

DEPARTMENT OF ECONOMIC STATISTICS

Monetary and Economics Sector
Bangko Sentral ng Pilipinas



INTERNATIONAL INVESTMENT POSITION REPORT

4th Quarter 2021

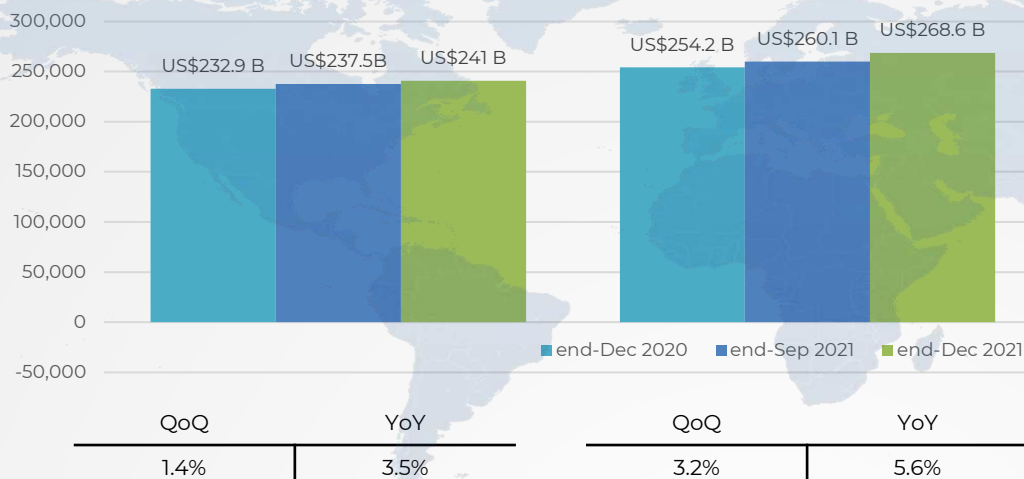


BANGKO SENTRAL NG PILIPINAS

INTERNATIONAL INVESTMENT POSITION

AS OF END-DECEMBER 2021

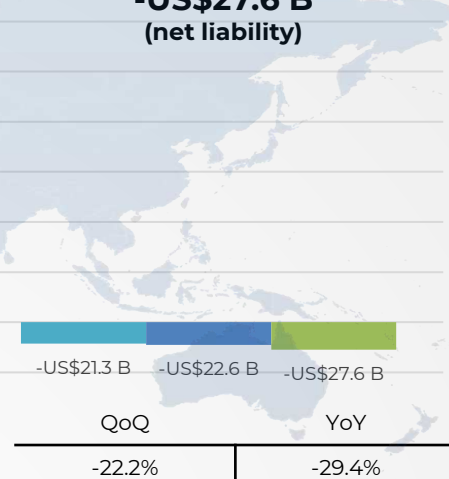
Total External Assets US\$241 B



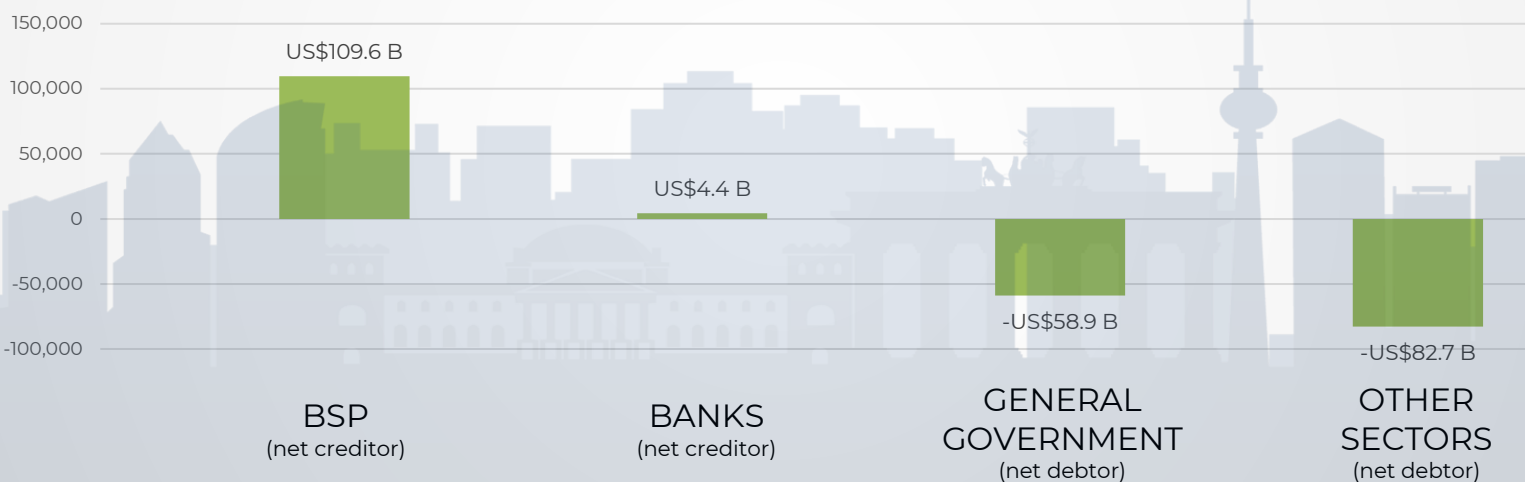
Total External Liabilities US\$268.6 B



International Investment Position -US\$27.6 B (net liability)

