SPEI

SELECTED PHILIPPINE ECONOMIC INDICATORS

2018

BANGKO SENTRAL NG PILIPINAS

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SYMBOLS AND ABBREVIATIONS

I. Government and Other Offices

BTr	-	Bureau of the Treasury
BDT	-	Bureau of Domestic Trade
BLES	-	Bureau of Labor and Employment Statistics
COA	-	Commission on Audit
DBP	-	Development Bank of the Philippines
DOF	-	Department of Finance
DOLE	-	Department of Labor and Employment
DTI	-	Department of Trade and Industry
DOT	-	Department of Tourism
IMF	-	International Monetary Fund
NEDA	-	National Economic and Development Authority
NSCB	-	National Statistical Coordination Board
NSO	-	National Statistics Office
NWPC	-	National Wages and Productivity Commission
PNB	-	Philippine National Bank
SEC	-	Securities and Exchange Commission
USVA	-	U.S. Veterans Administration

II. BSP Departments

FAD	-	Financial Accounting Department
BSP	-	Bangko Sentral ng Pilipinas
DES	-	Department of Economic Statistics
DLC	-	Department of Loans and Credit
ID	-	International Department
ITD	-	Information Technology Department
SES	-	Supervision and Examination Sector
TD	-	Treasury Department
SDC	-	Supervisory Data Center

III. Economic Terms

CPI	-	Consumer Price Index
F.O.B.	-	Free on Board
IBCL	-	Interbank Call Loans
KBs	-	Commercial Banks
MLT	-	Medium- and Long-Term
MRR	-	Manila Reference Rate
PPI	-	Producer's Price Index
SDR	-	Special Drawing Rights
WAIR	-	Weighted Average Interest Rate
WPI	-	Wholesale Price Index

IV. Table Symbols

n.t.	-	No Transaction
n.e.s	-	Not Elsewhere Specified
p	-	Preliminary
r	-	Revised
e	-	Estimate
n.a.	-	not available
…	-	Less than half of the unit employed
..	-	Below P50.0 million
-	-	nil or zero

CONCEPTS AND DEFINITIONS

Balance of Payments and International Investment Position Manual, 6th Edition (BPM6) Compilation Framework

Balance of Payments (BOP) is a statistical statement that summarizes transactions between residents and nonresidents during a period. It consists of the current account, the capital account, and the financial account.

Overall BOP Position can be in surplus, deficit or in balance. A surplus arises when inflows are greater than outflows while a deficit is incurred when outflows exceed inflows. When inflows and outflows are equally matched, the BOP position is in balance. Operationally, the BOP position is computed using two approaches: (i) as the sum of the balances of the current, capital and financial accounts (referred to as above-the-line items); or (ii) as the change in the net international reserves (NIR) that is attributed to transactions (referred to as below-the-line items). NIR is the difference between the BSP's gross international reserves (GIR) and the total of its short-term liabilities and use of fund credits (UFC). UFC refers to the sum of outstanding drawings from the IMF under various policies and facilities, other than drawings under the reserve tranche. Ideally, both approaches should yield the same result. However, because of data limitations particularly in the first approach, the overall BOP position is determined using the second approach and any discrepancy between the two approaches is termed as Net Unclassified Items. Under BPM6, the BOP position is the sum of the current account and capital account less the financial account.

I. Current Account consists of transactions in goods, services, primary income and secondary income. This account measures the net transfer of real resources between the domestic economy and the rest of the world.

I.a Goods and Services Account

The goods and services account shows transactions in items that are outcomes of production activities.

I.a.1 Goods

Goods are physical, produced items over which ownership rights can be established and whose economic ownership can be passed from one institutional unit to another by engaging in transactions. The balance on trade-in-goods covers:

i) general merchandise;
ii) net exports of goods under merchanting; and
iii) nonmonetary gold.

General merchandise on a balance of payments basis covers goods whose economic ownership is changed between a resident and a nonresident and that are not included in the following specific categories: goods under merchanting, non-monetary gold, and parts of travel, construction, and government goods and services not identified elsewhere (n.i.e.). **Merchanting** is defined as the purchase of goods by a resident (of the compiling economy) from a nonresident combined with the subsequent resale of the same goods to another nonresident without the goods being present in the compiling economy. **Non-monetary gold** covers all gold other than monetary gold. **Monetary gold** is owned by monetary authorities and held as a reserve asset.

Nonmonetary gold can be in the form of bullion, gold powder, and gold in other unwrought or semi-manufactured forms.

The trade in goods account can be classified by commodity group. The major commodity groups of exports of goods include manufactured, agro-based and mineral products while those of imports of goods include capital, consumer, raw materials and intermediate goods, and mineral fuels and lubricants.

Exports cover all goods in which ownership has been transferred from Philippine residents to nonresidents through sales, grants, gifts, and donations.

Imports cover all goods in which ownership has been transferred from nonresidents to Philippine residents through purchase, grants, gifts, and donations.

I.a.2 Services

Services are the result of a production activity that changes the conditions of the consuming units, or facilitates the exchange of products or financial assets. This account covers twelve services transactions based on BPM6, as follows:

1. **Manufacturing services on physical inputs owned by others** cover processing, assembly, labeling and packing undertaken by enterprises that do not own the goods concerned.

2. **Maintenance and repair services n.i.e.** cover maintenance and repair work by residents on goods that are owned by nonresidents (and vice versa). The repairs may be performed at the site of the repairer or elsewhere.

3. **Transport** is the process of carriage of people and objects from one location to another as well as related supporting and auxiliary services. Also included are postal and courier services. Transport can be classified according to: a) mode of transport, namely, sea, air, or other ("other" may be further broken down into rail, road, internal waterway, pipeline, and space transport as well as electricity transmission); and b) what is carried—passengers or freight.

4. **Travel** cover goods and services for own use or to give away acquired from an economy by nonresidents during visits to that economy or vice versa. The standard component breakdown of travel is between business and personal travel.

   a. **Business travel** covers goods and services acquired for personal use by persons whose primary purpose of travel is for business.

   b. **Personal travel** covers goods and services acquired by persons going abroad for purposes other than business, such as vacations, participation in recreational and cultural activities, visits with friends and relatives, pilgrimage, and education- and health-related purposes.

5. **Construction** covers the creation, renovation, repair, or extension of fixed assets in the form of buildings, land improvements of an engineering nature, and other such engineering constructions as roads, bridges, dams, and so forth. It also includes related installation and assembly work. It includes site preparation and general construction as well as specialized services such as

painting, plumbing, and demolition. It also includes management of construction projects.

6. **Insurance and pension services** include the provision of life insurance and annuities, nonlife insurance, reinsurance, freight insurance, pensions, standardized guarantees, and auxiliary services to insurance, pension schemes, and standardized guarantee schemes.

7. **Financial services** cover financial intermediary and auxiliary services, except insurance and pension fund services. These services include those usually provided by banks and other financial corporations, such as deposit taking and lending, letters of credit, credit card services, commissions and charges related to financial leasing, factoring, underwriting, and clearing of payments. Also included are financial advisory services, custody of financial assets or bullion, financial asset management, monitoring services, liquidity provision services, risk assumption services other than insurance, merger and acquisition services, credit rating services, stock exchange services, and trust services. Financial services may be charged for by: a) explicit charges; b) margins on buying and selling transactions; c) asset management costs deducted from property income receivable in the case of asset-holding entities; or d) margins between interest payable and the reference rate on loans and deposits (called financial intermediation service charges indirectly measured, abbreviated as FISIM).

8. **Charges for the use of intellectual property n.i.e.** include: a) charges for the use of proprietary rights (such as patents, trademarks, copyrights, industrial processes and designs including trade secrets, franchises) which can arise from research and development, as well as from marketing; and b) charges for licenses to reproduce or distribute (or both) intellectual property embodied in produced originals or prototypes (such as copyrights on books and manuscripts, computer software, cinematographic works, and sound recordings) and related rights (such as for live performances and television, cable, or satellite broadcast).

9. **Telecommunications, computer, and information services.** These are defined in terms of the nature of the service, not the method of delivery, as follows:

a. **Telecommunications services** encompass the broadcast or transmission of sound, images, data, or other information by telephone, telex, telegram, radio and television cable transmission, radio and television satellite, electronic mail, facsimile, and so forth, including business network services, teleconferencing, and support services.

b. **Computer services** consist of hardware- and software-related services and data-processing services.

c. **Information services** include news agency services, such as the provision of news, photographs, and feature articles to the media. Other information provision services include database services—database conception, data storage, and the dissemination of data and databases (including directories and mailing lists), both online and through magnetic, optical, or printed media; and web search portals

(search engine services that find Internet addresses for clients who input keyword queries). Also included are direct non-bulk subscriptions to newspapers and periodicals, whether by mail, electronic transmission, or other means; other online content provision; and library and archive services.

