



Report on Economic and Financial Developments

Third Quarter 2009



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EXECUTIVE SUMMARY

A. Key Economic Developments

During the third quarter of 2009, the economy continued to show signs of resiliency despite some fragility. The robust inflow of remittances from overseas Filipinos (OFs) sustained the buoyancy of the economy amidst the challenging global environment. Inflation remained on a target-consistent path given subdued domestic economic activity and the base effects of last year's surge in commodity prices. The financial system remained fundamentally sound, displaying steady asset expansion, growing deposit base, and sustained improvement in overall asset quality. On the external front, the country's overall balance of payments (BOP) position yielded a surplus, which, in turn, contributed to a healthy level of gross international reserves (GIR).

Domestic economy continues to grow but at a slower pace. The economy grew at a decelerated pace in the third quarter of 2009. Real Gross Domestic Product (GDP) rose by 0.8 percent, down from the 4.6 percent registered during the same period in 2008. The services sector was the main driver of growth. On the expenditure side, growth was traced to government consumption and personal consumption expenditure (PCE). The steady flow of remittances from OFs propelled Net Factor Income from Abroad (NFIA) to grow by 26.0 percent during the quarter from the 22.6 percent increase posted during the comparable period last year. In turn, this contributed to the growth in Real Gross National Product (GNP) by 3.5 percent, after expanding by 6.2 percent a year ago.

Labor market conditions soften. Labor market conditions softened during the third quarter of 2009. Based on the results of the July 2009 Labor Force Survey (LFS) of the National Statistics Office (NSO), the unemployment rate increased to 7.6 percent in the third quarter from 7.4 percent in the same period last year. The increase was due in part to the rise in new labor entrants (2.9 percent), which outpaced the rate of employment generation (2.6 percent).

NG cash operations yield a higher deficit. The cash operations of the NG yielded a deficit of ₱84.1 billion in the third quarter of 2009, more than two times higher than the ₱35.4 billion deficit incurred in the same period in 2008. This also reflected an underperformance relative to the programmed deficit of ₱62.5 billion for the quarter.

Inflation follows a downward path. Headline inflation dropped to 0.3 percent in Q3 2009 from 3.2 percent in the previous quarter and the 2008 peak of 12.2 percent in Q3 2008. Both food and non-food inflation declined markedly in Q3 2009, owing mainly to the base effects of last year's surge in commodity prices. In particular, the drop in inflation was driven mainly by the slowdown in food prices, and the negative contribution of fuel and oil inflation, following the very high prices a year ago. Subdued economic activity also contributed to the slowdown in inflation.

Domestic liquidity continues to expand, albeit at a slower rate. Domestic liquidity or M3 grew at a slower rate of 11.6 percent year-on-year as of end-September 2009 from 12.6 percent as of end-June 2009. The sustained growth in net foreign assets (NFA) of depository corporations continued to drive the expansion in M3, accelerating to 24.1 percent as of end-September from 17.6 percent as of end-June. Moreover, outstanding loans of commercial banks, net of banks' reverse repurchase (RRP) placements with the BSP, remained robust at 5.9 percent as of end-September 2009, albeit slower than the 14.3 percent growth at end-June 2009.

Domestic interest rates continue to ease. Domestic interest rates for all tenors in the primary market for government securities (GS) eased in the third quarter of 2009 relative to the previous quarter as market sentiment turned favorable and inflation conditions improved. The yields for GS in the secondary market fell (except for the 4-year bond) as bond prices increased, owing mainly to improved investor sentiment. This, in turn, was triggered mainly by the country's credit rating upgrade by Moody's Investors Service and the successful RTB issuance in September 2009. Likewise, the rates for the Manila reference, interbank call loans, and savings and time deposits continued to soften during the quarter. Similarly, bank lending rates decreased, indicating substantial pass-through of the BSP's policy rate cuts. The Monetary Board also decided to cut further the policy rates by 25 basis points during the quarter to 4.0 percent for the overnight borrowing or RRP facility and to 6.0 percent for the overnight lending or repurchase (RP) facility.

The banking system remains sound. The country's banking system has remained fundamentally sound during the third quarter of the year. Important banking reforms, particularly in the areas of corporate governance, risk management, and asset clean-up, have strengthened further the banking system, boosting its overall performance in terms of higher asset growth and enhanced asset quality. Following the continued consolidation of the banking system, the number of banking institutions (head offices) fell further to 797 as of end-September 2009 from the year-ago level of 835. Total resources of the banking system rose by 6.5 percent to ₱6.0 trillion as of end-September 2009 from its year-ago level of ₱5.6 trillion. Likewise, the banking system's asset quality continued to improve as the non-performing loan (NPL) ratio eased further to 3.9 percent as of end-September 2009 compared to 4.5 percent a year ago. In addition, the banking system remained adequately-capitalized as of end-June 2009 with the average capital adequacy ratio (CAR) remaining strong at 14.8 percent on a solo basis and 15.7 percent on a consolidated basis.

Investors' risk appetite buoys financial markets. In the local stock market, the rebound in the previous quarter prevailed through the third quarter amidst improvements in the global and domestic economic outlook. This helped boost investors' risk appetite, which resulted in the rise in the Philippine Stock Exchange Index (PSEi). Trading sentiments were lifted by the sustained easing of inflation, another 25-basis point cut in the BSP's policy rates, Moody's ratings upgrade, the surge in corporate earnings in the first half of the year, continued robust OF remittances, aggressive buying of Meralco stocks and the rise

in mining-related stocks following the hike in the global prices of gold and other precious metals.

Meanwhile, the continued demand for Philippine debt papers, both in the primary and secondary markets, was also boosted by the favorable economic climate. GS continued to dominate the domestic debt market, accounting for 92.0 percent of total domestic debt issuances, with the remaining share accounted for by private issuances.

Also reflecting improved market sentiment, the Philippine credit default swap (CDS) spread, or the cost of protecting the country's bonds against default, narrowed to an average of 193 bps in the third quarter from 260 bps in the previous quarter. It is important to note that despite the general narrowing of sovereign debt spreads, average spreads were still broadly higher than the levels posted in the third quarter of 2008, although close to levels observed before the collapse of the Lehman Brothers in September 2008. This indicated that emerging markets have remained vulnerable to the fragile global economic conditions.

BOP reverses to a surplus. The balance of payments (BOP) yielded a surplus of US\$1.1 billion in Q3 2009, a reversal of the US\$394 million deficit registered in the same quarter a year ago. The favorable outcome in the country's external payments position was due to the strong performance of the current account during the quarter. The capital and financial account also remained in surplus, albeit lower compared to the level posted in the same quarter last year.

International reserves accelerate further. The accumulation of international reserves continued in

the third quarter of 2009, accelerating by 15.9 percent year-on-year to reach US\$42.5 billion. At this level, the GIR was sufficient to cover about 8 months' worth of imports of goods and payments of services and income. The corresponding reserve adequacy ratios at this level were around 8 times the country's short-term external debt based on original maturity and 4 times based on residual maturity.

The peso depreciates slightly. The peso depreciated slightly by 0.6 percent to average ₱48.15/US\$1 in the third quarter of 2009 from ₱47.88/US\$1 in the previous quarter. Despite the sustained remittances by OFs and the increasing risk appetite for emerging market assets following reports of a better-than-expected U.S. GDP growth during the review period, concerns about the widening fiscal deficit have weighed on the peso during the review quarter. Nevertheless, on a year-to-date basis, the peso gained slightly against the US dollar by 0.3 percent as it closed at ₱47.39/US\$1 on 30 September 2009.

External debt remains manageable. The outstanding external debt of the Philippines as of end-September 2009 rose to US\$53.1 billion (by US\$1.3 billion or 2.5 percent) from the US\$51.8 billion recorded in June 2009. On a year-on-year basis, the debt stock reflected a US\$347 million drop (or 0.6 percent) from the US\$53.5 billion posted in September last year.

Global economy continues to show signs of recovery. Developments in the third quarter of 2009 suggest that global economic activity has started to improve. In particular, economic recovery in Asia continued as monetary and fiscal stimulus measures implemented by country authorities gained traction while higher asset

prices supported domestic demand. However, despite the improvement in economic activity, inflation remained subdued.

Challenges and Policy Direction

The Philippine economy sustained a positive growth path in the third quarter of 2009. Albeit slower than the previous quarter, this quarter's growth at 0.8 percent was driven largely by increased household and government spending fueled by the steady inflow of OF remittances, further moderation in inflation, and the continued stability and soundness of the banking system. This was supported by the substantial monetary easing undertaken by the BSP, which helped lower the cost of capital to the benefit of individuals and firms, and mitigate the negative feedback loop between weakening economic conditions and a more cautious financial sector.

On the external front, pockets of recovery have started to take shape, helped in part by fiscal stimulus packages which have been put in place to allay uncertainties in global financial markets. Partly as a result, domestic financial markets have continued to function normally. The peso has also remained broadly stable as evidenced by the steady decline in its volatility. Stock market activity, boosted by resurging investor confidence, has increased dramatically pushing the PSE index to breach the 3,000 level.

Despite early signs of global recovery, the rebound is still fragile, awaiting the sustained recovery of private demand. The indefinite nature of the current upturn also seems to obscure the signals for the timing of the exit strategies. If the stimulus policies are maintained too long, they could stoke

inflation and expand public debt. On the other hand, if they are unplugged too soon, they could put the recovery at risk. Also a challenge is the potential resumption of cross-border capital flows if the momentum of global recovery is sustained. A persistent surge in foreign capital flows could pose additional challenges to monetary policy.

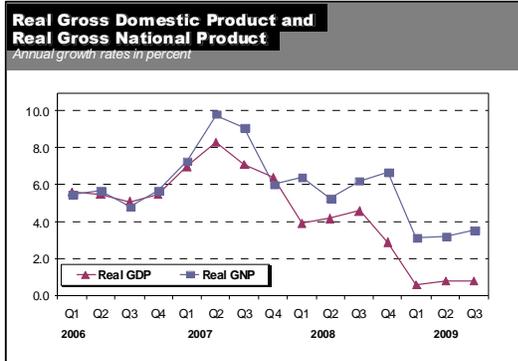
Going forward, the domestic economy is expected to remain on its recovery trend for the rest of the year, albeit at a pace slower than its year-ago level. Inflation is expected to stay within the lower bound of the target ranges for this year and 2010.

The BSP's focus will continue to be on ensuring that policy settings remain appropriate for maintaining price and financial stability and at the same time for supporting sustained economic growth. In support of these objectives, the BSP will continue to push for the passage of proposed amendments to its charter to achieve greater operational flexibility and effectiveness.

B. Real Sector

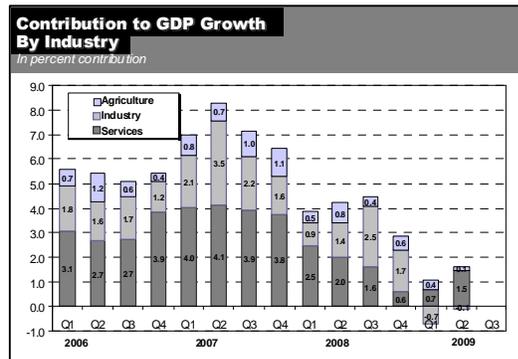
Aggregate Supply and Demand

Economic growth decelerates.



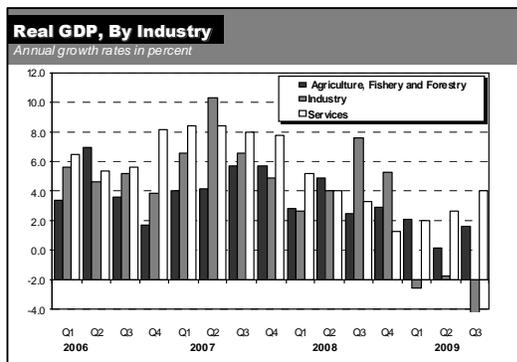
The Philippine economy grew at a decelerated pace in the third quarter of 2009. Real Gross Domestic Product (GDP) rose by 0.8 percent, down from the 4.6 percent registered during the same period in 2008 (Table 1). The services sector was the main source of growth in the review quarter. On the expenditure side, year-on-year growth was traced to government consumption and personal consumption expenditure (PCE). The steady flow of remittances from OFs propelled Net Factor Income from Abroad (NFIA) to grow by 22.6 percent in the third quarter of 2009 from 22.0 percent during the comparable period last year. In turn, this contributed to the growth of the country's Real Gross National Product (GNP) by 3.5 percent during the review period, after growing by 6.2 percent a year ago.

Services expand at a faster rate.



Production

The services sector expanded at a faster rate of 4.1 percent in the third quarter of 2009 relative to the 3.3 percent posted in 2008. This sector, which represented 50.7 percent of GDP, contributed 2.1 percentage points to the 0.8 percent GDP growth during the quarter in review. The major contributors to this sector's performance were finance, private and government services and trade. The growth in finance was due mainly to the increase in bank lending and improved profitability, supported by the accompanying growth in non-bank activities and the recover in the insurance business. On the other hand, the expansion in government services stemmed from the increase in the salary of civil servants, expansion in social services, and the implementation of the economic resiliency plan.



Meanwhile, the industry sector contracted by 4.4 percent during the third quarter of 2009 after growing by 7.6 percent during the comparable period in 2008. The industry sector accounted for 32.4 percent of GDP and accounted a negative contribution of 1.6 percent of the 0.8 percent GDP growth for the review period. Behind this development was the 7.6 percent decline in manufacturing arising from dampened demand overseas brought about by the global economic recession and the continued weakness in domestic demand. In contrast, the mining and quarrying sub-sector posted a growth of 26.9 percent, fuelled by the expansion in non-metallic products, gold and copper in anticipation of improving economic conditions by the latter part of 2009 and the beginning of 2010. Growth was also posted in construction due to the increased government spending for infrastructure projects.

The agriculture, fishery and forestry (AFF) sector grew by 1.6 percent during the third quarter of 2009 from 2.5 percent in 2008. The AFF sector accounted for 17.0 percent of total GDP and contributed 0.3 percent of the 0.8 percent GDP growth for the third quarter of 2009. The major growth drivers were corn, palay, poultry and coconut. Growth in agriculture was also spurred by the increase in areas harvested for crops as well as the introduction of early-maturing varieties of palay seeds and higher prices of palay, which encouraged more plantings.

Expenditures

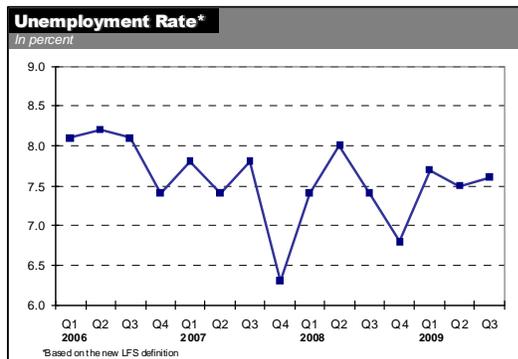
On the expenditure side, government consumption grew at a rate of 7.9 percent during the third quarter of 2009 after expanding by 11.8 percent a year ago (Table 1a). The growth of government consumption was attributed to the increased spending of funds for the implementation of the fiscal stimulus package, disbursements for the preparation for the 2010 election and the increased in

spending for the salary adjustments of government personnel.

Meanwhile, the growth of PCE stood at 4.0 percent during the review quarter from 4.4 percent last year. The growth of PCE was triggered by lower prices of basic good and commodities, which helped increase the purchasing power of local consumers. By contrast, capital formation contracted by 11.3 percent due to decreased investments in durable equipment, the decline in private construction, and the continued drawdown in inventory in lieu of more production. Exports also contracted by 13.6 percent during the review quarter, albeit lower than the decline in the previous quarter following the gradual recovery in global production.

Labor and Employment

Labor market conditions soften.