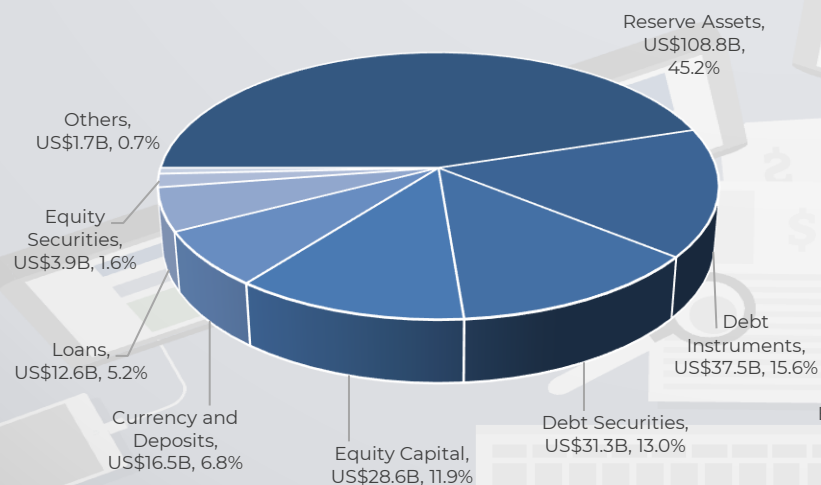


NET INTERNATIONAL INVESTMENT POSITION BY INSTITUTIONAL SECTOR

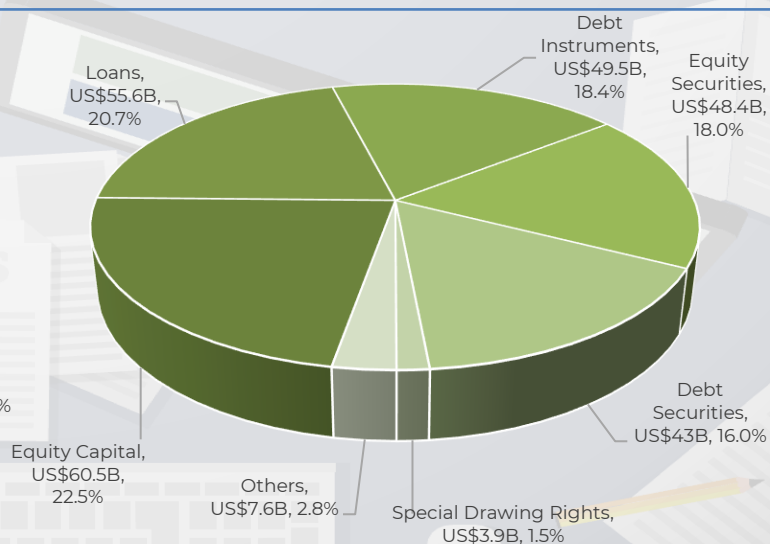


STOCK OF FINANCIAL RESOURCES BY TYPE OF INSTRUMENT*

FINANCIAL ASSETS



FINANCIAL LIABILITIES



*Details may not add up to 100 percent due to rounding.

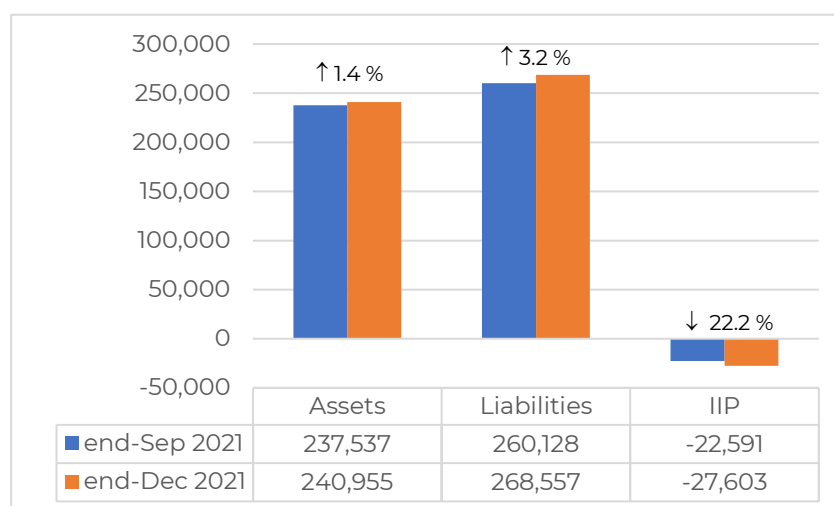
INTERNATIONAL INVESTMENT POSITION OF THE PHILIPPINES

End-December 2021

The country's IIP posts higher net external liability position in end-December 2021.

The Philippines' preliminary net international investment position (IIP) registered a net external liability position of US\$27.6 billion as of end-December 2021, higher by US\$5 billion than the US\$22.6 billion net external liability position recorded as of end-September 2021.¹ This was on account of the 3.2 percent increase in the country' total external financial liabilities during the quarter, which outpaced the 1.4 percent growth in total external financial assets. As of end-December 2021, total outstanding external financial liabilities reached US\$268.6 billion, while total outstanding external financial assets amounted to US\$241 billion.

