.6	0.4	0.6
Real Estate, Renting and Business Activities	0.7	0.7	0.9	0.8	0.9	1.0	1.1	1.0	0.8	0.9	1.0	0.7	0.5
Public Administration and Defense; Compulsory Social Security	-0.2	.	0.1	0.3	0.2	0.3	0.1	0.5	0.2	0.4	0.3	0.3	0.5
Other Services	0.7	1.2	0.7	0.7	0.8	1.0	0.7	0.6	0.8	0.5	0.8	0.6	1.0
Gross Domestic Product	5.1	6.0	6.4	6.7	6.7	7.0	7.1	6.7	6.5	6.6	7.2	6.5	6.8

Note: Total may not add up due to rounding.

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.

. Rounds off to zero

Source of basic data: Philippine Statistics Authority (PSA)

1a GROSS NATIONAL INCOME AND GROSS DOMESTIC PRODUCT BY EXPENDITURE SHARES
for periods indicated

	LEVELS (in billion pesos; at constant 2000 prices)												
	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Household Final Consumption Expenditure	1,231.6	1,289.8	1,245.1	1,500.1	1,319.7	1,387.1	1,335.5	1,600.1	1,397.2	1,469.8	1,407.2	1,699.6	1,476.0
Government Final Consumption Expenditure	185.2	224.3	195.0	179.5	208.2	255.8	202.1	188.5	208.5	275.2	219.0	211.5	236.7
Capital Formation	428.2	405.7	445.5	559.0	562.5	529.8	545.4	651.9	626.5	570.1	601.8	706.2	704.9
Fixed Capital	425.3	406.4	442.6	526.2	547.5	536.3	560.8	626.0	622.8	573.8	604.4	684.5	678.0
Construction	142.2	190.4	167.6	201.6	159.7	220.4	197.3	216.1	177.8	230.7	202.9	228.5	195.8
Durable Equipment	244.2	183.1	237.2	274.2	341.4	278.5	319.2	353.9	391.9	295.9	350.1	393.6	424.7
Breeding Stock & Orchard Development	26.1	23.0	19.0	31.2	27.1	23.8	19.6	32.3	27.9	24.9	20.3	33.1	29.1
Intellectual Property Products	12.7	9.9	18.8	19.2	19.3	13.7	24.6	23.7	25.1	22.2	31.0	29.3	28.3
Changes in Inventories	3.0	-0.7	2.9	32.7	15.1	-6.5	-15.4	25.9	3.7	-3.7	-2.6	21.6	26.9
Exports	899.5	937.0	1,054.1	804.9	1,006.8	1,039.6	1,164.5	913.9	1,182.5	1,262.3	1,383.4	1,102.3	1,256.0
Less: Imports	968.4	909.5	1,106.1	1,000.2	1,193.5	1,142.2	1,279.9	1,173.2	1,416.6	1,354.5	1,500.1	1,386.1	1,548.6
Statistical Discrepancy	-8.7	-2.7	-9.1	20.5	-17.2	11.0	-14.0	20.2	10.3	-3.5	-17.9	11.1	20.7
Gross Domestic Product	1,767.4	1,944.7	1,824.4	2,063.7	1,886.6	2,081.2	1,953.6	2,201.3	2,008.4	2,219.5	2,093.3	2,344.5	2,145.6
Net Primary Income	381.3	372.7	377.5	411.4	417.8	396.4	395.9	422.3	440.5	422.5	428.1	438.0	459.7
Gross National Income	2,148.7	2,317.4	2,201.9	2,475.1	2,304.4	2,477.6	2,349.5	2,623.6	2,448.9	2,641.9	2,521.4	2,782.6	2,605.3
	ANNUAL CHANGE (in percent)												
	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Household Final Consumption Expenditure	6.0	6.4	6.2	6.6	7.2	7.5	7.3	6.7	5.9	6.0	5.4	6.2	5.6
Government Final Consumption Expenditure	.	2.2	15.5	15.5	12.4	14.0	3.6	5.0	0.1	7.6	8.3	12.2	13.6
Capital Formation	15.7	28.6	15.3	16.2	31.4	30.6	22.4	16.6	11.4	7.6	10.3	8.3	12.5
Fixed Capital	13.8	13.2	16.5	23.0	28.7	32.0	26.7	19.0	13.8	7.0	7.8	9.4	8.9
Construction	5.3	16.2	9.9	11.6	12.3	15.7	17.7	7.2	11.3	4.7	2.8	5.7	10.1
Durable Equipment	20.5	12.3	22.0	35.1	39.8	52.1	34.6	29.1	14.8	6.3	9.7	11.2	8.4
Breeding Stock & Orchard Development	0.1	2.3	3.6	2.6	3.8	3.6	3.1	3.7	3.1	4.6	3.5	2.5	4.2
Intellectual Property Products	28.3	4.7	29.6	40.7	51.7	38.0	30.8	23.2	30.1	62.4	25.9	24.0	12.7
Exports	10.8	3.3	9.3	11.3	11.9	11.0	10.5	13.6	17.4	21.4	18.8	20.6	6.2
Less: Imports	12.7	13.3	14.4	18.0	23.2	25.6	15.7	17.3	18.7	18.6	17.2	18.1	9.3
Gross Domestic Product	5.1	6.0	6.4	6.7	6.7	7.0	7.1	6.7	6.5	6.6	7.2	6.5	6.8
Gross National Income	4.6	5.4	6.2	7.0	7.2	6.9	6.7	6.0	6.3	6.6	7.3	6.1	6.4
	CONTRIBUTION TO GDP GROWTH (in percentage point)												
	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Household Final Consumption Expenditure	4.2	4.2	4.2	4.8	5.0	5.0	5.0	4.8	4.1	4.0	3.7	4.5	3.9
Government Final Consumption Expenditure	.	0.3	1.5	1.2	1.3	1.6	0.4	0.4	.	0.9	0.9	1.0	1.4
Capital Formation	3.5	4.9	3.4	4.0	7.6	6.4	5.5	4.5	3.4	1.9	2.9	2.5	3.9
Fixed Capital	3.1	2.6	3.7	5.1	6.9	6.7	6.5	4.8	4.0	1.8	2.2	2.7	2.8
Construction	0.4	1.4	0.9	1.1	1.0	1.5	1.6	0.7	1.0	0.5	0.3	0.6	0.9
Durable Equipment	2.5	1.1	2.5	3.7	5.5	4.9	4.5	3.9	2.7	0.8	1.6	1.8	1.6
Breeding Stock & Orchard Development	.	.	.	.	0.1	.	.	0.1	.	0.1	.	.	0.1
Intellectual Property Products	0.2	.	0.3	0.3	0.4	0.2	0.3	0.2	0.3	0.4	0.3	0.3	0.2
Exports	5.2	1.6	5.2	4.2	6.1	5.3	6.1	5.3	9.3	10.7	11.2	8.6	3.7
Less: Imports	6.5	5.8	8.1	7.9	12.7	12.0	9.5	8.4	11.8	10.2	11.3	9.7	6.6
Gross Domestic Product	5.1	6.0	6.4	6.7	6.7	7.0	7.1	6.7	6.5	6.6	7.2	6.5	6.8

Note: Total may not add up due to rounding.

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.

. Rounds off to zero

Source of basic data: Philippine Statistics Authority (PSA)

2 SELECTED LABOR, EMPLOYMENT AND WAGE INDICATORS

	2015		2016					2017					2018
	Average/ Total		Q1	Q2	Q3	Q4	Average/ Total	Q1	Q2	Q3 ^P	Q4 ^P	Average/ Total	Q1 ^P
	with Leyte	without Leyte	with Leyte	with Leyte	with Leyte	with Leyte	with Leyte	with Leyte	with Leyte	with Leyte	with Leyte	with Leyte	with Leyte
Employment Status¹													
Labor Force (in thousands)		41,343	43,144	43,289	43,286	43,724	43,361	42,109	42,714	42,543	43,739	42,777	44,075
Employed		38,741	40,689	40,664	40,954	41,685	40,998	39,347	40,271	40,170	41,551	40,335	41,755
Employment Created ²					1,777	1,910		-1,342	-393	-784	-134	-663	2,408
Agriculture					186	40		-881	125	-1,028	-1,427	-803	841
Industry					812	785		-1	41	434	374	212	719
Services					779	1,085		-460	-559	-189	920	-72	847
Unemployed		2,602	2,455	2,625	2,332	2,040	2,363	2,761	2,443	2,373	2,188	2,441	2,320
Underemployed		7,180	7,975	7,431	7,134	7,510	7,513	6,398	6,468	6,541	6,617	6,506	7,498
Labor Force Participation Rate (%)		63.7	63.6	63.5	63.2	63.6	63.5	60.7	61.4	60.6	62.1	61.2	62.2
Employment Rate (%)		93.7	94.3	93.9	94.6	95.3	94.6	93.4	94.3	94.4	95.0	94.3	94.7
Unemployment Rate (%)		6.3	5.7	6.1	5.4	4.7	5.4	6.6	5.7	5.6	5.0	5.7	5.3
Underemployment Rate (%)		18.5	19.6	18.3	17.4	18.0	18.3	16.3	16.1	16.3	15.9	16.1	18.0
NCR Labor Turnover Rate (%)		1.4	1.0	2.3	3.7	3.4	2.6	1.3	2.1	1.1			
Overseas Employment (Deployed, in thousands)		1,844					2,112						
Land-based		1,438					1,670						
Sea-based		407					443						
Strikes													
Number of New Strikes		5	0	3	5	7	15	2	4	3	0	9	2
Number of Workers Involved		730	0	650	283	2,173	3,106	352	693	434	0	1,479	310
Nominal Daily Wage Rates² (in pesos)													
Non-Agricultural													
NCR		481.0	481.0	491.0	491.0	491.0	491.0	491.0	491.0	491.0	512.0	512.0	512.0
Regions Outside NCR		362.5	362.5	364.0	378.5	378.5	378.5	378.5	380.0	380.0	380.0	380.0	380.0
Agricultural													
NCR													
Plantation		444.0	444.0	454.0	454.0	454.0	454.0	454.0	454.0	454.0	475.0	475.0	475.0
Non-Plantation		444.0	444.0	454.0	454.0	454.0	454.0	454.0	454.0	454.0	475.0	475.0	475.0
Regions Outside NCR													
Plantation		337.5	337.5	337.5	353.5	353.5	353.5	353.5	353.5	353.5	353.5	353.5	353.5
Non-Plantation		335.0	335.0	335.0	335.0	335.0	335.0	348.0	348.0	348.0	348.0	348.0	348.0
Real Daily Wage Rates³ (in pesos, 2006=100)													
Non-Agricultural													
NCR		363.8	364.7	369.2	366.1	361.6	361.6	357.9	358.1	349.7	360.3	360.3	449.9
Regions Outside NCR		257.8	259.1	250.7	268.3	265.2	265.2	262.1	254.4	253.2	251.2	251.2	333.6
Agricultural													
NCR													
Plantation		335.9	336.6	341.4	338.6	334.3	334.3	330.9	331.2	323.4	334.3	334.3	417.4
Non-Plantation		335.9	336.6	341.4	338.6	334.3	334.3	330.9	331.2	323.4	334.3	334.3	417.4
Regions Outside NCR													
Plantation		240.0	241.2	240.0	250.5	247.7	247.7	244.8	245.5	243.3	240.6	240.6	310.9
Non-Plantation		229.5	228.5	225.9	225.1	223.5	223.5	230.0	228.2	227.0	224.7	224.7	290.0

Note: Details may not add up due to rounding.

¹ Starting April 2016 round, the Labor Force Survey (LFS) adopted the 2013 Master Sample Design, with a sample size of approximately 44,000 households as well as the population projections based on the 2010 Census of Population and Housing (CPH). Meanwhile, previous survey rounds were derived using 2000 CPH population projections. Starting January 2017 round, Computer Aided Personal Interviewing (CAPI) using Tablet was utilized in the LFS enumeration.

² Source of data for both nominal and real wage rates is the National Wages and Productivity Commission. It includes basic minimum wage and cost of living allowance (COLA). Starting 2006, annual figures reflect December data. Figures outside NCR represent the highest nominal regional rates in a given category and its corresponding value in real terms.

³ Starting 10 November 1990, adjustments in the minimum legislated wage rates are being determined by the Regional Tripartite Wages Productivity Board.

Starting 2018, real terms is computed using 2012 as base year while previous data were computed using 2006 as base year.

^P Preliminary

^A Covers data from January to February only.

Sources of data: Philippine Overseas Employment Administration (POEA), National Wages and Productivity Commission (NWPC), National Conciliation and Mediation Board (NCMB), Department of Labor and Employment (DOLE) - Bureau of Local Employment (BLE) and Philippine Statistics Authority (PSA).