10. **Other business services** cover the following services transactions:

a. Research and development services;
b. Professional and management consulting services;
c. Technical, trade-related, and other business services;
d. Waste treatment and depollution, agricultural, and mining services;
e. Operating leasing;
f. Trade-related services; and
g. Other business services.

Transactions on business process outsourcing (BPO) are lodged under technical, trade-related, and other business services.

11. **Personal, cultural, and recreational services** consist of a) audiovisual and related services and b) other personal, cultural, and recreational services.

12. **Government goods and services n.i.e.** cover: a) goods and services supplied by and to enclaves, such as embassies, military bases, and international organizations; b) goods and services acquired from the host economy by diplomats, consular staff, and military personnel located abroad and their dependents; and c) services supplied by and to governments and not included in other categories of services.

I.b Primary Income

Primary Income Account shows flows for the use of labor and financial resources between resident and nonresident institutional units. Primary income represents the return that accrues to institutional units for their contribution to the production process or for the provision of financial assets and renting natural resources to other institutional units. The main types of primary income are: a) compensation of employees; b) dividends; c) reinvested earnings; d) interest; e) investment income attributable to policyholders in insurance, standardized guarantees, and pension funds; f) rent; and g) taxes and subsidies on products and production.

Compensation of employees presents remuneration in return for the labor input to the production process contributed by an individual in an employer-employee relationship with the enterprise. This primary income flow consists mainly of salaries of resident overseas Filipino workers (OFWs) (land-based workers with work contacts of less than one year and sea-based workers) measured in gross, that is, still inclusive of their expenses abroad.

Dividends are the distributed earnings allocated to the owners of equity for placing funds at the disposal of corporations.

Reinvested earnings are the direct investors' share of the retained earnings of the direct investment enterprise. Reinvested earnings are attributed to direct investors

who are in an immediate direct investment relationship with the direct investment enterprises (i.e., when equity participation by direct investors meets the 10 percent threshold). These represent the direct investors' proportion, in terms of equity held, of the earnings that foreign subsidiaries and associates do not distribute as dividends. The undistributed earnings of branches are also considered to be reinvested earnings.

Interest is a form of investment income that is receivable by the owners of financial assets, namely deposits, debt securities, loans, and other accounts receivable, for putting the financial assets at the disposal of another institutional unit. Income on Special Drawing Right (SDR) holdings and SDR allocations is also included in interest.

Rent covers income receivable for putting natural resources at the disposal of another institutional unit.

I.c Secondary Income

Secondary Income Account shows current transfers between residents and nonresidents. These are receipts or provisions in cash or in kind for nothing in return. Current transfers are classified into personal transfers and other current transfers. **Personal transfers** consist of all current transfers in cash or in kind made or received by resident households to or from nonresident households. **Other current transfers** include a) current taxes on income, wealth; b) social contributions; c) social benefits; d) net nonlife insurance premiums; e) nonlife insurance claims; f) current international cooperation; and g) miscellaneous current transfers.

A transfer is considered current if the money or goods are intended for consumption by the recipient. Included are donations for relief efforts, gifts, contributions and fees paid by member governments to international organizations. The bulk of receipts consists of remittances in cash and in-kind sent by non-resident OFWs (land-based workers with work contracts of one year or more).

II. Capital Account covers capital transfers receivable and payable, and acquisition and disposal of non-produced, nonfinancial assets between residents and nonresidents. **Capital transfers** are transfers in which the ownership of an asset (other than cash or inventories) changes from one party to another; or which obliges one or both parties to acquire or dispose of an asset (other than cash or inventories); or where a liability is forgiven by the creditor. Migrants' transfers, or the personal effects as well as financial assets and liabilities of persons changing residence, are excluded from capital transfers as the change of a person's residence is not a transaction.

III. Financial Account records transactions that involve financial assets and liabilities between residents and nonresidents. The functional categories under the financial account are organized according to whether the investment relates to an asset or liability. Debit/asset entries refer to net acquisition of financial assets (NAFA) and credit/liability entries refer to net incurrence of liabilities (NIL). Net balance is presented in terms of net lending (+) / net borrowing (-). When the net acquisition of financial assets is larger than the net incurrence of liabilities, then the financial account balance would be a net lending, and vice-versa.

Five functional categories of investment are distinguished in the international accounts, namely: a) direct investment; b) portfolio investment; c) financial derivatives (other than reserves) and employee stock options; d) other investment; and e) reserve assets.

III.a Direct Investments

Direct investment is a category of cross border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is a resident in another economy. Operationally, direct investment in an enterprise is indicated by ownership of at least 10 percent of equity shares. Less than 10 percent ownership is considered as portfolio investments. Direct investments can be in the form of equity capital, reinvestment of earnings and debt instruments.

Equity capital comprises equity in branches, all shares in subsidiaries and associates. It covers cash and non-cash equity in an enterprise such as capital equipment and debt that are converted to equity. **Reinvestment of earnings** consists of the direct investor's proportion (in terms of equity held) of the earnings that local subsidiaries and associates do not distribute as dividends. The undistributed earnings of branches are likewise considered to be reinvestment of earnings. **Debt instruments** includes the borrowing and lending of funds—including debt securities and supplier's credits—between direct investor and subsidiaries, branches, and associates. Debt instruments include loans, debt securities, financial leases, and suppliers' credit (trade credit and advances).

The direct investment account is classified into:
i) investments by a direct investor in its direct investment enterprise;
ii) reverse investments; and
iii) investments between fellow enterprises.

A direct investment relationship arises when an investor resident in one economy makes an investment that gives control or a significant degree of influence on the management of an enterprise that is resident in another economy. Enterprises in a direct investment relationship with each other are called affiliates or affiliated enterprises. In addition, all enterprises that are under the control or influence of the same direct investor are considered to be in a direct investment relationship with each other.

A **direct investor** is an entity or group of related entities that is able to exercise control or a significant degree of influence over another entity that is resident of a different economy. A **direct investment enterprise** is an entity subject to control or a significant degree of influence by a direct investor. In some cases, a single entity may be, at the same time, a direct investor, a direct investment enterprise, and a fellow enterprise in its relationships to other enterprises.

With regard to its relationship with a direct investor, a direct investment enterprise is either a subsidiary or an associate. A **subsidiary** is a direct investment enterprise over which the direct investor is able to exercise control. An **associate** is a direct investment enterprise over which the direct investor is able to exercise a significant degree of influence, but not control.

Affiliates of an enterprise consist of: a) its direct investors, both immediate and indirect; b) its direct investment enterprises, whether subsidiaries (including branches and other quasi corporations), associates, and subsidiaries of associates, both immediate and indirect; and c) **fellow enterprises**, that is, those enterprises that are under the control or influence of the same immediate or indirect investor, but neither fellow enterprise controls or influences the other fellow enterprise.

Reverse investments arise when a direct investment enterprise lends funds to or acquires equity in its immediate or indirect direct investor, provided it does not own equity comprising 10 percent or more of the voting power in that direct investor.

III.b Portfolio Investments

Portfolio Investments are defined as cross border transactions and positions involving debt or equity securities, other than those included in direct investment or reserve assets. This investment category covers transactions in equity in which the investor holds less than 10 percent of the total equity of an enterprise. Also included in this account are sale and purchase of debt. **Debt securities** are negotiable instruments serving as evidence of a debt. They include bills, bonds, notes, negotiable certificates of deposit, commercial paper, debentures, asset-backed securities, money market instruments, and similar instruments normally traded in the financial markets. Meanwhile, **equity securities** consist of all instruments and records that acknowledge claims on the residual value of a corporation or quasi-corporation, after the claims of all creditors have been met. Ownership of equity in legal entities is usually evidenced by shares, stocks, participations, depository receipts, or similar documents.

III.c Financial Derivatives

Financial Derivatives transactions cover largely the settlement of obligations arising from financial derivative contracts. Financial derivative is a financial instrument that is linked to another specific financial instrument, indicator or commodity, and through which specific financial risks (such as interest rate risk, foreign exchange risk, equity, and commodity price risks) can, in their own right, be traded in financial markets. Transactions and positions in financial derivatives are treated separately from the values of any underlying items to which they are linked.