Figure 1.A
International Investment Position, quarter-on-quarter
in million US dollars



The country's total external financial liabilities expanded during the quarter, following the increases recorded across all major accounts. In particular, foreign direct investments (FDI) rose by 3.4 percent to US\$110 billion largely on account of transaction inflows in the form of non-residents' net investments in debt instruments (or intercompany borrowing) and the upward revaluation of net equity placements.² Other investments grew by 5.2 percent to US\$66.9 billion due mainly to loans availed by the resident Deposit-taking Corporations (Banks) from non-residents.³ Foreign portfolio investments (FPI) also rose by 1.7 percent to US\$91.4 billion. The upward

¹ The International Investment Position (IIP) is a statistical statement that shows at a point in time the value of financial assets of residents of an economy that are claims on non-residents or are gold bullion held as reserve assets and the liabilities of residents of an economy to non-residents. The difference between the assets and liabilities is the net position in the IIP and represents either a net claim on or a net liability to the rest of the world. (Source: Balance of Payments and International Investment Position Manual, 6th Edition). The current end-quarter net IIP is computed as follows: previous end-quarter net IIP plus current quarter Balance of Payments net flows & other changes (e.g., market price and exchange rate changes).

² Debt instruments under the Direct Investment account consist mainly of intercompany borrowing/lending between direct investors and their subsidiaries/affiliates.

³ The Central bank is excluded from the Deposit-taking Corporations Sector.

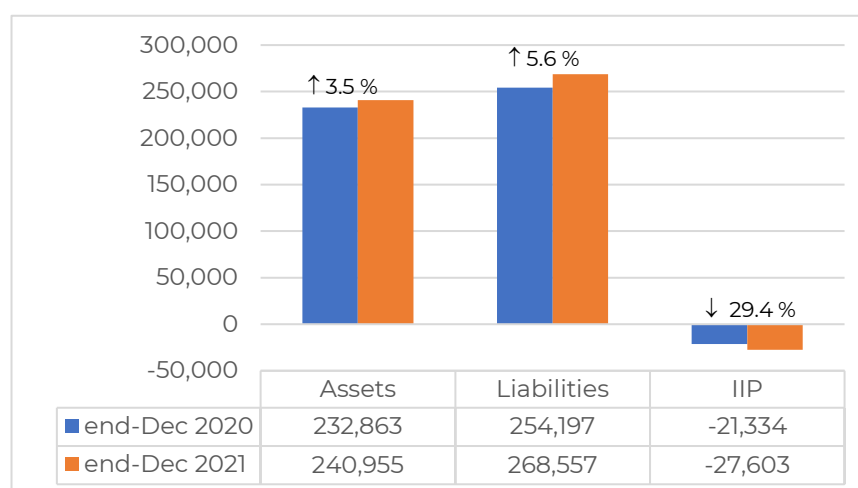


reevaluation of FDI and FPI equities reflected the rise in the Philippine Stock Exchange index (PSEi) towards the end of the quarter.⁴

Meanwhile, the growth in the country's total external financial assets was due mainly to the increase in reserve assets and residents' direct investments, in the form of equity capital and debt instruments.

On a year-on-year basis, the country's net external liability position grew by 29.4 percent from US\$21.3 billion in Q4 2020. This was on account of the 5.6 percent increase in total external financial liabilities, which more than offset the 3.5 percent growth in total external financial assets. The expansion in outstanding external financial liabilities was due to the increase in the stock of FDI (by 6.4 percent from US\$103.4 billion), other investments (by 9.2 percent from US\$61.2 billion) and FPI (by 2.6 percent from US\$89.1 billion).

Figure 1.B
International Investment Position, year-on-year
in million US dollars



The BSP and Banks maintain a net lender position, while the NG and Other Sectors continue to

Across institutional sectors, both the BSP and the Deposit-taking Corporations recorded net external asset positions of US\$109.6 billion and US\$4.4 billion, respectively. By contrast, net external liability positions were posted by the Other Sectors at US\$82.7 billion and National Government (NG) at US\$58.9 billion as of end-December 2021.⁵

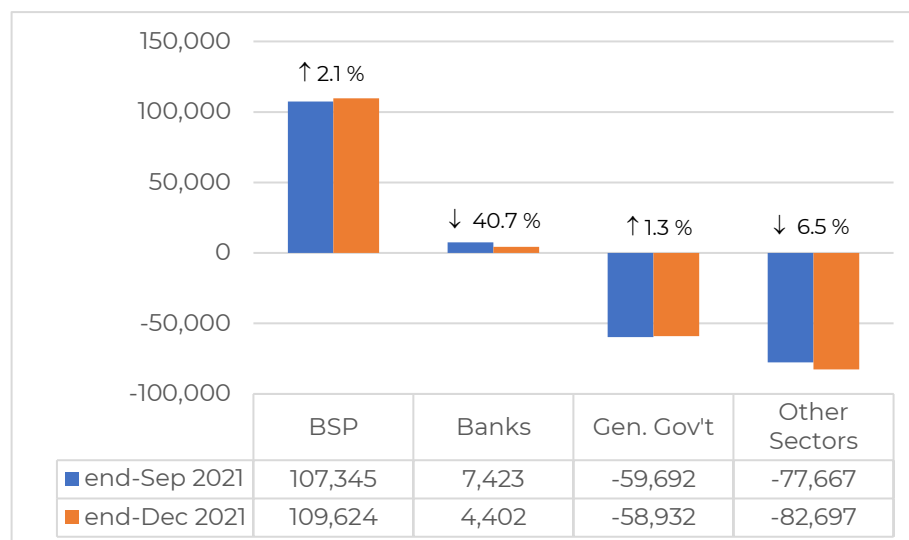
⁴ The PSEi increased by 169.75 basis points from 6,952.88 as of end-September 2021 to 7,122.63 as of end-December 2021.