3 CASH OPERATIONS OF THE NATIONAL GOVERNMENT

for periods indicated; in billion pesos

	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenues	470.5	615.2	519.2	504.0	479.0	622.0	545.8	549.2	532.4	644.0	625.1	671.7	619.8
<i>Ratio to GDP</i>	15.5	18.5	16.3	13.3	14.7	17.2	15.7	13.3	14.9	16.3	16.4	15.0	15.8
Tax	403.7	489.4	462.7	459.8	425.3	557.6	489.7	507.7	480.0	589.0	570.0	611.8	558.7
Non-tax	66.9	125.8	56.6	44.2	53.6	64.4	56.1	41.4	52.4	55.0	55.1	59.9	61.1
Expenditures	504.0	567.9	558.5	600.1	591.5	629.8	639.2	688.9	615.4	715.5	683.7	809.2	772.0
<i>Ratio to GDP</i>	16.6	17.1	17.5	15.9	18.1	17.4	18.3	16.7	17.2	18.1	17.9	18.1	19.7
Interest Payments	100.6	55.5	99.6	53.6	102.6	51.1	96.1	54.7	97.9	53.7	97.4	61.6	97.2
Equity	0.1	0.2	.	0.4	8.2	0.3	.	3.2	0.0	3.2	.	2.1	2.0
Net Lending	2.2	0.4	1.8	5.2	3.5	0.6	-0.4	11.6	-1.7	0.4	-4.1	1.2	-0.2
Subsidy	3.7	40.3	11.8	22.2	8.2	28.4	45.8	20.8	19.7	38.6	25.4	47.5	45.3
Allotment to LGUs	97.1	96.8	96.8	96.8	121.7	108.5	108.1	111.5	122.4	151.3	128.3	128.2	148.7
Tax Expenditures	5.6	1.9	0.5	5.6	0.1	3.5	0.9	7.8	0.2	1.4	0.7	1.2	1.6
Others	294.7	372.8	347.9	416.2	347.1	437.6	388.8	479.3	377.0	466.9	436.1	567.5	477.4
Surplus/Deficit (-)	-33.5	47.3	-39.3	-96.1	-112.5	-7.8	-93.4	-139.7	-83.0	-71.5	-58.6	-137.6	-152.2
<i>Ratio to GDP</i>	-1.1	1.4	-1.2	-2.5	-3.4	-0.2	-2.7	-3.4	-2.3	-1.8	-1.5	-3.1	-3.9
Primary Balance	67.1	102.8	60.3	-42.5	-9.9	43.3	2.7	-85.0	14.9	-17.8	38.8	-76.0	-55.0
<i>Ratio to GDP</i>	2.2	3.1	1.9	-1.1	-0.3	1.2	0.1	-2.1	0.4	-0.5	1.0	-1.7	-1.4
Financing ¹	-9.3	24.8	60.7	16.7	86.3	25.0	109.1	0.5	87.4	261.4	106.0	209.1	145.9
External Borrowings	22.6	28.2	-0.6	14.5	14.6	-7.4	-5.6	-25.8	29.8	-1.6	9.3	-9.9	84.6
Domestic Borrowings	-31.9	-3.5	61.3	2.2	71.6	32.4	114.7	26.3	57.7	263.0	96.6	219.0	61.3
Total Change in Cash: Deposit/Withdrawal (-)	30.7	29.8	23.4	-85.5	-116.3	-9.2	-15.7	-116.4	50.5	126.3	-24.0	102.7	-61.9
Budgetary	-42.8	72.0	21.4	-79.4	-26.2	17.2	15.7	-139.2	4.5	189.9	47.4	71.6	-6.3
Non-Budgetary Accounts ²	73.6	-42.2	2.0	-6.1	-90.1	-26.4	-31.4	22.7	46.0	-63.6	-71.4	31.1	-55.6

Note: Details may not add up due to rounding.

. rounds off to zero

¹ Starting 2018, the NG Cash Operations Report follows the Government Finance Statistics Manual (GFSM) 2014 concept wherein reporting of debt amortization reflect the actual principal repayments to creditor including those serviced by the Bond Sinking Fund (BSF); while financing includes gross proceeds of liability management transactions such as bond exchanges.

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.

Source of Data: Bureau of the Treasury (BT)

4 CONSUMER PRICE INDEX IN THE PHILIPPINES (2012=100)

for periods indicated; quarterly averages

	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
All Items	106.8	106.9	107.0	107.3	107.5	108.0	108.6	109.4	110.6	111.0	111.5	112.7	114.8
Food and Non-Alcoholic Beverages	110.5	109.9	110.5	111.2	111.5	111.4	112.4	113.7	114.7	114.9	115.7	117.4	120.4
Food	111.0	110.3	110.9	111.6	111.9	111.9	112.8	114.3	115.3	115.6	116.4	118.2	121.1
Alcoholic Beverages, Tobacco and Other													
Vegetable-Based Tobacco Products	138.6	139.6	140.3	141.3	143.5	145.3	147.5	149.7	153.6	155.8	157.5	159.5	178.0
Non-Food	103.6	104.2	103.9	103.9	103.9	104.7	105.2	105.6	106.8	107.4	107.6	108.5	109.6
Clothing and Footwear	108.8	109.3	109.7	110.1	110.7	111.3	112.2	113.0	113.8	114.3	114.8	115.2	116.1
Housing, Water, Electricity, Gas and Other Fuels	103.5	104.0	102.8	102.3	102.7	103.4	103.9	104.2	105.7	106.4	106.0	107.5	108.6
Electricity, Gas and Other Fuels	97.6	98.1	94.1	91.9	90.8	91.5	91.6	91.8	95.5	96.9	94.9	98.4	99.6
Furnishings, Household Equipment and													
Routine Household Maintenance	107.7	108.2	108.4	108.7	109.3	109.8	110.6	111.2	111.9	112.4	113.0	113.5	114.6
Health	106.6	106.9	107.4	107.8	108.3	109.0	109.9	110.8	111.8	112.2	112.6	112.9	114.3
Transport	94.5	96.0	95.0	94.8	92.7	93.9	93.6	95.1	97.4	98.2	98.5	100.0	102.2
Operation of Personal Transport Equipment	78.6	82.8	79.1	76.6	70.8	75.6	75.1	77.6	82.2	80.7	82.2	87.0	92.9
Communication	100.2	100.1	100.1	100.2	100.3	100.4	100.5	100.6	100.7	100.7	100.8	100.9	100.9
Recreation and Culture	107.9	108.0	108.2	108.4	108.6	108.9	109.3	109.5	109.7	110.0	111.0	110.9	111.2
Education	110.8	111.9	114.2	114.3	114.3	115.3	117.5	117.8	117.9	118.5	120.0	120.0	120.0
Restaurants and Miscellaneous Goods and Services	105.2	105.4	105.7	106.3	106.6	107.4	107.7	108.1	108.6	108.9	109.6	110.1	111.4

Quarter-on-Quarter Change (in percent)

	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
All Items	-0.2	0.1	0.1	0.3	0.2	0.5	0.6	0.7	1.1	0.4	0.5	1.1	1.9
Food and Non-Alcoholic Beverages	0.2	-0.5	0.5	0.6	0.3	-0.1	0.9	1.2	0.9	0.2	0.7	1.5	2.6
Food	0.2	-0.6	0.5	0.6	0.3	0.0	0.8	1.3	0.9	0.3	0.7	1.5	2.5
Alcoholic Beverages, Tobacco and Other													
Vegetable-Based Tobacco Products	0.9	0.7	0.5	0.7	1.6	1.3	1.5	1.5	2.6	1.4	1.1	1.3	11.6
Non-Food	-0.4	0.6	-0.3	0.0	0.0	0.8	0.5	0.4	1.1	0.6	0.2	0.8	1.0
Clothing and Footwear	0.6	0.5	0.4	0.4	0.5	0.5	0.8	0.7	0.7	0.4	0.4	0.3	0.8
Housing, Water, Electricity, Gas and Other Fuels	-0.1	0.5	-1.2	-0.5	0.4	0.7	0.5	0.3	1.4	0.7	-0.4	1.4	1.0
Electricity, Gas and Other Fuels	-2.9	0.5	-4.1	-2.3	-1.2	0.8	0.1	0.2	4.0	1.5	-2.1	3.7	1.2
Furnishings, Household Equipment and													
Routine Household Maintenance	0.5	0.5	0.2	0.3	0.6	0.5	0.7	0.5	0.6	0.4	0.5	0.4	1.0
Health	0.6	0.3	0.5	0.4	0.5	0.6	0.8	0.8	0.9	0.4	0.4	0.3	1.2
Transport	-4.0	1.6	-1.0	-0.2	-2.2	1.3	-0.3	1.6	2.4	0.8	0.3	1.5	2.2
Operation of Personal Transport Equipment	-13.6	5.3	-4.5	-3.2	-7.6	6.8	-0.7	3.3	5.9	-1.8	1.9	5.8	6.8
Communication	0.0	-0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.0
Recreation and Culture	0.2	0.1	0.2	0.2	0.2	0.3	0.4	0.2	0.2	0.3	0.9	-0.1	0.3
Education	0.0	1.0	2.1	0.1	0.0	0.9	1.9	0.3	0.1	0.5	1.3	0.0	0.0
Restaurants and Miscellaneous Goods and Services	0.4	0.2	0.3	0.6	0.3	0.8	0.3	0.4	0.5	0.3	0.6	0.5	1.2

Year-on-Year Change (in percent)

	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
All Items	1.5	0.9	-0.1	0.3	0.7	1.0	1.5	2.0	2.9	2.8	2.7	3.0	3.8
Food and Non-Alcoholic Beverages	4.0	2.4	0.5	0.8	0.9	1.4	1.7	2.2	2.9	3.1	2.9	3.3	5.0
Food	4.2	2.5	0.4	0.7	0.8	1.5	1.7	2.4	3.0	3.3	3.2	3.4	5.0
Alcoholic Beverages, Tobacco and Other													
Vegetable-Based Tobacco Products	3.2	2.9	2.9	2.9	3.5	4.1	5.1	5.9	7.0	7.2	6.8	6.5	15.9
Non-Food	-0.2	-0.1	-0.6	-0.1	0.3	0.5	1.3	1.6	2.8	2.6	2.3	2.7	2.6
Clothing and Footwear	3.3	2.7	2.1	1.9	1.7	1.8	2.3	2.6	2.8	2.7	2.3	1.9	2.0
Housing, Water, Electricity, Gas and Other Fuels	-1.0	-1.0	-1.4	-1.3	-0.8	-0.6	1.1	1.9	2.9	2.9	2.0	3.2	2.7
Electricity, Gas and Other Fuels	-8.1	-7.5	-8.7	-8.6	-7.0	-6.7	-2.7	-0.1	5.2	5.9	3.6	7.2	4.3
Furnishings, Household Equipment and													
Routine Household Maintenance	2.3	2.2	1.6	1.4	1.5	1.5	2.0	2.3	2.4	2.4	2.2	2.1	2.4
Health	2.4	2.2	1.8	1.7	1.6	2.0	2.3	2.8	3.2	2.9	2.5	1.9	2.2
Transport	-6.6	-5.1	-6.3	-3.7	-1.9	-2.2	-1.5	0.3	5.1	4.6	5.2	5.2	4.9
Operation of Personal Transport Equipment	-23.5	-19.1	-21.0	-15.8	-9.9	-8.7	-5.1	1.3	16.1	6.7	9.5	12.1	13.0
Communication	0.0	-0.1	-0.2	0.0	0.1	0.3	0.4	0.4	0.4	0.3	0.3	0.3	0.2
Recreation and Culture	1.0	0.8	0.6	0.6	0.6	0.8	1.0	1.0	1.0	1.0	1.6	1.3	1.4
Education	4.6	4.1	3.2	3.2	3.2	3.0	2.9	3.1	3.1	2.8	2.1	1.9	1.8
Restaurants and Miscellaneous Goods and Services	1.5	1.4	1.3	1.4	1.3	1.9	1.9	1.7	1.9	1.4	1.8	1.9	2.6

4a CONSUMER PRICE INDEX IN THE NATIONAL CAPITAL REGION (2012=100)

