

The Coordinated Portfolio Investment Survey (CPIS)

The Coordinated Portfolio Investment Survey (CPIS) is an annual survey on residents' holdings of foreign-issued equities and long- and short-term debt securities. CPIS is a global undertaking spearheaded by the International Monetary Fund (IMF) in coordination with participating countries worldwide to improve statistics on holdings of external portfolio investment assets and promote international data comparability.

Results of the survey are used as inputs to the compilation of international investment position (IIP) of the country. CPIS data are also useful for the monitoring and analysis of capital flows and the estimation of statistics on portfolio investment and associated income flows in the balance of payments (BOP).

The Philippines' CPIS is carried out through an end-investor survey, covering data on residents' holdings of securities issued by unrelated non-residents, by country of issuer. Respondents include Philippine banks (excluding the Bangko Sentral ng Pilipinas), insurance companies (validated by data from the Insurance Commission), mutual funds, investment houses, other financial corporations, and selected non-financial corporations.

The BSP has been conducting the annual CPIS since 2001.

Summary Results of the 2007 Coordinated Portfolio Investment Survey

Residents' foreign portfolio investments declined in 2007. As of end-2007, the market value of residents' holdings of equity and debt securities issued by unrelated non-residents¹ amounted to US\$6.5 billion, 8.9 percent lower than the US\$7.2 billion holdings as of end-2006. The decline reflects the overall risk aversion and cautious sentiment of investors brought about by fears of credit crunch and worries of financial sector weakening. This is the first time that a declining trend in the value of holdings was observed since the annual CPIS was conducted in 2001.

Chart 1.

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

By instrument	end-2007	end-2006	Annual % change	% Share to total	
				end-2007	end-2006
Equity Securities	185.8	117.2	58.5%	2.8%	1.6%
Shares in Mutual Funds & Investment Trusts	9.1	71.1	-87.2%	0.1%	1.0%
Stocks/Others	176.7	46.1	283.3%	2.7%	0.6%
Debt Securities	6,333.8	7,038.6	-10.0%	97.2%	98.4%
Long-Term Debt Securities	4,792.0	4,669.9	2.6%	73.5%	65.3%
Bonds	3,259.2	2,554.9	27.6%	50.0%	35.7%
Treasury Notes/Others	1,532.8	2,115.0	-27.5%	23.5%	29.6%
Short-Term Debt Securities	1,541.8	2,368.7	-34.9%	23.6%	33.1%
Treasury Bills	826.4	741.8	11.4%	12.7%	10.4%
Commercial and Financial Papers/Others	715.4	1,626.9	-56.0%	11.0%	22.7%
TOTAL	6,519.5	7,155.8	-8.9%	100.0%	100.0%

Residents' portfolio investments are mainly long-term. Resident investors opted to retain a greater share of long-term debt securities, specifically bonds, in their portfolio and reduced holdings of short-term debt securities. As of end-2007, long-term debt securities comprised 73.5 percent of the residents' holdings of securities issued by unrelated non-residents, with short-term debt securities and equity securities accounting for the remaining 23.6 and 2.8 percent, respectively.

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

US-issued securities still account for the largest percentage of residents' portfolio investment holdings, but share to total continues to decline. Securities issued by the US comprised the biggest proportion of foreign portfolio investment holdings of residents. However, their share to total has diminished over time. As of end-2007, they only account for 36.3 percent of total holdings, down from 43.2 percent as of end-2006. Meanwhile, the proportion of residents' holdings of securities issued by the United Kingdom has increased from 8.2 percent as of end-2006 to 13.3 percent as of end-2007.

Chart 2.

Philippines' Investment in Securities Issued by Unrelated Non-Residents

By Country of Issuer of Securities

In million US dollars

As of Period Indicated

By Country of Issuer of Securities	end-2007	end-2006	% Share to Total	
			end-2007	end-2006
United States	2,368.5	3,090.8	36.3%	43.2%
United Kingdom	870.0	588.3	13.3%	8.2%
Singapore	500.8	621.7	7.7%	8.7%
Australia	359.7	321.0	5.5%	4.5%
Cayman Islands	297.4	245.8	4.6%	3.4%
Malaysia	271.9	330.1	4.2%	4.6%
Korea	169.7	66.1	2.6%	0.9%
Hong Kong	155.1	237.2	2.4%	3.3%
Germany	143.6	217.9	2.2%	3.0%
Other Asian Countries	167.6	39.8	2.6%	0.6%
International Organizations	157.1	22.6	2.4%	0.3%
All Other Countries	1,058.1	1,374.5	16.2%	19.2%
TOTAL	6,519.5	7,155.8	100.0%	100.0%

There are new countries where residents invest in. In 2007, residents invested some amount in securities issued by countries in which they did not have investments as of end-2006. These include Austria, Bahrain, British Virgin Island, Colombia, Egypt, Ireland, Liechtenstein, New Zealand, Pakistan, Peru, Taiwan, Turkey and Vietnam. An increase in investment in securities issued by offshore financial centers, Bermuda and Cayman Islands, was also noted in 2007.