⁵ Other Sectors cover the following economic sectors: (a) other financial corporations, which include private and public insurance corporations, holding companies, government financial institutions, investment companies, other financial intermediaries except insurance, trust institutions/corporations, financing companies, securities dealers/brokers, lending investor, Authorized Agent Banks (AAB) forex corporations, investment houses, pawnshops, credit card companies, offshore banking units (OBUs); (b) non-financial corporations, which refer to public and private corporations and quasi-corporations, whose principal activity is the production of market goods or non-financial services; and (c) households and non-profit institutions serving households (NPISHs).



be net
borrowers.

Figure 2
International Investment Position by Sector, quarter-on-quarter
in million US dollars



External Financial Assets

The BSP continues to hold the highest stock of external financial assets.

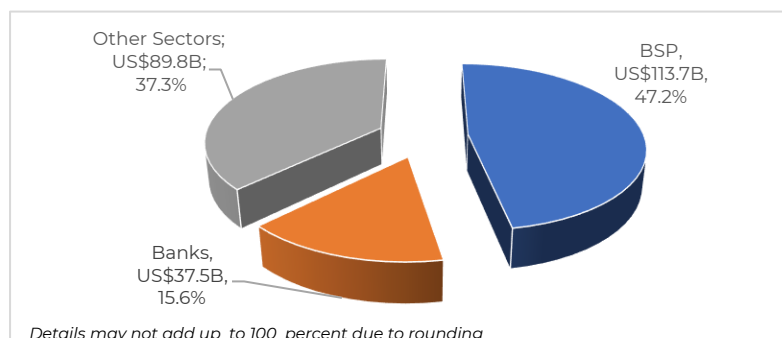
The BSP continued to hold the largest share of the country's total external financial assets at 47.2 percent (US\$113.7 billion) as of end-December 2021. This level was 2.0 percent higher than the US\$111.4 billion registered during the previous quarter due to the increase in reserve assets. The rise in reserves was due mainly to inflows arising from the NG's net foreign currency deposits with the BSP as well as the BSP's net foreign exchange operations and income from its investments abroad. The upward adjustment in the value of the BSP's holdings due to the increase in the price of gold in the international market also contributed to the increase in reserves.

The Other Sectors accounted for 37.3 percent or US\$89.8 billion of the country's outstanding financial assets as of end-December 2021. This level was 1.1 percent higher than US\$88.8 billion in the previous quarter. The increase in the sector's total external financial asset holdings stemmed mainly from the growth in its direct investments in equity capital and debt instruments and portfolio investments in debt securities.

The remaining 15.6 percent of the total external financial assets of the country were held by Banks. The slight increase of 0.6 percent from the US\$37.3 billion level as of end-September 2021 was attributable mainly to the 6.5 percent growth in loans granted to non-residents.



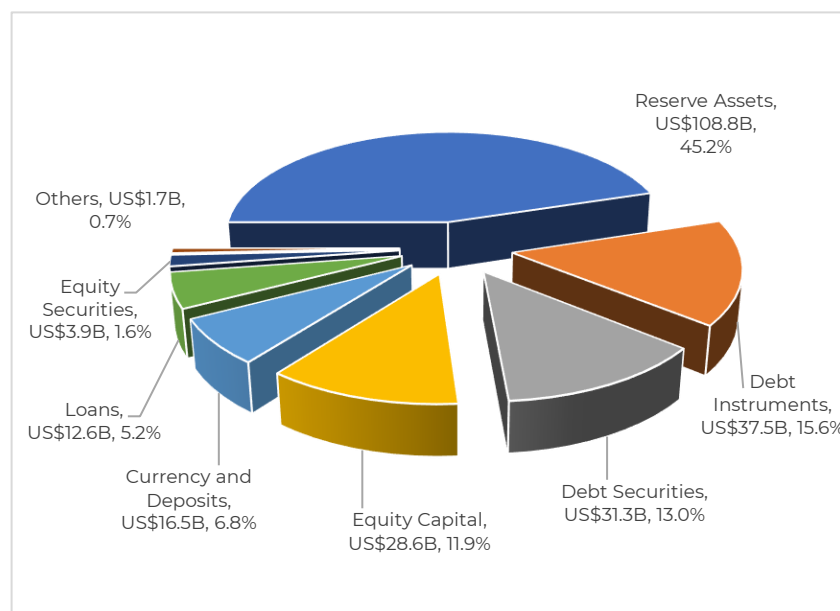
Figure 3
External Financial Assets by Sector
end-December 2021
Share to Total in Percent



Almost half of residents' financial assets are reserve assets held by the BSP.

By type of instrument, majority of residents' outstanding external financial assets are in the form of reserve assets held by the BSP (45.2 percent). Meanwhile, investment in debt instruments (or intercompany lending) and debt securities issued by non-residents accounted for 15.6 percent and 13.0 percent, respectively.⁶ The other major financial assets include equity capital (11.9 percent), net placements in foreign currency and deposits (6.8 percent), and loans (5.2 percent).