for periods indicated; quarterly averages

	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
All Items	104.5	104.4	104.4	104.3	104.2	104.6	105.3	106.2	107.6	108.5	109.0	110.8	112.8
Food and Non-Alcoholic Beverages	110.0	109.0	110.5	111.3	111.4	111.9	113.5	116.2	117.5	118.7	119.6	122.1	125.2
Food	110.6	109.4	111.1	112.0	112.1	112.6	114.4	117.4	118.8	120.1	121.0	123.7	126.8
Alcoholic Beverages, Tobacco and Other													
Vegetable-Based Tobacco Products	129.9	130.6	131.1	131.1	132.7	134.4	137.0	138.2	143.0	147.2	149.0	150.3	172.0
Non-Food	101.8	102.1	101.5	101.1	100.7	101.1	101.4	101.6	103.0	103.6	104.1	105.6	106.8
Clothing and Footwear	110.6	111.1	111.5	111.7	112.0	112.7	113.5	113.9	114.7	115.7	116.3	116.7	117.4
Housing, Water, Electricity, Gas and Other Fuels	100.8	100.9	99.2	98.2	98.0	98.0	98.0	97.8	99.5	100.2	99.7	102.3	103.8
Electricity, Gas and Other Fuels	90.8	89.4	81.6	78.0	77.4	76.8	76.3	75.6	81.8	83.7	79.5	86.2	87.3
Furnishings, Household Equipment and													
Routine Household Maintenance	108.6	108.7	108.9	108.9	109.0	109.3	110.2	110.7	111.1	112.1	112.6	113.0	113.8
Health	109.1	109.1	109.7	109.8	110.0	110.3	110.7	111.1	112.2	113.2	114.5	114.5	115.3
Transport	92.4	93.4	92.1	91.8	89.2	89.9	89.8	91.3	95.0	96.0	97.7	99.5	101.3
Operation of Personal Transport Equipment	77.3	81.2	77.0	75.1	69.8	74.9	74.6	78.2	83.4	81.6	85.0	90.8	95.5
Communication	100.3	100.3	100.3	100.3	100.3	100.5	100.5	100.5	100.6	100.7	100.8	100.8	100.9
Recreation and Culture	106.6	106.9	107.3	107.4	107.5	108.1	108.8	108.9	109.2	109.7	110.1	110.2	110.4
Education	111.3	112.8	115.7	115.7	115.7	116.9	119.2	119.2	119.2	119.8	121.1	121.1	121.1
Restaurants and Miscellaneous Goods and Services	102.1	102.2	102.3	102.4	102.6	103.4	103.5	103.8	104.3	104.8	105.9	106.7	108.0
Quarter-on-Quarter Change (in percent)													
	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
All Items	-0.2	-0.1	0.0	-0.1	-0.1	0.4	0.7	0.9	1.3	0.8	0.5	1.7	1.8
Food and Non-Alcoholic Beverages	-0.1	-0.9	1.4	0.7	0.1	0.4	1.4	2.4	1.1	1.0	0.8	2.1	2.5
Food	-0.2	-1.1	1.6	0.8	0.1	0.4	1.6	2.6	1.2	1.1	0.7	2.2	2.5
Alcoholic Beverages, Tobacco and Other													
Vegetable-Based Tobacco Products	0.7	0.5	0.4	0.0	1.2	1.3	1.9	0.9	3.5	2.9	1.2	0.9	14.4
Non-Food	-0.2	0.3	-0.6	-0.4	-0.4	0.4	0.3	0.2	1.4	0.6	0.5	1.4	1.1
Clothing and Footwear	0.9	0.5	0.4	0.2	0.3	0.6	0.7	0.4	0.7	0.9	0.5	0.3	0.6
Housing, Water, Electricity, Gas and Other Fuels	0.6	0.1	-1.7	-1.0	-0.2	0.0	0.0	-0.2	1.7	0.7	-0.5	2.6	1.5
Electricity, Gas and Other Fuels	-2.6	-1.5	-8.7	-4.4	-0.8	-0.8	-0.7	-0.9	8.2	2.3	-5.0	8.4	1.3
Furnishings, Household Equipment and													
Routine Household Maintenance	-0.1	0.1	0.2	0.0	0.1	0.3	0.8	0.5	0.4	0.9	0.4	0.4	0.7
Health	0.9	0.0	0.5	0.1	0.2	0.3	0.4	0.4	1.0	0.9	1.1	0.0	0.7
Transport	-5.4	1.1	-1.4	-0.3	-2.8	0.8	-0.1	1.7	4.1	1.1	1.8	1.8	1.8
Operation of Personal Transport Equipment	-13.0	5.0	-5.2	-2.5	-7.1	7.3	-0.4	4.8	6.6	-2.2	4.2	6.8	5.2
Communication	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.1	0.1	0.1	0.0	0.1
Recreation and Culture	0.4	0.3	0.4	0.1	0.1	0.6	0.6	0.1	0.3	0.5	0.4	0.1	0.2
Education	0.0	1.3	2.6	0.0	0.0	1.0	2.0	0.0	0.0	0.5	1.1	0.0	0.0
Restaurants and Miscellaneous Goods and Services	0.3	0.1	0.1	0.1	0.2	0.8	0.1	0.3	0.5	0.5	1.0	0.8	1.2
Year-on-Year Change (in percent)													
	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
All Items	0.8	0.1	-0.8	-0.4	-0.3	0.2	0.9	1.8	3.3	3.7	3.5	4.3	4.8
Food and Non-Alcoholic Beverages	3.6	1.9	0.5	1.1	1.3	2.7	2.7	4.4	5.5	6.1	5.4	5.1	6.6
Food	3.8	1.9	0.5	1.1	1.4	2.9	3.0	4.8	6.0	6.7	5.8	5.4	6.7
Alcoholic Beverages, Tobacco and Other													
Vegetable-Based Tobacco Products	2.6	2.1	2.1	1.6	2.2	2.9	4.5	5.4	7.8	9.5	8.8	8.8	20.3
Non-Food	-0.5	-0.8	-1.4	-0.9	-1.1	-1.0	-0.1	0.5	2.3	2.5	2.7	3.9	3.7
Clothing and Footwear	4.6	3.8	3.0	1.9	1.3	1.4	1.8	2.0	2.4	2.7	2.5	2.5	2.4
Housing, Water, Electricity, Gas and Other Fuels	-1.2	-1.7	-2.3	-2.0	-2.8	-2.9	-1.2	-0.4	1.5	2.2	1.7	4.6	4.3
Electricity, Gas and Other Fuels	-11.2	-12.9	-16.8	-16.3	-14.8	-14.1	-6.5	-3.1	5.7	9.0	4.2	14.0	6.7
Furnishings, Household Equipment and													
Routine Household Maintenance	2.1	1.3	0.7	0.2	0.4	0.6	1.2	1.7	1.9	2.6	2.2	2.1	2.4
Health	3.5	3.1	1.7	1.6	0.8	1.1	0.9	1.2	2.0	2.6	3.4	3.1	2.8
Transport	-8.4	-7.4	-9.4	-6.0	-3.5	-3.7	-2.5	-0.5	6.5	6.8	8.8	9.0	6.6
Operation of Personal Transport Equipment	-24.6	-19.8	-22.1	-15.5	-9.7	-7.8	-3.1	4.1	19.5	8.9	13.9	16.1	14.5
Communication	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.3	0.2	0.3	0.3	0.3
Recreation and Culture	1.7	1.3	1.1	1.1	0.8	1.1	1.4	1.4	1.6	1.5	1.2	1.2	1.1
Education	5.3	4.8	4.0	4.0	4.0	3.6	3.0	3.0	3.0	2.5	1.6	1.6	1.6
Restaurants and Miscellaneous Goods and Services	0.8	0.7	0.5	0.6	0.5	1.2	1.2	1.4	1.7	1.4	2.3	2.8	3.5

4b CONSUMER PRICE INDEX IN AREAS OUTSIDE THE NATIONAL CAPITAL REGION (2012=100)

for periods indicated; quarterly averages

	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
All Items	107.5	107.7	107.8	108.1	108.4	108.9	109.5	110.4	111.4	111.8	112.2	113.3	115.4
Food and Non-Alcoholic Beverages	110.6	110.1	110.5	111.1	111.5	111.4	112.1	113.2	114.1	114.2	114.9	116.4	119.4
Food	111.0	110.5	110.9	111.5	111.9	111.7	112.5	113.7	114.6	114.7	115.4	117.1	120.0
Alcoholic Beverages, Tobacco and Other													
Vegetable-Based Tobacco Products	140.5	141.5	142.2	143.4	145.7	147.5	149.7	152.1	155.8	157.6	159.3	161.4	179.2
Non-Food	104.3	104.9	104.8	104.9	105.0	106.0	106.5	107.1	108.2	108.7	108.8	109.5	110.7
Clothing and Footwear	108.4	108.8	109.2	109.7	110.4	110.9	111.9	112.7	113.6	113.9	114.4	114.8	115.7
Housing, Water, Electricity, Gas and Other Fuels	104.6	105.2	104.3	104.1	104.7	105.7	106.4	106.8	108.3	109.0	108.6	109.6	110.6
Electricity, Gas and Other Fuels	99.8	101.0	98.2	96.4	95.2	96.3	96.5	97.0	100.0	101.3	99.9	102.3	103.6
Furnishings, Household Equipment and													
Routine Household Maintenance	107.4	108.0	108.3	108.6	109.4	110.0	110.8	111.4	112.1	112.5	113.1	113.6	114.8
Health	106.1	106.4	106.9	107.4	108.0	108.7	109.7	110.7	111.7	111.9	112.2	112.5	114.0
Transport	95.1	96.7	95.9	95.7	93.7	95.2	94.8	96.3	98.1	98.8	98.7	100.1	102.5
Operation of Personal Transport Equipment	79.0	83.2	79.8	77.0	71.1	75.8	75.2	77.4	81.7	80.4	81.3	85.8	92.1
Communication	100.1	100.0	100.0	100.2	100.3	100.4	100.5	100.7	100.7	100.7	100.8	100.9	100.9
Recreation and Culture	108.3	108.4	108.5	108.7	109.0	109.2	109.4	109.7	109.8	110.0	111.2	111.1	111.4
Education	110.6	111.6	113.7	113.8	113.8	114.8	117.0	117.3	117.5	118.1	119.7	119.7	119.7
Restaurants and Miscellaneous Goods and Services	106.3	106.7	107.1	107.8	108.2	108.9	109.4	109.8	110.3	110.5	111.0	111.5	112.7
Quarter-on-Quarter Change (in percent)													
	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
All Items	-0.1	0.2	0.1	0.3	0.3	0.5	0.6	0.8	0.9	0.4	0.4	1.0	1.9
Food and Non-Alcoholic Beverages	0.2	-0.5	0.4	0.5	0.4	-0.1	0.6	1.0	0.8	0.1	0.6	1.3	2.6
Food	0.2	-0.5	0.4	0.5	0.4	-0.2	0.7	1.1	0.8	0.1	0.6	1.5	2.5
Alcoholic Beverages, Tobacco and Other													
Vegetable-Based Tobacco Products	1.1	0.7	0.5	0.8	1.6	1.2	1.5	1.6	2.4	1.2	1.1	1.3	11.0
Non-Food	-0.5	0.6	-0.1	0.1	0.1	1.0	0.5	0.6	1.0	0.5	0.1	0.6	1.1
Clothing and Footwear	0.6	0.4	0.4	0.5	0.6	0.5	0.9	0.7	0.8	0.3	0.4	0.3	0.8
Housing, Water, Electricity, Gas and Other Fuels	-0.5	0.6	-0.9	-0.2	0.6	1.0	0.7	0.4	1.4	0.6	-0.4	0.9	0.9
Electricity, Gas and Other Fuels	-3.0	1.2	-2.8	-1.8	-1.2	1.2	0.2	0.5	3.1	1.3	-1.4	2.4	1.3
Furnishings, Household Equipment and													
Routine Household Maintenance	0.7	0.6	0.3	0.3	0.7	0.5	0.7	0.5	0.6	0.4	0.5	0.4	1.1
Health	0.5	0.3	0.5	0.5	0.6	0.6	0.9	0.9	0.9	0.2	0.3	0.3	1.3
Transport	-3.5	1.7	-0.8	-0.2	-2.1	1.6	-0.4	1.6	1.9	0.7	-0.1	1.4	2.4
Operation of Personal Transport Equipment	-13.8	5.3	-4.1	-3.5	-7.7	6.6	-0.8	2.9	5.6	-1.6	1.1	5.5	7.3
Communication	-0.1	-0.1	0.0	0.2	0.1	0.1	0.1	0.2	0.0	0.0	0.1	0.1	0.0
Recreation and Culture	0.1	0.1	0.1	0.2	0.3	0.2	0.2	0.3	0.1	0.2	1.1	-0.1	0.3
Education	0.0	0.9	1.9	0.1	0.0	0.9	1.9	0.3	0.2	0.5	1.4	0.0	0.0
Restaurants and Miscellaneous Goods and Services	0.4	0.4	0.4	0.7	0.4	0.6	0.5	0.4	0.5	0.2	0.5	0.5	1.1
Year-on-Year Change (in percent)													
	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
All Items	1.7	1.2	0.2	0.5	0.8	1.1	1.6	2.1	2.8	2.7	2.5	2.6	3.6
Food and Non-Alcoholic Beverages	4.0	2.5	0.5	0.6	0.8	1.2	1.4	1.9	2.3	2.5	2.5	2.8	4.6
Food	4.2	2.6	0.5	0.6	0.8	1.1	1.4	2.0	2.4	2.7	2.6	3.0	4.7
Alcoholic Beverages, Tobacco and Other													
Vegetable-Based Tobacco Products	3.4	3.1	3.1	3.2	3.7	4.2	5.3	6.1	6.9	6.8	6.4	6.1	15.0
Non-Food	-0.1	0.1	-0.2	0.1	0.7	1.0	1.6	2.1	3.0	2.5	2.2	2.2	2.3
Clothing and Footwear	3.0	2.4	1.9	1.9	1.8	1.9	2.5	2.7	2.9	2.7	2.2	1.9	1.8
Housing, Water, Electricity, Gas and Other Fuels	-0.9	-0.8	-1.1	-1.0	0.1	0.5	2.0	2.6	3.4	3.1	2.1	2.6	2.1
Electricity, Gas and Other Fuels	-7.2	-5.7	-6.2	-6.3	-4.6	-4.7	-1.7	0.6	5.0	5.2	3.5	5.5	3.6
Furnishings, Household Equipment and													
Routine Household Maintenance	2.4	2.4	2.0	1.8	1.9	1.9	2.3	2.6	2.5	2.3	2.1	2.0	2.4
Health	2.2	2.0	1.8	1.7	1.8	2.2	2.6	3.1	3.4	2.9	2.3	1.6	2.1
Transport	-6.0	-4.5	-5.3	-2.9	-1.5	-1.6	-1.1	0.6	4.7	3.8	4.1	3.9	4.5
Operation of Personal Transport Equipment	-23.2	-18.9	-20.7	-16.0	-10.0	-8.9	-5.8	0.5	14.9	6.1	8.1	10.9	12.7
Communication	-0.1	-0.2	-0.3	0.0	0.2	0.4	0.5	0.5	0.4	0.3	0.3	0.2	0.2
Recreation and Culture	0.8	0.7	0.5	0.5	0.6	0.7	0.8	0.9	0.7	0.7	1.6	1.3	1.5
Education	4.4	3.9	2.9	2.9	2.9	2.9	2.9	3.1	3.3	2.9	2.3	2.0	1.9
Restaurants and Miscellaneous Goods and Services	1.7	1.7	1.7	1.8	1.8	2.1	2.1	1.9	1.9	1.5	1.5	1.5	2.2