III.d **Other Investments** is a residual category that includes positions and transactions other than those included in direct investments, portfolio investments, financial derivatives and employee stock options, and reserve assets. To the extent that the following classes of financial assets and liabilities are not included under direct investment or reserve assets, other investment includes: a) other equity; b) currency and deposits; c) loans (including use of IMF credit and loans from the IMF); d) nonlife insurance technical reserves, life insurance and annuities entitlements, pension entitlements, and provisions for calls under standardized guarantees; e) trade credit and advances; f) other accounts receivable/payable; and g) SDR allocations (SDR holdings are included in reserve assets).

The Special Drawing Right (SDR) is an interest-bearing reserve asset created by the International Monetary Fund (IMF) in 1969 to supplement its member countries' existing official reserves. It serves as the unit of account of the IMF and some other international organizations. The value of SDR is based on a basket of four key international currencies (U.S. dollar, Japanese yen, euro and pound sterling). Its value is not directly determined by the supply and demand in the market, but is determined by the IMF on a daily basis based on the market exchange rates between the currencies included in the SDR basket. The SDR is neither a currency, nor a claim on the IMF, but a potential claim on the freely usable currencies of the IMF members. SDRs are allocated to member countries, in proportion to their IMF quotas, and were made available by the IMF to its members to ensure continued liquidity in the economic system by supplementing the IMF members' foreign exchange reserves.

III.e Reserve Assets

Reserve assets are those external assets that are readily available to and controlled by monetary authorities for meeting balance of payments financing needs, for intervention in exchange markets to affect the currency exchange rate, and for other related purposes (such as maintaining confidence in the currency and the economy, and serving as a basis for foreign borrowing).

IV. Net Unclassified Items (or errors and omissions) is an offsetting account to bring above-the-line and below-the-line into balance. Discrepancy arises because data sources are inadequate or inconsistent with one another in terms of coverage, time of recording and valuation. A positive discrepancy denotes an understatement of inflows and/or an overstatement of outflows. Conversely, a negative entry denotes an overstatement of inflows and/or understatement of outflows.

International Investment Position (IIP) - The international investment position (IIP) is a statistical statement that shows at a point in time the value and composition of a) financial assets of residents of an economy that are claims on nonresidents and gold bullion held as reserve assets, and b) financial liabilities of residents of an economy to nonresidents. The IIP is a companion framework to the Balance of Payments (BOP) statistics. Similar to the BOP's financial account, the assets and liabilities in the IIP are classified as direct investments, portfolio investments, financial derivatives, and other investments.

Trade Indices

Value Index of Exports/Imports refers to the ratio of the value of FOB exports (CIF imports) during the current period to the value of FOB exports (CIF imports) during the base period. It is a measure of performance at current prices.

Price Index of Exports/Imports refers to the ratio of the exports (imports) price in the current period to the exports (imports) price in the base period using the Paasche formula. It reflects the development of prices over time.

Quantum Index of Exports (Imports) refers to the ratio of the sum of the current quantities of exports (imports) at base period prices to the sum of quantities of exports (imports) during the base period, valued at base period prices. Alternatively, it can be derived by dividing the value index by the price index. It is a measure of real growth or performance at constant prices.

Terms of Trade Index measures the changes in the prices received for exports in relation to prices paid for imports and is computed by getting the ratio of the export price index to the import price index.

Purchasing Power of Exports refers to the volume of imports that can be obtained out of export earnings and is computed as the product of the terms of trade index and the export quantum index.

Direction of Trade

Direction of Trade presents the country's exports and imports classified by country of destination.

Balance of Trade is the difference between the country's exports and imports.

Gross International Reserves of the Bangko Sentral

Gross International Reserves (GIR) are foreign assets that are readily available to and controlled by the BSP for direct financing of payments imbalances and for managing the magnitude of such imbalances. GIR consists of holdings of gold, special drawing rights (SDR), foreign investments, and foreign exchange, including Reserve Position in the Fund (RPF). These assets are valued mark-to-market.

Gold. The Philippines valued its gold holdings at the official rate of $35 per fine troy ounce up to April 1972 and $38 per fine troy ounce up to January 1973. Starting February 1973, gold holdings were valued at $42 per fine troy ounce. With the second amendment of the IMF Articles of Agreement taking into effect in April 1978, CB gold transactions were valued at free market rates.

The Special Drawing Right (SDR) is an interest-bearing reserve asset created by the International Monetary Fund (IMF) in 1969 to supplement its member countries' existing official reserves. It serves as the unit of account of the IMF and some other international organizations. The value of SDR is based on a basket of four key international currencies (U.S. dollar, Japanese yen, euro and pound sterling). Its value is not directly determined by the supply and demand in the market, but is determined by the IMF on a daily basis based on the market exchange rates between the currencies included in the SDR basket. The SDR is neither a currency, nor a claim on the IMF, but a potential claim on the freely usable currencies of the IMF members.

SDRs are allocated to member countries, in proportion to their IMF quotas, and were made available by the IMF to its members to ensure continued liquidity in the economic system by supplementing the IMF members' foreign exchange reserves.

In conformity with the guidelines outlined in the Balance of Payments Manual, 6th edition, of the IMF, the BSP adopted the revised treatment of the allocation of SDRs in its various statistics starting 23 September 2010. Prior to this, the allocation of SDRs was considered a non-transaction item. With the implementation of the BPM6-based treatment, the SDR allocation is now treated as a transaction, particularly as a long-term liability of the monetary authorities.

Foreign Investments of the Bangko Sentral are foreign assets in the form of interest-earning deposits with foreign correspondent banks and foreign securities with maturities not exceeding five years denominated in the acceptable international reserve currencies of the country. The latter are foreign government or foreign government-guaranteed and supranational issues.

Foreign Exchange is a foreign asset, which consists of demand deposit and foreign currencies on hand and accrued interest receivable.

By virtue of Cir. No. 100 dated 10 September 1959, Cir. No. 141 dated2 April 1962, Cir. No. 321 dated 31 March 1971, Cir. No. 518 dated 21 May 1976, Cir. No. 665 dated 19 March 1979, Cir. No. 1129 dated 26 January 1987, Cir. No. 1154 dated 4 September 1987; Cir. No. 1373 dated 23 December 1992, and Circular Letter dated 7 January1999, aside from the U.S. dollar, the following currencies have been included in the country's international reserves: Japanese yen (Japan), UK pound (United Kingdom), Hong Kong dollar (Hong Kong), Swiss franc (Switzerland), Canadian dollar (Canada), Singapore dollar (Singapore), Australian dollar (Australia), Bahrain dinar (Bahrain), Saudi rial (Saudi Arabia), Brunei dollar (Brunei), Indonesian rupiah (Indonesia), Thai baht (Thailand), UAE dirham (United Arab Emirates), and euro, which consists of currencies of the 11 founder member countries of the European Monetary Union: deutsche mark (Germany), French franc (France), Netherlands guilders (Netherlands), Austrian schilling (Austria), Belgian franc (Belgium), Italian lira (Italy), Finnish markka (Finland), Portuguese escudo (Portugal), Spanish peseta (Spain), Luxembourg franc (Luxembourg), and Irish punt (Ireland).

Reserve Position in the Fund (RPF) refers to the country's claim on the IMF's General Resources Account.

Net International Reserves of the Bangko Sentral

Net International Reserves (NIR) refer to the difference between BSP's gross international reserves (GIR) and the total of its short-term liabilities and Use of Fund credits (UFC). UFC refers to the sum of outstanding drawings from the IMF under various policies and facilities, other than drawings under the reserve tranche.

Similar to GIR, reserve-related liabilities are valued mark-to-market. Thus, the change in NIR includes the effect of revaluation.

Total External Debt

External Debt covers all short-term and medium-term obligations of the BSP, domestic commercial banks, public and private sectors' payable to non-residents. Short-term external debt obligations are those with maturities of one year or less, while medium- and long-term external debt consists of foreign borrowings with maturities of more than one year.

Selected External Debt Ratios

External Debt Service Ratios refer to the ratio of debt service payments to export earnings, GNI, GIR and External Debt.

Debt Service Burden refers to payments of both principal and interest. Excluded in the computation of debt service burden are those that do not involve actual outflows, such as rescheduling or refinancing of existing debt and conversion of debt into equity.

Foreign Currency Deposit Unit (FCDU) Assets and Liabilities

FCDU Assets and Liabilities is a consolidated statement of the foreign exchange assets, liabilities and undivided profits of the FCDUs of authorized commercial banks and thrift banks.

Foreign Currency Deposit Units (FCDU) Loans by Borrowers

FCDU Loans by Borrower represent foreign currency-denominated loans granted by FCDUs to various sectors of the economy.

Net Foreign Direct Investment (BOP Concept) by Industry

Net Foreign Direct Investment (BOP Concept) by Industry refers to the industry sector where the foreign direct investments are channeled into.