Figure 4
External Financial Assets by Type of Instrument,
end-December 2021
Share to Total in Percent



⁶ Debt securities under the Portfolio Investment account consist mainly of placements in negotiable instruments serving as evidence of a debt, which are issued by enterprises that are not affiliated with the investors.



External Financial Liabilities

The Other Sectors records the highest financial exposure with the rest of the world.

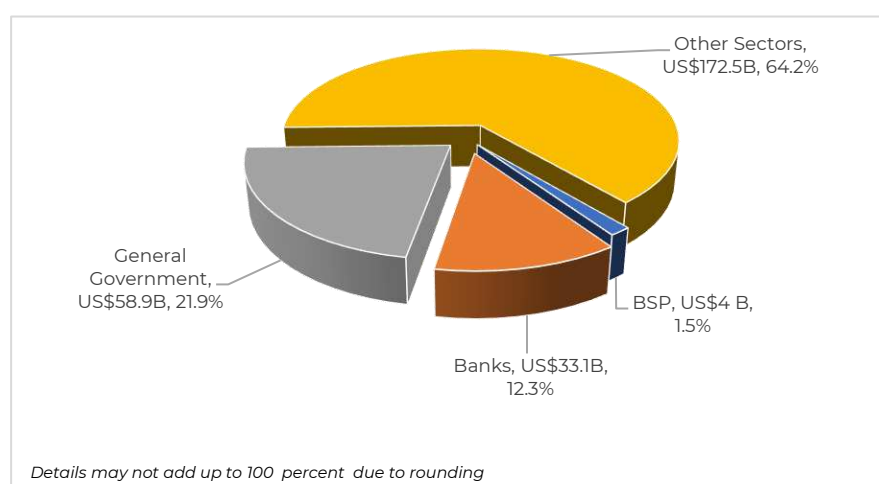
The Other Sectors accounted largely for the country's total external financial liabilities with a share of 64.2 percent or equivalent to US\$172.5 billion as of end-December 2021. This was 3.6 percent higher than US\$166.5 billion level registered as of end-Q3 2021. The Sectors' outstanding external financial liabilities consisted mainly of non-residents' net direct investments in equity capital and debt instruments issued by their resident affiliates as well as net portfolio investments in equity securities issued by local corporates.

Meanwhile, the NG's external financial liabilities comprised 21.9 percent of the Philippines' outstanding external financial liabilities at US\$58.9 billion. This level was 1.3 percent lower than the US\$59.7 billion registered in the previous quarter. The NG's external financial liabilities declined as non-residents sold their holdings of Philippine debt papers to residents in the secondary market.

Bank's total external liabilities amounted to US\$33.1 billion (accounting for 12.3 percent of total external financial liabilities), which was 10.9 percent higher than the end-September 2021 level of US\$29.9 billion. The increase in the sector's external financial liabilities was due mainly to the 33.0 percent rise in loans availed from non-residents.

The BSP held a marginal portion or 1.5 percent of the country's total external financial liabilities at US\$4 billion, which declined by 1.5 percent from the level registered in the previous quarter. The BSP's external financial liabilities were mostly in the form of Special drawing rights (SDRs) and debt securities held by non-residents.

Figure 5
External Financial Liabilities by Sector,
end-December 2021
Share to Total in Percent



Financial liabilities are mostly in the form of investments

As of end-December 2021, the outstanding financial liabilities of residents to the rest of the world were comprised mainly of non-residents' net equity capital investments in their local affiliates, (22.5 percent), loans extended to residents (20.7 percent) and net investments in debt instruments issued by their resident affiliates (18.4 percent). These were followed by foreign



in foreign
equity capital
and debt
instruments.

portfolio investments in the form of equity securities (18.0 percent) and debt securities (16.0 percent).

Figure 6
External Financial Liabilities by Type of Instrument,
end-December 2021
Share to Total in Percent

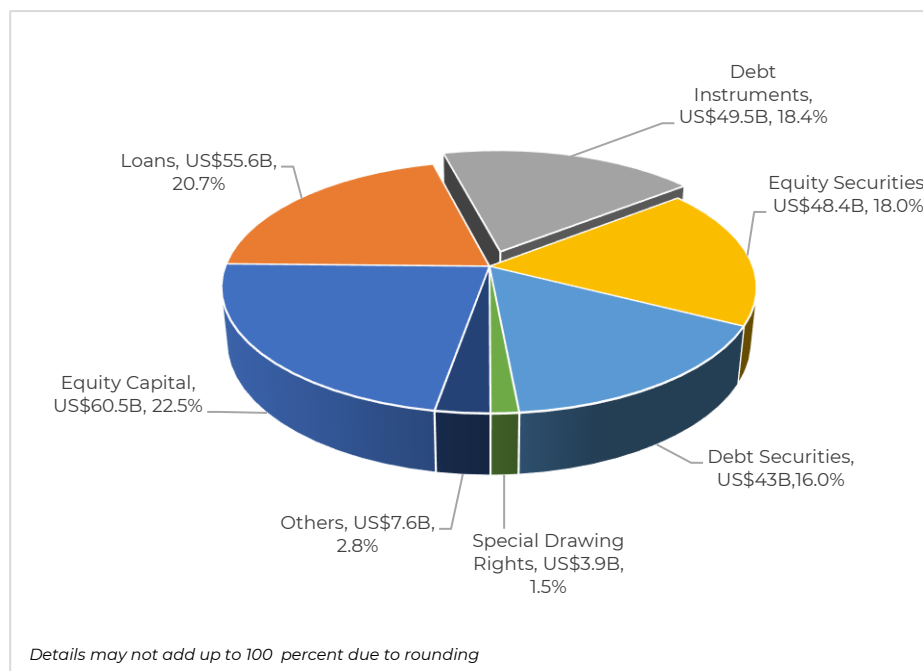


Table 2. External Financial Assets
as of periods indicated
(in million US dollars)