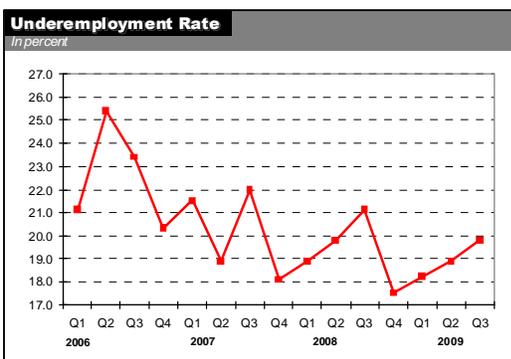


Labor market conditions softened during the third quarter of 2009. Based on the results of the July 2009 Labor Force Survey (LFS) of the National Statistics Office (NSO), the unemployment rate increased to 7.6 percent in the third quarter of 2009 from 7.4 percent in the same period last year (Table2).¹ The increase was due in part to the rise in new labor entrants (2.9 percent), which outpaced the rate of employment generation (2.6 percent). Meanwhile, the number of employed persons grew by 2.6 percent (equivalent to an additional 916,000 jobs) to 35.5 million in the third quarter of 2009 from its year-ago level. This rate of growth in the employment level, however, reflected a slowdown from the 3.8 percent growth in the same period last year. The services sector, which generated an additional 939,000 jobs, led the growth in employment with a 5.4 percent increase over the year-ago level. The industry sector generated 137,000 jobs, representing a 2.7 percent year-

¹ Starting April 2005, the new LFS questionnaire defines the unemployed to "include all persons who were 15 years old and over as of their last birthday and were reported as without work, and currently available for work, seeking work or not seeking work for valid reasons."

on-year growth. In contrast, employment in the agriculture sector fell by 1.3 percent due to the onset of the monsoon season.

Classified by status of employment, wage and salary workers, which comprised the bulk of employed persons, grew by 7.3 percent while employers rose by 5.7 percent during the review quarter.² In contrast, employment fell in the unpaid family workers and self-employed workers categories by 4.3 percent and 3.1 percent, respectively.

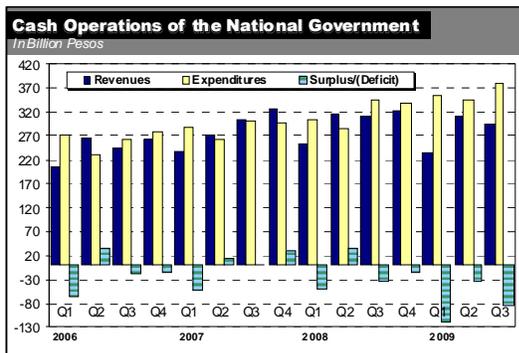


The underemployment rate declined to 19.8 percent in the third quarter of 2009, down by 1.3 percentage points from the same period last year. Of the total underemployed persons, the agriculture sector accounted for 44.1 percent, services sector for 40.3 percent and industry sector for 15.6 percent.

C. Fiscal Sector

National Government Cash Operations

NG cash operations yield a higher deficit.



The cash operations of the NG yielded a deficit of ₱84.1 billion in the third quarter of 2009, about 2.4 times higher than the ₱35.4 billion deficit incurred in the same period in 2008. This also reflected an underperformance relative to the programmed deficit of ₱62.5 billion for the review period (Table 3).

Total revenues in the third quarter of 2009 reached ₱294.1 billion, 5.1 percent lower than the ₱309.9 billion posted during the same period a year ago and 11.6 percent below the programmed level of ₱332.8 billion. The bulk of the revenues came from tax collections,

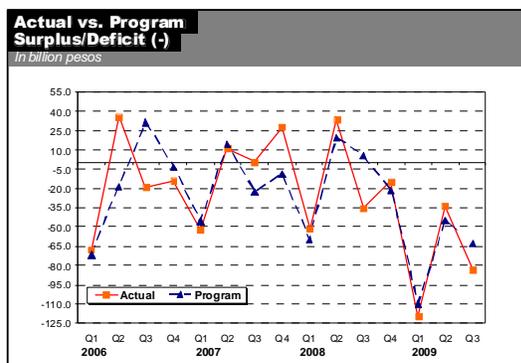
² An employer is a person working in his own business, farm, profession or trade who has one or more regular paid employees, including paid family members. Domestic helpers, family drivers and other household helpers who assist in the family-operated business, regardless of time spent in this activity, are not hired employees in the enterprise/business. A retail store operator who is wholly assisted in the operation of his store by unpaid relatives living with him and who employs carpenters to construct a new building for his store (with store operator supervising the work) is not an employer. However, if an operator happens to be the owner or partner of a big firm which has its own construction unit to take care of its needs, the operator is an employer. (source: <http://www.bles.dole.gov.ph/HTML%20FILES/glossary2.html#cd041>).

which constituted around 83.4 percent of the total revenues generated during the review period.

Non-tax revenues and grants at ₱48.9 billion, consisting primarily of collections by the Bureau of the Treasury (BTr), accounted for 16.6 percent of total revenues.

To increase revenues and attain collection efficiency, fiscal authorities have been monitoring closely the implementation of existing programs and action plans of revenue-generating agencies. The BIR has launched a program named "Oplan Kandado" through Revenue Memorandum Order (RMO) No. 3-2009 dated 15 January 2009. According to the RMO, business operations can be suspended or temporarily closed for various grounds such as failure to issue receipts or invoices; failure to file a value added tax (VAT) return, understating taxable sales or receipts by 30 percent more of the correct amount in the case of a VAT-registered taxpayer or failure to register the business. Furthermore, the RMO stipulates that the closure of a business establishment shall last for at least five days and shall be in force until the violation is rectified by the taxpayer. As of September 2009, Oplan Kandado has already closed down more than 230 establishments and generated more than ₱72 million in additional revenues. On the other hand, the Civil Society articulated their support to the proposal of the BIR to "dismantle corruption, prosecute erring officials and employees, institute transparent systems and procedures, and establish a graft-free and efficient agency." Other groups that declared their support for the on-going reform initiatives in the BIR are the Tax Account Society (TAS), Inc., the Philippine Chamber of Commerce and Industries (PCCI), and the Foreign Chambers of Commerce of the Philippines.

Meanwhile, total expenditures amounted to ₱378.2 billion in the third quarter of 2009, higher by 9.5 percent



Inflation follows a downward path.

Food and non-food inflation decelerate steeply.

relative to the comparable period in 2008 but lower (by 4.3 percent) than the programmed level of ₱395.3 billion.

The NG was a net borrower for the review period, with net financing totaling ₱87.0 billion, higher than the programmed net financing of ₱76.8 billion during the same period. Meanwhile, the net deposit of ₱80.4 billion during the third quarter of 2009 exceeded the programmed level of ₱18.2 billion during the same period.

D. Monetary Sector

Prices

Headline inflation dropped to 0.3 percent in Q3 2009 from 3.2 percent in the previous quarter and the 2008 peak of 12.2 percent in Q3 2008 (Table 4). Both food and non-food inflation declined markedly in Q3 2009, owing mainly to the base effects of last year's surge in commodity prices.

Quarterly inflation decelerated further in Q3 2009, largely reflecting base effects from the significant movements in global commodity prices in the same period last year. In particular, the drop in inflation was driven mainly by the slowdown in food prices, and the negative contribution of fuel (kerosene and LPG) and oil, gasoline and diesel, following the very high prices a year ago. At the same time, core inflation eased during the quarter, reflecting sluggish domestic demand.

Year-on-year food inflation declined steeply in Q3 2009 to 1.9 percent from a high of 17.0 percent in the same quarter a year ago and from 5.6 percent in Q2 2009 as the prices of all cereal products declined from very high levels in 2008.

Non-food inflation was negative 1.1 percent in Q3 2009 from 7.8 percent in the same quarter in 2008 and 0.7 percent in Q2 2009, heavily influenced by the base effects from the surge in oil prices over a year ago. All sub-components of the non-food index, except water, registered either lower or negative inflation rates relative to the quarter- and year-ago rates.

Meanwhile, quarter-on-quarter headline inflation fell marginally to 0.8 percent in Q3 2009 from 0.9 percent in the previous quarter and 3.7 percent a year ago. Likewise, food inflation decelerated to 0.5 percent from 0.8 percent in the previous quarter and 4.2 percent in the same quarter a year ago. Meanwhile, non-food inflation was higher at 1.3 percent compared to 1.0 percent in Q2 2009 but was lower compared to 3.2 percent in Q3 2008.

Inflation in NCR and AOMM continue to slow down.

In terms of geographical location, headline inflation for Metro Manila (MM) fell to negative 0.8 percent, considerably lower than the year- and quarter-ago inflation of 8.5 percent and 0.9 percent, respectively (Table 4a). Likewise, inflation in areas outside Metro Manila (AOMM) was relatively lower at 0.8 percent compared to 13.9 percent a year ago and 4.1 percent in the previous quarter (Table 4b).

Food inflation in MM was 2.4 percent in Q3 2009, lower compared to 12.1 percent and 3.7 percent a year and a quarter ago, respectively. Likewise, non-food inflation in MM remained in negative territory for the second consecutive quarter at -2.7 percent. Non-food inflation was -0.7 percent in the previous quarter and 6.5 percent in the same quarter a year ago. Services registered a negative inflation rate for three consecutive months at -8.4 percent while fuel, light, and water inflation was also negative for the second consecutive quarter at -2.3 percent.

| CORE INFLATION Measures, Philippines 2000=100; percent changes year-on-year | | | | | |
|--|-----------------------|----------------|--|---------------------------------|--|
| YEAR/MONTH | OFFICIAL DEFINITION | | ALTERNATIVE BSP ESTIMATES OF CORE INFLATION | | |
| | HEADLINE INFLATION | CORE INFLATION | TRIMMED MEAN ² | WEIGHTED MEDIAN ³ | NET OF VOLATILE ITEMS ⁴ |
| 2007 | 2.8 | 2.8 | 2.6 | 2.3 | 2.7 |
| First Quarter | 2.9 | 3.2 | 2.9 | 2.5 | 3.0 |
| Second Quarter | 2.4 | 2.6 | 2.2 | 2.2 | 2.5 |
| Third Quarter | 2.5 | 2.9 | 2.3 | 2.1 | 2.5 |
| Fourth Quarter | 3.3 | 2.4 | 2.9 | 2.5 | 3.0 |
| 2008 | 9.3 | 6.2 | 7.6 | 7.3 | 7.8 |
| First Quarter | 5.5 | 4.1 | 5.1 | 4.5 | 5.2 |
| Second Quarter | 9.7 | 6.2 | 7.7 | 7.4 | 8.0 |
| Third Quarter | 12.2 | 6.9 | 9.6 | 9.1 | 9.7 |
| Fourth Quarter | 9.7 | 7.7 | 7.9 | 8.1 | 8.1 |
| 2009 | | | | | |
| First Quarter | 6.9 | 6.3 | 5.8 | 5.6 | 5.2 |
| Second Quarter | 3.2 | 4.4 | 3.9 | 3.9 | 2.6 |
| Third Quarter | 0.3 | 3.1 | 1.8 | 2.4 | 1.1 |

Notes:

¹ The official definition excludes 18.4 percent of the CPI basket as follows: rice, corn, fruits & vegetables, fuel items (gas, LPG, kerosene, gasoline and diesel). Core inflation data for 2001-2002 are BSP estimates while the data starting January 2003 are officially published National Statistics Office (NSO) figures.

² The trimmed mean represents the average inflation rate of the (weighted) middle 70 percent in a lowest-to-highest ranking of year-on-year inflation rates for all CPI components.

³ The weighted median represents the middle inflation rate (corresponding to a cumulative CPI weight of 50 percent) in a lowest-to-highest ranking of year-on-year inflation rates.

⁴ The net of volatile items method excludes the following items: educational services, fruits and vegetables, personal services, rentals, recreational services, rice, and corn, which represent 37.59 percent of all items. The series has been recomputed using a new methodology that is aligned with NSO's method of computing the official core inflation, which re-weights remaining items to comprise 100 percent of the core basket after excluding non-core items. The previous methodology retained the weights of volatile items in the CPI basket while keeping their indices constant at 100.0 from month to month.

Core inflation falls on sluggish demand.

Domestic liquidity continues to expand in September.

On a quarter-on-quarter basis, headline inflation within MM in Q3 2009 was 0.5 percent, lower than 1.0 percent in the previous quarter and 2.3 percent in the same quarter in 2008. Meanwhile, inflation in AOMM was 1.1 percent, lower than 4.4 percent in the same quarter a year ago but higher than 0.8 percent in the previous quarter.

Quarter-on-quarter, food and non-food inflation in MM were lower in Q3 2009 compared to their year- and quarter-ago inflation rates at 0.4 percent and 0.6 percent, respectively.

Quarter-on-quarter AOMM food inflation was 0.5 percent, lower than the 5.0 percent and 0.8 percent posted a year and a quarter ago, respectively. Non-food inflation in AOMM was 1.7 percent, lower than the 3.6 percent posted in the same quarter a year ago but higher than the 0.8 percent registered a quarter ago.

Core inflation, an indicator of the long-term trend of inflation, extended its downtrend during the quarter. The official NSO core inflation measure eased further to 3.1 percent in Q3 2009 compared to 4.4 percent in the previous quarter and 6.9 percent in the same quarter a year ago. Similarly, alternative measures of core inflation estimated by the BSP reflected an overall downtrend in Q3 2009

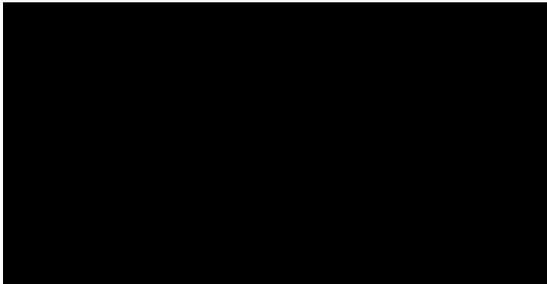
Domestic Liquidity ³

Based on data generated from the new system of bank reports,⁴ domestic liquidity or M3 grew at a slower rate of 11.6 percent year-on-year as of end-September 2009

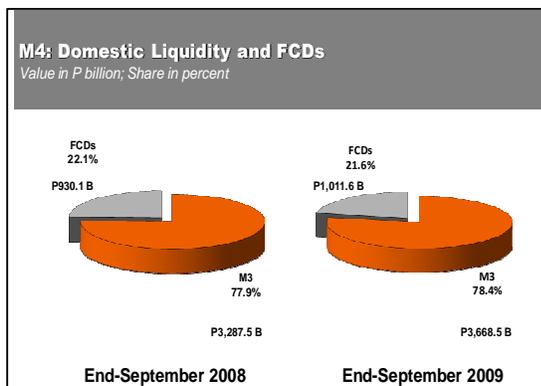
³ The indicators used for money supply are: M1 (or narrow money), consisting of currency in circulation and demand deposits; M2, composed of M1 plus savings and time deposits (quasi-money); and M3, consisting of M2 plus deposit substitutes.

⁴ The Financial Reporting Package (FRP), which replaced the Consolidated Statement of Condition (CSOC) reports, is compliant with the International Accounting Standards (IAS) and International Financial Reporting System (IFRS). All the numbers were worked back to show a consistent series.

from 12.6 percent as of end-June 2009 (Table 5). The sustained growth in net foreign assets (NFA) of depository corporations continued to drive the expansion in M3. In particular, NFA accelerated to 24.1 percent as of end-September from 17.6 percent as of end-June. The increase in NFA can be traced to the continued growth in the NFA position of the BSP and of other depository corporations at 18.2 percent and 68.3 percent, respectively.



Meanwhile, net domestic assets (NDA) contracted by 0.2 percent as of end-September from a growth of 3.2 percent as of end-June, as the 29.1 percent increase in the negative balance of the net other items account offset the 8.8 percent growth in net domestic credits. Meanwhile, the growth of credit extended to the public and private sectors decelerated to 10.8 percent and 7.9 percent as of end-September from 15.2 percent and 15.1 percent, respectively, as of end-June.