5 MONETARY INDICATORS¹
as of periods indicated; in billion pesos

	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
A. Liquidity													
1. M4 (2 + 7)	9,016.9	9,126.2	9,334.3	9,888.7	10,031.8	10,254.7	10,459.2	11,214.6	11,288.2	11,658.4	12,052.5	12,486.3	12,791.3
2. M3: Broad Money Liabilities (3 + 6)	7,650.0	7,755.4	7,851.4	8,429.9	8,542.0	8,728.1	8,860.7	9,506.0	9,544.7	9,898.2	10,173.6	10,635.7	10,914.9
% to GDP	59.8	59.8	59.9	63.3	63.0	63.0	62.7	65.6	64.6	65.5	65.8	67.3	67.6
3. M2 (4 + 5)	7,344.3	7,434.5	7,510.8	8,067.3	8,219.0	8,412.6	8,525.7	9,140.4	9,189.7	9,532.3	9,772.7	10,201.9	10,477.3
% to GDP	57.4	57.3	57.3	60.6	60.7	60.8	60.3	63.1	62.2	63.1	63.3	64.5	64.9
4. M1: Currency Outside Depository Corporations and Transferable Deposits (Narrow Money)	2,312.1	2,379.2	2,453.3	2,667.6	2,712.4	2,794.2	2,858.8	3,069.5	3,113.4	3,241.1	3,335.5	3,550.9	3,666.2
% to GDP	18.1	18.3	18.7	20.0	20.0	20.2	20.2	21.2	21.1	21.4	21.6	22.5	22.7
a. Currency Outside Depository Corporations (Currency in Circulation)	658.9	653.8	670.0	791.4	766.3	776.9	795.6	921.0	888.1	901.1	926.1	1,047.6	1,056.7
b. Transferable Deposits (Demand Deposits)	1,653.2	1,725.4	1,783.3	1,876.2	1,946.1	2,017.3	2,063.2	2,148.5	2,225.3	2,340.1	2,409.4	2,503.3	2,609.5
5. Other Deposits Included in Broad Money	5,032.2	5,055.3	5,057.5	5,399.7	5,506.6	5,618.4	5,666.9	6,071.0	6,076.3	6,291.2	6,437.2	6,651.1	6,811.1
a. Savings Deposits	3,209.8	3,269.9	3,357.5	3,586.9	3,702.9	3,824.2	3,898.5	4,100.8	4,083.7	4,187.5	4,268.0	4,408.9	4,470.6
b. Time Deposits	1,822.4	1,785.4	1,700.0	1,812.8	1,803.7	1,794.1	1,768.4	1,970.2	1,992.6	2,103.6	2,169.2	2,242.2	2,340.5
6. Securities Other Than Shares Included in Broad Money (Deposit Substitutes)	305.6	320.9	340.7	362.7	323.0	315.5	335.0	365.5	355.0	365.8	400.9	433.8	437.6
7. Transferable and Other Deposits in Foreign Currency (FCU Deposits - Residents)	1,366.9	1,370.8	1,482.8	1,458.8	1,489.8	1,526.7	1,598.6	1,708.6	1,743.5	1,760.2	1,878.9	1,850.6	1,876.4
8. Liabilities Excluded from Broad Money (Other Liabilities)	1,856.1	1,860.1	2,015.3	1,971.1	2,144.4	2,374.9	2,642.8	2,294.3	2,494.9	2,380.7	2,484.6	2,391.3	2,598.0
B. Domestic Claims	6,997.4	7,114.6	7,387.2	7,861.0	8,075.9	8,332.2	8,608.4	9,199.9	9,405.0	9,622.8	10,037.1	10,474.3	10,767.7
1. Net Claims on Central Government	1,096.9	1,124.5	1,209.0	1,261.7	1,447.1	1,414.7	1,490.5	1,603.0	1,664.6	1,614.8	1,638.9	1,635.2	1,781.3
Claims on Central Government	1,862.6	1,926.4	2,019.0	1,992.6	2,066.8	2,043.1	2,108.8	2,097.0	2,206.5	2,314.3	2,311.3	2,400.0	2,488.7
Less: Liabilities to Central Government	765.7	801.9	810.0	730.9	619.7	628.4	618.3	494.0	541.9	699.5	672.4	764.8	707.4
2. Claims on Other Sectors	5,900.4	5,990.1	6,178.2	6,599.3	6,628.8	6,917.5	7,117.9	7,596.8	7,740.4	8,008.0	8,398.2	8,839.1	9,986.5
Claims on Other Financial Corporations	628.2	628.8	667.9	680.5	689.9	722.7	724.0	770.8	792.7	780.2	836.0	825.0	875.8
Claims on State and Local Government	70.5	70.6	74.0	76.6	77.8	80.5	81.9	82.8	82.5	85.3	80.5	81.1	81.9
Claims on Public Nonfinancial Corporations	271.9	274.2	281.4	278.0	282.1	286.8	277.2	256.8	257.4	265.0	303.9	284.6	280.7
Claims on Private Sector	4,929.9	5,016.5	5,154.9	5,564.2	5,578.9	5,827.5	6,034.8	6,486.4	6,607.8	6,877.5	7,177.8	7,548.4	7,748.1
C. Net Foreign Assets	3,875.6	3,871.7	3,962.4	3,998.8	4,100.3	4,297.4	4,493.7	4,309.0	4,378.1	4,416.3	4,500.0	4,403.2	4,626.1
1. Bangko Sentral ng Pilipinas	3,568.8	3,598.5	3,731.8	3,762.8	3,778.5	3,970.4	4,136.4	3,946.6	3,992.3	4,031.5	4,042.2	4,003.6	4,130.0
Claims on Non-Residents	3,627.5	3,671.8	3,806.9	3,837.3	3,852.5	4,045.5	4,214.3	4,023.8	4,071.3	4,111.9	4,124.7	4,084.7	4,216.6
Less: Liabilities to Non-Residents	70.8	73.2	75.0	74.4	74.0	75.1	77.9	77.2	79.0	80.4	82.4	81.1	86.6
2. Other Depository Corporations	318.9	273.2	230.5	235.9	321.8	327.0	357.3	362.4	385.7	384.8	457.8	399.6	491.6
Claims on Non-Residents	964.1	951.0	985.1	1,023.9	1,070.9	1,108.2	1,134.4	1,211.6	1,229.5	1,245.9	1,304.2	1,296.0	1,367.4
Less: Liabilities to Non-Residents	645.3	677.7	754.5	787.9	749.1	781.2	777.2	849.3	843.7	861.2	846.4	896.3	875.9

	ANNUAL GROWTH RATES (in percent)												
	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
A. Liquidity													
1. M4 (2 + 7)	9.8	9.3	9.5	9.3	11.3	12.4	12.1	13.4	12.5	13.7	15.2	11.3	13.3
2. M3: Broad Money Liabilities (3 + 6)	8.8	9.2	8.8	9.4	11.7	12.5	12.9	12.8	11.7	13.4	14.8	11.9	14.4
3. M2 (4 + 5)	8.1	8.3	8.1	9.1	11.9	13.2	13.5	13.3	11.8	13.3	14.6	11.6	14.0
4. M1: Currency Outside Depository Corporations and Transferable Deposits (Narrow Money)	12.7	12.9	15.0	15.2	17.3	17.4	16.5	15.1	14.8	16.0	16.7	15.7	17.8
a. Currency Outside Depository Corporations (Currency in Circulation)	12.4	12.7	13.9	10.9	16.3	18.8	18.7	16.4	15.9	16.0	16.4	13.8	19.0
b. Transferable Deposits (Demand Deposits)	12.8	13.0	15.3	17.1	17.7	16.9	15.7	14.5	14.3	16.0	16.8	16.5	17.3
5. Other Deposits Included in Broad Money	6.1	6.3	5.0	6.3	9.4	11.1	12.1	12.4	10.3	12.0	13.6	9.6	12.1
a. Savings Deposits	4.1	8.7	9.1	12.4	15.4	17.0	16.1	14.3	10.3	9.5	9.5	7.5	9.5
b. Time Deposits	9.8	2.0	-2.2	-4.0	-1.0	0.5	4.0	8.7	10.5	17.3	22.7	13.8	17.5
6. Securities Other Than Shares Included in Broad Money (Deposit Substitutes)	30.9	36.1	26.2	17.9	5.7	-1.7	-1.7	0.8	9.9	16.0	19.7	18.7	23.3
7. Transferable and Other Deposits in Foreign Currency (FCU Deposits - Residents)	15.3	9.5	13.7	8.3	9.0	11.4	7.8	17.1	17.0	15.3	17.5	8.3	7.6
8. Liabilities Excluded from Broad Money (Other Liabilities)	9.6	8.9	12.5	12.4	15.5	27.7	31.1	16.4	16.3	0.2	-6.0	4.2	4.1
B. Domestic Claims	10.5	9.9	11.8	11.5	15.4	17.1	16.5	17.0	16.5	15.5	16.6	13.9	14.5
1. Net Claims on Central Government	-7.7	1.3	17.0	12.7	31.9	25.8	23.3	27.1	15.0	14.1	10.0	2.0	7.0
Claims on Central Government	7.4	11.1	16.1	7.0	11.0	6.1	4.5	5.2	6.8	13.3	9.6	14.4	12.8
Less: Liabilities to Central Government	40.1	28.7	14.9	-1.7	-19.1	-21.6	-23.7	-32.4	-12.6	11.3	8.7	54.8	30.5
2. Claims on Other Sectors	14.7	11.7	10.9	11.2	12.3	15.5	15.2	13.1	16.8	15.8	18.0	16.4	16.1
Claims on Other Financial Corporations	12.3	9.4	8.8	8.0	9.8	14.9	8.4	13.3	14.9	8.0	15.5	20.0	10.5
Claims on State and Local Government	-3.8	-1.8	5.1	7.2	10.5	14.1	10.6	8.1	6.0	5.9	-1.6	-2.1	-0.8
Claims on Public Nonfinancial Corporations	2.5	1.1	5.0	3.2	3.8	4.6	-1.5	-7.6	-8.8	-7.6	9.6	10.8	9.1
Claims on Private Sector	16.1	12.8	11.6	12.1	13.2	16.2	17.1	16.6	18.4	18.0	18.9	16.4	17.3
C. Net Foreign Assets	8.4	8.0	6.8	6.6	5.8	11.0	13.4	7.8	6.8	2.8	0.1	2.2	5.6
1. Bangko Sentral ng Pilipinas	1.0	3.5	5.9	7.1	6.2	10.3	10.8	4.9	5.7	1.5	-2.3	1.4	3.4
Claims on Non-Residents	0.8	3.4	5.8	7.0	6.2	10.2	10.7	4.9	5.7	1.6	-2.1	1.5	3.6
Less: Liabilities to Non-Residents	-8.5	-2.6	-0.5	1.9	4.6	2.6	3.8	3.7	6.7	7.0	5.8	5.1	9.6
2. Other Depository Corporations	466.4	148.4	24.6	-0.8	0.9	19.7	55.0	53.6	19.9	17.6	28.1	10.3	27.4
Claims on Non-Residents	19.0	14.8	14.0	-0.5	11.1	16.5	15.2	18.3	14.8	12.4	15.0	7.0	11.2
Less: Liabilities to Non-Residents	-14.4	-5.7	11.1	-0.4	16.1	15.3	3.0	7.8	12.6	10.2	8.9	5.5	3.8

	CONTRIBUTION TO M3 GROWTH (in percent)												
	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
M3: Broad Money Liabilities	8.8	9.2	8.8	9.4	11.7	12.5	12.9	12.8	11.7	13.4	14.8	11.9	14.4
1. M2 (2 + 3)	7.8	8.0	7.8	8.7	11.4	12.6	12.9	12.7	11.4	12.8	14.1	11.2	13.5
2. M1: Currency Outside Depository Corporations and Transferable Deposits (Narrow Money)	3.7	3.8	4.4	4.6	5.2	5.4	5.2	4.8	4.7	5.1	5.4	5.1	5.8
a. Currency Outside Depository Corporations (Currency in Circulation)	1.0	1.0	1.1	1.0	1.4	1.6	1.6	1.5	1.4	1.4	1.5	1.3	1.8
b. Transferable Deposits (Demand Deposits)	2.7	2.8	3.3	3.6	3.8	3.8	3.6	3.2	3.3	3.7	3.9	3.7	4.0
3. Other Deposits Included in Broad Money	4.1	4.2	3.4	4.1	6.2	7.3	7.8	8.0	6.7	7.7	8.7	6.1	7.7
a. Savings Deposits	1.8	3.7	3.9	5.1	6.4	7.1	6.9	6.1	4.5	4.2	4.2	3.2	4.1
b. Time Deposits	2.3	0.5	-0.5	-1.0	-0.2	0.1	0.9	1.9	2.2	3.5	4.5	2.9	3.6
4. Securities Other Than Shares Included in Broad Money (Deposit Substitutes)	1.0	1.2	1.0	0.7	0.2	-0.1	-0.1	0.0	0.4	0.6	0.7	0.7	0.9
M3: Broad Money Liabilities	8.8	9.2	8.8	9.4	11.7	12.5	12.9	12.8	11.7	13.4	14.8	11.9	14.4
1. Domestic Claims	9.5	9.0	10.8	10.5	14.1	15.7	15.6	15.9	15.6	14.8	16.1	13.4	14.3
a. Net Claims on Central Government	-1.3	0.2	2.4	1.9	4.6	3.7	3.6	4.0	2.5	2.3	1.7	0.3	1.2
Claims on Central Government	1.8	2.7	3.9	1.7	2.7	1.5	1.1</						