Foreign Direct Investment is a category of cross border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is a resident in another economy. Operationally, direct investment in an enterprise is indicated by ownership of at least 10 percent of equity shares. Less than 10 percent ownership is considered as portfolio investments. Direct investments can be in the form of equity capital, reinvestment of earnings and debt instruments.

Net Foreign Direct Investment by Country of Origin

Net Foreign Direct Investment by Country of Origin shows the most immediate source country of foreign direct investment.

Net Foreign Portfolio Investment by Country of Origin

Net Foreign Portfolio Investment by Country of Origin shows the most immediate source country of foreign portfolio investment.

Portfolio Investment includes equity and debt securities (e.g. bonds and notes, or money market instruments). The essential characteristic of instruments classified as portfolio investments is that they are traded or tradable. A portfolio investor is differentiated from a direct investor as he owns less than 10 percent of the company's total equity.

Overseas Filipinos' Remittances by Country and by type of worker

This refers to cash remittances coursed through commercial banks, thrift banks, offshore banking units, and foreign exchange corporations of sea-based and land-based OFWs, classified by source country.

Pesos Per U.S. Dollar Rates

Peso-Dollar Rate refers to the guiding rate for the exchange of one U.S. dollar (the country's intervention currency) for pesos and is computed as the weighted average of all foreign exchange transactions done through the Philippine Dealing System (PDS) during the preceding day pursuant to Circular Letter dated 30 July 1992. The PDS allows authorized dealers of participating commercial banks and the BSP to deal in spot and forward foreign exchange trading using computer terminals right in their premises from 9:00 A.M. to 12:00 noon and from 2:30 to 4:00 P.M. daily.

Cross Rates of the Philippine Peso (period average)

Cross Exchange Rate of the Peso reflects the average Philippine peso equivalent with one unit of the foreign currencies other than the intervention currency. It is computed by multiplying the U.S. dollar equivalent of one unit of foreign currency with the peso equivalent of one U.S. dollar.

Cross Rates of the Philippine Peso (end-of-period)

Cross Exchange Rate of the Peso reflects end-of-month and end-of-year Philippine peso equivalent with one unit of the foreign currencies other than the intervention currency.

US Dollar Rates of Selected Currencies (period average)

Cross Exchange Rate of the Dollar reflects the average US dollar equivalent with one unit of the selected foreign currencies.

US Dollar Rates of Selected Currencies (end-of-period)

Cross Exchange Rate of the Dollar reflects the end-of-period and end-of-year US dollar equivalent with one unit of the selected foreign currencies.

Effective Exchange Rate Indices of the Peso

Nominal Effective Exchange Rate Index of the Peso (NEERI) is the weighted average exchange rate of the peso vis-à-vis a basket of foreign currencies such as the U.S. dollar, the Japanese yen, the European Monetary Unit (EMU) euro and the British pound, unadjusted for the effects of inflation. This is computed as the summation of the percentage change in the peso cross rates with respect to each currency in the basket multiplied by the corresponding country weight. The individual country weights, in turn, are calculated from their total trade shares, i.e., exports plus imports.

Real Effective Exchange Rate Index of the Peso (REERI) is the NEERI of the peso adjusted for inflation rate differentials with the countries whose currencies comprise the NEERI basket. This is simply the peso's NEERI multiplied by the ratio of the domestic price index to the weighted price index of the countries whose currencies comprise the NEERI basket.

Selected Foreign Interest Rates

London Inter-Bank Offered Rate (LIBOR) is the rate at which banks in London offer Eurodollars in the placement market. Since different banks may be offering Eurodollars at different rates, the LIBOR rate used in pricing a loan is usually the average of the 11:00 A.M. offering rates of top three to five reference banks in the market.

Singapore Inter-Bank Offered Rate (SIBOR) is the rate at which banks in Singapore offer Eurodollars in the placement market. Since banks may be offering Eurodollars at different rates, the SIBOR rate used in pricing a loan is usually the average of the 11:00 A.M. offering rates of top three to five banks in the market.

Central Bank Survey

Central Bank Survey (CBS) covers the consolidation of the BSP balance sheet and the accounts of the Central Government (CG) related to its monetary functions and transactions with the IMF.

Accounts are classified according to financial instruments, transactors or institutional units and residence. The foreign and domestic positions are distinguished on the basis of residence following the guidelines of the IMF Balance of Payments and International Investment Position Manual, 6th Edition (BPM6) and segregated into four (4) major categories, namely:

Net Foreign Assets (NFA) refer to the central bank's net position with regard to its transactions with non-residents comprising of:

Claims on Non-Residents which consist of the country's official reserve assets and other foreign assets; and

Liabilities to Non-Residents which consist of gross foreign liabilities segregated into short-term and long-term maturities.

Domestic Claims refer to BSP's position with regard to its transactions with residents comprising of:

Net Claims on Central Government which consist of securities other than shares and loans less deposit liabilities to CG;

Claims on Other Depository Corporations which include deposits, securities other than shares, loans and financial derivatives; and

Claims on Other Sectors which comprise mainly of loans to other financial corporations, claims on state and local government, claims on public nonfinancial corporations and claims on private sector.

Reserve Money (RM) includes:

Currency Issued which refers to the currency notes and coins issued by the BSP in accordance with Sec. 50 of Republic Act 7653.

Liabilities to Other Depository Corporations which comprise:

Required reserves and clearing balances of ODCs which refer to the BSP's regular peso demand deposit liabilities to commercial banks, specialized government banks, thrift banks, rural banks and non-banks with quasi-banking functions and accrued interests.

Reserve Deposit Account of ODCs or fund placements with the BSP in lieu of government securities holdings to be bought directly from the BSP in compliance with the liquidity reserve requirement and accrued interests.

Secured Settlement Account of ODCs represents funds that will be transferred from banks' regular demand deposit during Philpass business hours to serve as "guarantee" fund for retail payments transactions. This is used as settlement account for Automated Clearing House type of transactions.

Liabilities to Other Sectors which consist of:

Transferable deposits of other financial corporations (OFCs) included in broad money refer to the BSP's demand deposit reserve accounts of Common Trust Funds (CTF) and Trust and Other Fiduciary Accounts (TOFA) of OFCs and accrued interests.

Reserve Deposit Account of OFCs which pertains to the funds placed with the BSP in lieu of government securities holdings to be bought directly from the BSP in compliance with the liquidity reserve requirement on CTF and TOFA accounts and accrued interests.

Liabilities Other Than Reserve Money include all other unclassified accounts such as deposits and securities other than shares, shares and other equity and other items (net).

Depository Corporations Survey (DCS)

Depository Corporations survey is a consolidation of the balance sheets of the deposit-generating banks namely the Monetary Authorities (MA) or the BSP and Other Depository Corporations (ODCs) [consisting of commercial banks (KBs), thrift banks (TBs), rural banks (RBs), non-stock savings and loan associations (NSSLAs) and non-banks with quasi-banking functions (NBQBs)]. In the process, interbank loans, deposit transactions and other intrasystem accounts between the BSP and ODCs are eliminated, whenever possible.

Monetary Authorities (MA) consist of the BSP and the Bureau of the Treasury (BTr) in so far as the latter's monetary functions and transactions with the International Monetary Fund (IMF) are concerned.

Other Depository Corporations are deposit-generating institutions other than the BSP, such as commercial banks, thrift banks, rural banks, non-stock savings and loan associations and non-banks with quasi-banking functions.
Components of DCS:

Net foreign assets (NFA) are distinguished from domestic accounts following the residency criteria of the 5th Edition of the IMF Balance of Payments Manual. NFA represents the difference between foreign assets and foreign liabilities of DCs, including the difference between accrued interest receivable and payable on transactions of the BSP with nonresidents.

Net Domestic Assets are the sum of net domestic credits and net other accounts of the depository corporations.

Net claims on residents consist of domestic securities and loans and advances, net of national government deposits. These claims are subdivided into net claim on the public sector and claims on other sectors. Net claims on the public sector are further broken down into net claims to the national government, local governments, government corporations and other government instrumentalities

Net other items represent the difference between all other assets and liabilities, including capital accounts, of the MA and ODCs.

Liquidity Aggregates

Expanded Broad Money Liabilities (M4) consist of broad money liabilities and transferable and other deposits in foreign currency (foreign currency deposits of residents).

Broad Money Liabilities include national currency outside DCs, transferable deposits, other deposits, and securities other than shares included in broad money (deposit substitutes).

Currency Outside Depository Corporations and Transferable Deposits also called Narrow Money, is defined under M.B. Res. 404 dated February 14, 1975 as consisting of currency in circulation (or those outside DCs) and peso deposits subject to check of the monetary system (or transferable deposits).