M4—a broader concept of domestic liquidity which includes FCDU deposits of residents—grew by 11.0 percent year-on-year as of end-September 2009. The expansion in M4 was driven by the growth in M3 and FCDU deposits, which contributed 9.1 percentage points and 1.9 percentage points, respectively.

Domestic interest rates ease.

Domestic Interest Rates

Domestic interest rates for all tenors in the primary market for government securities (GS) eased in the third quarter of 2009 relative to the previous quarter as market sentiment turned favorable and inflation conditions improved (Table 6).

The rates for Manila reference, interbank call loans, and savings and time deposits continued to decline in the review period. Similarly, bank lending rates decreased,

indicating substantial pass-through of the BSP's policy rate cuts.

The yields for GS in the secondary market fell (except for the 4-year bond) as bond prices increased, owing mainly to improved investor sentiment. This, in turn, was triggered mainly by the country's credit rating upgrade by Moody's Investors Service and the successful retail treasury bond (RTB) issuance in September 2009.

Meanwhile, the Monetary Board decided to cut the policy rates by 25 basis points during the quarter to 4.0 percent for the overnight borrowing or reverse repurchase (RRP) facility and to 6.0 percent for the overnight lending or repurchase (RP) facility. Accordingly, the Monetary Board also reduced the interest rates on term RRP, RPs, and SDAs. In its decision, the Monetary Board took into account the baseline forecast which indicated that average inflation is within the target range for 2010. It also noted that, given the prevailing downside pressures on prices and on output, due, in turn, to weaker global economic activity, the reduction in policy rates will buoy up domestic economic activity as banks are expected to pass on the lower borrowing cost to clients.

Moreover, the before- and after-tax differentials between domestic interest rate and comparable US LIBOR continued to widen in the third quarter as the US LIBOR declined by a larger magnitude relative to the bellweather RP T-bill rate. However, both before- and after-tax differentials between the domestic interest rate and the US T-bill rate narrowed down further, reflecting the sustained decline in the RP T-bill rate due to the policy rate cut of the BSP in July.

Adjusted for the risk premium, the differential between the BSP's policy rate and the US federal funds target rate stayed in the positive region at 102 basis points in

the third quarter of 2009. The policy rate differential narrowed but was offset by the drop in the risk premium as the return on the RP note declined whereas the return on the 10-year US note remained broadly unchanged.

Monetary Policy Developments

The Monetary Board further cuts its policy rate.

During the review period, the Monetary Board implemented its sixth policy rate cut, bringing the cumulative rate reduction to 200 basis points since December 2008. The key policy interest rates was reduced further by 25 basis points to 4.0 percent for the overnight borrowing or reverse repurchase (RRP) facility and 6.0 percent for the overnight lending or repurchase (RP) facility on July 2009. The interest rates on term RRP, RPs, and special deposit accounts (SDAs) were reduced accordingly.

With inflation pressures subdued and domestic demand conditions weak, there continued to be some scope for reducing further the policy rates during the quarter. The latest baseline forecasts continued to show within-target range inflation outturns for 2009 and 2010, while inflation expectations remained well anchored. In addition, the balance of risks remained tilted to the downside due mainly to the marked deceleration in global economic activity, which is expected to continue to dampen imported inflation and inflation expectations, coupled with the continuing presence of slack in the economy. A continued accommodative stance could lend support to the productive sectors of the economy, and, at the same time, help buoy market confidence as the economy faces a period of weak demand and prolonged episode of deleveraging.

The monetary settings were kept unchanged for the rest of the quarter. Maintaining the current policy settings allowed the substantial monetary stimulus undertaken earlier to fully work its way through the system given the

transmission lag of monetary policy actions on the real economy. A pause would also give authorities more time to consider incoming data on the balance of risks to inflation as well as the likely trend of future economic activity. The latest BSP inflation forecasts continued to suggest a manageable inflation environment. However, the outlook is accompanied by upside risks stemming from the highly-volatile world oil prices, the onset of El Niño, and the possibility that the extensive macroeconomic stimulus measures put in place by advanced economies could result in inflationary pressures over the medium-term. On the whole, the BSP had the flexibility to preserve a generally accommodative policy environment amid a favorable inflation outlook and the presence of continued soft spots in the domestic economy.

E. Financial Sector

The banking system remains sound and stable.

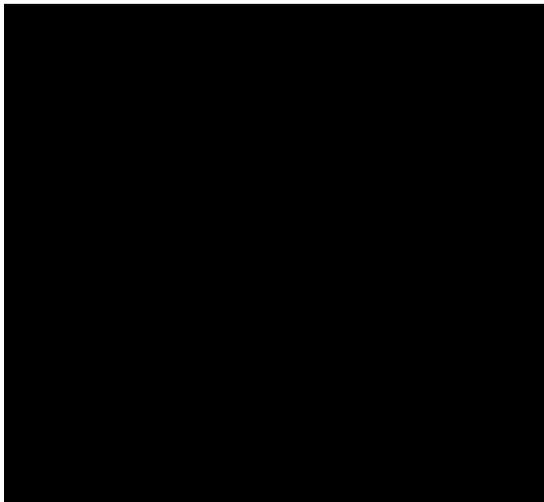
The country's banking system has remained fundamentally sound during the third quarter of the year. Important banking reforms, particularly in the areas of corporate governance, risk management, and asset clean-up, have strengthened further the banking system, boosting its overall performance in terms of higher asset growth and enhanced asset quality. Moreover, improved profitability was broadly sustained and banks remained adequately-capitalized at levels above both the BSP-regulatory requirement and the international standard set by the Bank for International Settlements (BIS).

Performance of the Banking System

Market Size

Mergers and consolidations reduce the number of banks, but banks' operating network continues to expand.

The number of banking institutions (head offices) fell further to 797 as of end-September 2009 from the year-ago level of 835, indicating the continued consolidation of banks as well as the exit of weaker players in the

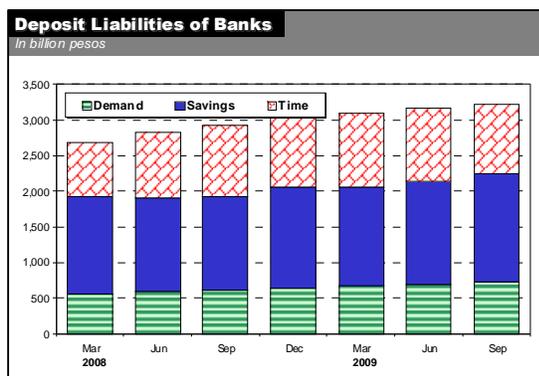


banking system. By banking classification, banks (head offices) consisted of 38 U/KBs, 73 TBs, and 686 rural banks (RBs). Meanwhile, the operating network (including branches) of the banking system increased to 7,914 from 7,811 during the same period last year, reflecting mainly the increase in commercial and rural banks' branches/agencies.

Total resources of the banking system rose by 6.5 percent to ₱6.0 trillion as of end-September 2009 from its year-ago level of ₱5.6 trillion (Table 8). The increase was due mainly to the rise in debt securities. U/KBs continued to account for almost 90 percent of the total resources of the banking system.

Savings Mobilization

Banks' total deposits⁵ as of end-September 2009 amounted to ₱3.2 trillion, around 10.3 percent higher than its year-ago level of ₱2.9 trillion. Savings deposits, which accounted for almost half of the funding base, grew by 14.4 percent, higher than the 9.7 percent growth registered during the end of previous quarter. Demand deposits posted year-on-year growth of 21.5 percent while time deposits contracted by 1.5 percent.

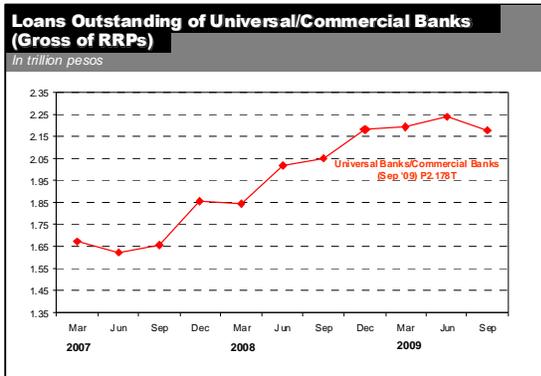


Growth in bank lending remains significant.

Bank Lending Operations

Outstanding loans of commercial banks, net of banks' placements in reverse repurchase agreements (RRPs) with the BSP, remained significant at 5.9 percent as of end-September 2009, albeit slower than the 14.3 percent growth at end-June 2009. Bank lending including RRP's likewise grew by 6.1 percent, also lower compared to the 11.1 percent growth posted at the end of the previous quarter.

⁵ Total peso-denominated deposits.



Loans for production activities expanded by 5.2 percent, although lower than the 22.4 percent growth during the same period last year. The sectors which contributed significantly to production loans were hotels and restaurants (47.0 percent); transportation, storage and communication (42.0 percent); electricity, gas and water (40.3 percent); real estate, renting and business services (21.5 percent); and other community, social and personal services (21.0 percent). Manufacturing loans, which accounted for 14.7 percent of total loans, contracted by 20.5 percent amid the still-weak global demand for exports.

Meanwhile, growth in consumption loans also moderated to 6.9 percent in September from the 23.4 percent registered during the same period in 2008, following the slower growth in auto loans and credit card lending, and the steeper contraction in other types of consumption loans.

Credit Card Receivables

Growth in credit card receivables continues.

The combined credit card receivables (CCRs) of U/KBs and TBs, inclusive of credit card subsidiaries rose by 0.5 percent as of end-September 2009 to reach ₱130.2 billion compared to the level at end-June 2009, reflecting modest growth in consumer spending during the period. The ratio of CCRs to the total loan portfolio (TLP) climbed to 5.2 percent from the previous quarter's 5.0 percent. The non-performing CCRs of U/KBs and TBs inclusive of credit card subsidiaries grew by 1.2 percent to ₱16.6 billion from last quarter's ₱16.4 billion. Meanwhile, the ratio of non-performing CCRs to total CCRs settled at 12.8 percent from last quarter's 12.7 percent as the increase in non-performing CCRs outweighed the expansion in total CCRs.

Auto Loans

Auto loans recover on aggressive marketing efforts.

The combined auto loans (ALs) of U/KBs and TBs, inclusive of non-bank subsidiaries amounted to ₱90.6 billion as of end-September 2009, an increase of 5.1 percent from last quarter's ₱86.2 billion. The aggressive marketing strategy of banks and other car financing firms in promoting car loans may have encouraged individuals to purchase cars. The proportion of total ALs to TLP, exclusive of interbank loans (IBL), went up to 3.6 percent from last quarter's 3.3 percent. In terms of loan quality, the non-performing ALs to total ALs rose slightly to 5.2 percent from last quarter's 5.1 percent.

Residential Real Estate Loans

Residential real estate loans decline.

As of end-September 2009, the combined residential real estate loans (RRELs) of U/KBs and TBs dropped to ₱162.5 billion from last quarter's ₱164.8 billion. Meanwhile, the ratio of RRELs to TLP went up to 6.5 percent from the previous quarter's 6.4 percent. TBs accounted for the bigger slice of the total residential real estate exposure at 56.1 percent (₱91.2 billion) while U/KBs held the remaining 43.9 percent (₱71.3 billion). In terms of loan quality, the ratio of non-performing RRELs to total RRELs of U/KBs and TBs went up to 7.3 percent from last quarter's 6.9 percent. This was due primarily to the 3.5 percent increase in non-performing RRELs, which amounted to ₱11.8 billion from last quarter's ₱11.5 billion.

Asset Quality and Capital Adequacy

Asset quality continues to improve.

The banking system's asset quality continued to improve as the non-performing loan (NPL) ratio eased further to 3.9 percent as of end-September 2009 compared to 4.5 percent a year ago (Table 9). Prudent lending standards and controlled growth in loans helped banks in maintaining minimal exposure to bad debts. The lower

NPL ratio was likewise due to the 6.8 percent decline in NPLs complemented by the 7.0 percent expansion in the industry's TLP. NPLs declined to ₱115.0 billion from the previous year's level of ₱123.3 billion, while TLP expanded to ₱2,915.8 billion from ₱2,724.8 billion for the same period last year.

Meanwhile, the NPL ratio of U/KBs fell further to 3.2 percent as of end-September 2009, an improvement from the 4.0 percent ratio registered a year ago. This month's NPL ratio was the lowest ratio recorded since it peaked at 18.8 percent at end-October 2001.

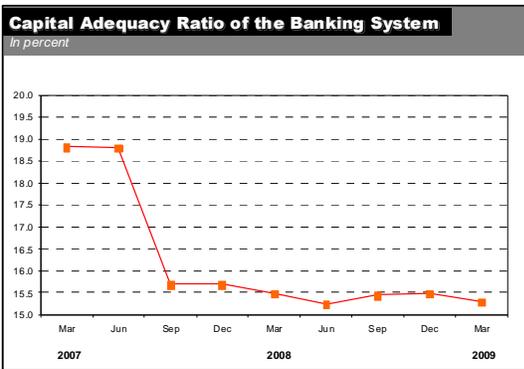
The Philippine banking system's NPL ratio of 3.9 percent was comparatively lower than Indonesia's 4.3 percent and Thailand's 5.3 percent, but higher than Malaysia's 2.1 percent and Korea's 1.5 percent.⁶ The lower NPL ratios in Malaysia and South Korea may be traced to the creation of publicly-owned asset management companies (AMCs), which purchased the bulk of their NPLs, a practice which was not resorted to in the Philippines.

The loan exposure of banks remained adequately covered as the banking system's NPL coverage ratio was steady at 92.9 percent as of end-September 2009. The NPL coverage ratio was indicative of banks' continued compliance with the loan-loss provisioning requirements of the BSP to ensure adequate buffers against unexpected losses.

Banks remain adequately capitalized, exceeding prescribed levels set by the BSP and the BIS.

The banking system remained adequately capitalized as of end-June 2009 with the average capital adequacy ratio (CAR) remaining strong at 14.8 percent on a solo basis and 15.7 percent on a consolidated basis, higher than the comparable March 2009 ratios. The increase in the banking system's CARs was driven by the higher

⁶ Sources: Various central bank websites and GFSR October 2009, Indonesia (Banking system, September 2009); Malaysia (Banking system, September 2009); Thailand (Financial institutions, September 2009); and Korea (Financial system, March 2009).



Banking policies further enhance reporting system and strengthen banks' prudential and regulatory framework.

Capital market policy reforms continue to gain ground.

growth of qualifying capital relative to the growth of risk weighted assets (RWA). The industry's CAR continued to exceed the statutory level set by the BSP at 10.0 percent and the BIS standard at 8.0 percent.

The Philippine banking system's CAR remains comparatively higher than those of Malaysia (14.5 percent), and Korea (12.9 percent) but lower than Indonesia (17.8 percent). Meanwhile, Thailand posted the highest CAR in the region at 18.4 percent.⁷

Banking Policies

Banking policies implemented during the quarter were aimed at simplifying the accreditation process for external auditors and strengthening the implementation of prompt corrective action (PCA). Regulations were likewise geared towards upholding higher standards and qualifications in the appointment of trust officers and strengthening regulations on FCDU/EFCDU trust or management accounts (Annex A).

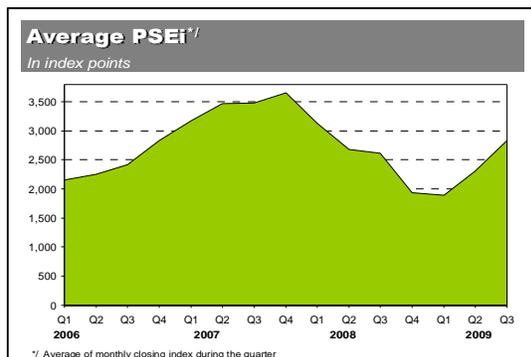
Capital Market

Capital market policy reforms continued to gain ground during the third quarter of 2009 as the BSP maintained an active collaboration with other government agencies and the private sector for the development of the Philippine capital market. The reforms implemented focused on promoting investor confidence, enhancing transparency and corporate governance, helping develop the necessary infrastructure and reinforcing prudential regulations (Annex B).