Instrument/Sector	Central Bank (CB)			Deposit-taking corporations, except CB			General Government			Other Sectors			Total			% to Total		
	Dec -20 r	Sep -21 p	Dec -21 p	Dec -20 r	Sep -21 p	Dec -21 p	Dec -20 r	Sep -21 p	Dec -21 p	Dec -20 r	Sep -21 p	Dec -21 p	Dec -20 r	Sep -21 p	Dec -21 p	Dec -20 r	Sep -21 p	Dec -21 p
Levels																		
Direct Investment	0	0	0	668	664	664	0	0	0	62,356	64,257	65,430	63,024	64,922	66,094	27.1	27.3	27.4
Equity and investment fund shares	0	0	0	668	664	664	0	0	0	26,097	27,289	27,897	26,766	27,954	28,561	11.5	11.8	11.9
Debt instruments	0	0	0	0	0	0	0	0	0	36,258	36,968	37,533	36,258	36,968	37,533	15.6	15.6	15.6
Portfolio Investment	1,769	4,717	4,735	17,338	16,412	15,889	0	0	0	10,078	14,079	14,622	29,185	35,208	35,245	12.5	14.8	14.6
Equity and investment fund shares	0	0	0	93	61	58	0	0	0	3,052	3,740	3,866	3,145	3,802	3,923	1.4	1.6	1.6
Debt securities	1,769	4,717	4,735	17,245	16,350	15,831	0	0	0	7,026	10,339	10,756	26,040	31,406	31,322	11.2	13.2	13.0
Financial Derivatives	0	0	0	238	316	318	0	0	0	87	6	14	325	322	332	0.1	0.1	0.1
Other Investment	132	128	129	19,323	19,891	20,646	0	0	0	10,756	10,470	9,715	30,211	30,490	30,490	13.0	12.8	12.7
Other equity	132	128	129	0	0	0	0	0	0	0	0	0	132	128	129	0.1	0.1	0.1
Currency and deposits	0	0	0	7,806	7,932	7,990	0	0	0	9,675	9,285	8,492	17,480	17,217	16,482	7.5	7.2	6.8
Loans	0	0	0	11,449	11,839	12,614	0	0	0	0	0	0	11,449	11,839	12,614	4.9	5.0	5.2
Insurance, pension, and standardized guarantee schemes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	0.0	0.0
Trade credits and advances	0	0	0	0	0	0	0	0	0	1,082	1,185	1,223	1,082	1,185	1,223	0.5	0.5	0.5
Other accounts receivable	0	0	0	68	120	42	0	0	0	0	0	0	68	120	42	.	0.1	.
Reserve Assets	110,117	106,596	108,794	0	0	0	0	0	0	0	0	0	110,117	106,596	108,794	47.3	44.9	45.2
Total	112,019	111,441	113,658	37,568	37,283	37,516	0	0	0	83,277	88,813	89,781	232,863	237,537	240,955	100.0	100.0	100.0
Growth Rates (Quarter-on-Quarter)																		
Direct Investment	--	--	--	.	-0.3	-0.1	--	--	--	3.8	1.1	1.8	3.8	1.1	1.8			
Equity and investment fund shares	--	--	--	.	-0.3	-0.1	--	--	--	4.0	1.0	2.2	3.9	1.0	2.2			
Debt instruments	--	--	--	--	--	--	--	--	--	3.7	1.2	1.5	3.7	1.2	1.5			
Portfolio Investment	4.2	-3.9	0.4	2.6	-2.7	-3.2	--	--	--	4.7	8.9	3.9	3.4	1.4	0.1			
Equity and investment fund shares	--	--	--	6.5	-31.3	-6.1	--	--	--	22.2	1.9	3.3	21.7	1.1	3.2			
Debt securities	4.2	-3.9	0.4	2.6	-2.6	-3.2	--	--	--	-1.5	11.7	4.0	1.6	1.5	-0.3			
Financial Derivatives	--	--	--	-9.1	19.2	0.6	--	--	--	-59.5	-46.3	132.0	-31.8	16.6	3.0			
Other Investment	2.2	-0.3	0.2	-1.6	7.3	3.8	--	--	--	9.2	-3.1	-7.2	2.0	3.4	.			
Other equity	2.2	-0.3	0.2	--	--	--	--	--	--	--	--	--	2.2	-0.3	0.2			
Currency and deposits	--	--	--	17.0	12.8	0.7	--	--	--	10.1	-3.9	-8.5	13.1	3.1	-4.3			
Loans	--	--	--	-11.1	3.5	6.5	--	--	--	--	--	--	-11.1	3.5	6.5			
Insurance, pension, and standardized guarantee schemes	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			
Trade credits and advances	--	--	--	--	--	--	--	--	--	2.1	3.3	3.2	2.1	3.3	3.2			
Other accounts receivable	--	--	--	-17.2	55.1	-65.1	--	--	--	--	--	--	-17.2	55.1	-65.1			
Reserve Assets	9.6	0.8	2.1	--	--	--	--	--	--	--	--	--	9.6	0.8	2.1			
Total	9.5	0.6	2.0	0.3	2.6	0.6	--	--	--	4.4	1.7	1.1	6.1	1.3	1.4			
Growth Rates (Year-on-Year)																		
Direct Investment	--	--	--	-0.8	-0.6	-0.7	--	--	--	8.7	7.0	4.9	8.6	6.9	4.9			
Equity and investment fund shares	--	--	--	-0.8	-0.6	-0.7	--	--	--	5.7	8.7	6.9	5.5	8.5	6.7			
Debt instruments	--	--	--	--	--	--	--	--	--	11.0	5.7	3.5	11.0	5.7	3.5			
Portfolio Investment	708.1	177.9	167.6	12.9	-2.9	-8.4	--	--	--	29.2	46.3	45.1	24.9	24.8	20.8			
Equity and investment fund shares	--	--	--	2.2	-29.5	-37.8	--	--	--	30.8	49.8	26.6	29.7	47.1	24.7			
Debt securities	708.1	177.9	167.6	13.0	-2.7	-8.2	--	--	--	28.5	45.0	53.1	24.3	22.5	20.3			
Financial Derivatives	--	--	--	24.5	20.4	33.3	--	--	--	-12.8	-97.2	-84.0	11.8	-32.4	2.0			
Other Investment	14.9	-0.9	-2.8	14.2	1.3	6.8	--	--	--	18.7	6.3	-9.7	15.8	3.0	0.9			
Other equity	14.9	-0.9	-2.8	--	--	--	--	--	--	--	--	--	14.9	-0.9	-2.8			
Currency and deposits	--	--	--	18.9	18.9	2.4	--	--	--	19.5	5.7	-12.2	19.2	11.4	-5.7			
Loans	--	--	--	11.4	-8.1	10.2	--	--	--	--	--	--	11.4	-8.1	10.2			
Insurance, pension, and standardized guarantee schemes	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			
Trade credits and advances	--	--	--	--	--	--	--	--	--	12.2	11.9	13.1	12.2	11.9	13.1			
Other accounts receivable	--	--	--	-14.7	46.5	-38.3	--	--	--	--	--	--	-14.7	46.5	-38.3			
Reserve Assets	25.4	6.1	-1.2	--	--	--	--	--	--	--	--	--	25.4	6.1	-1.2			
Total	27.0	9.0	1.5	13.4	-0.5	-0.1	--	--	--	12.1	11.4	7.8	19.0	8.2	3.5			