Holdings of securities by residents are predominantly US dollar-denominated. While residents invest in securities issued by many countries, the currency of issue of these securities is 95.7 percent in US dollars. The remaining holdings are denominated in Euro and in Japanese yen (more than one percent each), and in smaller percentages in other currencies such as the British pound, Brazilian real, Australian dollar, Singapore dollar, Thai baht,

Korean won and others (including some peso-denominated securities issued by an international organization).

Investments are diversified among securities issued by non-resident banks, non-bank financial corporations, non-financial corporations, and foreign governments. Residents invested in securities issued by nonresident banks (30.9 percent); non-bank financial corporations (17.4 percent) non-financial corporations (18.7 percent); and foreign governments (29.7 percent). The remaining shares are accounted for by issues of foreign central banks (0.9 percent), and international organizations (2.4 percent).

Table 1a: Philippines' Investment in Securities Issued by Unrelated Non-Residents
In million US dollars
As of Period Indicated

By instrument	end-2001	end-2002	end-2003	end-2004	end-2005	end-2006	end-2007
<i>Equity Securities</i>	110.8	118.6	166.0	178.6	117.5	117.2	185.8
Shares in Mutual Funds & Investment Trusts	25.7	42.6	74.4	71.5	69.8	71.1	9.1
Stocks/Others	85.2	76.0	91.6	107.1	47.7	46.1	176.7
<i>Debt Securities</i>	2,024.1	2,717.0	3,514.6	4,737.4	5,718.3	7,038.6	6,333.8
<i>Long-Term Debt Securities</i>	1,641.3	1,476.0	2,201.8	2,441.6	3,645.8	4,669.9	4,792.0
Bonds	252.5	240.6	435.7	930.4	1,510.8	2,554.9	3,259.2
Treasury Notes/Others	1,388.8	1,235.4	1,766.0	1,511.2	2,135.0	2,115.0	1,532.8
<i>Short-Term Debt Securities</i>	382.9	1,241.1	1,312.9	2,295.8	2,072.4	2,368.7	1,541.8
Treasury Bills	61.2	498.8	165.3	821.3	437.2	741.8	826.4
Commercial and Financial Papers/Others	321.7	742.2	1,147.6	1,474.5	1,635.2	1,626.9	715.4
TOTAL	2,135.0	2,835.7	3,680.7	4,916.0	5,835.8	7,155.8	6,519.5

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

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

Table 2a: Philippines' Investment in Securities Issued by Unrelated Non-Residents
By Country of Issuer of Securities
In million US dollars
As of Period Indicated

By Country of Issuer of Securities	end-2001	end-2002	end-2003	end-2004	end-2005	end-2006	end-2007
United States	1,844.2	2,305.9	2,535.1	3,212.0	2,712.9	3,090.8	2,368.5
United Kingdom	24.1	142.9	391.4	472.9	431.2	588.3	870.0
Singapore	61.6	49.8	30.4	26.4	627.7	621.7	500.8
Australia	10.0	10.0	20.3	26.9	109.8	321.0	359.7
Cayman Islands	27.3	15.7	17.5	17.9	178.1	245.8	297.4
Malaysia	9.0	10.2	23.9	37.7	267.4	330.1	271.9
Korea	6.5	14.8	36.5	52.2	62.3	66.1	169.7
Hong Kong	25.0	98.3	141.7	57.4	114.2	237.2	155.1
Germany	15.6	31.0	51.0	223.7	208.0	217.9	143.6
Other Asian Countries	21.4	25.0	40.7	28.1	85.2	39.8	167.6
International Organization	0.0	0.0	15.3	5.8	18.1	22.6	157.1
All Other Countries	90.2	132.2	376.9	755.1	1,020.9	1,374.5	1,058.1
TOTAL	2,135.0	2,835.7	3,680.7	4,916.0	5,835.8	7,155.8	6,519.5