⁷ Sources: Various central bank websites and GFSR October 2009, Malaysia (Banking System, September 2009); Korea (Banking System, March 2009); Thailand (Average Full Branch, September 2009) and Indonesia (KBs, September 2009).

Stock Market

Stock market continues to rebound.



Easing inflation, further cut in BSP policy rates, Moody's upgrade and signs of the end of the global recession lift trading sentiments in July and August.

In the local stock market, the rebound in the previous quarter prevailed through the third quarter amidst improvements in the global and domestic economic outlook. This helped boost investors' risk appetite, which resulted in the rise in the Philippine Stock Exchange Index (PSEi) to an average of 2,827.8 index points in the third quarter of 2009, higher by 8.3 percent year-on-year or by 22.4 percent quarter-on-quarter (Table 10). Looking at the month-on-month trend, however, the upturn was uneven, with the index increasing in July and August before dipping slightly in September.

In the first two months of the quarter, trading sentiments were lifted by the sustained easing of inflation, another 25-basis point cut in the BSP's policy rates, Moody's unexpected ratings upgrade,⁸ the surge in corporate earnings in the first half of the year,⁹ continued robust OF remittances, aggressive buying of Meralco stocks,¹⁰ the rise in mining-related stocks following the hike in the global prices of gold and other precious metals, and the modest 0.8 percent growth in the Philippine economy for the third quarter of the year.¹¹ Increasing signs that the global economy was on the path of recovery also boosted investors' risk appetite and encouraged rallies in Wall Street, the Philippines and neighboring bourses in Asia.¹² While there was a rash of negative economic news in the local front that tempered trading (e.g., the declining exports, rising unemployment rate and ballooning fiscal deficit), the index nonetheless closed

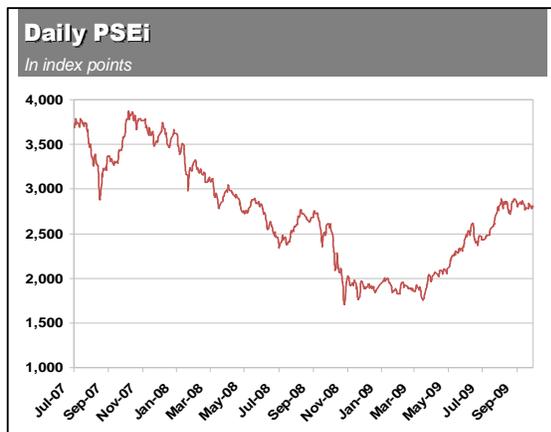
⁸ On 23 July 2009, Moody's Investors Service raised its sovereign rating for the Philippines for the first time since 1997 to Ba3 from B1 (three notches below investment grade) and changed its outlook from positive to stable.

⁹ Landbank, PNB, Metro Pacific Investment Corp., Aboitiz Transport System Corp., Manila Water Co., MacroAsia Corp. (an aviation-related service-provider), Chemrez Technologies Inc. (bio-diesel producer), GMA Network Inc., ABS-CBN Broadcasting Corp., SM Investments Corp., China Banking Corp. and Allied Bank are among the firms that reported a surge in net earnings in the first half of 2009 relative to year-ago levels.

¹⁰ Controversy over the acquisition of Meralco shares by San Miguel Corporation and Philippine Long Distance Telephone Co. caused the sharp rise in demand for Meralco stocks and the subsequent rise in its share prices in July.

¹¹ Real GDP growth for the second quarter of 2009 was revised from the 1.5-percent growth originally announced last August to the 0.8-percent-growth released in late-November. For the third quarter, the economy grew by 0.8 percent as well.

¹² Among the signs of recovery included: better-than-expected corporate earnings in the US and Asia; the easing in the drop in the US unemployment rate to 9.4 percent in July from 9.5 percent in the previous month; a 7.2 percent month-on-month and 5 percent year-on-year increase in sales of existing homes in the US; and a lower-than-forecast fall in US GDP growth.



higher in July and August at 2,798.3 index points and 2,884.2 index points, respectively, compared to the levels registered in previous months.

Trading in local equities was mixed in September with the index being dragged lower by the lack of fresh positive news that triggered profit-taking, political noise ahead of the 2010 presidential elections, more cautious trading amidst increasing signs that the global recovery is likely to be protracted,¹³ and concerns over the impact of typhoon Ondoy on the country's economic recovery. However, the continued easing of inflation in August, expectations of an upward revision in the government GDP growth targets after the 0.8 percent growth in Q3, and speculation that the government would increase its expenditures to restore stability in typhoon-hit areas, tempered the fall. The month closed at 2,880.8 index points, about 2.9 percent lower than the previous month's level. Notwithstanding the slight dip in September, on the whole, the stock composite index performed better relative to levels in the previous year and the preceding quarter.

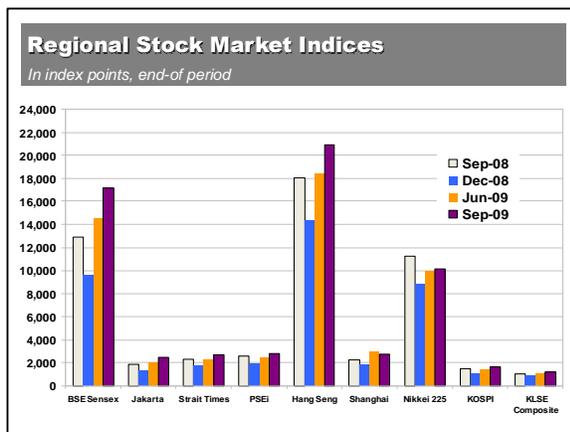
Other stock market indicators similarly reflected improving investor sentiments during the period in review:

- Total market capitalization (MCAP) rose to ₱5,908.7 billion in September 2009, up by 13.3 percent from ₱5,213.6 billion in June. But this was still lower by 9.2 percent from the year-ago level of ₱6,509.1 billion.
- Trading was also more robust, with the average daily volume turnover reaching 3,204 million shares, higher by 75.0 percent from the level registered last

¹³ A US Labor Department report showing there were more job cuts in the private sector in August and concerns that China's economy may not be able to meet the high economic growth expected from it triggered dips in both Wall Street and the Shanghai composite.

year or by 45.9 percent from the level posted in the previous quarter.

- From a net selling of ₱11.5 billion in the third quarter of the previous year, foreign transactions at the Philippine Stock Exchange (PSE) posted a net buying position of ₱8.2 billion from July to September this year, evidence of foreign investors' renewed confidence in the country's economic outlook. However, this level was lower than the net buying transaction of ₱15.7 billion recorded in the second quarter of 2009.
- Listed firms' price-earnings (P/E) ratio also continued to improve as it averaged 15.5 in the third quarter of 2009 from 14.0 in the previous quarter or 11.9 for the same period a year ago.¹⁴ Again, this indicated that investors during the quarter in review were expecting higher future earnings growth amidst increasing optimism that the global and US economic recession may be easing. The P/E ratio went up from 9.3 in January this year to 12.77 in September



Developments in other Asian exchanges similarly reflect improved investor sentiments.

The continued recovery of the Philippine stock market in the third quarter was mirrored in other Asian stock exchanges. With the exception of the Shanghai Composite, which fell by 6.1 percent from its previous quarter's close, other selected stock exchanges in the region sustained quarterly improvements since end-2008.

Bond Market

Domestic bond market transactions rise.

Outstanding domestic bond market transactions stood at ₱2,698 billion as of end-September 2009, around 6.0 percent higher than the ₱2,546 billion posted for the same period a year ago. GS continued to dominate the domestic debt market, accounting for 92.0 percent of

¹⁴ The P/E ratio is computed as the ratio of market capitalization over the last four quarters' net income.



total domestic debt issuances, with the remaining share accounted for by private issuances.¹⁵

During the review period, outstanding GS amounted to ₱2,484 billion which inched up by 2.0 percent from the previous quarter and 2.6 percent on a year-to-date basis. Of the total outstanding GS, Benchmark Bonds comprised 26.9 percent of the bulk followed by Treasury Bills (T-bills) and Fixed-Rate Treasury Bonds (T-bonds) accounting for 24.0 percent, and 22.5 percent, respectively. Special bond issues, other notes and bonds, and government-guaranteed corporate debt papers comprised the remaining amounts of outstanding GS.

Meanwhile, private issuances amounted to ₱214.6 billion, an 8.1 percent rise from the previous quarter and a 70.4 percent increase from the same period a year ago. Contributing to the significant increase in corporate issuances was the ₱12.0 billion bond issued by Energy Development Corporation during the quarter as well as the ₱38.8 billion bonds issued by San Miguel Brewery, Inc. in April. Bonds and notes accounted for 60 percent of corporate issuances followed by asset-backed securities (ABS) at 38 percent. Commercial paper (CP) lines represented a marginal share of 2 percent.

In the primary market, the NG accepted ₱93.2 billion worth of T-bills and T-bonds compared to the total programmed amount of ₱117.0 billion in the third quarter of 2009. The NG awarded 92 percent of the programmed amount for T-bills and almost 100 percent for T-bonds. Demand for government debt papers also increased as tenders were nearly three times oversubscribed for T-bills at ₱144.9 billion and more than doubled for T-bonds

¹⁵ Data were sourced from the PhilRatings. For lack of data, the issued amount was used instead of the outstanding amount for private debt issuances, which were in the form of asset-backed securities (ABS), bonds, corporate notes, as well as short- and long-term commercial paper lines. The data also include unsecured subordinated notes (Tier 2) which have some characteristics of both debt and equity. Tier 2 capital are long-term notes or debt obligations, with tenors usually 10 years and up, but are allowed to form part or be counted as capital of the issuer.

at ₱141.2 billion, against the offered amounts of ₱49.5 billion and ₱67.5 billion, respectively.¹⁶

NG's borrowing costs generally decline in the primary market.

The government was able to hold a more successful auction in July as the cost of borrowing declined during the month. Yields dropped in the primary market amid a more favorable inflation environment, which prompted the BSP to cut its policy rates by 25 basis points on 9 July 2009. Rates were also driven by ample liquidity as substantial amount of debt papers matured during the period. The NG even awarded more than the programmed amount during the 27 July T-bill auction as domestic lenders were awash with cash, driving down rates. The impact of Moody's upgrade likewise supported the market's increased demand for GS.¹⁷

However, the NG rejected some of the bids during the rest of the quarter as dealers demanded higher rates, reflecting investors' concern over the long-term fiscal implications of the current economic stimulus programs as well as concerns over the reversal in monetary easing by the BSP.¹⁸ In September, investors were seen preferring RTBs, reflecting the lackluster demand for the regular T-bill and T-bond offerings during the month.

Investors swamp issuance of RTBs.

More specifically, investors swamped the issuance of the RTBs during the auction on 15 September. The NG's initial offer of ₱15 billion was almost five times oversubscribed, with GS dealers tendering a total amount of ₱70.38 billion bids. This led the NG to award more than the initial offer at ₱25.0 billion RTBs.

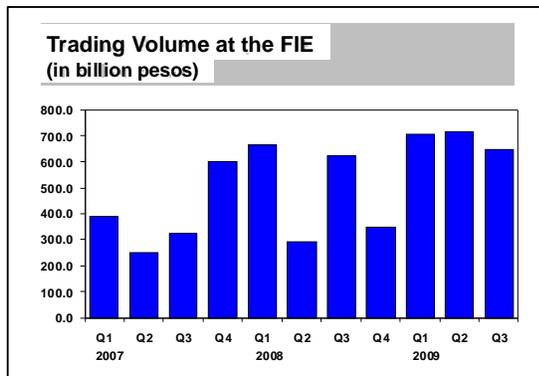
Trading surges at the secondary market.

Meanwhile, trading of debt papers at the Fixed Income Exchange (FIE) increased significantly for the first three quarters of 2009 as financial markets showed some

¹⁶ Oversubscription is the excess between the amount tendered and the amount programmed for a given instrument.

¹⁷ On 23 July 2009, Moody's Investor Services raised the rating for Philippine foreign and local currency borrowings by a notch to Ba3, with a stable outlook.

¹⁸ On 20 August, the BSP decided to keep its key policy interest rates steady at 4 percent for the overnight borrowing or reverse repurchase (RRP) facility and 6 percent for the overnight lending or repurchase (RP) facility.



signs of stabilization on the back of policy measures gaining traction. The relatively low interest rate environment resulted in an increase in trading transactions at the FIE as the value of investors' bond holdings appreciated with the increase in bond prices. Total transactions at the FIE grew by 30.6 percent for the period January-September, rising to ₱2,072 billion from the ₱1,586 billion for the same period in 2008. Fixed Rate Treasury Notes (FXTNs) were the most liquid instruments, accounting for 88 percent of all transactions during the review period.

Moody's upgrades credit rating on Philippine sovereign debt.

| Rating Agency | Local Currency LT/ST | Foreign Currency LT/ST | Outlook |
|---------------|-------------------------|---------------------------|---------|
| S&P | BB+/B | BB-/B | Stable |
| Moody's | Ba3/n.a. | Ba3/n.a. | Stable |
| Fitch | BB+/- | BB/B | Stable |

Source: S&P, Moody's, and Fitch Ratings

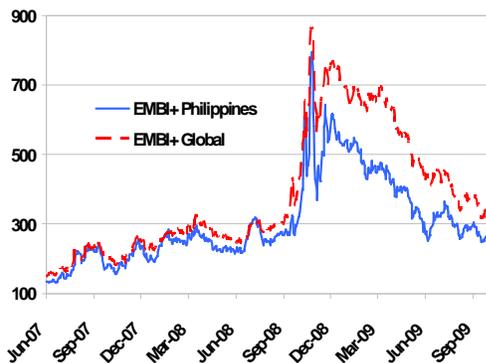
Credit Risk Assessment

The credit ratings of the country's sovereign debt were upgraded in the third quarter of the year, prompted by the relatively high degree of resiliency exhibited by the country's financial system and external payments position in the face of the global financial and economic crisis. On 23 July, Moody's Investors Service upgraded the Philippines' long-term foreign and local credit ratings from B1 to Ba3, three notches below investment grade. The country's outlook was likewise changed from positive to stable, indicating minimal chance of a rating change either way within the next 12 months. The rating firm discounted the country's fiscal shortfall as this was a result of an economic slowdown, which was not exclusive to the Philippines. However, Moody's noted that a return to a path of fiscal consolidation was critical.

Meanwhile, Standard and Poor's (S&P) affirmed on 3 July the country's long-term foreign and local currency ratings at BB- and BB+, respectively. The S&P also affirmed its B rating for the country's short-term credit, citing the resilience of its external position and the strength of its banks. However, the credit rating firm expressed concern about the government's declining revenues, cautioning that a downgrade in its outlook to

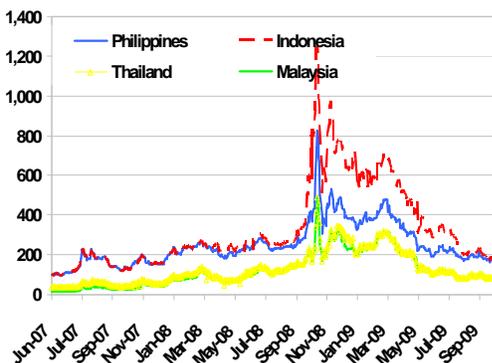
Spreads on Philippine sovereign bonds and CDS narrow.

JP Morgan EMBI+ Sovereign Bond Spreads (In basis points)



Source: Bloomberg

Senior 5-year CDS Spreads (In basis points)



Source: Bloomberg

negative is possible should the country fail to reverse the downtrend in revenues.¹⁹

The improvement in the country's credit rating was reflected in the general narrowing of Philippine sovereign debt spreads in the third quarter of 2009 relative to the previous quarter. The decline in sovereign spreads was driven by investors' optimism of a faster recovery and stronger growth prospects for the country coupled with the low inflation environment, public expectations of sustained low interest rate in the medium-term, robust remittances by overseas Filipinos, and improved corporate earnings.²⁰ The narrowing of debt spreads were likewise attributed to the shift in global risk appetite, which diverted foreign funds from traditional safe havens like the US to emerging markets like the Philippines.