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

p Preliminary

r Revised

. Rounds off to zero

-- Undefined/Indeterminate Growth Rate

Table 3. External Financial Liabilities
as of periods indicated
(in million US dollars)

Instrument/Sector	Central Bank (CB)			Deposit-taking corporations, except CB			General Government			Other Sectors			Total			% to Total		
	Dec -20 r	Sep -21 p	Dec -21 p	Dec -20 r	Sep -21 p	Dec -21 p	Dec -20 r	Sep -21 p	Dec -21 p	Dec -20 r	Sep -21 p	Dec -21 p	Dec -20 r	Sep -21 p	Dec -21 p	Dec -20 r	Sep -21 p	Dec -21 p
Levels																		
Direct Investment	0	0	0	4,357	4,177	4,216	0	0	0	99,037	102,231	105,822	103,394	106,409	110,039	40.7	40.9	41.0
Equity and investment fund shares	0	0	0	4,357	4,177	4,216	0	0	0	56,615	54,891	56,297	60,973	59,068	60,513	24.0	22.7	22.5
Debt instruments	0	0	0	0	0	0	0	0	0	42,422	47,340	49,525	42,422	47,340	49,525	16.7	18.2	18.4
Portfolio Investment	127	145	120	13,812	12,839	13,085	29,058	29,326	28,401	46,133	47,601	49,809	89,132	89,910	91,416	35.1	34.6	34.0
Equity and investment fund shares	0	0	0	7,967	7,355	8,155	0	0	0	39,250	37,298	40,243	47,217	44,653	48,398	18.6	17.2	18.0
Debt securities	127	145	120	5,846	5,484	4,931	29,058	29,326	28,401	6,883	10,303	9,566	41,914	45,257	43,018	16.5	17.4	16.0
Financial Derivatives	0	0	0	359	250	219	0	0	0	91	3	11	450	252	230	0.2	0.1	0.1
Other Investment	1,208	3,952	3,913	15,718	12,593	15,594	27,258	30,367	30,531	17,037	16,645	16,835	61,221	63,558	66,873	24.1	24.4	24.9
Other equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	0.0	0.0
Currency and deposits	0	0	0	2,687	2,829	2,988	0	0	0	0	0	0	2,687	2,829	2,988	1.1	1.1	1.1
Loans	0	0	0	11,720	8,648	11,498	27,258	30,367	30,531	14,318	13,332	13,552	53,296	52,346	55,580	21.0	20.1	20.7
Insurance, pension, and standardized guarantee schemes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0	0.0	0.0
Trade credits and advances	0	0	0	0	0	0	0	0	0	2,719	3,313	3,283	2,719	3,313	3,283	1.1	1.3	1.2
Other accounts payable	0	0	0	1,310	1,116	1,109	0	0	0	0	0	0	1,310	1,116	1,109	0.5	0.4	0.4
Special drawing rights	1,208	3,952	3,913	0	0	0	0	0	0	0	0	0	1,208	3,952	3,913	0.5	1.5	1.5
Total	1,336	4,097	4,033	34,247	29,859	33,114	56,316	59,692	58,932	162,298	166,480	172,478	254,197	260,128	268,557	100.0	100.0	100.0
Growth Rates (Quarter-on-Quarter)																		
Direct Investment	--	--	--	0.6	-4.3	0.9	--	--	--	7.6	0.9	3.5	7.2	0.6	3.4			
Equity and investment fund shares	--	--	--	0.6	-4.3	0.9	--	--	--	12.8	-2.9	2.6	11.8	-3.0	2.4			
Debt instruments	--	--	--	--	--	--	--	--	--	1.3	5.5	4.6	1.3	5.5	4.6			
Portfolio Investment	0.0	13.5	-16.8	15.2	-10.1	1.9	20.3	0.2	-3.2	19.6	0.8	4.6	19.1	-1.1	1.7			