The item "currency in circulation" (currency outside DCs) is obtained by deducting from the currency issue of the BSP, cash held in the vaults of the BTr and ODCs.

The term "peso deposits subject to check", or transferable deposits, includes "managers and cashiers' checks" as well as deposits automatically transferred from savings to demand deposits, but excludes demand deposits by the National Government and other depository corporations' holdings of "checks and other cash items."

"Interbank deposits" among DCs are also not included in the computation of money supply.

Other Deposits are interest-bearing deposits, which are withdrawable upon presentation of properly accomplished withdrawal slips together with the corresponding passbooks or by means of negotiable orders of withdrawal (for NOW accounts) and interest-bearing deposits with specific maturity dates and evidenced by certificates issued by the bank.

Securities Other Than Shares Included in Broad Money are instruments used as an alternative form of obtaining funds from the public other than deposits through the issuance, endorsement or acceptance of debt instruments for the borrower's own account. These represent all types of money market borrowings by banks like promissory notes, repurchase agreements, commercial papers/securities and certificates of assignment/participation with recourse.

Transferable and Other Deposits in Foreign Currency are foreign currency-denominated transferable and other deposits owed to residents.

Liabilities Excluded from Broad-Money includes:

Bills Payable covers all domestic direct/negotiated borrowings obtained by the DCs from other financial intermediaries, private and government firms and individuals for the limited purpose of financing their needs and those of their agents/dealers. Excluded are those obligations/borrowings from the BSP, and other local commercial banks.

Selected Domestic Interest Rates

Treasury Bill Rate is the rate on short-term debt instruments issued by the NG for the purpose of generating funds needed to finance outstanding obligations. Treasury bills come in maturities of 91, 182 and 364 days.

Time Deposit Rate is the weighted average interest rate charged on interest-bearing deposits with fixed-maturity dates and evidenced by certificates issued by banks.

Savings Deposit Rate is the rate charged on all interest-bearing deposits of banks, which are withdrawable anytime. It is derived as the ratio of interest expense on peso deposits of reporting commercial banks to the total outstanding level of these deposits.

Bank Average Lending Rate is the weighted average interest rate charged by reporting commercial banks on loans granted during a given period of time. Monthly data is derived as the ratio of actual interest income of all commercial banks on their peso-denominated loans to the total outstanding level of their peso-denominated loans, bills discounted, mortgage contract receivables and restructured loans.

Lending Rate refers to the range (high and low) of lending rates reported by commercial banks on a daily basis. The low end refers to the prime lending rate.

New Manila Reference Rate (MRR) refers to the weighted average interest rates announced by the BSP, which is based on the combined promissory note and time deposit transactions of sample commercial banks. It replaces the old MRR announced by the old CB as reference rate of banks and non-banks in the pricing of floating rate loans.

Repurchase (RP) Rate is the interest rate on transactions in which one party sells to another party, government security, and simultaneously agrees to buy back the security from the former buyer at a predetermined price on a specified future date. RPs may have overnight or term maturities. In this compilation, the rates refer to the BSP's RP rates when it uses its RP facility to lend to banks to accommodate their temporary liquidity requirements.

Overnight Lending Facility (OLF) (equivalent to the RP in the old system) involves the purchase of government securities (GS) by the BSP from a bank with a commitment to sell them back the next day at a predetermined rate. In effect, an OLF transaction expands the money supply's level. This was launched on 3 June 2016 with the IRC, is constrained by the available collateral held by BSP counterparties. This is open to Banks, and Non-Banks with Quasi-Banking Functions (NBQBs). Income earned from the transaction is reflected

in the income statement as local currency interest income. The GS received as collateral maintained in a separate file but are not recorded in BSP's books.

Reverse Repurchase (RRP) Rate is the interest rate on an RP transaction that has an opposite effect on the parties involved. RRPs are typically contracted between the BSP and banks. They allow the BSP to siphon off liquidity from the banking system on a relatively temporary basis (as compared to the long-term effect of a change in reserve requirements). RRPs may also have overnight or term maturities.

Overnight RRP refers to the transformed RRP consisting a purely overnight window. The interest rate for the overnight RRP signals the monetary policy stance and serves as the BSP's primary monetary policy instrument. This facility is offered to qualified counterparties daily on a full-allotment method, where individual bidders are awarded a portion of the total offered amount depending on their bid size. Interest is accrued monthly from value date to accrual date. Interest expense paid is recognized in the Income Statement. This is subject to 20% Final Withholding Tax (FWT) and 5% Gross Receipts Tax (GRT).

Overnight Deposit Facility (ODF) is a standing facility which, together with the TDF, replaced the SDA when the IRC was adopted by the BSP in June 2016. These uncollateralized short-term borrowings of the BSP where the deposit rates are lower than the RRP. It is unlimited in volume to help absorb any residual system liquidity and constraint market rates from falling below the corridor. Banks, NBQBs and trust entities can participate in the TDF. Effective 1 July 2017, however, access of trust entities was discontinued in compliance with MBR No. 1945 dated 27 October 2016. Interest is accrued monthly from value date to accrual date. Interest expense paid is recognized in the Income Statement. This is subject to 20% Final Withholding Tax (FWT) and 5% Gross Receipts Tax (GRT).

Term Deposit Facility (TDF) Is an auction-based facility which, together with the ODF, replaced the Special Deposit Account (SDA) when the IRC was adopted by the BSP in June 2016. This liquidity absorption facility is used by the BSP to withdraw a large part of the structural liquidity from the financial system to bring market rates closer to the BSP policy rate. Banks, NBQBs and trust entities can participate in the TDF. Effective 1 July 2017, however, access of trust entities was discontinued in compliance with MBR No. 1945 dated 27 October 2016. Interest is accrued monthly from value date to accrual date. Interest expense paid is recognized in the Income Statement. This is subject to 20% Final Withholding Tax (FWT) and 5% Gross Receipts Tax (GRT).

Interbank Call Loan Rate is the rate on loans among banks for periods not exceeding 24 hours primarily for the purpose of covering reserve deficiencies.

Phibor Rate (Philippine Interbank Offered Rate) represents the simple average of the interest rate offers submitted by the participating banks on a daily basis, under the auspices of the Bankers Association of the Philippines (BAP). The participants consist of 20 local and foreign banks which post their bid and offer rates between 10:30 -11: 30 A.M. on an electronic monitor where lending rates in pesos are determined. The rates given by the banks are used as their dealing rates or the rates at which they will be able to borrow or lend to the market. Launched by the BAP on 1 February 1996, Phibor serves as an indicator of the banking system's level of liquidity.

BSP: Assets and Liabilities

International Reserves consist of foreign assets of the BSP in gold, deposits with foreign banks, investment in foreign securities, holdings of Special Drawing Rights and other assets in foreign currency.

Foreign Exchange Receivables consist of receivables from the National Government for the foreign exchange advanced by the BSP and used to buy US Treasury securities required as collateral in the flotation by the NG of its Principal Collateralized Interest Reduction (PCIR) Bonds and Interest Reduction (IR) Bonds. These bonds were used to pay a substantial portion of the country's foreign debt under the 1992 Philippine Financing Package negotiated with foreign commercial banks.

Domestic Securities are BSP's investment in bills, notes, bonds and share of stocks issued by the government and private entities.

Loans and Advances are credits in the form of loans and advances extended by the BSP to local banks and other financial institutions.

Foreign Exchange Differential refers to the valuation gains or losses arising from the periodic revaluations of the BSP's stock of foreign assets and liabilities not classified as part of international reserves.

Deferred Charges/Credit Gold is the repository of the periodic revaluation of BSP gold holdings arising from the fluctuation of gold prices.

Bank Premises and Other Fixed Assets include all tangible fixed assets with estimated life of more than one year used in the conduct of business and not intended for sale.

Other Assets include all other assets not elsewhere classified.

Currency Issued are the notes and coins issued by the BSP in accordance with Sec. 50 of Republic Act 7653.

Deposits consist of peso and foreign currency deposits of banks, other financial institutions, the National Government, government corporations and foreign financial organizations. It also includes deposits of funds administered and managed by the Bangko Sentral for various government agencies/offices/instrumentalities.

Loans Payable are credit availments from foreign financial institutions.

Net Bonds Payable refer to the bond issuances of the BSP in foreign currency net of discounts.

Revaluation of International Reserves refers to the valuation gains and losses arising from the regular revaluation of the BSP's stock of foreign assets and liabilities classified as international reserves. Depending on the net foreign exchange position of the BSP, the account represents a net balance, which appears either among the liabilities (gains) or among the assets (losses) of the BSP.