Against such environment, the extra yield investors demand to own Philippine bonds instead of US Treasuries, as indicated by the JP Morgan EMBI+Philippine spread, narrowed to an average of 291 basis points (bps) during the quarter from the previous quarter's average of 342 bps. The improvement in the EMBI+Philippine spreads mirrored that of other markets as the JP Morgan EMBI+Global spread, which tracks the extra yield investors demand to own developing nations' bonds instead of US Treasuries, likewise narrowed from an average of 493 bps in the second quarter to 376 bps in the third quarter.²¹

Also reflecting improved sentiment, the Philippine credit default swap (CDS) spread, or the cost of protecting the country's bonds against default, narrowed to an average

¹⁹ In May 2009, Fitch affirmed the Philippines' long-term and local currency issuer default ratings at BB and BB+, respectively, with a stable outlook. However, the rating agency noted that although the Philippines has not been directly exposed to severe stresses affecting the domestic banking system, the country is not immune to the deterioration in global economic growth prospects.

²⁰ Improved growth prospects for the country were expressed by a number of foreign institutions, i.e., the International Monetary Fund, Standard Chartered, Union Bank of Switzerland, and First Metro Investment Corporation.

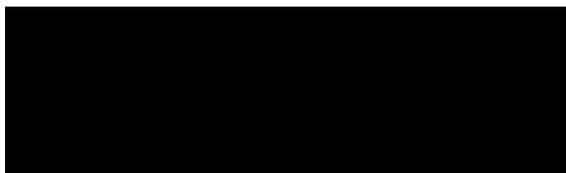
²¹ Emerging Market Bond Index Plus (EMBI+) Global, as calculated by JPMorgan, tracks total returns for traded external debt instruments in the emerging markets. The index comprises a set of broker-traded debt instruments widely followed and quoted by several market makers. Instruments in the EMBI+ must have a minimum face value outstanding of \$500 million and must meet strict criteria for secondary market trading liquidity.

of 193 bps in the second quarter from 260 bps in the previous quarter.²² Against neighboring economies, the average cost of holding Philippine bonds was higher than in Malaysia and Thailand with CDS averaging at 92 bps and 94 bps, respectively, but lower than that of Indonesia with 228 bps.

The decline in the country's cost of borrowing during the quarter led the government to successfully issue US dollar-denominated bonds in July amounting to US\$750 million due January 2020. The issued bonds were nearly six times oversubscribed with a yield spread of 333 bps over the 10-year US Treasury benchmark, lower than the 600 bps spread on the US\$1.5 billion 10-year global bonds issued by the government in January 2009.²³

It is important to note that despite the general narrowing of sovereign debt spreads, average spreads were still broadly higher than those levels posted in the third quarter of 2008, although close to levels observed before the collapse of the Lehman Brothers in September 2008. This indicated that emerging markets remain vulnerable to the fragile global economic conditions. Sovereign spreads remaining well above the pre-crisis level suggested market's increasing uncertainty over fiscal sustainability, particularly since public debt levels are expected to rise significantly.

Volume and value of financial transactions through the PhilPass drop.



Payments and Settlements System

The Philippine Payments System (PhilPaSS) continued to play an important role in facilitating the settlement of large-value financial transactions. During the third quarter of 2009, the volume of these transactions contracted by 2.1 percent to 148,515 as the impact of the global financial crisis continued to manifest in terms

²² Credit default swaps (CDS) are insurance-like contracts that protect against default or restructuring. In this case, it costs US\$260,000 to protect holdings of US\$10.0 million of Philippine sovereign debt from default. The buyer of a CDS will be paid with the face value or the cash equivalent in exchange of the underlying securities should a company/government fail to adhere to its debt obligations. An increase indicates deterioration in the perception of credit quality.

²³ The bonds were priced at 99.065 to yield 6.625 percent and carried a coupon of 6.5 percent. Source: ADB Weekly Debt Highlights, July 2009.

of a slowdown in the turnover of some sectors' business transactions. The value of transactions also dropped by 6.9 percent for two consecutive quarters to settle lower at ₱43.9 trillion.

The contraction in the volume of PhilPaSS transactions during the quarter came largely from the declines in the transactions of the Department of Loans and Credit of the BSP, delivery versus payment (DvP) and the payment versus payment (PvP). On the other hand, the value of transactions declined on account of the drop in the following transactions: the BSP-Treasury Department's net availments/payments of maturing RP/RRP/SDA placements; interbank lending; revenue remittances; and GS trades/purchases.

On an annual basis, both the volume and value of transactions dipped by 7.0 percent and 25.6 percent, respectively, to 148,515, which was valued at ₱43.9 trillion, due to the decline in most of the transactions during the year.

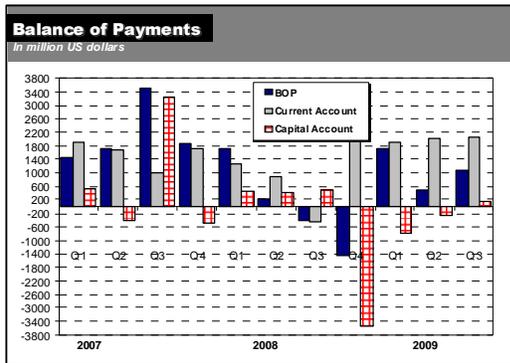
Meanwhile, a Memorandum of Agreement is soon to be signed by the Bankers Association of the Philippines, Chamber of Thrift Banks, Association of Bank Remittance Officers Inc., and Rural Bank Association of the Philippines and the BSP with respect to the use of PhilPaSS for the settlement of banks' OFW remittances. The PhilPaSS is expected to be a safer and more cost-efficient channel for the delivery or deposit of funds to intended beneficiaries, especially since the accounts are maintained with a bank.

F. External Sector

Balance of Payments

BOP reverses to a surplus.

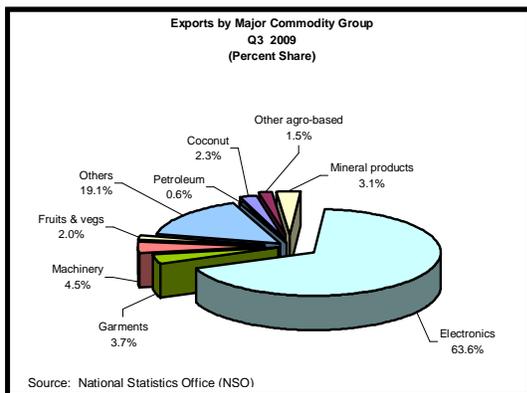
The balance of payments (BOP) yielded a surplus of US\$1.1 billion in Q3 2009, a reversal of the US\$394



Current account yields a surplus.

Trade-in-goods deficit narrows further.

Exports of goods decline at a slower pace.



million deficit registered in the same quarter a year ago. The favorable outcome in the country's external payments position was due to the strong performance of the current account during the quarter. The capital and financial account also remained in surplus, albeit lower compared to the level posted in the same quarter last year.

Current Account. The current account balance reversed to a net inflow of US\$2.0 billion (equivalent to 5.2 percent of GDP) from a net outflow of US\$438 million in the same period last year, mainly as a result of higher net inflows of current transfers and income, coupled with a lower trade-in-goods deficit.

Trade-in-Goods. The merchandise trade deficit narrowed further to US\$1.9 billion from US\$4.2 billion a year ago as the year-on-year contraction in import payments (29.8 percent) outpaced the decline in exports sales (22.0 percent) during the quarter.

Exports of Goods. Exports dropped to US\$10.2 billion, lower than the level posted in the same quarter a year ago, but the contraction was less than the declines posted in the first two quarters of the year, reflecting incipient signs of stabilization in advanced economies.

In particular, the following major export commodity groups registered declines during the review period:

- Manufactured goods, comprising about 90 percent of total exports, contracted by 15.9 percent; more specifically:
 - Electronic products, including other electronics, dropped to US\$6.6 billion, 17.7 percent lower than its year-ago level of US\$8.1 billion. Shipments of semiconductors (which account for about 70 percent share to total electronic products) fell by

21.7 percent during the review quarter as global demand for electronics remained relatively weak.

The rate of decline in semiconductors sales, however, continued to decelerate, as it compares favorably with the sharper 45.0 percent and 31.0 percent contractions in the first two quarters of the year. The book-to-bill ratio for semiconductors likewise sustained its upward trend to 1.17 in September from 0.80 in June. The semiconductor industry also reported improving sales of low- and high-end cellular phones, netbooks, personal computers, and flat panel displays, reflecting the favorable outlook on consumer spending as economic recovery gains traction and cyclical replenishing of stocks for the upcoming holiday season.

- Garments sales fell by 27.3 percent to US\$381 million, as the garment industry continued to be adversely affected by the combined effects of sluggish global demand and the abolished quota system since 2004.

The local garment industry, nevertheless, faces more positive prospects going forward as new orders are being placed by American buyers following the filing of the 809 Apparel/Pilot Program or the Save Our Industries Act with the US Congress on 25 June 2009. The said bill allows Philippine garment manufacturers to import and use American textiles under the cut-and-sew concept, then export back the finished products to the US at zero tariff, instead of being levied the current 30 to 40 percent tariff on garments.

- Processed food and beverages exports recorded the lowest drop of 5.0 percent at US\$263 million, partly due to the efforts of the Philippine Exports Confederation to come up with new food & beverage products under the Japan-Philippines

Economic Cooperation Agreement.

- ✓ Other manufactured goods that recorded declines included iron and steel (55.4 percent), wood manufactures (18.7 percent), machinery and transport equipment (15.3 percent), chemicals (10.7 percent), and furniture and fixtures (5.3 percent).
- Petroleum products incurred the biggest drop in export sales by 88.4 percent, owing largely to weak demand in the major trading partner economies.
- Mineral products valued at US\$324 million registered a hefty 58.0 percent decline, in sharp contrast to the positive growth rate of 34.6 percent last year. Copper metal plummeted in terms of volume production and global prices. Prices of copper metal dipped to US\$5,146/m.t. this quarter compared to US\$8,027/m.t. in the same period last year due to the continued softening of global demand. Copper concentrates and iron ore agglomerates also sustained negative growth rates of 11.8 percent and 19.5 percent, respectively.
- Coconut products posted a 22.7 percent decline, a slower contraction when compared to the 58.8 percent drop recorded in the first half of the year. Prices of coconut oil, desiccated coconut, and copra meal/cake fell by 48.4 percent, 35.2 percent, and 6.5 percent, respectively. However, the volume of coconut oil exports picked up significantly by 77.1 percent as higher prices of palm kernel oil, a coconut oil substitute, shifted global demand back to coconut oil. The increase in coconut oil shipments partly offset the significant decline in prices, such that coconut oil export receipts turned out lower by only 8.5 percent.
- Other agro-based products displayed a downtrend of 8.9 percent, particularly reflecting lower sales of fish (fresh or preserved), abaca fibers, natural

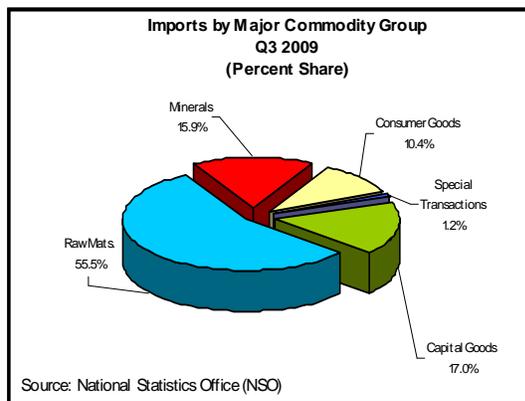
rubber, and zero exports of rice.

Meanwhile, export commodities which posted gains during the quarter included:

- Forest products, which grew by 62.4 percent as both volume and international prices of plywood increased. Plywood prices rose to US\$655/cu.m from last year's price of US\$386/cu. m.
- Sugar and products, which expanded by 32.6 percent, a reversal of the 51.9 percent contraction a year ago, on account of higher global prices of sugar since the first quarter of the year. Meanwhile, the US, the major export market for Philippine sugar, allocated an annual quota of 137,353 tons for the Philippines in 2009. Other top sugar export destinations include Japan, Hong Kong, Qatar, and United Arab Emirates.
- Among mineral products, strong demand for chromium ore boosted sales by a hefty 92.6 percent. Gold sales also grew by 15.2 percent due to an uptick in demand combined with higher prices in the gold market.
- Canned pineapple, juice and concentrates exports improved by 25.6 percent, 37.5 percent, and 47.6 percent, respectively, with increases in volume and price of shipments.
- Higher volume and prices of unmanufactured tobacco pushed its sales by 94 percent, which moderated the declines in other agro-based commodities. Dried seaweeds also posted a 2.4 percent growth, rebounding from a 24.7 percent decline in Q3 2008.

Imports of goods decline anew.

Imports of Goods. Imports of goods declined to US\$12.1 billion, down by 29.8 percent from US\$17.3 billion in the same quarter last year. The contraction in the import bill was mainly on account of lower commodity



prices as a result of the weak global demand as well as lower volumes of key import goods. Imports of all major commodity groups posted double-digit negative growth rates, as follows:²⁴

- Mineral fuels and lubricants imports plunged by a hefty 49.2 percent to US\$1.9 billion, amid falling prices of petroleum crude (46.8 percent) and other mineral fuels and lubricants (40.0 percent) in the world market.
- Consumer goods also dropped to US\$1.3 billion, lower by 40.7 percent as import prices of food and live animals for food, particularly dairy products, and rice decreased by 40.3 percent, and 48.0 percent, respectively. The volume of rice imports likewise plummeted by 89.0 percent as the National Food Authority anticipated rice supply to be sufficient until next year.
- Raw materials and intermediate goods were down by 20.6 percent due mainly to the decline in the importation of the following manufactured goods: iron and steel (47.5 percent); textile yarn, fabrics and made-up articles (31.1 percent); non-ferrous metals (30.7 percent); metal products (27.8 percent); embroideries (26.9 percent); and materials/accessories for the manufacture of electronic goods (23.8 percent).
- Capital goods contracted by 18.4 percent as a result of lower purchases of: power generating and specialized machines (29.0 percent); office and EDP machines (12.8 percent); telecommunication equipment and electrical machinery (1.4 percent); aircraft, ships, and boats (86.4 percent), and professional, scientific, and controlling instrumentation, photographic equipment and

²⁴ Based on BPM5 concept (i.e., excluding from the National Statistics Office (NSO) foreign trade figures those goods that did not involve change in ownership); imports per BOP also reflect: a) upward adjustments on the valuation of consigned raw materials; b) OF remittances in kind; and c) military imports, among others.

optical goods (3.6 percent).

On the other hand, imports of some commodities rose over the review quarter:

- Durable consumer goods imports increased by 7.2 percent, due to higher purchases of passenger cars and motorized cycles as well as miscellaneous manufactures, indicating slightly higher purchasing power of consumers.
- Capital goods imports of land transport equipment excluding passenger cars and motorized cycles rose by 16.8 percent to US\$209 million from US\$179 million in the same quarter a year ago.
- Inedible crude materials imports increased to US\$365 million, 25.9 percent higher than the US\$290 million recorded in the same quarter last year. Expansions were noted in cotton (20.0 percent) and metalliferous ores (95.7 percent), which offset lower imports in other inedible crude materials (27.7 percent) during the review period.

Trade-in-services continues to show a surplus.

Trade-in-Services. Net receipts in trade-in-services reached US\$37 million in Q3 2009, lower by 82.0 percent than the US\$206 million surplus posted in the same quarter last year. The lower net receipts for the quarter were traced to travel and other business services, specifically miscellaneous business, professional and technical services, coupled with higher net payments in royalties and license fees, and financial services. In contrast, higher net receipts in communication, construction services, and computer and information services, as well as lower net payments in insurance and transportation services were noted.