6 SELECTED DOMESTIC INTEREST RATES
for periods indicated; in percent per annum

	NOMINAL INTEREST RATES												
	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Interbank Call Loans	2.5266	2.5225	2.5241	2.5291	2.5289	2.5293	2.5247	2.5074	2.5354	2.5851	2.5824	2.9203	3.0801
Savings Deposits	0.7170	0.6720	0.7210	0.7270	0.7370	0.7140	0.7290	0.6990	0.6890	0.6650	0.6980	0.6880	0.7420
Time Deposits (All Maturities)	1.3760	1.5220	1.4720	1.6290	1.6120	1.5210	1.4450	1.5770	1.6880	1.7530	1.7890	1.9720	2.5260
Lending Rates													
High	6.8698	6.9390	6.9376	6.7607	6.8407	6.7760	6.6280	6.4397	6.5050	6.4571	6.4772	6.5299	6.6208
Low	4.5031	4.5183	4.5025	4.3579	4.4055	4.4067	4.2788	4.1097	4.2013	4.1736	4.0875	4.0874	4.1654
All Maturities ¹	5.4240	5.5150	5.6250	5.7390	5.6310	5.6240	5.6840	5.6290	5.5410	5.6220	5.6560	5.6920	5.6410
Bangko Sentral Rates ²													
Overnight Lending Facility (OLF)	...	...	...	...	...	...	...	...	...	...	...	...	...
Overnight RRP	4.0000	4.0000	4.0000	4.0000	4.0000	3.4902	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000	3.0000
Overnight Deposit Facility (ODF)	...	...	...	...	...	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000	2.5000
Term Deposit Facility (TDF)	...	...	...	...	...	...	...	...	...	...	...	...	...
7-day	...	...	...	...	...	2.5000	2.5000	2.7882	3.0160	3.1759	3.3057	3.3881	3.0341
14-day	...	...	...	...	...	...	...	...	...	...	...	...	3.1386
28-day	...	...	...	...	...	2.5000	2.5129	2.9071	3.3812	3.4639	3.4935	3.4929	3.1758
Rate on Government Securities													
Treasury Bills, All Maturities	1.6910	2.0780	1.9980	1.7440	1.6130	1.6990	1.5050	1.5630	2.3640	2.5000	2.4770	2.4040	2.7720
91-Days	1.4690	1.9400	1.8610	1.7100	1.5550	1.5970	1.4160	1.4400	2.1790	2.2060	2.1280	2.0340	2.6370
182-Days	1.7290	2.2070	2.0140	1.6970	1.5800	1.6540	1.4520	1.6890	2.3800	2.5370	2.5480	2.4970	2.8130
364-Days	1.9480	2.2630	2.2000	1.8970	1.7230	1.8570	1.6790	1.8800	2.7100	2.9090	2.9360	2.8780	3.0880
Government Securities in the Secondary Market ³													
3 months	2.2714	2.0765	1.6817	2.6667	1.7650	1.7567	1.5857	2.0755	2.9696	2.8139	2.0251	2.4316	3.0723
6 months	2.5795	2.1980	1.7967	2.9183	1.8950	1.5949	1.2931	2.9464	2.4222	2.4615	2.4988	3.3075	3.2063
1 year	2.6886	2.4297	2.5467	2.3710	1.7313	2.1671	2.0107	2.4520	2.6708	3.2257	2.8674	3.0320	3.0750
2 years	3.1959	2.6999	2.6143	3.9847	3.4700	2.3877	2.2855	3.8676	3.2500	3.8718	3.7821	3.9864	4.1613
3 years	3.4136	3.0281	3.1016	3.6625	3.6900	3.0660	3.2925	3.5170	4.0988	3.8916	3.6651	4.2977	4.6098
4 years	3.5864	3.7717	3.7263	3.8750	3.2332	3.3067	2.8798	3.8814	4.2500	4.0321	4.5768	4.9211	5.0179
5 years	3.8273	3.8900	3.4923	3.9250	3.4583	2.8997	3.6321	4.7426	4.2577	4.0336	4.6375	4.7437	5.2403
7 years	3.8932	3.7189	4.1617	4.5853	4.2283	2.9197	3.4483	4.8857	5.0625	4.9171	4.3206	5.3279	6.7375
10 years	4.0614	4.3550	3.7995	4.1000	4.6900	4.2183	3.6455	4.6281	5.0554	4.6691	4.6085	5.6986	6.0000
20 years	4.9850	4.6511	5.1350	5.5217	5.2317	4.2415	4.6482	5.3771	5.0302	5.0844	5.1479	5.7038	7.1625
25 years	4.7659	..	4.7280	4.8916	..	..	..	..	..	..	..	..	..
REAL INTEREST RATES ⁴													
	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Interbank Call Loans	1.0266	1.6225	2.6241	2.2291	1.8289	1.5293	1.0247	0.5074	-0.3646	-0.2149	-0.1176	-0.0797	-0.7199
Savings Deposits	-0.7830	-0.2280	0.8210	0.4270	0.0370	-0.2860	-0.7710	-1.3010	-2.2110	-2.1350	-2.0020	-2.3120	-3.0580
Time Deposits (All Maturities)	-0.1240	0.6220	1.5720	1.3290	0.9120	0.5210	-0.0550	-0.4230	-1.2120	-1.0470	-0.9110	-1.0280	-1.2740
Lending Rates													
High	5.3698	6.0390	7.0376	6.4607	6.1407	5.7760	5.1280	4.4397	3.6050	3.6571	3.7772	3.5299	2.8208
Low	3.0031	3.6183	4.6025	4.0579	3.7055	3.4067	2.7788	2.1097	1.3013	1.3736	1.3875	1.0874	0.3654
All Maturities ¹	3.9240	4.6150	5.7250	5.4390	4.9310	4.6240	4.1840	3.6290	2.6410	2.8220	2.9560	2.6920	1.8410
Bangko Sentral Rates ²													
Overnight Lending Facility (OLF)	...	...	...	...	...	...	...	...	...	...	...	...	...
Overnight RRP	2.5000	3.1000	4.1000	3.7000	3.3000	2.4902	1.5000	1.0000	0.1000	0.2000	0.3000	0.0000	-0.8000
Overnight Deposit Facility (ODF)	...	...	...	...	...	1.5000	1.0000	0.5000	-0.4000	-0.3000	-0.2000	-0.5000	-1.3000
Term Deposit Facility (TDF)	...	...	...	...	...	...	...	...	...	...	...	...	...
7-day	...	...	...	...	...	1.5000	1.0000	0.7882	0.1160	0.3759	0.6057	0.3881	-0.7659
14-day	...	...	...	...	...	...	...	...	...	...	...	...	-0.6614
28-day	...	...	...	...	...	1.5000	1.0129	0.9071	0.4812	0.6639	0.7935	0.4929	-0.6242
Rate on Government Securities													
Treasury Bills, All Maturities	0.1910	1.1780	2.0980	1.4440	0.9130	0.6990	0.0050	-0.4370	-0.5360	-0.3000	-0.2230	-0.5960	-1.0280
91-Days	-0.0310	1.0400	1.9610	1.4100	0.8550	0.5970	-0.0840	-0.5600	-0.7210	-0.5940	-0.5720	-0.9660	-1.1630
182-Days	0.2290	1.3070	2.1140	1.3970	0.8800	0.6540	-0.0480	-0.3110	-0.5200	-0.2630	-0.1520	-0.5030	-0.9870
364-Days	0.4480	1.3630	2.3000	1.5970	1.0230	0.8570	0.1790	-0.1200	-0.1900	0.1090	0.2360	-0.1220	-0.7120
Government Securities in the Secondary Market ³													
3 months	0.7714	1.4765	2.0817	1.9667	1.1650	0.4567	-0.1143	-0.1245	-0.1304	0.3139	-0.9749	-0.4684	-1.2277
6 months	1.0795	1.5980	2.1967	2.2183	1.2950	0.2949	-0.4069	0.7464	-0.6778	-0.0385	-0.5012	0.4075	-1.0937
1 year	1.1886	1.8297	2.9467	1.6710	1.1313	0.8671	0.3107	0.2520	-0.4292	0.7257	-0.1326	0.1320	-1.2250
2 years	1.6959	2.0999	3.0143	3.2847	2.8700	1.0877	0.5855	1.6676	0.1500	1.3718	0.7821	1.0864	-0.1387
3 years	1.9136	2.4281	3.5016	2.9625	3.0900	1.7660	1.5925	1.3170	0.9988	1.3916	0.6651	1.3977	0.3098
4 years	2.0864	3.1717	4.1263	3.1750	2.6332	2.0067	1.1798	1.6814	1.1500	1.5321	1.5768	2.0211	0.7179
5 years	2.3273	3.2900	3.8923	3.2250	2.8583	1.5997	1.9321	2.5426	1.1577	1.5336	1.6375	1.8437	0.9403
7 years	2.3932	3.1189	4.5617	3.8853	3.6283	1.6197	1.7483	2.6857	1.9625	2.4171	1.3206	2.4279	2.4375
10 years	2.5614	3.7550	4.1995	3.4000	4.0900	2.9183	1.9455	2.4281	1.9554	2.1691	1.6085	2.7986	1.7000
20 years	3.4850	4.0511	5.5350	4.8217	4.6317	2.9415	2.9482	3.1771	1.9302	2.5844	2.1479	2.8038	2.8625
25 years	3.2659	..	5.1280	4.1916	..	..	..	..	..	..	..	..	..

¹ Refers to the weighted average interest rate of reporting commercial banks' interest incomes on their outstanding peso-denominated loans

² Beginning 3 June 2016, the BSP shifted its monetary operations to an Interest Rate Corridor (IRC) system. The Repurchase (RP) and Special Deposit Account (SDA) windows were replaced by the standing Overnight Lending Facility (OLF) and Overnight Deposit Facility (ODF), respectively. The Reverse Repurchase (RRP) Facility was modified to a purely Overnight RRP. In addition, the Term Deposit Facility (TDF) will serve as the main tool for absorbing liquidity.

The interest rates for these facilities were set as follows: 3.5 percent in the OLF (a reduction from 6.0 percent); 3.0 percent in the Overnight RRP rate (an adjustment from 4.0 percent); and 2.5 percent in the ODF (no change from the previous SDA rate). The OLF and ODF will serve as the upper bound and lower bound, respectively, of the IRC system.

³ End-of-period; For Q1 2015, data refers to PDST-F while for Q2 2015 to present, data refers to PDST-R2.

⁴ Nominal interest rate less inflation rate with base year 2012

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... No Transaction/No Quotation/No Issue

7 NUMBER OF FINANCIAL INSTITUTIONS ¹
as of period indicated

	2015				2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 ^P
TOTAL	28,331	28,319	28,293	28,471	27,502	27,657	27,889	28,393	28,535	28,547	28,711	28,904
Head Offices	6,721	6,685	6,625	6,576	6,329	6,297	6,280	6,253	6,247	6,218	6,210	6,181
Branches/Agencies	21,610	21,634	21,668	21,895	21,173	21,360	21,609	22,140	22,288	22,329	22,501	22,723
A. BANKS	10,456	10,528	10,538	10,756	10,849	10,936	11,024	11,178	11,278	11,393	11,571	11,793
Head Offices	646	638	634	632	622	618	613	602	599	595	592	587
Branches/Agencies	9,810	9,890	9,904	10,124	10,227	10,318	10,411	10,576	10,679	10,798	10,979	11,206
1. Universal and Commercial Banks	5,901	5,946	5,946	6,060	6,094	6,133	6,147	6,237	6,286	6,331	6,403	6,483
Head Offices	36	36	36	40	41	41	41	42	42	42	43	43
Branches/Agencies	5,865	5,910	5,910	6,020	6,053	6,092	6,106	6,195	6,244	6,289	6,360	6,440
2. Thrift Banks	1,927	2,013	1,999	2,086	2,130	2,124	2,180	2,176	2,211	2,246	2,330	2,417
Head Offices	69	70	69	68	66	64	64	60	59	58	57	55
Branches/Agencies	1,858	1,943	1,930	2,018	2,064	2,060	2,116	2,116	2,152	2,188	2,273	2,362
a. Savings and Mortgage Banks	1,317	1,386	1,356	1,517	1,545	1,548	1,562	1,585	1,618	1,649	1,728	1,817
Head Offices	28	29	28	28	27	26	26	25	25	25	24	24
Branches/Agencies	1,289	1,357	1,328	1,489	1,518	1,522	1,536	1,560	1,593	1,624	1,704	1,793
b. Private Development Banks	408	416	417	338	355	363	404	402	405	409	414	418
Head Offices	19	19	19	18	18	18	19	18	18	17	17	17
Branches/Agencies	389	397	398	320	337	345	385	384	387	392	397	401
c. Stock Savings and Loan Associations	171	180	195	200	199	182	184	183	184	184	184	178
Head Offices	18	18	18	18	17	16	16	15	15	15	15	13
Branches/Agencies	153	162	177	182	182	166	168	168	169	169	169	165
d. Microfinance Banks	31	31	31	31	31	31	30	6	4	4	4	4
Head Offices	4	4	4	4	4	4	3	2	1	1	1	1
Branches/Agencies	27	27	27	27	27	27	27	4	3	3	3	3
3. Rural Banks	2,628	2,569	2,593	2,610	2,625	2,679	2,697	2,765	2,781	2,816	2,838	2,893
Head Offices	541	532	529	524	515	513	508	500	498	495	492	489
Branches/Agencies	2,087	2,037	2,064	2,086	2,110	2,166	2,189	2,265	2,283	2,321	2,346	2,404
B. NON-BANKING FINANCIAL INSTITUTIONS	17,875	17,791	17,755	17,715	16,653	16,721	16,865	17,215	17,257	17,154	17,140	17,111
Head Offices	6,075	6,047	5,991	5,944	5,707	5,679	5,667	5,651	5,648	5,623	5,618	5,594
Branches/Agencies	11,800	11,744	11,764	11,771	10,946	11,042	11,198	11,564	11,609	11,531	11,522	11,517
1. Investment Houses	25	25	25	25	26	26	26	25	25	25	25	25
Head Offices	15	15	15	15	16	16	16	15	15	15	15	15
Branches/Agencies	10	10	10	10	10	10	10	10	10	10	10	10
2. Finance Companies	88	88	110	110	118	118	127	129	152	153	161	162
Head Offices	20	20	22	22	22	22	22	22	23	23	23	23
Branches/Agencies	68	68	88	88	96	96	105	107	129	130	138	139
3. ABB Forex Corporations			5	5	5	5	5	5	5	5	5	5
Head Offices			5	5	5	5	5	5	5	5	5	5
Branches/Agencies												
4. Investment Companies	2	2	2	2	2	2	2	1	1	1	1	1
Head Offices	2	2	2	2	2	2	2	1	1	1	1	1
Branches/Agencies												
5. Securities Dealers/Brokers	13	13	13	13	13	13	13	12	12	12	13	13
Head Offices	13	13	13	13	13	13	13	12	12	12	13	13
Branches/Agencies												
6. Pawnshops	17,426	17,340	17,278	17,238	16,170	16,237	16,372	16,723	16,740	16,637	16,613	16,582
Head Offices	5,835	5,807	5,745	5,698	5,460	5,432	5,420	5,407	5,401	5,378	5,371	5,346
Branches/Agencies	11,591	11,533	11,533	11,540	10,710	10,805	10,952	11,316	11,339	11,259	11,242	11,236
7. Lending Investors	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
Branches/Agencies												
8. Non-Stock Savings and Loan Associations	199	201	200	200	199	200	200	199	198	197	197	197
Head Offices	71	71	70	70	69	69	69	68	67	65	65	65
Branches/Agencies	128	130	130	130	130	131	131	131	131	132	132	132
9. Private Insurance Companies ²	99	99	99	99	97	97	97	97	97	97	97	97
Head Offices	96	96	96	96	97	97	97	97	97	97	97	97
Branches/Agencies	3	3	3	3								
10. Government Non-Banks	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
Branches/Agencies												
11. Venture Capital Corporations												
Head Offices												
Branches/Agencies												
12. Credit Card Companies	3	3	3	3	3	3	3	3	4	4	4	4
Head Offices	3	3	3	3	3	3	3	3	4	4	4	4
Branches/Agencies												
13. Other Non-Bank with QBF	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
Branches/Agencies												
14. Electronic Money Issuer	4	4	4	4	4	4	4	4	5	5	5	5
Head Offices	4	4	4	4	4	4	4	4	5	5	5	5
Branches/Agencies												
15. Remittance Agent	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
Branches/Agencies												
16. Credit Granting Entities	9	9	9	9	9	9	9	9	9	9	9	9
Head Offices	9	9	9	9	9	9	9	9	9	9	9	9
Branches/Agencies												
17. Trust Corporations ³									1	2	2	3
Head Offices									1	2	2	3
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 office, which primarily engages in banking activities other than the acceptance of deposits and/or servicing of withdrawals thru tellers and other authorized personnel.