Revaluation of Gold Holdings is the price fluctuation in the repository of the periodic revaluation of BSP's gold holdings arising from the fluctuation in gold prices. The account was formerly known as "Deferred Charges/Credit-Gold".

Reverse Repurchase Facility consists of borrowings from the banks of the BSP using Treasury bills as collateral. BSP bills were also used in previous years.

Other Liabilities refer to liabilities not elsewhere classified.

Capital represents the capitalization subscribed and paid by the Government of the Republic of the Philippines out of the P200 billion total capitalization of the BSP as stated under Section 2, paragraph 2 of RA no. 7653 as amended by RA no. 11211.

Surplus/Reserves consist of retained earnings of the BSP set aside as surplus or reserves.

BSP: Statement of Income and Expenses

Revenues refer to income of the BSP in the form of interest earnings, fees, rentals, and other charges collected.

Interest Income consists of interest on deposits with foreign banks; return on investment in foreign and domestic securities and negotiable instruments; and earnings from loans and advances granted to financial institution and public entities.

Miscellaneous Income refers to all earnings of the BSP arising from sources other than interest income. These include trading gains/losses, fees, penalties and other operating income.

Expenses consist of expenditures in the form of interest expense on domestic and foreign borrowings; current operating expenditures, taxes; and other miscellaneous expenses.

Interest Expense refers to interest on domestic and foreign borrowings and on domestic and foreign deposits held.

Other Expenses consist of all expenses of the BSP arising from sources other than interest expense. These include expenses in the form of salaries and wages, bonuses, allowances and taxes.

Net Income/Loss (-) Before Net Gain/Loss (-) on Foreign Exchange Rates Fluctuation, Income Tax Expense/Benefit (-) and Capital Reserves refer to revenues less expenses from regular operations.

Net Gain/Loss (-) on FX Rates Fluctuation 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.

Income Tax Expense/Benefit (-) consists of provisions for (benefit from) income taxes and tax assessment.

Capital Reserves refer to provisions for various contingencies.

Net Income/ Loss (-) After Tax refers to the net income (loss) after net gain/loss on FX rates fluctuation, income tax expense (benefit), and capital reserves. This is the net income available for distribution.

Total Resources of the Philippines

Total Resources of the Philippine Financial System refer to total assets of Commercial Banks, Thrift Banks, Rural Banks and Non-Bank Financial Intermediaries gross of provision for probable losses, accumulated bond discounts, and accumulated market gains/losses.

Number of Financial Institutions

Commercial Banks are corporations which in addition to the general powers Incident to corporations are authorized to accept drafts and issue letters of credit; discount and negotiate promissory notes, drafts, bills of exchange, and other evidences of debts; receive deposits; buy and sell foreign exchange and gold or silver bullion; and lend money against securities consisting of personal property or first mortgages on improved real estates and the insured improvement thereon.

Thrift Banks primarily mobilize small savings, and provide loans at generally longer and easier terms than do commercial banks as they cater to the lower income groups. Loans are usually for basic economic needs, such as housing. Small producers such as farmers, cottage industry entrepreneurs, and consumers rely on these banks for the financing of their production and consumption requirements.

Savings Banks are organized for the purpose of accumulating savings deposits, and investing them for specified purposes, such as readily marketable bonds and securities, commercial papers and accounts receivables, drafts, bills of exchange, acceptance or notes arising from loans, whether secured or unsecured, mortgages on real financing for home building or home development, such other investments and loans as allowed by the Monetary Board of the BSP in pursuit of national economic objectives. (General Banking Act or RA No. 337, as amended).

Private Development Banks have the principal objective of catering to the capital needs and demand for investment credit or medium- to long-term loans for the promotion of growth of industry and agriculture at reasonable costs.

Stock Savings and Loan Associations are engaged in the accumulation of savings mainly of stockholders in specified undertakings. They are primarily concerned with servicing the needs of the household by providing personal finance and long-term financing for home building and development. (Savings and Loan Association Act or RA No. 3779, as amended)

Rural Banks are mostly government-sponsored/assisted banks, which are largely privately owned that provide credit facilities to farmers and merchants, or to cooperatives of such farmers and merchants under reasonable terms in general, to the people of rural communities. They are classified into those with and without authority to accept demand deposits.

Non-Bank Financial Intermediaries are financial institutions other than banks, with or without quasi-banking functions. These cover long-term financing institutions such as

insurance companies, pension and provident fund, which facilitate short-term placements in other financial institutions among others.

Loans Outstanding: Other Depository Corporations (ODCs) by Industry

Loans Outstanding of Other Depository Corporations refers to the unpaid balance of loans granted by other depository corporations (consisting of commercial banks, thrift banks and rural banks). These loans are classified by industry, which the borrower intends to finance or develop with the proceeds of the loans. The industry grouping is based on the NSCB 1994 Philippine Standard Industrial Classification (PSIC).

Total Loans (Gross), Loan Provisions and NPL by Type of KBs

Non-Performing Loans, as a general rule, refer to loan accounts whose principal and/or interest is unpaid for thirty (30) days or more after due date or after they have become past due in accordance with existing rules and regulations. This shall apply to loans payable in lump sum and loans payable in quarterly, semi-annual or annual installments, in which case, the total outstanding balance thereof shall be considered non-performing. All items in litigation as defined in the Manual of Accounts for Banks shall be considered non-performing loans.

Gross Non-Performing Loans represent the actual level of NPL without any specific allowance/provisioning for credit losses.

Net Non-Performing Loans refer to gross NPLs less specific allowance for credit losses on the total loan portfolio, provided, that such specific allowance for credit losses on the total loan portfolio shall not be deducted from the total loan portfolio.

Loan Loss Provisions refer to allowance for probable losses.

Commercial Banks' Loans Outstanding to the Real Estate Sector

Commercial Banks' Loans Outstanding to the Real Estate Sector refers to the unpaid balance of loans granted by universal banks/commercial banks to the real estate industry. The industry grouping is based on the National Statistical Coordination Board's 1994 Philippine Standard Industrial Classification (PSIC).

National Government Cash Operations

Tax Revenues are compulsory charges and levies imposed by the government on goods, services, transactions, individuals and other entities within its jurisdiction to finance operations. These include taxes on income and profits, taxes on property, taxes on domestic goods and services and taxes on international trade transactions.

Non-Tax Revenues are revenues collected from sources other than compulsory tax levies. These include those collected as payment for direct services rendered by government agencies to the public or those arising from the government's regulatory and investment activities.

Expenditures are cash expenses paid out in currency or check by the NG for payment of liabilities arising from budgetary transactions.

Current Operating Expenditures are expenditures for the purchase of goods and services for use in regular government operations within a budget year.

Interest Payments are disbursements representing payments of interest on domestic and foreign borrowings of the NG. Borrowings maybe in the form of loans or securities.

Personal Services are payments of salaries, wages and other compensation (e.g. merit salary increases, cost-of-living allowances, honoraria and commutable allowances and other benefits paid by government in behalf of the employees) of permanent, temporary and casual employees of the government.

Capital Expenditures are amounts spent for purchases of fixed assets and other goods and services, the benefits of which extend beyond the budget year and add to the assets of the government.

Net Lending represents advances by the NG for the servicing of government guaranteed corporate debt during the year, net of repayments on such advances, and includes loan proceeds from program loans relent to government corporations.

Equity represents NG investments in the authorized capital stock of government- owned or-controlled corporations.

Surplus refers to the excess of total government revenues over total expenditures.

Deficit refers to the excess of total government expenditures over total revenues.

Financing refers to the means by which government provides funding to cover a budget deficit. In case of a surplus, the excess funds become part of the sources of financing the programmed expenditures.

Net Borrowings are gross borrowings less repayment of principal.

Gross Borrowings cover total funds obtained from repayable sources, including loans secured by the government from both internal and external sources, to finance programmed expenditures.

Amortizations are repayments of principal for loans payable in regular installments. They also include actual releases out of the bond sinking fund for the eventual payment of maturing government securities.

Non-Budgetary Accounts include trust liabilities, securities sold or purchased, bond sinking fund and other government accounts not included in the regular NG budget.

Collections Subject to Holding Period/Collections from Large Taxpayers are new accounts added to the financing section of the report to monitor the magnitude of collections of banks subject to holding period and those from large taxpayers.

Change in Cash Balances refers to the net withdrawal or deposit by the NG on its deposit accounts with Bangko Sentral and other depository banks to finance an overall deficit or absorb an overall surplus in NG's financial operations.