Business process outsourcing (BPO)-related transactions continued to comprise a significant share of trade-in-services account. Computer and information services grew by 45.2 percent to US\$106 million from US\$73 million in Q3 2008. Miscellaneous business,

professional and technical services, however, slightly declined by 2.4 percent to US\$580 million during the quarter in review.

The growth in the Philippine outsourcing industry can be attributed to a wide range of services provided by local BPO operations (voice and non-voice businesses), including contact centers, web development, software development, legal services, medical transcription, animation and other BPOs. The industry continues to be an important economic growth driver, with robust prospects of a 20 to 30 percent expansion in 2009.

Income account reverses to a surplus position.

Income. The income account posted a surplus of US\$16 million in Q3 2009, a turnaround from the net payments of US\$95 million recorded in the same quarter a year ago. This favorable development was due to the 3.9 percent increase in the gross earnings of resident overseas Filipino (OF) workers, which reached US\$1.1 billion in the review period.²⁵

Investment income also improved by 5.7 percent, due mainly to the decline in income payments made by residents to affiliated enterprises abroad (16.2 percent); lower net payments of dividends on portfolio investments (3.4 percent); and reduced outlays in interest payments on loans incurred by the general government (10.3 percent), banks (47.1 percent) and corporations (43.2 percent) during the quarter in review.

Higher OF remittances boost the current transfers account.

Current Transfers. Net receipts from current transfers increased by 6.9 percent to US\$3.9 billion from the year-ago level, boosted primarily by the 7.6 percent increase in remittances from non-resident OFs. Robust remittance flows amounting to US\$3.8 billion were shored up by strong overseas demand for Filipino workers, on account

²⁵ Under the BPM5, the residency of workers such as OFWs is classified according to the length of their stay in the host economy. OFWs who work for less than one year are classified as resident OFWs (e.g., performing artists and sea-based workers) and their gross earnings are reflected under the Income account. Meanwhile, OFWs who work for one year or more in the host economy are classified as non-resident OFWs (i.e., all land-based workers, except performing artists) and their remittances are reported under the Current Transfers account.

of the diversity and quality of their skills. The level of remittances also drew support from the expanded presence of local banks and non-bank remittance agents in countries with large concentration of OFs, through enhanced partnerships and tie-ups with foreign financial counterparts.

Capital and Financial Account

Capital and financial account continues to post a surplus.

The capital and financial account in Q3 2009 recorded a net inflow of US\$147 million, but this was lower by 68.9 percent than the net inflow recorded in the comparable quarter a year ago. Contributing largely to the decline was the net outflow in other investment, which offset the positive balances posted in direct and portfolio investments.

Capital account posts higher net inflow.

Capital account. The capital account registered a substantial 83.3 percent growth to reach a net inflow of US\$33 million in Q3 2009. The level was higher than the US\$18 million net inflow in Q3 2008, following higher capital transfers to the National Government and other sectors, specifically migrants' transfers.²⁶

Direct investment sustains net inflows.

Direct investment. Direct investments in Q3 2009 posted a net inflow of US\$249 million. This was, however, nearly half the net inflow of US\$480 million recorded in the same period in 2008. The net inflow was traced to the positive balances across the major foreign direct investment accounts.

Amid the still-weak global economic recovery, the country managed to receive net equity capital infusion amounting to US\$323 million in Q3 2009. This was, however, 51.2 percent lower than last year's level.

²⁶ The capital account consists largely of capital transfers. Capital transfers involve the change in the stock of assets attributed to transactions such as disposal and acquisition of fixed assets. By contrast, current transfers involve transactions that affect the level of disposable income and influence consumption of goods and services.

Equity capital inflows during the quarter were channeled to the manufacturing, real estate, construction, and transport/ storage/communications sectors. Major investors came from Japan and the U.S.

Reinvested earnings also posted a net inflow of US\$26 million, significantly lower than the US\$109 million net inflow recorded during the same quarter in 2008 as lower profits were registered by local companies/enterprises.

The other capital account—consisting largely of intercompany borrowing/lending between foreign direct investors and their subsidiaries/affiliates in the Philippines—reversed to a net inflow of US\$28 million from a net outflow of US\$188 million last year, as a result of lower trade credits extended to affiliates abroad and intercompany loan repayments.

Portfolio investment reverses to a net inflow.

Portfolio investment. Lifted by improving global economic conditions as well as stronger investor risk appetite, portfolio investments reversed to a net inflow of US\$1.2 billion in Q3 2009 from a net outflow of US\$1.1 billion in Q3 2008. This positive turnout during the review quarter was likewise reflected in the local stock market, as the volume of trading in the Philippine Stock Exchange surged to 195,454 million shares (Q3 2009) from 111,695 million shares traded in Q3 2008. The composite index also rose to 2,828 (Q3 2009) from 2,612 (Q3 2008).

Net inflows of portfolio investment resulted from: a) non-residents' subscription to the bond flotations by the National Government (NG) (US\$750) million and by corporations (US\$500 million); and b) net resale to non-residents of foreign currency-denominated bonds issued by the NG (US\$123 million).

These inflows were, however, dampened by the following outflows:

- a) net withdrawal of equity securities placements by non-residents in private corporations (US\$96 million);
- b) banks' bonds payable (US\$126 million);
- c) repayment of bonds/notes issued by some private corporations (US\$34 million);²⁷ and
- d) net purchase of foreign currency-denominated bonds issued by corporates (US\$86 million).

Trading of financial derivatives yields gains.

Financial derivatives. Banks' trading in financial derivatives recorded a net gain of US\$11 million in Q3 2009, lower than the net gain of US\$81 million posted in Q3 2008.

Other investment reverses to a net outflow.

Other Investments. The other investment account reversed to a net outflow of US\$1.4 billion in Q3 2009 from a net inflow of US\$986 million in Q3 2008.

- a) the grant of loans by resident banks to non-residents (US\$389 million);
- b) currency and deposit placements abroad by residents (US\$722 million);
- c) net repayment of maturing long-term loans by some private corporations (US\$95 million);²⁸
- d) net withdrawal by non-residents of currency and deposit placements with local banks (US\$190 million); and
- e) net repayment of short-term trade credits by private corporations (US\$461 million).

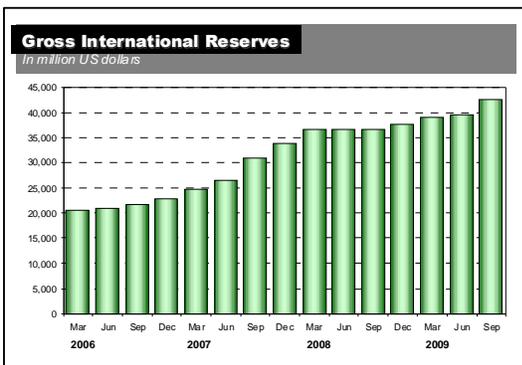
²⁷ Includes bond prepayments made by the private sector amounting to US\$9 million.

²⁸ Includes loan prepayments made by the private sector amounting to US\$85 million.

The above outflows were moderated by the net loan availment by the NG (US\$263 million), and banks (US\$292 million).

International Reserves

Gross international reserves accelerate further.



The country's accumulation of gross international reserves (GIR) continued in the third quarter of 2009, accelerating by 15.9 percent year-on-year to reach US\$42.5 billion (Table 12). At this level, the GIR was sufficient to cover about 8 months' worth of imports of goods and payments of services and income. The corresponding reserve adequacy ratios at this level is around 8 times the country's short-term external debt based on original maturity and 4 times based on residual maturity.²⁹

The third quarter increase in the GIR level was accounted for by foreign exchange inflows from the BSP's net foreign exchange operations and income from its investments abroad, as well as foreign currency deposits by the NG of its loan proceeds. A special allocation of Special Drawing Rights (SDRs) was made available by the International Monetary Fund (IMF) to all member-countries in August and September 2009, contributing further to the rise in the country's reserves level. The IMF's move to increase the SDR allocation is a liquidity-enhancing measure aimed at providing financial resources to all member-countries and forms part of the cooperative monetary response to the global financial crisis. Foreign exchange receipts were, in turn, partly offset by outflows arising from the repayment of maturing foreign exchange obligations of the NG and the BSP.

The bulk of the reserves were held in foreign investments, accounting for 84.2 percent of the total

²⁹ Short-term debt based on residual maturity pertains to outstanding external debt with original maturity of one year or less, plus principal payments on medium and long-term loans of the public and private sectors falling due within the next 12 months.

GIR, with gold holdings constituting 11.8 percent while the combined holdings of foreign exchange and SDRs by the BSP and the reserve position in the IMF making up the balance of 4.0 percent.

By currency composition, total reserves (excluding gold) were denominated in US dollars (74.5 percent), yen (14.6 percent), euro (7.1 percent) and the balance (3.8 percent) in SDRs and other currencies.

The net international reserves (NIR), including revaluation of reserve assets and reserve-related liabilities, rose to US\$41.9 billion from the year-ago level of US\$35.8 billion. The NIR refers to the difference between the BSP's GIR and total short-term liabilities.

Exchange Rate

Trends in the Peso-Dollar Rate

The peso depreciates slightly.

The peso depreciated slightly by 0.6 percent to average ₱48.15/US\$1 in the third quarter of 2009 from ₱47.88/US\$1 in the previous quarter.³⁰ On a year-on-year basis, the peso weakened by 5.4 percent compared to the ₱45.53/US\$1 average in the same quarter in 2008 (Table 13). Despite the sustained OFs' remittances and the increasing risk appetite for emerging markets' assets following reports of a better-than-expected U.S. real GDP growth during the review period, concerns about the widening fiscal deficit have dragged down the peso during the review quarter.

In July 2009, the peso depreciated slightly by 0.4 percent to average ₱48.15/US\$1 from the previous month's ₱47.91/US\$1 average. The peso continued to weaken on concerns over the sluggish pace of the global recovery. Lower corporate dollar demand in July and

³⁰ Dollar rates or the reciprocal of the peso-dollar rates were used to compute for the percentage change. Figures were based on reference rates.

reports on the government's lower-than-programmed budget deficit for the first semester of 2009, helped temper the depreciation of the peso.³¹ Improved investors' appetite for regional stocks and high-yielding currencies in the third week of July likewise cushioned the peso.

In August 2009, the peso depreciated slightly by 0.1 percent to average ₱48.16/US\$1 from the previous month's ₱48.15/US\$1.³² Concerns over the NG's fiscal position weakened the peso towards the middle of August, offsetting the gains made in the first two weeks of the month.³³ Moreover, regional currencies were weighed down by renewed risk aversion due to uncertainty over the pace of global recovery during the last two weeks of August.

In September 2009, the peso appreciated by 0.3 percent to average ₱48.14/US\$1 from the previous month's ₱48.16/US\$1 average.³⁴ The peso firmed up against the U.S. dollar on improved risk appetite for high-yielding emerging markets assets as reflected in the regional stock markets' rally. Furthermore, strong dollar inflows coming from OFs' remittances helped buoy up the peso.³⁵

Nevertheless, on a year-to-date basis, the peso gained slightly against the US dollar by 0.3 percent as it closed at ₱47.39/US\$1 on 30 September 2009.³⁶ Most of the Asian currencies followed an appreciating path, led by the Indonesian Rupiah (14.99 percent), Korean Won (7.0 percent), Thai Baht (3.67 percent), Indian Rupee (2.31

³¹ The January to June fiscal deficit of the National Government reached ₱153.4 billion, ₱1.7 billion lower than the programmed ceiling of ₱155.1 billion.

³² Dollar rates or the reciprocal of the peso-dollar rates were used to compute for the percentage change. Figures were based on real time transactions.

³³ The government expects its budget shortfall to reach ₱250 billion this year, or 3.2 percent of GDP.

³⁴ Dollar rates or the reciprocal of the peso-dollar rates were used to compute for the percentage change. Figures were based on real time transactions.

³⁵ Remittances from overseas Filipinos (OFs) coursed through banks surged to US\$1.5 billion in July 2009, posting the highest year-on-year growth during the year at 9.3 percent. This favorable development brought cumulative remittances for the first seven months of the year to almost US\$10.0 billion, higher by 3.8 percent from the year-ago level.

³⁶ Based on the last done deal in the afternoon.

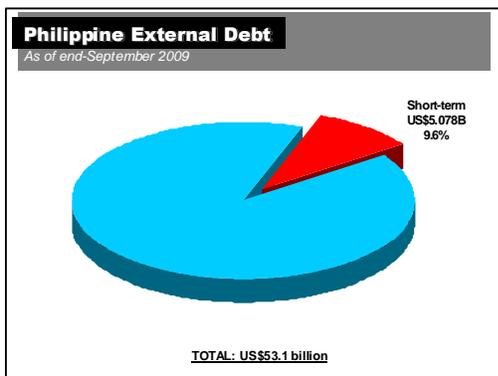
percent), New Taiwan Dollar (2.07 percent), Singapore Dollar (1.14 percent) and Japanese Yen (1.01 percent). Meanwhile, the Malaysian Ringgit depreciated on a year-to-date basis by 0.09 percent.

On a real, trade-weighted basis, the peso gained external price competitiveness against the basket of currencies of major trading partners (MTPs) during the third quarter. Relative to the previous quarter, the real effective exchange rate (REER) index of the peso decreased by 1.4 percent against the basket of currencies of MTPs³⁷ as the nominal depreciation more than offset the positive inflation differential against the MTPs (Table 13b). For the same reason, the REER index of the peso against the basket of currencies of MTPs decreased by 4.45 percent year-on-year.

The peso also gained some external price competitiveness on a quarter-on-quarter basis against the basket of currencies of competitor countries in the broad and narrow series.³⁸ The REER index of the peso declined by 1.6 percent and 2.7 percent in the broad and narrow series, respectively, as the nominal depreciation of the peso negated the positive inflation differential between the Philippines and its competitor countries. However, on a year-on-year basis, the peso lost some external price competitiveness against the competitor currencies in both the broad and narrow series in the third quarter of 2009. The REER index of the peso against the basket of competitor countries in the broad and narrow series increased by 4.2 percent and 1.3 percent, respectively, due to the widening of the inflation differential vis-à-vis these competitor countries.

³⁷ The basket of the major trading partners is composed of the currencies of US, Japan, the Euro area and the United Kingdom.

³⁸ The broad basket of competitor countries comprises the currencies of Singapore, South Korea, Taiwan, Malaysia, Thailand, Indonesia and Hong Kong while the narrow basket is composed of the currencies of Indonesia, Malaysia and Thailand only.

External debt remains manageable.**External Debt**

The outstanding external debt of the Philippines as of end-September 2009 rose to US\$53.1 billion (by US\$1.3 billion or 2.5 percent) from the US\$51.8 billion recorded in June 2009 (Table 14). On a year-on-year basis, the debt stock reflected a US\$347 million drop (or 0.6 percent) from the US\$53.5 billion posted in September last year.

On a quarterly basis, the increase in the debt stock was largely attributed to the net positive foreign exchange revaluation adjustment (US\$1.2 billion) on debts denominated in currencies other than the US dollar, as the latter weakened against the Japanese Yen and the Euro and net loan availments (US\$158 million).

Year on year, the bulk in the contraction of the debt stock was on account of the net repayments (US\$1.7 billion) and increase in residents' holdings of Philippine debt papers (US\$1.0 billion). These were offset partially by net positive foreign exchange revaluation adjustment (US\$2.4 billion).

Medium to long-term (MLT) loans (with maturities longer than one year) rose slightly to US\$48.1 billion from the end-June 2009 level of US\$46.1 billion. By contrast, short-term (ST) obligations (with original maturities of up to one year) which consisted of liabilities under DA/OA arrangements (US\$2.0 billion); inter-bank borrowings (US\$1.0 billion); and non-trade obligations (US\$600 million), decreased by US\$676 million to US\$5.1 billion from US\$5.8 billion in June 2009.