² Covers only the head offices and their foreign branches.

³ Trust Corporations started only in December 2016.

^P Preliminary

Source: Bangko Sentral ng Pilipinas

8 TOTAL RESOURCES OF THE FINANCIAL SYSTEM ¹
as of periods indicated; in billion pesos

Institutions	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
TOTAL	14,322.0	14,453.5	14,779.2	15,492.6	15,670.1	16,074.8	16,357.4	17,242.8	17,587.1	17,998.6	18,415.2	19,021.4	19,170.8 ^P
Banks	11,374.2	11,502.7	11,863.2	12,406.3	12,529.9	12,865.9	13,117.1	13,914.2	14,118.0	14,577.4	14,959.8	15,524.3	15,673.7 ^P
Universal and Commercial Banks	10,238.9	10,327.9	10,670.8	11,159.2	11,254.8	11,578.5	11,810.5	12,560.5	12,730.2	13,150.5	13,532.6	14,053.8	14,202.8
Thrift Banks	899.3	964.7	979.6	1,034.1	1,055.1	1,064.0	1,080.4	1,122.0	1,149.5	1,182.6	1,176.5	1,213.9	1,214.4
Rural Banks ²	236.0	210.1	212.8	213.0	220.0	223.4	226.3	231.7	238.3	244.2	250.7	256.5	256.5 ^a
Non-Banks ³	2,947.8	2,950.7	2,916.0	3,086.3	3,140.2	3,208.8	3,240.3	3,328.6	3,469.1	3,421.2	3,455.4	3,497.1	3,497.1 ^a

Notes: Details may not add up to total due to rounding.

¹ Excludes the Bangko Sentral ng Pilipinas; amount includes allowance for probable losses

² Data on rural banks were based on CSOC up to March 2010. Data from April 2010 onwards are based on FRP.

³ Data on non-banks were based on Consolidated Statement of Condition (CSOC); include investment houses, finance companies, investment companies, securities dealers/brokers, pawnshops, lending investors, non-stock savings and loan associations, credit card companies (which are under the BSP's supervision), and private and government insurance companies (i.e., SSS and GSIS).

^P preliminary

^a As of end-December 2017

Source: BSP

9 NON-PERFORMING LOANS (NPL), TOTAL LOANS AND LOAN LOSS PROVISIONS (LLP) OF THE BANKING SYSTEM¹

as of periods indicated; in billion pesos

	GROSS NON-PERFORMING LOANS ²				NET NON-PERFORMING LOANS ²				TOTAL LOANS				LOAN LOSS PROVISIONS (LLP)			
	Total	Universal Banks and Commercial Banks	Thrift Banks	Rural Banks	Total	Universal Banks and Commercial Banks	Thrift Banks	Rural Banks	Total	Universal Banks and Commercial Banks	Thrift Banks	Rural Banks	Total	Universal Banks and Commercial Banks	Thrift Banks	Rural Banks
2015																
Mar	141.416	97.365	27.293	16.758	38.616	18.093	12.116	8.407	5,732.039	4,991.914	600.981	139.144	164.650	134.544	20.460	9.646
Jun	138.330	94.122	29.954	14.254	35.998	15.356	14.141	6.501	5,868.422	5,110.488	638.154	119.780	165.290	134.924	21.456	8.910
Sep	139.741	95.241	30.503	13.997	38.304	18.006	14.300	5.998	6,034.462	5,244.589	668.457	121.416	164.322	133.090	22.036	9.196
Dec	136.503	91.598	31.199	13.706	41.877	21.672	14.692	5.513	6,527.395	5,719.665	689.019	118.711	161.646	129.220	23.045	9.381
2016																
Mar	145.673	97.112	34.346	14.215	51.094	29.065	16.288	5.741	6,510.732	5,659.766	728.258	122.708	163.933	129.193	25.001	9.739
Jun	148.829	98.198	36.158	14.473	53.653	30.689	17.388	5.576	6,798.233	5,940.313	731.832	126.088	166.503	130.708	25.617	10.178
Sep	150.192	98.398	37.414	14.380	51.605	28.399	18.049	5.157	7,018.199	6,144.623	745.564	128.012	170.404	133.465	26.440	10.499
Dec	144.158	93.801	36.654	13.703	43.283	21.264	17.340	4.679	7,612.118	6,706.311	778.133	127.674	172.827	135.699	26.775	10.353
2017																
Mar	154.180	99.712	40.069	14.399	49.584	24.465	20.104	5.015	7,671.601	6,751.129	792.147	128.324	177.096	138.546	27.883	10.667
Jun	155.847	101.006	40.153	14.688	54.082	28.570	20.578	4.934	8,021.806	7,089.734	802.118	129.954	178.057	139.280	27.751	11.026
Sep	160.355	105.360	40.320	14.675	73.707	44.052	23.773	5.882	8,396.012	7,435.519	825.100	135.393	183.073	143.486	28.179	11.408
Dec	152.986	97.531	40.449	15.006	68.040	36.919	24.795	6.326	8,865.600	7,867.078	860.303	138.219	184.251	145.835	26.929	11.487
2018																
Mar	164.039 ^p	104.400	44.633	15.006 ^a	77.319 ^p	40.841	30.151	6.326 ^a	9,000.023 ^p	7,996.321	865.484	138.219 ^a	197.737 ^p	159.597	26.654	11.487 ^a

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

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

² 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 BSP Circular No. 772, there are no available data for gross NPLs and net NPLs earlier than 2012.

^p preliminary

^a As of December 2017

Source: Bangko Sentral ng Pilipinas

9 RATIOS OF NON-PERFORMING LOANS (NPL) AND LOAN LOSS PROVISIONS (LLP) TO TOTAL LOANS OF THE BANKING SYSTEM¹

as of periods indicated; in percent

	GROSS NPL/TOTAL LOANS ²				NET NPL/TOTAL LOANS ²				LLP/TOTAL LOANS			
	Total	Universal Banks and Commercial Banks	Thrift Banks	Rural Banks	Total	Universal Banks and Commercial Banks	Thrift Banks	Rural Banks	Total	Universal Banks and Commercial Banks	Thrift Banks	Rural Banks
2015												
Feb	2.495	1.962	4.593	12.044	0.657	0.320	2.132	6.042	2.922	2.756	3.338	6.932
Mar	2.467	1.950	4.541	12.044	0.674	0.362	2.016	6.042	2.872	2.695	3.404	6.932
Jun	2.357	1.842	4.694	11.900	0.613	0.300	2.216	5.427	2.817	2.640	3.362	7.439
Sep	2.316	1.816	4.563	11.528	0.635	0.343	2.139	4.940	2.723	2.538	3.297	7.574
Dec	2.091	1.601	4.528	11.546	0.642	0.379	2.132	4.644	2.476	2.259	3.345	7.902
2016												
Mar	2.237	1.716	4.716	11.584	0.785	0.514	2.237	4.679	2.518	2.283	3.433	7.937
Jun	2.189	1.653	4.941	11.478	0.789	0.517	2.376	4.422	2.449	2.200	3.500	8.072
Sep	2.140	1.601	5.018	11.233	0.735	0.462	2.421	4.029	2.428	2.172	3.546	8.202
Dec	1.894	1.399	4.711	10.733	0.569	0.317	2.228	3.665	2.270	2.023	3.441	8.109
2017												
Mar	2.010	1.477	5.058	11.221	0.646	0.362	2.538	3.908	2.308	2.052	3.520	8.313
Jun	1.943	1.425	5.006	11.303	0.674	0.403	2.566	3.797	2.220	1.965	3.460	8.485
Sep	1.910	1.417	4.887	10.839	0.878	0.592	2.881	4.344	2.180	1.930	3.415	8.426
Dec	1.726	1.240	4.702	10.857	0.767	0.469	2.882	4.577	2.078	1.854	3.130	8.310
2018												
Mar	1.823 ^p	1.306	5.157	10.857 ^a	0.859 ^p	0.511	3.484	4.577 ^a	2.197 ^p	1.996	3.080	8.310 ^a

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

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

² 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 BSP Circular No. 772, there are no available data for gross NPLs and net NPLs earlier than 2012.

^p preliminary

^a As of December 2017

Source: Bangko Sentral ng Pilipinas

10 STOCK MARKET TRANSACTIONS

volume in million shares; value in million pesos

	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
VOLUME	150,587	68,804	191,792	82,078	97,625	135,028	118,017	91,601	140,555	109,228	106,922	83,842	176,369
Financials	978	1,238	1,154	725	741	1,012	1,906	1,450	1,495	1,855	1,153	983	1,691
Industrial	10,913	6,133	11,872	5,550	6,153	6,410	11,122	5,345	9,604	8,541	16,459	6,358	6,710
Holding Firms	10,844	6,076	25,300	13,115	8,600	11,584	9,081	7,749	29,926	12,966	6,082	5,943	9,901
Property	12,138	8,586	7,757	16,680	10,446	11,770	20,015	12,974	22,113	26,847	23,255	13,482	29,647
Services	21,263	9,370	8,628	10,202	17,038	17,876	31,139	20,533	29,621	21,897	13,573	14,093	26,534
Mining and Oil	94,056	37,160	136,929	35,490	54,421	85,693	44,046	42,982	47,549	36,877	46,143	42,549	101,365
SME (in thousand shares)	393,244	239,362	149,843	315,570	222,462	681,589	708,473	565,685	247,653	243,479	257,034	433,790	518,403
ETF ¹ (in thousand shares)	1,893	2,235	1,715	1,220	2,964	1,008	943	987	656	775	1,252	1,406	2,669
VALUE	641,594	553,577	517,832	438,408	407,066	524,669	576,329	421,435	436,165	557,722	509,397	455,081	520,925
Financials	74,595	88,404	66,529	43,993	51,044	81,396	78,796	64,291	62,314	97,069	68,694	65,770	85,980
Industrial	145,948	143,103	150,323	91,553	90,691	88,097	130,479	92,713	95,489	124,385	160,294	106,937	82,559
Holding Firms	174,325	136,336	108,947	119,313	98,158	141,840	145,256	106,019	107,784	117,477	92,603	110,078	124,683
Property	103,447	75,621	77,548	104,550	74,676	93,801	103,546	75,656	73,843	91,341	79,277	73,557	95,941
Services	111,491	85,432	94,494	67,320	74,501	94,777	96,593	64,268	76,891	109,909	86,868	76,297	109,823
Mining and Oil	27,328	21,899	17,914	8,583	15,738	17,146	16,669	15,622	17,704	15,513	19,889	18,926	18,828
SME (in thousand pesos)	4,226,414	2,498,500	1,876,456	2,957,202	1,927,800	7,488,170	4,868,616	2,748,376	2,061,918	1,931,746	1,621,230	3,338,479	2,760,868
ETF ¹ (in thousand pesos)	234,748	282,800	200,392	139,155	331,093	123,996	120,654	116,416	78,599	97,128	150,269	177,323	349,733
Composite Index (end-of-period)	7,940.49	7,564.50	6,893.98	6,952.08	7,262.30	7,796.25	7,629.73	6,840.64	7,311.72	7,843.16	8,171.43	8,558.42	7,979.83

Note: Details may not add up due to rounding.