Consolidated Public Sector Financial Position

Total Surplus (Deficit) refers to the combined financial position of the NG, government financial institutions, the major non-financial corporations, local government units, the social security institutions, the Oil Price Stabilization Fund (OPSF), until 2001 the Bangko Sentral ng Pilipinas, and the net loss of the old Central Bank.

Total Public Sector Borrowing Requirement refers to the combined deficit of the NG, the old Central bank, monitored government-owned or -controlled corporations and the OPSF, that requires financing through government borrowings.

Other Public Sector consists of the combined financial position of other public sector entities, including the Social Security System (SSS), the Government Service Insurance System (GSIS), Bangko Sentral ng Pilipinas, other government financial institutions and local government units.

Gross National Income (GNI) and Gross Domestic Product (GDP) by Industrial Origin

Gross Domestic Product by Industrial Origin is an aggregate measure of production equal to the sum of the gross values added of all resident institutional units engaged in production (plus any taxes, and minus any subsidies, on products not included in the value of their outputs).

Gross Domestic Product at current prices is GDP at prices of the current reporting period. GDP at constant prices refers to the volume level of GDP. Constant price estimates of GDP are obtained by expressing values in terms of a base period.

Gross National Income is GDP less net taxes on production and imports, less compensation of employees and property income payable to the rest of the world plus the corresponding items receivable from the rest of the world (in other words, GDP less primary incomes payable to non-resident units plus primary incomes receivable from non-resident units).

Per Capita Income is derived as the Gross National Income divided by the population size.

Components of the Industrial Origin Approach

Agriculture, Hunting, Forestry and Fishing is an aggregation of economic activities of agriculture, hunting and forestry and fishing using data results of agricultural censuses and household surveys, as well as administrative-based and special studies.

Industry Sector data are derived from the mining and quarrying, manufacturing, construction and electricity, gas and water supply areas.

Services Sector data are derived from the transport, storage and communication; trade and repair of motor vehicles, motorcycles, personal and household goods; financial intermediation; real estate, renting and business activities; public administration and

defense, compulsory social security; and other services (which include education; health and social work; hotels and restaurants; and community, social and personal service activities).

Gross National Income (GNI) and Gross Domestic Product (GDP) by Expenditure Shares

Gross Domestic Product by Expenditure Shares is derived as the sum of expenditure on final consumption plus gross capital formation plus exports less imports. At current prices, it reflects actual inflation and exchange rates. At constant 2000 prices, the 44.1938 Peso-Dollar exchange rate is considered.

Components of the Expenditure Approach

Household Final Consumption Expenditure consists of the expenditure, including expenditure whose value must be estimated indirectly, incurred by resident households on individual consumption goods and services, including those sold at prices that are not economically significant and including consumption goods and services acquired abroad.

Government Final Consumption Expenditure consists of expenditure, including imputed expenditure, incurred by general government on both individual consumption goods and services and collective consumption services.

Gross Fixed Capital Formation is measured by the total value of a producer's acquisitions, less disposals, of fixed assets during the accounting period plus certain additions to the value of non- produced assets (such as subsoil assets or major improvements to land that increases its productive capacity) realized by the productive activity of institutional units.

a) **Fixed Capital** is the value of the purchases and own account construction of fixed assets by enterprises, households, private non-profit institutions, and general government, including intellectual property products and all defense expenditures on produced assets that are used repeatedly or continuously in production processes for more than one year.

b) **Changes in Inventories** are measured by the value of the entries into inventories less the value of withdrawals and less the value of any recurrent losses of goods held in inventories during the accounting period.

Exports of Goods and Services consist of sales, barter, or gifts or grants, of goods and services from residents to non-residents.

Imports of Goods and Services consist of purchases, barter, or receipts of gifts or grants, of goods and services by residents from non- residents.

Net Primary Income is defined as the difference of the primary incomes from abroad and the primary incomes payable abroad. Primary income is the sum of compensation of employees and their property income).

Statistical Discrepancy is the difference between the estimates of GDP using the production and expenditure approaches. To ensure the reconciled/balanced production and expenditure sides of GDP in the new series, the Supply and Use Table (SUT) was compiled, to produce a zero statistical discrepancy for the 2000 benchmark year while ensuring the conceptual soundness of the national accounts. For other years, the target

is to keep the statistical discrepancy to GDP ratio to a minimum, both at current prices and at constant prices.

Consumer Price Index, Inflation Rates and Purchasing Power of the Peso

Consumer Price Index (CPI) is a general measure of the average monthly and annual changes in the retail prices of commodities commonly purchased by households reckoned from a base year and weighted by the consumption pattern or basket of the households.

Inflation Rates (Monthly)

Inflation Rate is the annual rate of percentage change or the year-on-year change in the CPI. It indicates how fast or slow the CPI increases or decreases.

Wholesale Price Index in Metro Manila

Wholesale Price Index (WPI) is an indicator designed to measure monthly changes in the general price level of commodities that flow into the wholesale trade intermediaries in Metro Manila. Hence, it measures price changes during trade turnover.

Retail Price Index in Metro Manila

Retail Price Index (RPI) measures monthly changes in the prices at which retailers dispose of their goods to consumers and other end-users. Retail price is the price at which sellers accept orders for spot or earlier delivery, usually in small quantities. The transactions are made typically on a cash basis and in the open market.

Value of Production Index of Key Manufacturing Enterprisesby Industry

Value of Production Index (VAPI) is defined as the monthly change of production values in selected manufacturing enterprises. It is used for the analysis of production trend in the manufacturing sector.

Volume of Production Index of Key Manufacturing Enterprises by Industry

Volume of Production (VOPI) is derived by dividing the VAPI by the Producer's Price Index (PPI), with 1992 as the base year. The index is a measure of change in the volume of manufacturing production.

Producer's Price Index for Manufacturing by Industry

Producer's Price Index (PPI) is a composite figure of producer's prices of representative commodities included in the market basket. It is used to measure monthly or yearly changes in producer's prices of key commodities in the manufacturing sector. It is also used to deflate production indicators such as VAPI and VOPI, and serves as the deflator in the estimation of manufacturing production in the system of national accounts.

Selected Labor and Wage Indicators

Labor Force refers to the portion of the population 15 years old and over who are considered able to contribute to the production of goods and services in the country. It includes persons who are either employed or unemployed.

Labor Force Participation Rate is the proportion of the total number of persons in the labor force to the total household population 15 years old and over.

Employed persons are those aged 15 years old and over who are reported:

1. At work even for an hour during the reference period.

2. With a job/business even though not at work during the reference period because of temporary illness/injury, vacation or other leaves of absence, bad weather or strike, labor dispute or other reasons. Likewise, persons who are expected to report for work or to start the operation of a farm or business enterprise within two weeks from the date of the enumerator's visit, are considered employed

Employment Rate is the ratio (in percent) of the total number of employed persons to the total number of persons in the labor force.

Unemployed refers to persons in the labor force who did not work or had no job/business during the reference week but were reported looking for work. Also considered as unemployed are persons without a job or business who were reported as available for work but were not looking for work because of their belief that no work was available or because of temporary illness/disability, bad weather, pending job application or they were waiting for a job interview.

Unemployment Rate is the proportion (in percent) of the total number of unemployed to the total number of persons in the labor force.

Wage Rate is the actual amount (in cash or in kind or both) paid to workers in exchange for services rendered and is usually on a daily- basis.

Actual Strike refers to any temporary stoppage of work by the concerted action of employees as a result of an industrial labor dispute. This may include work slowdowns, mass leave of absence, attempts to damage, destroy or sabotage plant equipment and facilities and similar activities.

Actual Strikes Disposed refers to actual strikes/lockouts resolved for a specified period. It is the sum total of all actual strikes settled, assumed jurisdiction by the Secretary of Labor, certified for compulsory arbitration, and actual strikes referred for compulsory arbitration.

Settlement/Disposition Rate is the ratio (in percent) of the total cases disposed to the total number of cases handled.

Philippine Stock Market

Philippine Stock Exchange Index (PSEi)is a weighted aggregative index that provides a definite measure of the country's stock market performances. It basically measures the relative changes in market capitalization of the common stocks. The index on any subsequent date is computed by means of comparing the total market capitalization of constituent stocks on that date with the total market capitalization on the previous date. It is composed of 30 companies representative of the six (6) sectors namely, financials, industrial, holding firms, property, services, and mining and oil. The basket of stocks is selected based on market liquidity, market capitalization and financial performance.

Market capitalization is the total market value of all of a company's outstanding shares. It is calculated by multiplying the company's shares outstanding by the current market price of the company's share per piece. Market capitalization is an indicator used by the investment community when determining a company's size.