The external debt portfolio remained predominantly medium to long-term in nature, with MLT loans representing 90.4 percent of total loans. The weighted average maturity for all MLT loans was about 20.1 years; public sector borrowings had longer average tenors of

nearly 21.8 years, compared to 11.6 years for the private sector. Short-term external debt accounted for 9.6 percent of the total debt stock.

External debt indicators remained at prudent levels during the period January-September 2009. The country's external debt to GNP ratio was estimated at 29.9 percent as of end-September 2009, higher than the 29.0 percent and 28.9 percent ratios obtained in June 2009 and September 2008, respectively. External debt to GDP ratio was estimated at 33.9 percent during the quarter under review, higher than that of 32.6 percent and 31.9 percent in June 2009 and September 2008, respectively.

The debt service ratio (DSR) which relates to the ratio of the total principal and interest payments to total exports of goods and receipts from services and income (XGSI), was estimated at 10.7 percent for the 12-month period ending September 2009, higher than that of 10.6 percent and 9.6 percent recorded in June 2009 and September 2008, respectively. The ratio, which is a measure of adequacy of the country's FX earnings to meet maturing loan payments, has nevertheless consistently stayed below the international benchmark range of 20-25 percent .

Foreign Interest Rates

Major central banks maintain policy rates.

The monetary policy stance of major central banks generally remained unchanged. Concerns that inflation will remain subdued and economic activity will continue to be weak over the relevant policy horizon influenced the neutral policy stance of central banks.

The US Federal Open Market Committee (FOMC) decided to maintain its target for the federal funds rate at

0-1/4 percent during the quarter.³⁹ The FOMC is of the view that economic activity is likely to remain weak for a time, particularly as household spending remained constrained by job losses, sluggish income growth, declining housing wealth and tight credit conditions. The fragile state of the economy, along with the substantial resource slack as well as the stable longer-term inflation expectations lent support to the FOMC's stance that inflation will remain subdued for some time.⁴⁰ The FOMC's federal funds target range resulted in keeping the average US prime rate at 3.25 percent, and the US discount rate at 0.50 percent (Table 15).⁴¹

The Monetary Policy Committee of the Bank of England (BOE) also remained neutral, maintaining the official bank rate paid on commercial bank reserves at 0.5 percent. The decision to maintain its policy rates took into account the fragility of banks' financial conditions amid positive signs that the export market is stabilizing. Moreover, inflation fell to 1.8 percent which was below the 2 percent target on account of lower energy and food prices. The margin of spare capacity has increased further and wage growth remained weak.

To enhance the functioning of corporate credit markets, the Committee voted to continue with its program of asset purchases, increasing the total amount to £175 billion on 6 August 2009 from £75 billion on 5 March 2009, and which will continue to be financed through the issuance of central bank reserves.⁴² The Committee

³⁹ Federal Reserve System, Federal Open Market Committee (FOMC) statements and previous statements are available online at <http://www.federalreserve.gov/newsevents/press/monetary/20090624a.htm>.

⁴⁰ FOMC statement on 23 September 2009, which can be accessed at <http://www.federalreserve.gov/newsevents/press/monetary/20090923a.htm>.

⁴¹ The prime rate refers to the interest rate banks charge their most creditworthy customers. The discount rate refers to the rate charged by the Federal Reserve banks when they extend credit to depository institutions.

⁴² To that end, and noting the recent exchange of letters between the Governor and the Chancellor of the Exchequer concerning the use of the Asset Purchase Facility for monetary policy purposes, the Committee agreed that the Bank should, in the first instance, finance a £125 billion of asset purchases through issuance of central bank reserves. This has been extended and increased to £175 billion in light of the recession and restriction in the availability of credit that might impact negatively on the supply capacity of the economy, thereby moderating the increase in economic slack. The Committee recognized that it might take up to three months to carry out this program of purchases. Part of that sum would finance the Bank of England's program of private sector asset purchases through the Asset Purchase Facility, intended to improve the functioning of corporate credit markets. But in order to meet the Committee's objective of total purchases of £125 billion, the Bank would also buy medium- and long-maturity conventional gilts in the secondary market. It is likely that the majority of the overall purchases by value over the next three months will be of gilts.

expects that it would take another two months to complete the asset purchases program.

The Bank of Japan (BOJ) also maintained its policy interest rates during the quarter, with the uncollateralized overnight call rate remaining at 0.1 percent. The BOJ noted signs of recovery in the Japanese economy coming from increasing public investment, export and production activities. These improvements were accompanied by improving inventory adjustments, as well as the recovery of emerging overseas economies. The year-on-year decline in inflation may continue due to the lower prices of petroleum products relative to a year ago. Such developments should propel Japan's economy towards price stability and sustained growth.

The Governing Council of the European Central Bank decided to keep its key interest rates unchanged, with marginal lending at 1.75 percent, marginal deposit at 0.25 percent, and main bid rate on main refinancing operations at 1.0 percent. The Governing Council's decision was anchored on the need to guarantee continued liquidity support to the banking system of the Euro area for an extended period and promote the extension of credit to the euro area economy, thereby providing support to the euro area's recovery. Meanwhile, price developments over the relevant policy horizon are expected to remain subdued. The Annual Harmonized Index of Consumer Prices (HICP) inflation for August was slightly negative, reflecting the base effects of the strong rise in commodity prices in 2008. Inflation is expected to return to positive territory rates within the next coming months, consistent with the Governing Council's view that the economy is now entering a period of stabilization and gradual recovery. Available indicators of inflation expectations over the medium to long term remain firmly anchored with the Governing Council's inflation rate target of below, but close to 2 percent, as money and credit continue to

decelerate. Against this environment, price stability is expected to be maintained over the medium term.⁴³

Moreover, interbank loan rates also trended downwards, in particular, both the 90-day London Interbank Offered Rate (LIBOR) and the 90-day Singapore Interbank Offered Rate (SIBOR) decreased by as much as 43 basis points, to average 0.4126 percent and 0.4295 percent, respectively, as banks were more willing to lend to each other in order to spur economic activity.

Global Economy

The global economy continues to show signs of recovery.

The developments in the third quarter of 2009 suggest that global economic activity has started to improve. However, despite the improvement in economic activity, inflation remained subdued.

The year-on-year contraction in the U.S. GDP slowed down to 2.3 percent in the third quarter of 2009 from a decline of 3.8 percent in the previous quarter. Real personal consumption expenditures (PCE) in the U.S. rose at a steady rate, with noticeable increases in motor vehicles, furniture, electronics, and other durable goods. Although consumer spending on motor vehicles declined in September after the expiration of government rebates, other household spending rose. Industrial production also rose in the third quarter, mostly due to a rebound in motor vehicle assemblies and related parts production. Moreover, the gradual recovery in construction of single-family homes continued and home sales increased in the third quarter.⁴⁴

The pace of contraction in the Euro area's GDP slowed to 4.1 percent from a decline of 4.8 percent in the second quarter. This developed due to the improvements in

| Macroeconomic Indicators in Selected Economies | | | | | | | | | |
|--|----------|---------|---------|-----------|---------|---------|----------------------------|---------|---------|
| Year-on-year growth rates (in percent) | | | | | | | | | |
| Country | Real GDP | | | Inflation | | | Unemployment ^{1/} | | |
| | Q3 2008 | Q2 2009 | Q3 2009 | Q3 2008 | Q2 2009 | Q3 2009 | Q3 2008 | Q2 2009 | Q3 2009 |
| G3 | | | | | | | | | |
| US | 0.0 | -3.8 | -2.3 | 5.3 | -1.1 | -1.6 | 6.1 | 9.3 | 9.6 |
| Japan | -0.3 | -7.0 | -4.5 | 2.2 | -1.0 | -2.2 | 4.0 | 5.2 | 5.5 |
| Euro area | 0.4 | -4.8 | -4.1 | 3.8 | 0.2 | -0.4 | 7.6 | 9.3 | 9.6 |
| Asian NIES | | | | | | | | | |
| Hong Kong | 1.5 | -3.6 | -2.4 | 4.6 | -0.1 | -0.9 | 3.3 | 5.3 | 5.4 |
| South Korea | 3.1 | -2.2 | 0.9 | 5.5 | 2.8 | 2.0 | 3.2 | 3.9 | 3.7 |
| Singapore | 0.0 | -3.3 | 0.6 | n.a. | -0.5 | n.a. | 2.3 | 3.3 | 3.4 |
| China | 9.0 | 7.9 | 8.9 | 5.3 | -1.5 | -1.3 | n.a. | n.a. | n.a. |
| India | 7.7 | 6.1 | 7.9 | 9.0 | 8.9 | 11.8 | n.a. | n.a. | n.a. |
| ASEAN | | | | | | | | | |
| Indonesia | 6.4 | 4.0 | 4.2 | 12.0 | 5.6 | 2.8 | n.a. | n.a. | n.a. |
| Malaysia | 4.8 | -3.9 | -1.2 | 8.4 | 1.3 | -2.3 | 3.1 | 3.6 | n.a. |
| Philippines | 4.6 | 0.8 | 0.8 | 12.2 | 3.2 | 0.3 | 7.4 | 7.5 | 7.6 |
| Thailand | 3.9 | -4.9 | -2.8 | 7.2 | -2.7 | -2.1 | 1.2 | 1.8 | 1.2 |
| Vietnam | 6.5 | 3.9 | 4.6 | 27.7 | 6.3 | 2.6 | n.a. | n.a. | n.a. |

Sources: Bloomberg; The Institute of International Finance, Inc.; Bureau of Economic Analysis; Bureau of Labor Statistics; Cabinet Office; European Central Bank; Hong Kong Administrative Region Government Portal; and Korea National Statistics

^{1/} Unemployment rate is the proportion (in percent) of the total number of unemployed to the total number of persons in the labor force.

⁴³ ECB, Introductory Statement, available online at <http://www.ecb.int/press/pressconf/2009/html/is090903.en.html>

⁴⁴ Report on the joint meeting on 3–4 November 2009 of the Federal Open Market Committee and the Board of Governors of the Federal Reserve System in Washington, D.C.

exports and steady household spending, partly supported by fiscal measures. Investment was also seen to stabilize while inventories made positive contributions to the improvement in the Euro area's economic activity.

Likewise, the contraction in Japan's GDP slowed down to 4.5 percent in the third quarter of 2009 from a decline of 7.0 percent in the second quarter. The recovery was mainly driven by an upturn in exports, reflecting, in part, the strong recovery in other Asian economies. Domestic private demand, however, has remained relatively weak in the light of subdued developments in corporate profits, employment and income.

Economic recovery continued in Asia. This developed as monetary and fiscal stimulus implemented by country authorities gained traction while higher asset prices supported domestic demand.

Among the newly-industrialized economies (NIEs) in Asia, China posted the highest GDP growth at 8.9 percent in the third quarter of 2009, stronger than the 7.9 percent growth in the previous quarter. China's growth continued to be largely dependent on fiscal stimulus while personal consumption expenditure remained robust. Owing to weak global demand, the trade surplus continued to decline albeit remaining at a high level.

Economic activity in India also grew at a faster rate of 7.9 percent during the current review period from 6.1 percent in the second quarter of 2009. Meanwhile, South Korea and Singapore showed signs of economic recovery as their GDP grew by 0.9 percent and 0.6 percent, respectively, from reported contractions in the previous quarter. The decline in Hong Kong's GDP slowed down to 2.4 percent in third quarter from a contraction of 3.6 percent in the second quarter.

Despite the pick-up in global economic activity, inflation for some countries remained subdued and in the negative territory. In the United States, deflation went down further to 1.6 percent during the review period from 1.1 percent in the second quarter. Similarly, deflation in Japan reached 2.2 percent in the third quarter from 1.0 percent in second quarter. Deflation was also reported in the Euro area at 0.4 percent during the review period.

Following the trend in consumer price indices in major economies, inflation for some of the Asian countries continued to ease. Among the Asian NIEs, inflation in South Korea eased to 2.0 percent in the third quarter from 2.8 percent in the previous quarter. Meanwhile, deflation in Hong Kong and China continued at 0.9 percent and 1.3 percent, respectively. On the other hand, in India, inflation went-up further to 11.8 percent during the review period from 8.9 percent in the second quarter. Among the ASEAN member countries, Malaysia and Thailand reported a deflation of 2.3 percent and 2.1 percent, respectively, in the third quarter. Inflation in Indonesia and Vietnam continued to ease at 2.8 percent and 2.6 percent, respectively.

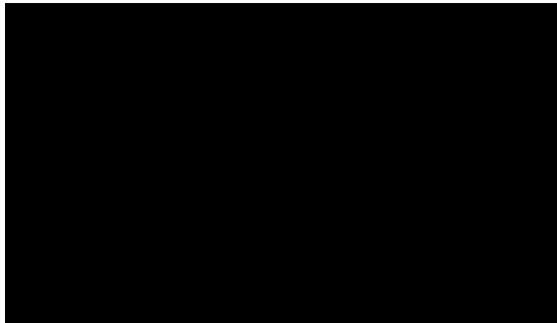
Global labor market conditions continued to deteriorate in the third quarter of 2009 as reflected in the rise of unemployment in the U.S., Japan, Euro area, Asian NIEs and ASEAN member countries. In particular, unemployment in the U.S continued to rise at 9.6 percent, significantly higher than the 6.1 percent in the same period in 2008, due to lay-offs in the financial sector as well as the closure of several firms in the manufacturing sector. Likewise, unemployment in Japan and the Euro area increased to 5.5 percent and 9.6 percent, respectively. In Hong Kong and Singapore, unemployment went up to 5.4 percent and 3.4 percent, respectively. Meanwhile, slight improvements in the labor markets in South Korea and Thailand were reported as

unemployment declined to 3.7 percent and 1.2 percent, respectively.

G. Financial Condition of the BSP

Balance Sheet

BSP's net worth increases.



Based on preliminary and unaudited financial statements, the BSP's assets as of end-September 2009 reached ₱2,536.2 billion, about 10.0 percent or ₱230.7 billion higher than the year-ago level (Table 16). The amount was also higher by 5.2 percent or ₱124.6 billion relative to the end-June 2009 level. The BSP's liabilities grew by ₱181.7 billion or 8.6 percent year-on-year to ₱2,298.2 billion. With the higher growth in assets, the BSP's net worth went up to ₱238.0 billion from ₱237.3 billion and ₱189.0 billion at the end of the previous quarter and from its level a year ago, respectively.

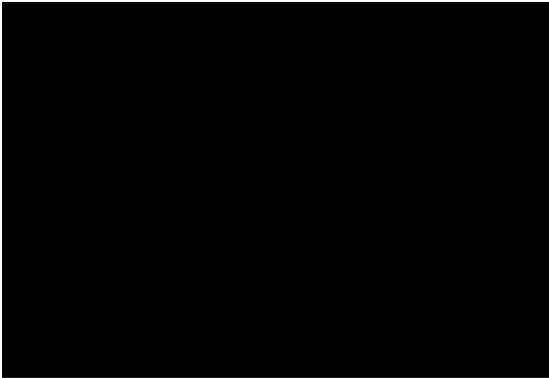
The year-on-year expansion in BSP assets was mainly due to the continued growth in international reserves, which accounted for 79.3 percent of total assets. The expansion in international reserves of ₱282.2 billion was largely a result of the increase in foreign investments. The ₱36.6 billion rise in loans and advances also contributed to the expansion in assets.

The BSP's liabilities also rose, due mainly to the ₱26.9 billion increase in total deposits and the ₱58.0 billion expansion in currency issued during the period under review. The growth in liabilities was, however, tempered by lower balances in the foreign loans and bonds payable accounts posted during the period.

Income Statement

BSP posts a net operating income.

Based on preliminary and unaudited data, the BSP yielded a net income of ₱986 million for the period July-September 2009, lower than the ₱11.3 billion net income



posted during the same period in 2008 (Table 17). However, the third quarter 2009 income is higher by ₱807 million compared to the previous quarter's earnings. The income during the period in review was realized due mainly to the large increase in miscellaneous income accompanied by a decrease in interest expenses.