¹ Starting 2 December 2013, trading of an Exchange Traded Fund (ETF) 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 US dollars

	2017*				2018	Growth Rates
	Q1	Q2	Q3	Q4	Q1 ^P	(in %) Q1 2018 ^P
Current Account	-860	-211	1,850	-3,297	-208	75.8
<i>(Totals as percent of GNI)</i>	-1.0	-0.2	2.0	-3.2	-0.2	
<i>(Totals as percent of GDP)</i>	-1.2	-0.3	2.5	-3.8	-0.3	
Export	28,745	30,189	31,971	30,234	31,227	8.6
Import	29,605	30,400	30,121	33,531	31,435	6.2
Goods, Services, and Primary Income	-7,237	-6,611	-4,651	-10,103	-6,675	7.8
Export	22,164	23,593	25,319	23,238	24,571	10.9
Import	29,401	30,204	29,969	33,341	31,247	6.3
Goods and Services	-7,918	-7,539	-5,351	-10,888	-7,425	6.2
<i>(Totals as percent of GNI)</i>	-9.1	-7.9	-5.9	-10.5	-8.0	
<i>(Totals as percent of GDP)</i>	-11.1	-9.5	-7.1	-12.4	-9.8	
Export	19,723	20,907	22,673	20,500	21,940	11.2
Import	27,641	28,446	28,024	31,388	29,365	6.2
Goods	-9,683	-9,737	-8,647	-13,123	-10,385	-7.2
<i>(Totals as percent of GNI)</i>	-11.1	-10.2	-9.5	-12.6	-11.2	
<i>(Totals as percent of GDP)</i>	-13.6	-12.3	-11.5	-14.9	-13.6	
Credit: Exports	11,772	12,214	12,875	11,337	12,598	7.0
Debit: Imports	21,456	21,951	21,523	24,461	22,983	7.1
Services	1,766	2,198	3,296	2,236	2,960	67.6
Credit: Exports	7,951	8,694	9,797	9,163	9,341	17.5
Debit: Imports	6,186	6,495	6,501	6,927	6,382	3.2
Primary Income	681	928	700	785	750	10.1
Credit: Receipts	2,441	2,686	2,646	2,738	2,632	7.8
Debit: Payments	1,760	1,758	1,946	1,953	1,882	6.9
Secondary Income	6,377	6,400	6,501	6,806	6,467	1.4
Credit: Receipts	6,581	6,596	6,653	6,996	6,656	1.1
Debit: Payments	204	196	152	190	188	-7.6
Capital Account	6	18	18	14	11	80.8
Credit: Receipts	18	25	24	23	23	26.6
Debit: Payments	13	7	6	9	13	1.3
Financial Account	328	-945	442	-2,033	1,457	343.6
Net Acquisition of Financial Assets	461	1,263	2,030	2,776	1,855	302.5
Net Incurrence of Liabilities	132	2,208	1,588	4,809	398	200.6
Direct Investment	-1,480	-1,868	-2,117	-2,646	-1,349	8.8
Net Acquisition of Financial Assets	36	631	311	961	826	2,206.5
Net Incurrence of Liabilities	1,516	2,499	2,427	3,607	2,175	43.5
Portfolio Investment	3,258	-129	875	-114	2,069	-36.5
Net Acquisition of Financial Assets	614	455	988	1,035	1,787	191.2
Net Incurrence of Liabilities	-2,644	585	114	1,149	-282	89.3
Financial Derivatives	-131	-6	45	41	-69	47.6
Net Acquisition of Financial Assets	-286	-90	-70	-57	-192	33.0
Net Incurrence of Liabilities	-155	-85	-116	-98	-123	20.6
Other Investment	-1,318	1,058	1,638	686	806	161.2
Net Acquisition of Financial Assets	98	266	801	837	-566	-680.0
Net Incurrence of Liabilities	1,416	-791	-837	150	-1,372	-196.9
Net Unclassified Items	188	-464	-2,088	1,754	428	127.2
Overall BOP Position	-994	289	-662	505	-1,227	-23.4
<i>(Totals as percent of GNI)</i>	-1.1	0.3	-0.7	0.5	-1.3	
<i>(Totals as percent of GDP)</i>	-1.4	0.4	-0.9	0.6	-1.6	
Debit: Change in Reserve Assets	-983	278	-651	494	-1,216	-23.6
Credit: Change in Reserve Liabilities	11	-10	11	-10	11	-0.2

Details may not add up to total due to rounding

* 2017 data on trade-in-goods are based on the preliminary data sourced from the PSA. Revised 2017 trade-in-goods data based on the final PSA data will be released on September 2018 in accordance with the BSP's revision policy on BOP statistics.

^P preliminary

Technical Notes:

- Balance of Payments Statistics are based on the IMF's Balance of Payments and International Investment Position Manual, 6th edition.
 - Financial Account, including Reserve Assets, is calculated as sum of net acquisitions of financial assets less net incurrence of liabilities.
 - Balances in the current and capital accounts are derived by deducting debit entries from credit entries.
 - Balances in the financial account are derived by deducting net incurrence of liabilities from net acquisition of financial assets.
 - 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.
 - 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.
 - 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.
 - Data on deposit-taking corporations, except the central bank consist of transactions of commercial and thrift banks and offshore banking units (OBUs).
- Source: Bangko Sentral ng Pilipinas

12 INTERNATIONAL RESERVES

as of periods indicated; in million US dollars

	2015				2016				2017				2018
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar
Gross International Reserves	80,459	80,644	80,551	80,667	82,977	85,284	86,139	80,692	80,894	81,321	80,962	81,570	80,511
Gold	7,437	7,378	7,015	6,703	7,765	8,336	8,307	7,259	7,888	7,835	8,065	8,337	8,375
SDRs	1,168	1,190	1,188	1,173	1,193	1,184	1,182	1,138	1,149	1,178	1,198	1,211	1,233
Foreign Investments	70,565	70,647	70,800	71,739	71,379	73,295	73,850	68,290	67,677	68,160	65,371	65,815	64,931
Foreign Exchange	850	985	1,103	613	2,217	2,020	2,342	3,563	3,735	3,695	5,880	5,783	5,542
Reserve Position in the Fund	439	445	445	439	424	449	458	442	446	453	448	424	430
Net International Reserves	80,446	80,642	80,538	80,665	82,964	85,282	86,126	80,690	80,881	81,318	80,948	81,567	80,497

Source: Bangko Sentral ng Pilipinas

13 EXCHANGE RATES OF THE PESO

period averages; pesos per unit of foreign currency

Period	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
2015 Ave	45.5028	0.3760	50.5291	69.5888	34.2412	33.1266	5.8697	11.7236	1.3308	0.0034	1.4340	0.0403	7.2423	12.1317	12.3892
Q1	44.4238	0.3729	50.0889	67.3003	34.9928	32.7648	5.7283	12.2877	1.3613	0.0035	1.4089	0.0404	7.1220	11.8379	12.0949
Q2	44.6691	0.3683	49.4204	68.4825	34.7792	33.2789	5.7624	12.2277	1.3447	0.0034	1.4492	0.0407	7.1999	11.9117	12.1617
Q3	46.0524	0.3770	51.2483	71.4000	33.4603	33.1399	5.9411	11.4165	1.3085	0.0033	1.4412	0.0394	7.3089	12.2806	12.5392
Q4	46.8660	0.3859	51.3589	71.1724	33.7327	33.3231	6.0469	10.9623	1.3088	0.0034	1.4367	0.0405	7.3384	12.4965	12.7612
2016 Ave	47.4925	0.4375	52.5568	64.3793	35.3147	34.4082	6.1185	11.4772	1.3461	0.0036	1.4741	0.0410	7.1506	12.6651	12.9315
Q1	47.2904	0.4099	52.1602	67.7775	34.0756	33.6929	6.0823	11.2646	1.3255	0.0035	1.4296	0.0394	7.2283	12.6109	12.8766
Q2	46.5171	0.4304	52.5524	66.8251	34.6919	34.2659	5.9942	11.6239	1.3192	0.0035	1.4359	0.0400	7.1224	12.4060	12.6658
Q3	47.0561	0.4594	52.5180	61.8380	35.6558	34.8125	6.0671	11.6323	1.3513	0.0036	1.4844	0.0420	7.0585	12.5485	12.8127
Q4	49.1063	0.4504	52.9967	61.0765	36.8357	34.8616	6.3303	11.3881	1.3884	0.0037	1.5466	0.0425	7.1934	13.0951	13.3710
2017 Ave	50.4037	0.4495	56.9491	64.9706	38.6418	36.5254	6.4686	11.7326	1.4866	0.0038	1.6574	0.0446	7.4593	13.4412	13.7244
Q1	49.9910	0.4401	53.2686	61.9521	37.8889	35.3106	6.4419	11.2478	1.4234	0.0037	1.6098	0.0434	7.2569	13.3323	13.6123
Q2	49.8577	0.4488	54.8473	63.7537	37.4333	35.8146	6.4038	11.5068	1.4537	0.0037	1.6481	0.0442	7.2646	13.2954	13.5756
Q3	50.8408	0.4580	59.7174	66.5855	40.1118	37.3672	6.5061	11.9324	1.5230	0.0038	1.6805	0.0449	7.6207	13.5575	13.8428
Q4	50.9255	0.4511	59.9631	67.5910	39.1333	37.6091	6.5227	12.2433	1.5461	0.0038	1.6914	0.0460	7.6951	13.5796	13.8669
2018 Ave															
Q1	51.4540	0.4753	63.2595	71.6146	40.4724	39.0190	6.5741	13.1161	1.6310	0.0038	1.7570	0.0480	8.0939	13.7207	14.0106

Source: Bangko Sentral ng Pilipinas

13a EXCHANGE RATES OF THE PESO

period averages; units of foreign currency per peso

Period	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
2015 Ave	0.0220	2.6606	0.0198	0.0144	0.0292	0.0302	0.1705	0.0855	0.7517	293.6672	0.6974	24.8330	0.1381	0.0825	0.0808
Q1	0.0225	2.6819	0.0200	0.0149	0.0286	0.0305	0.1746	0.0814	0.7346	287.6046	0.7098	24.7689	0.1404	0.0845	0.0827
Q2	0.0224	2.7154	0.0202	0.0146	0.0288	0.0301	0.1735	0.0818	0.7438	293.5143	0.6901	24.5466	0.1389	0.0840	0.0822
Q3	0.0217	2.6538	0.0195	0.0140	0.0299	0.0302	0.1683	0.0877	0.7643	299.4916	0.6939	25.3532	0.1368	0.0814	0.0798
Q4	0.0213	2.5911	0.0195	0.0141	0.0296	0.0300	0.1654	0.0912	0.7641	294.0582	0.6961	24.6635	0.1363	0.0800	0.0784
2016 Ave	0.0211	2.2911	0.0190	0.0156	0.0283	0.0291	0.1635	0.0872	0.7432	280.3539	0.6791	24.4247	0.1399	0.0790	0.0774
Q1	0.0211	2.4399	0.0192	0.0148	0.0294	0.0297	0.1644	0.0888	0.7545	286.2564	0.6995	25.3918	0.1384	0.0793	0.0777
Q2	0.0215	2.3243	0.0190	0.0150	0.0288	0.0292	0.1668	0.0861	0.7580	285.4412	0.6964	24.9707	0.1404	0.0806	0.0790
Q3	0.0213	2.1772	0.0190	0.0162	0.0280	0.0287	0.1648	0.0860	0.7401	279.4479	0.6737	23.8051	0.1417	0.0797	0.0781
Q4	0.0204	2.2229	0.0189	0.0164	0.0271	0.0287	0.1580	0.0878	0.7203	270.2703	0.6466	23.5311	0.1390	0.0764	0.0748
2017 Ave	0.0198	2.2254	0.0176	0.0154	0.0259	0.0274	0.1546	0.0853	0.6735	265.9306	0.6036	22.4224	0.1342	0.0744	0.0729
Q1	0.0200	2.2724	0.0188	0.0161	0.0264	0.0283	0.1552	0.0889	0.7026	267.1749	0.6214	23.0384	0.1378	0.0750	0.0735
Q2	0.0201	2.2284	0.0182	0.0157	0.0267	0.0279	0.1562	0.0869	0.6879	268.4643	0.6068	22.6454	0.1377	0.0752	0.0737
Q3	0.0197	2.1840	0.0168	0.0150	0.0249	0.0268	0.1537	0.0838	0.6567	262.3461	0.5951	22.2649	0.1313	0.0738	0.0722
Q4	0.0196	2.2169	0.0167	0.0148	0.0256	0.0266	0.1533	0.0817	0.6468	265.7372	0.5912	21.7409	0.1300	0.0736	0.0721
2018 Ave															
Q1	0.0194	2.1061	0.0158	0.0140	0.0247	0.0256	0.1521	0.0763	0.6134	263.6919	0.5693	20.8352	0.1236	0.0729	0.0714
Jan	0.0198	2.1956	0.0162	0.0143	0.0249	0.0262	0.1548	0.0783	0.6319	265.4867	0.5825	21.0992	0.1274	0.0742	0.0727
Feb	0.0193	2.0866	0.0156	0.0138	0.0245	0.0255	0.1510	0.0755	0.6077	262.4309	0.5646	20.8219	0.1220	0.0724	0.0709
Mar	0.0192	2.0361	0.0156	0.0138	0.0247	0.0253	0.1506	0.0750	0.6006	263.1579	0.5609	20.5846	0.1215	0.0720	0.0705

Source: Bangko Sentral ng Pilipinas

13b EFFECTIVE EXCHANGE RATE INDICES OF THE PESO

1980=100; period averages

	N O M I N A L			R E A L		
	Overall Trading Partners ¹	Advanced Trading Partners ²	Developing Trading Partners ³	Overall Trading Partners ¹	Advanced Trading Partners ²	Developing Trading Partners ³
2015	15.68	13.25	24.39	92.12	90.22	117.81
Q1	15.81	13.42	24.50	94.71	94.08	119.89
Q2	15.78	13.51	24.33	93.22	92.11	118.46
Q3	15.64	13.14	24.44	90.77	88.21	116.76
Q4	15.49	12.94	24.30	89.97	86.84	116.30
2016	15.00	12.15	24.03	88.79	83.86	116.43
Q1	15.30	12.53	24.31	91.56	88.47	118.19
Q2	15.20	12.32	24.33	90.30	85.14	118.53
Q3	14.89	11.94	24.01	87.32	81.47	115.45
Q4	14.65	11.84	23.50	86.12	80.67	113.55
2017	14.14	11.53	22.54	85.14	81.11	110.98
Q1	14.53	11.86	23.14	88.40	85.18	114.32
Q2	14.37	11.70	22.94	86.82	82.37	113.47
Q3	13.87	11.27	22.17	82.71	78.33	108.25
Q4	13.82	11.33	21.96	82.81	78.77	108.04
2018						
Q1	13.30	10.91	21.12	83.13	80.49	107.15

¹ Australia, Euro Area, US, Japan, Hong Kong, Taiwan, Thailand, Indonesia, Malaysia, Singapore, South Korea, China, Saudi Arabia and UAE

² US, Japan, Euro Area and Australia

³ Hong Kong, Taiwan, Thailand, Indonesia, Malaysia, Singapore, South Korea, China, Saudi Arabia and UAE

Source: Bangko Sentral ng Pilipinas

14 TOTAL EXTERNAL DEBT ¹

as of periods indicated; in million US dollars

	31 December 2017				31 March 2018			
	Short-Term		Medium & Long-Term	Total	Short-Term		Medium & Long-Term	Total
	Trade	Non-Trade			Trade	Non-Trade		
Grand Total	2,498	11,777	58,823	73,098 ^a	2,979	9,869	60,349	73,196 ^a
Public Sector		287	37,223 ^b	37,510		275	38,926 ^b	39,201
Banks		287	3,428	3,716		275	3,556	3,831
Bangko Sentral ng Pilipinas			1,347 ^c	1,347			1,378 ^c	1,378
Others		287	2,082	2,369		275	2,178	2,453
Non-Banks			33,794	33,794			35,370	35,370
NG and Others			33,794	33,794			35,370	35,370
Private Sector	2,498	11,489	21,601	35,588	2,979	9,594	21,423	33,995
Banks		11,297	4,131	15,428		9,411	4,551	13,962
Foreign Bank Branches		4,562	150	4,712 ^d		3,976	132	4,109 ^d
Domestic Banks		6,735	3,981	10,716		5,435	4,419	9,854
Non-Banks	2,498	192	17,469 ^e	20,160	2,979	183	16,872 ^e	20,033

¹ Covers debt owed to non-residents, with classification by borrower based on primary obligor per covering loan/rescheduling agreement/document.