Price-Earnings Ratio (PE Ratio) is the total market capitalization/total net income.

Volume and value of market transactionsare computed as the sum of volume and value of all the trades for the period.

Land Area, Population, and Density of Population

Density of Population is number of person per square kilometer.

NOTES ON THE EXTERNAL ACCOUNTS

In March 2013, starting with the Fourth Quarter 2012 Balance of Payments (BOP), the Bangko Sentral ng Pilipinas (BSP) has implemented the new framework in compiling and reporting the country's Balance of Payments (BOP) statistics in accordance with the Balance of Payments and International Investment Position Manual, 6th edition (BPM6). This initiative is aligned with the international best practice of using the standards prescribed by the International Monetary Fund (IMF). In March 2014, the BSP fully implemented the shift of the BOP compilation to BPM6 framework in compliance with the recommendations set out in the BOP manual. Moreover, the compilation of IIP data based on BPM6 framework was completed last September 2014 with the simultaneous release of the quarterly IIP data as of end-March 2013 to end-June 2014. Following the implementation of the BPM6 compilation framework, the BSP released the backtracked BOP monthly data series from 2005-2010 (with accompanying technical notes) in the BSP website in March 2014. Apart from the conversion to BPM6 format, the revisions to the backtracked BOP data series mainly reflected the use of new data sources and estimation methodologies to generate more accurate and reliable BOP statistics. Meanwhile, backtracked IIP data series (annual 2006-2012) were posted in the BSP website in September 2014.

To guide the users of BOP data, the highlights of the changes introduced in the BPM6 framework are enumerated below.

Changes	BPM5	BPM6
Classification of financial instruments	Monetary gold and special drawing rights	Monetary gold Gold bullion Unallocated gold accounts Special drawing rights
	Currency and deposits	Currency and deposits
	Debt securities (portfolio investments) and other capital (direct investments)	Debt securities (portfolio investments) and debt instruments (direct investments)
	Financial derivatives	Financial derivatives and employee stock options
	Loans	Loans
	Equity capital and equity securities	Equity and investment fund shares Insurance, pension and standardized guarantee schemes
	Other assets/liabilities (including trade credits)	Other accounts receivable/payable (including trade credits and advances)

Classification of institutional sectors	Monetary authorities Banks General Government Other sectors, including offshore banking units	Central Bank Deposit-taking corporations except the central bank, including offshore banking units General Government Other sectors including other financial corporations, nonfinancial corporations, households and nonprofit institutions serving households, and additional sectors for counterpart data, e.g., international organizations
Changes in BOP components 1. Current Account	Goods and Services Goods account consists of general merchandise, goods for processing, repairs on goods, goods procured in ports by carriers and non-monetary gold.	▪ Goods account consists of general merchandise, net exports of goods under merchanting, and nonmonetary gold. ▪ Goods for processing are recorded under the services account as "Manufacturing services on physical inputs owned by others" at value-added cost. ▪ Repairs on goods are recorded under services account as "Maintenance and repair services not indicated elsewhere (n.i.e.)". ▪ Goods procured in ports by carriers are included under general merchandise exports or imports, as applicable. ▪ Merchanting of goods (formerly under services) is classified under goods, with net amounts included in the goods account.

	Services account consists of eleven sub-components, namely, transportation, travel, communication, construction, insurance, financial, computer and information, royalties and license fees and other business services, which comprise of merchanting and other trade-related services, n.i.e., among others.	Services account now has twelve sub-components, namely, manufacturing services on physical inputs owned by others, maintenance and repair services n.i.e., transport, travel, construction, insurance and pension services, financial services, charges for the use of intellectual property n.i.e., telecommunications, computer, and information services, other business services, personal, cultural, and recreational services, and government goods and services n.i.e. ▪ Telecommunications, computer and information services is a new services grouping. ▪ Renamed sub-headings include transport (previously transportation) and charges for the use of intellectual property n.i.e. (previously royalties and license fees). ▪ Financial services now include financial intermediation services indirectly measured (FISIM), with a method of calculation based on the reference rate. This is to distinguish the recording of service charge from pure interest which is reported under interest income. ▪ Results of research and development, e.g., patents, copyrights and industrial processes, are treated as produced assets compiled in research and development services.[1] ▪ Government services was renamed to "Government goods and services n.i.e." ▪ The term "primary income" is introduced to be

[1] **Patents, copyrights and industrial processes are treated as non-produced assets under the capital account in BPM5.**

	Income account consists of compensation of employees, including border, seasonal, and other workers, and investment income. Current transfers are subdivided into workers' remittances and other transfers.	consistent with the System of National Accounts. ▪ More detailed sub-accounts of investment income are introduced to link with functional and instrument classifications of financial instruments. ▪ Income on reserve assets are shown separately. ▪ Interest income is adjusted to remove the FISIM component, i.e., "pure interest." FISIM component is transferred to services. ▪ "Actual interest" is still presented as a memorandum item. ▪ "Secondary income" replaces the term current transfers. ▪ "Personal transfers" is introduced as a broader measurement of workers' remittances, which consist of all current transfers in cash or in kind by OF workers with work contracts of one year or more as well as other household-to-household transfers between Filipinos who have migrated abroad and their families in the Philippines.
2. Capital Account	Capital account consists of capital transfers and acquisition/disposal of non-produced, non-financial assets.	▪ Migrants' transfers, or the personal effects, financial assets and liabilities of persons changing residence, are excluded from capital transfers.
3. Financial Account	The different types of investments under the financial account (direct, portfolio and other) are presented under the directional principle, or according to the direction of the investment relationship. Under the directional principle, investments are shown as either residents'	▪ The functional categories under the financial account are organized according to whether the investment relates to an asset or liability. This is also termed as the asset and liability presentation. ▪ Debit/asset entries are changed to net acquisition of financial assets and

	investments abroad or non-residents investments in the reporting economy.	credit/liability entries are changed to net incurrence of liabilities. ▪ Direct investment is classified into: investment by a direct investor in its direct investment enterprise, reverse investment, and investment between fellow enterprises. ▪ Claims of non-resident direct investment enterprises from resident direct investors are now presented as reverse investment under net incurrence of liabilities (previously presented as negative entry under debits/assets). Conversely, claims of resident direct investment enterprises from foreign direct investors are now presented as reverse investment under net acquisition of financial assets (previously presented as negative entry under credits/liabilities). ▪ "Reinvestment of earnings" is used in the financial account, to distinguish from reinvested earnings, which is used for the primary income account. ▪ Other capital is renamed to "debt instruments" to include borrowings between direct investors and direct investment enterprises in the form of loans and debt securities. ▪ Financial derivatives is renamed to include "other than reserves" and employee stock options. ▪ The allocation of SDRs is shown as a financial account flow under other investment. This was implemented by the BSP in September 2010.

Financial Account

The overall balance of the financial account is presented in terms of net lending (+)/net borrowing (-). Net lending means that, in net terms, the economy supplies funds to the rest of the world, taking into account acquisition and disposal of financial assets and incurrence and repayment of liabilities while net borrowing means the opposite. When the net acquisition of financial assets is larger than the net incurrence of liabilities, then the financial account balance would be a net lending, and vice-versa. The overall balance of the financial account is equal to the sum of the net balances of the main component accounts, namely direct investment, portfolio investment, financial derivatives, and other investment.

Overall BOP Position

The change in the NIR of the BSP arising from transactions (that is excluding effect of revaluation, monetization, and SDR allocation) determines the overall BOP position.

The overall BOP position is computed as follows:

Gross International Reserves (GIR)
Less: Short-term Liabilities and
Use of Fund Credits
= Net International Reserves (NIR)

Change in NIR
Less: change due to non-economic transactions
= Overall BOP Position

Alternatively,

Change in NIR = sum of net inflows of the Current Account, Capital Account, Financial Account (excluding assets/liabilities of the BSP)

However, under BPM6, the sign of the Financial Account balance was reversed due to the adoption of the "assets less liabilities" approach compared to the "liabilities (inflows) less assets (outflows)" approach under BPM5 as illustrated below:

BPM5	**BPM6**
Current Account	**Current Account**
***plus:* Capital Account**	***plus:* Capital Account**
***plus:* Financial Account**	***less:* Financial Account**
Change in NIR	**Change in NIR**

The Selected Philippine Economic Indicators (SPEI) is published every month by the BangkoSentralngPilipinas. The report is available as a complete document in pdf format, on the BSP's website:

www.bsp.gov.ph/statistics/statistics_selected_monthly.asp

The BSP also welcomes feedback from readers on the contents of the SPEI as well as suggestions on how to improve the presentation. Please send comments and suggestions to the following addresses:

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