Equity and investment fund shares	--	--	--	25.7	-14.2	10.9	--	--	--	20.6	-1.1	7.9	21.4	-3.5	8.4			
Debt securities	0.0	13.5	-16.8	3.5	-3.9	-10.1	20.3	0.2	-3.2	14.3	8.2	-7.1	16.6	1.4	-4.9			
Financial Derivatives	--	--	--	-6.1	-4.8	-12.5	--	--	--	-59.2	-59.1	332.4	-25.7	-6.0	-9.0			
Other Investment	2.4	230.6	-1.0	20.8	-11.8	23.8	3.6	3.9	0.5	-2.2	0.3	1.1	5.7	3.7	5.2			
Other equity	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			
Currency and deposits	--	--	--	2.6	-9.7	5.6	--	--	--	--	--	--	2.6	-9.7	5.6			
Loans	--	--	--	30.4	-11.5	33.0	3.6	3.9	0.5	-3.8	0.5	1.7	6.2	0.1	6.2			
Insurance, pension, and standardized guarantee schemes	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			
Trade credits and advances	--	--	--	--	--	--	--	--	--	6.9	-0.6	-0.9	6.9	-0.6	-0.9			
Other accounts payable	--	--	--	-7.0	-18.8	-0.7	--	--	--	--	--	--	-7.0	-18.8	-0.7			
Special drawing rights	2.4	230.6	-1.0	--	--	--	--	--	--	--	--	--	2.4	230.6	-1.0			
Total	2.2	209.7	-1.5	15.2	-10.0	10.9	11.6	2.0	-1.3	9.4	0.8	3.6	10.6	0.7	3.2			
Growth Rates (Year-on-Year)																		
Direct Investment	--	--	--	7.0	-3.6	-3.2	--	--	--	9.4	11.0	6.9	9.3	10.4	6.4			
Equity and investment fund shares	--	--	--	7.0	-3.6	-3.2	--	--	--	9.5	9.3	-0.6	9.3	8.3	-0.8			
Debt instruments	--	--	--	--	--	--	--	--	--	9.3	13.1	16.7	9.3	13.1	16.7			
Portfolio Investment	-16.0	13.4	-5.7	-11.7	7.1	-5.3	31.0	21.4	-2.3	0.1	23.4	8.0	6.0	20.2	2.6			
Equity and investment fund shares	--	--	--	-24.8	16.0	2.4	--	--	--	-4.7	14.6	2.5	-8.8	14.8	2.5			
Debt securities	-16.0	13.4	-5.7	15.7	-2.9	-15.7	31.0	21.4	-2.3	40.5	71.1	39.0	29.9	25.9	2.6			
Financial Derivatives	--	--	--	74.8	-34.7	-39.1	--	--	--	-11.5	-98.9	-88.0	46.0	-58.3	-49.0			
Other Investment	4.7	235.1	223.9	-15.9	-3.2	-0.8	43.2	15.4	12.0	3.1	-4.5	-1.2	10.5	9.7	9.2			
Other equity	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			
Currency and deposits	--	--	--	-10.6	8.1	11.2	--	--	--	--	--	--	-10.6	8.1	11.2			
Loans	--	--	--	-20.5	-3.8	-1.9	43.2	15.4	12.0	10.1	-10.4	-5.4	13.9	4.3	4.3			
Insurance, pension, and standardized guarantee schemes	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			
Trade credits and advances	--	--	--	--	--	--	--	--	--	-22.9	30.2	20.7	-22.9	30.2	20.7			
Other accounts payable	--	--	--	40.5	-20.8	-15.4	--	--	--	--	--	--	40.5	-20.8	-15.4			
Special drawing rights	4.7	235.1	223.9	--	--	--	--	--	--	--	--	--	4.7	235.1	223.9			
Total	2.3	213.5	202.0	-11.3	0.5	-3.3	36.6	18.3	4.6	5.9	12.3	6.3	8.5	13.2	5.6			

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

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-- Undefined/Indeterminate Growth Rate