	31 Dec 2017	31 Mar 2018
<i>Exclusions:</i>		
^a Residents' holdings of Philippine debt papers issued offshore;	15,936	16,408
Non-residents' holdings of peso-denominated debt securities	5,308	4,139
<i>Inclusions:</i>		
^b Cumulative foreign exchange revaluation on US \$-denominated multi-currency loans from Asian Development Bank and World Bank	-29	-12
^c Accumulated SDR allocations from the IMF	1,190	1,222
^d "Due to Head Office/Branches Abroad" (DTHOBA) accounts of branches and offshore banking units of foreign banks operating in the Philippines which are considered by BSP as "quasi-equity"	3,614	3,198
^e Loans without BSP approval/registration which cannot be serviced using foreign exchange from the banking system;	12,342	12,081
Obligations under capital lease agreements	1,170	1,149

Source: Bangko Sentral ng Pilipinas

15 SELECTED FOREIGN DEBT SERVICE INDICATORS

for periods indicated; in million US dollars

	2016				2017 ^P				2018 ^P
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Debt Service Burden (DSB) ¹	2,295	1,473	1,432	1,989	2,484	1,356	1,453	1,755	2,246
Principal	1,572	954	716	1,360	1,764	836	777	1,134	1,539
Interest	723	519	716	629	720	519	676	622	707
Export Shipments (XS) ²	9,939	10,388	11,294	11,113	11,772	12,214	12,875	11,337	12,598
Exports of Goods and Receipts from Services and Income (XGSI) ^{2,3}	24,807	25,553	26,765	25,750	27,231	28,463	30,284	28,471	29,648
Current Account Receipts (CAR) ²	26,295	27,034	28,274	27,303	28,745	30,189	31,971	30,234	31,227
External Debt	77,640	77,721	76,622	74,763	73,805	72,493	72,368	73,098	73,196
Gross Domestic Product (GDP)	69,103	77,673	74,035	83,800	71,427	79,148	75,107	87,795	76,152
Gross National Income (GNI)	84,528	93,215	89,449	99,534	87,147	95,090	90,935	103,798	92,562
RATIOS (%):									
DSB to XS	23.09	14.18	12.68	17.90	21.10	11.10	11.28	15.48	17.83
DSB to XGSI	9.25	5.76	5.35	7.72	9.12	4.76	4.80	6.17	7.58
DSB to CAR	8.73	5.45	5.06	7.28	8.64	4.49	4.54	5.81	7.19
DSB to GNI	2.71	1.58	1.60	2.00	2.85	1.43	1.60	1.69	2.43
External Debt to GDP	26.48	26.21	25.43	24.52	24.05	23.50	23.40	23.31	23.00
External Debt to GNI	21.88	21.69	21.08	20.37	19.98	19.52	19.43	19.38	19.14

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: Bangko Sentral ng Pilipinas

16 SELECTED FOREIGN INTEREST RATES

period averages; in percent

	2015				2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
US Prime Rate	3.2500	3.2500	3.2500	3.2841	3.5000	3.5000	3.5000	3.5119	3.7935	4.0455	4.2500	4.2976	4.5265
US Discount Rate	0.7500	0.7500	0.7500	0.7935	1.0000	1.0000	1.0000	1.0492	1.2935	1.5455	1.7500	1.7976	2.0265
US Federal Funds Rate	0.0974	0.1151	0.1323	0.1574	0.3695	0.3831	0.3994	0.4491	0.6974	0.9486	1.1551	1.2015	1.4355
LIBOR (90 days)	0.2603	0.2794	0.3142	0.4085	0.6248	0.6433	0.7853	0.9208	1.0684	1.2023	1.3150	1.4656	1.9273
SIBOR ¹ (90 days)	0.7503	0.8791	0.9613	1.0921	1.2369	1.0062	0.8807	0.9059	0.9529	0.9961	1.1101	1.1681	1.2800

¹ SIBOR data refers to SIBOR rates in Singapore dollar

Source: Bloomberg, Asian Wall Street Journal, Reuters

17 BALANCE SHEET OF THE BANGKO SENTRAL NG PILIPINAS

as of periods indicated; in billion pesos

	2016				2017				2018
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec ^u	Mar ^p
Assets	4,405.5	4,591.3	4,760.7	4,559.1	4,612.7	4,664.3	4,678.2	4,666.6	4,781.7
International Reserves	3,798.6	3,991.3	4,158.0	3,998.0	4,044.1	4,083.7	4,096.0	4,056.6	4,187.1
Foreign Exchange Receivable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic Securities	224.0	224.2	224.8	223.2	224.5	224.4	225.1	224.6	224.9
Loans and Advances	163.5	154.5	151.7	151.1	151.2	155.8	156.1	187.4	167.0
Revaluation of International Reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bank Premises and Other Fixed Assets	18.1	17.9	18.0	18.1	18.6	21.8	22.8	23.1	23.0
Derivative Instruments in a Gain/Loss (-) Position	0.0	1.5	1.6	0.0	0.2	0.2	0.1	0.1	0.1
Other Assets	201.3	201.9	206.6	168.8	174.2	178.5	178.1	174.8	179.6
Liabilities	4,362.9	4,545.3	4,703.4	4,500.7	4,551.6	4,598.5	4,609.6	4,586.2	4,690.3
Currency Issue	930.5	931.4	942.1	1,124.2	1,046.1	1,071.1	1,090.7	1,267.5	1,250.9
Deposits	2,935.7	2,967.2	2,991.7	2,679.0	2,771.4	2,712.9	2,670.0	2,531.4	2,466.8
Reserve Deposits of Other Depository Corporations (ODCs) ¹	1,427.0	1,393.5	1,559.4	1,631.6	1,686.7	1,742.1	1,787.0	1,867.2	1,792.9
Reserve Deposits of Other Financial Corporations (OFCs) ²	4.0	2.7	2.5	1.9	2.0	2.0	2.1	2.0	2.0
Overnight Deposit Facility ³	1,027.5	1,004.7	634.5	236.6	131.8	64.6	12.9	85.5	24.6
Term Deposit Facility ³	..	90.1	330.1	529.2	576.6	376.9	347.9	101.0	182.5
Treasurer of the Philippines ⁴	336.3	332.2	318.1	136.9	227.6	379.8	346.9	326.8	318.8
Other Foreign Currency Deposits	0.5	0.1	0.1	0.1	0.1	1.1	1.1	1.0	0.8
Foreign Financial Institutions	108.7	111.1	111.1	111.1	111.1	114.4	114.3	115.1	115.1
Other Deposits ⁵	31.7	32.9	35.9	31.6	35.5	32.0	57.8	32.8	30.2
Foreign Loans Payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Bonds Payable	23.5	23.5	24.8	24.9	25.7	25.2	26.0	25.0	26.7
Derivative Instruments in a Loss Position	1.8	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0
Derivatives Liability	0.0	0.2	0.1	0.0	0.1	0.1	0.1	0.1	0.2
Allocation of SDRs	54.3	55.1	56.7	56.1	57.1	58.9	60.3	59.9	63.7
Revaluation of International Reserves	96.2	252.3	371.3	299.5	389.9	409.5	449.1	381.5	562.5
Reverse Repurchase Facility ³	309.8	305.0	305.0	305.1	249.7	305.0	296.7	305.1	305.1
Other Liabilities	10.9	10.5	11.6	11.9	11.5	15.8	16.8	15.7	14.3
Net Worth	42.6	46.0	57.3	58.4	61.1	65.7	68.5	80.5	91.4
Capital	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Surplus/Reserves	-7.4	-4.0	7.3	8.4	11.1	15.7	18.5	30.5	41.4

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

^u Based on the unaudited pre-closing BSP Financial Statements (FS) as of end-December 2017.

^p Based on the tentative BSP FS as of end-March 2018.

^{p & u} Figures may change once the end-2017 FS become final and audited.

.. No Transaction

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 Starting 3 June 2016, the Reverse Repurchase Agreement and Special Deposit Account have been replaced by the Reverse Repurchase Facility and Overnight Deposit Facility, respectively and a Term Deposit Facility was introduced in line with the implementation of the Interest Rate Corridor (IRC) system; 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

	2016					2017					2018
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4 ^u	FY ^u	Q1 ^p
Revenues	13.167	20.533	23.422	12.869	69.991	12.557	20.091	15.504	27.470	75.622	14.918
Interest Income	11.495	11.503	11.698	12.130	46.826	13.140	14.346	14.861	15.948	58.295	16.878
International Reserves	8.824	9.026	9.342	10.543	37.735	10.801	11.753	12.138	13.099	47.791	14.182
Domestic Securities	1.052	1.023	0.967	0.926	3.968	1.016	1.297	1.402	1.419	5.134	1.461
Loans and Advances	0.438	0.501	0.417	0.401	1.757	0.407	0.405	0.405	0.447	1.664	0.480
Others	1.181	0.953	0.972	0.260	3.366	0.916	0.891	0.916	0.983	3.706	0.755
Miscellaneous Income	1.263	9.037	11.522	0.683	22.505	-0.299	5.685	0.493	11.209	17.088	-2.013
Net Income from Branches	0.409	-0.007	0.202	0.056	0.660	-0.284	0.060	0.150	0.313	0.239	0.053
Expenses	16.684	18.146	16.993	19.371	71.194	15.588	19.811	15.529	15.943	66.871	12.143
Interest Expenses	11.550	10.986	10.858	10.226	43.620	10.010	9.254	8.746	7.494	35.504	6.431
Legal Reserve Deposits of Banks	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
National Government Deposits	1.828	1.498	1.495	1.301	6.122	1.221	1.968	1.693	1.886	6.768	1.954
Reverse Repurchase Facility ¹	3.148	2.874	2.339	2.338	10.699	2.060	1.940	2.116	1.959	8.075	2.266
Overnight Deposit Facility ¹	6.064	6.010	5.096	2.781	19.951	0.998	0.636	0.260	0.221	2.115	0.592
Term Deposit Facility ¹	..	0.085	1.386	3.217	4.688	5.131	4.073	3.969	2.709	15.882	0.908
Loans Payable and Other Foreign Currency Deposits	0.500	0.506	0.532	0.577	2.115	0.587	0.602	0.635	0.640	2.464	0.696
Other Liabilities	0.010	0.013	0.010	0.012	0.045	0.013	0.035	0.073	0.079	0.200	0.015
Cost of Minting/Printing of Currency	1.284	2.362	1.775	3.819	9.240	1.523	1.747	2.114	2.677	8.061	1.893
Taxes and Licenses	0.364	0.251	0.259	0.175	1.049	0.424	3.007	0.289	0.417	4.137	0.397
Others	3.486	4.547	4.101	5.151	17.285	3.631	5.803	4.380	5.355	19.169	3.422
Net Income/(Loss) Before Gain/(Loss) on FXR Fluctuations and Income Tax Expense/(Benefit)	-3.517	2.387	6.429	-6.502	-1.203	-3.031	0.280	-0.025	11.527	8.751	2.775
Gain/(Loss) on Foreign Exchange Rate Fluctuations ²	3.673	0.878	4.145	10.428	19.124	4.695	4.615	3.480	2.688	15.478	7.040
Income Tax Expense/(Benefit)	0.000	0.000	0.002	0.105	0.107	0.000	0.013	0.033	1.338	1.384	0.000
Net Income/(Loss) After Tax	0.156	3.265	10.572	3.821	17.814	1.664	4.882	3.422	12.877	22.845	9.815

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

^u Based on the unaudited pre-closing BSP Financial Statements (FS) as of end-December 2017.

^p Based on the tentative BSP FS as of end-March 2018.

^{p & u} Figures may change once the end-2017 FS become final and audited.

.. No Transaction

¹ Starting 3 June 2016, the Reverse Repurchase Agreement and Special Deposit Account have been replaced by the Reverse Repurchase Facility and Overnight Deposit Facility, respectively and a Term Deposit Facility was introduced in line with the implementation of the Interest Rate Corridor (IRC) system.

² 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