Total revenues amounted to ₱24.3 billion or ₱147 million higher than the level posted during the same period last year. Total interest income, which continued to be the major source of revenues, was down by 16.2 percent or ₱2.8 billion lower than the previous year's level, largely on account of reduced interest earnings of ₱2.1 billion from international reserves. Meanwhile, miscellaneous income increased during the period by ₱2.9 billion due to higher trading gains.

During the same period, total expenditures amounted to ₱19.6 billion, which was 15.0 percent lower than the level posted a year ago. The year-on-year contraction was due mainly to lower interest payments on BSP debt instruments and NG deposits. Meanwhile, total taxes and licenses remitted to the NG during the period amounted to ₱655.0 million.

H. Challenges and Policy Directions

The Philippine economy sustained a positive growth path in the third quarter of 2009. Albeit slower than the previous quarter, this quarter's growth at 0.8 percent was driven largely by increased household and government spending fueled by the steady inflow of OF remittances, further moderation in inflation, and the continued stability and soundness of the banking system. This was supported by the substantial monetary easing undertaken by the BSP, which helped lower the cost of capital to the benefit of individuals and firms, and mitigate the negative feedback loop between weakening

economic conditions and a more cautious financial sector.

On the external front, pockets of recovery have started to take shape, helped in part by fiscal stimulus packages which have been put in place to allay uncertainties in global financial markets. Partly as a result, domestic financial markets have continued to function normally. The peso has also remained broadly stable as evidenced by the steady decline in its volatility. Stock market activity, boosted by resurging investor confidence, has increased dramatically pushing the PSE index to breach the 3,000 level.

Despite early signs of global recovery, the rebound is still fragile, awaiting the sustained recovery of private demand. The indefinite nature of the current upturn also seems to obscure the signals for the timing of the exit strategies. If the stimulus policies are maintained too long, they could stoke inflation and expand public debt. On the other hand, if they are unplugged too soon, they could put the recovery at risk. Also a challenge is the potential resumption of cross-border capital flows if the momentum of global recovery is sustained. A persistent surge in foreign capital flows could pose additional challenges to monetary policy.

Going forward, the domestic economy is expected to remain on its recovery trend for the rest of the year, albeit at a pace slower than its year-ago level. Inflation is expected to stay within the lower bound of the target ranges for this year and 2010.

The BSP's focus will continue to be on ensuring that policy settings remain appropriate for maintaining price and financial stability and at the same time for supporting sustained economic growth. In support of these objectives, the BSP will continue to push for the passage

of proposed amendments to its charter to achieve greater operational flexibility and effectiveness.

Annex A

Banking Policies

The banking policies implemented during the third quarter of 2009 include:

■ ***Simplification of the accreditation process for external auditors***

The BSP amended the rules and regulations on the selection of external auditors and/or auditing firms of covered entities subject to BSP supervision to include only those in the BSP list. The external auditor should be changed or the lead and concurring partner should be rotated every 5 years or earlier. The rotation of the lead and concurring partner shall have an interval of at least 2 years. ***(Circular No. 660 dated 25 August 2009)***

■ ***Strengthening the implementation of Prompt Corrective Action (PCA)***

The BSP amended Circular No. 523 dated 23 March 2006 to require a bank, upon initiation of PCA, to enter into a Memorandum of Understanding (MOU) committing to the PCA plan. The MOU will be subject to the approval of the MB. ***(Circular No. 664 dated 15 September 2009)***

■ ***Upholding the standards and qualifications in the appointment of trust officers***

The BSP revised the regulations governing the qualifications and appointment/designation of trust officers adding the following: at least 5 years experience in trust operations, or at least 3 years of actual experience in trust operation and at least 1 year training in trust operations acceptable to the BSP, or at least 5 years of actual experience as an officer of a bank or related activities and at least 1 year training in trust operations acceptable to the BSP. All appointments of trust officers are required to seek prior approval of the MB. ***(Circular No. 665 dated 4 September 2009)***

■ ***Strengthening regulations on FCDU/EFCDU trust or management accounts***

The BSP allowed trust departments of banks with authority to operate foreign currency deposit unit (FCDU) or expanded foreign currency deposit unit (EFCDU) to accept foreign currency-denominated investment management activities accounts. The BSP likewise required these banks to deposit with the BSP additional eligible government securities equivalent to at least one percent (1%) of the value of the FCDU/EFCDU trust or investment management assets based on the average of the month-end balances of such assets during the previous quarter in peso at the prevailing foreign exchange rate. Such securities should be deposited within thirty (30) banking days after the end of every quarter. ***(Circular No. 666 dated 4 September 2009)***

Capital Market Reforms⁴⁵

Capital market policy reforms during the review period include:

 Promoting investor confidence

- ❖ The Philippine Stock Exchange (PSE) has secured board approval to enter into a memorandum of understanding (MOU) with Korea Exchange Inc. (KRX) to explore mutual cooperation and sharing of information between the two bourses (September 2009).
- ❖ The PSE Board approved in September the creation of a fund called the “prosecution fund”, which will assist individual stock market investors in filing and prosecuting a criminal case against a trading participant. An individual with a direct investment in any of the securities listed in the Exchange may request in writing, through the Market Regulation Division, financial assistance to file and prosecute a criminal case against a trading participant. The maximum grant for each applicant shall not exceed ₱100,000.

 Enhancing transparency and corporate governance

- ❖ The Securities and Exchange Commission (SEC) has aligned its guidelines for the accreditation of auditing firms and external auditors with that of other regulators, and rationalized penalties for violations of the new rules. The new memorandum circular paves the way for the mutual recognition of accreditation rules of the BSP, the Insurance Commission (IC) and the Board of Accountancy (BoA), simplifying the accreditation process for accounting firms and external auditors. Among others, the new rules will to reduce the documents required of auditors seeking accreditation and also provide the following (September 2009):
 - That for banks and subsidiaries and affiliate banks, quasi- banks, trust entities, and non-stock savings and loan associations, mutual recognition is still subject to BSP restrictions;
 - Special rules for corporations that are required to submit financial statements to other regulators and are not covered by the mutual recognition policy;
 - That for unlisted insurance companies and banks, external auditors must comply with the common and special accreditation requirements of the IC or BSP, respectively;

⁴⁵ Please see Annex A for other measures governing reforms in the banking sector.

- That audit firms will be penalized half of what would be assessed a client which had committed "material deficiencies" and misstatements in their financial reports; and
- A scale of fines for auditing firms and individual auditors that would be found to have misrepresented themselves in applying for accreditation, and those refusing to submit documents to the commission in connection with an investigation, for no valid reason.

 **Helping develop the necessary market infrastructure**

- ❖ In September, Ho Chi Minh Stock Exchange (HOSE) entered into an Accession Agreement with the five ASEAN exchanges to include the former in the regional pact to explore cross-border trading amongst the ASEAN capital markets via an electronic gateway. The MOU, between the PSE and the other ASEAN exchanges was signed in February 2009, will create a trading linkage allowing investors from the ASEAN countries to buy or sell ASEAN-listed securities through their local brokers. Under the MOU, all participating exchanges will commit to electronically link member exchanges by 2010 and set up the "ASEAN Common Exchange Gateway," which will provide real-time market data of securities from each exchange for brokers and investors to trade securities listed on any of the ASEAN exchanges.

 **Reinforcing prudential regulations**

- ❖ The SEC tightened pre-need rules on trust fund and capital deficiencies in July. Effective 3 August 2009, the SEC has ordered pre-need companies to cover their trust fund deficiencies in 15-30 days or explain in a hearing why their licenses should not be suspended. More specifically, companies that are 15 percent or less short of the trust fund requirement will be given 30 days to comply, while those with deficiencies over 15 percent will be given 15 days to cover half of the deficiencies. Should company officials fail to attend a hearing, the SEC will issue a final order directing them to fund the deficiency in five days or face a 60-day suspension, followed by the revocation of proceedings. Companies who had availed themselves of the multi-year build-up program that allows pre-need firms to cover their deficiencies in three years are excluded from this new order.
- ❖ Financial regulators signed Memorandum of Agreements (MOA) in August to strengthen the financial sector.
 - The BSP and the Philippine Deposit Insurance Corporation (PDIC) signed a MOA harmonizing or synchronizing the evaluation process for bank mergers and acquisitions. The MOA lays out, among others, the following: the standardization of BSP and PDIC documentary requirements; and, the adoption of a working arrangement wherein both

agencies can share information and harmonize parameters for determining the viability of the proposed merger/consolidation.

- The BSP, SEC, IC and the BoA signed a MOA setting standards for the accreditation and stronger supervision of external auditors. It streamlines the documentary requirements and procedures for accreditation while strengthening the cooperative stance of regulators as it sets forth the guidelines for coordination and information exchange. This is part of the continuing efforts of the regulators to promote adherence to quality control standards in auditing for the ultimate purpose of enhancing quality and transparency in financial reporting.
- The PSE plans to raise the limit on the daily decline of stock prices to 50 percent. Currently, the PSE implements a trading band that limits the upward and downward price movements of stocks in a day to 50 percent and 40 percent, respectively. If the trading band is breached, the exchange freezes the share price. The new trading system, scheduled to be put in place in January 2010 will allow share prices to go up by 50 percent and down by 50 percent. Stocks that are just resuming trading after being suspended for at least a year are exempted from the trading band. The new rules covering the trading band will be submitted to the SEC for approval (September 2009).
- The PSE has begun training brokers on a new trading system known as the NSC, which was acquired last year from the NYSE Euronext Technology SAS. It will replace the current MakTrade system that the bourse has been using since 1993. (September 2009).

1 GROSS NATIONAL PRODUCT BY INDUSTRIAL ORIGIN

for periods indicated

in million pesos, at constant 1985 prices

| | 2007 | | | | 2008 | | | | 2009 | | | Annual Change (%) | | | | 2009 | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|------------|------------|------------|------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec | Mar | Jun | Sep | | | | | | | |
| Agriculture, Fishery and Forestry | 62,661 | 56,194 | 56,611 | 75,844 | 64,401 | 58,961 | 58,006 | 78,038 | 65,749 | 59,055 | 58,913 | 2.8 | 4.9 | 2.5 | 2.9 | 2.1 | 0.2 | 1.6 |
| Industry | 101,380 | 115,366 | 108,892 | 117,429 | 104,152 | 120,025 | 117,166 | 123,673 | 101,563 | 117,955 | 112,053 | 2.7 | 4.0 | 7.6 | 5.3 | -2.5 | -1.7 | -4.4 |
| Mining and Quarrying | 5,813 | 8,571 | 4,533 | 4,797 | 6,529 | 7,395 | 4,566 | 5,668 | 7,804 | 9,029 | 5,792 | 12.3 | -13.7 | 0.7 | 18.2 | 19.5 | 22.1 | 26.9 |
| Manufacturing | 72,992 | 75,608 | 78,414 | 88,695 | 74,719 | 80,248 | 82,672 | 91,678 | 69,032 | 74,289 | 76,405 | 2.4 | 6.1 | 5.4 | 3.4 | -7.6 | -7.4 | -7.6 |
| Construction | 13,123 | 19,849 | 14,067 | 13,860 | 12,559 | 20,297 | 16,953 | 15,865 | 14,322 | 23,138 | 17,169 | -4.3 | 2.3 | 20.5 | 14.5 | 14.0 | 14.0 | 1.3 |
| Electricity, Gas and Water | 9,452 | 11,338 | 11,879 | 10,077 | 10,345 | 12,085 | 12,976 | 10,463 | 10,405 | 11,499 | 12,686 | 9.5 | 6.6 | 9.2 | 3.8 | 0.6 | -4.8 | -2.2 |
| Services | 156,285 | 167,657 | 163,291 | 184,882 | 164,337 | 174,345 | 168,611 | 187,236 | 167,553 | 179,040 | 175,440 | 5.2 | 4.0 | 3.3 | 1.3 | 2.0 | 2.7 | 4.1 |
| Transportation, Communication and Storage | 28,970 | 31,370 | 26,991 | 33,366 | 30,601 | 32,590 | 27,768 | 34,854 | 32,311 | 32,917 | 27,557 | 5.6 | 3.9 | 2.9 | 4.5 | 5.6 | 1.0 | -0.8 |
| Trade | 50,007 | 55,787 | 58,226 | 69,843 | 50,550 | 57,337 | 58,989 | 69,829 | 50,765 | 58,886 | 61,668 | 1.1 | 2.8 | 1.3 | 0.0 | 0.4 | 2.7 | 4.5 |
| Finance | 20,079 | 20,937 | 19,251 | 21,044 | 22,536 | 21,147 | 19,596 | 20,076 | 22,812 | 22,371 | 21,899 | 12.2 | 1.0 | 1.8 | -4.6 | 1.2 | 5.8 | 11.8 |
| Ownership of Dwellings and Real Estate | 15,235 | 15,718 | 16,335 | 15,936 | 16,331 | 16,894 | 17,424 | 16,205 | 16,445 | 16,472 | 17,355 | 7.2 | 7.5 | 6.7 | 1.7 | 0.7 | -2.5 | -0.4 |
| Private Services | 27,655 | 28,875 | 28,797 | 31,046 | 29,241 | 30,616 | 30,389 | 31,778 | 29,970 | 31,266 | 31,612 | 5.7 | 6.0 | 5.5 | 2.4 | 2.5 | 2.1 | 4.0 |
| Government Services | 14,339 | 14,970 | 13,690 | 13,647 | 15,078 | 15,762 | 14,445 | 14,493 | 15,249 | 17,127 | 15,349 | 5.2 | 5.3 | 5.5 | 6.2 | 1.1 | 8.7 | 6.3 |
| Gross Domestic Product | 320,326 | 339,218 | 328,795 | 378,154 | 332,890 | 353,331 | 343,784 | 388,948 | 334,866 | 356,050 | 346,405 | 3.9 | 4.2 | 4.6 | 2.9 | 0.6 | 0.8 | 0.8 |
| Net Factor Income from the Rest of the World | 26,866 | 35,809 | 33,672 | 32,751 | 36,603 | 41,457 | 41,279 | 49,506 | 46,035 | 51,382 | 52,017 | 36.2 | 15.8 | 22.6 | 51.2 | 25.8 | 23.9 | 26.0 |
| Gross National Product | 347,192 | 375,027 | 362,467 | 410,905 | 369,493 | 394,788 | 385,063 | 438,454 | 380,901 | 407,432 | 398,422 | 6.4 | 5.3 | 6.2 | 6.7 | 3.1 | 3.2 | 3.5 |

Total may not add up due to rounding.

Source : National Statistical Coordination Board

1a GROSS NATIONAL PRODUCT BY EXPENDITURE SHARES

for periods indicated
in million pesos, at constant 1985 prices

| | 2007 | | | | 2008 | | | | 2009 | | | Annual Change (%) | | | | 2009 | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|------------|------------|------------|------------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Personal Consumption Expenditures | 241,363 | 261,402 | 258,446 | 296,966 | 253,744 | 272,054 | 269,923 | 311,848 | 256,919 | 286,764 | 280,731 | 5.1 | 4.1 | 4.4 | 5.0 | 1.3 | 5.4 | 4.0 |
| Government Consumption Expenditures | 23,074 | 26,466 | 20,992 | 20,278 | 23,015 | 26,473 | 23,463 | 20,795 | 24,057 | 29,028 | 25,310 | -0.3 | 0.0 | 11.8 | 2.6 | 4.5 | 9.7 | 7.9 |
| Capital Formation | 67,203 | 62,901 | 56,863 | 65,051 | 66,027 | 71,449 | 62,226 | 56,542 | 56,072 | 64,094 | 55,200 | -1.7 | 13.6 | 9.4 | -13.1 | -15.1 | -10.3 | -11.3 |
| Fixed Capital | 60,303 | 67,352 | 56,219 | 57,233 | 62,087 | 68,513 | 60,231 | 57,264 | 57,607 | 65,867 | 59,242 | 3.0 | 1.7 | 7.1 | 0.1 | -7.2 | -3.9 | -1.6 |
| Construction | 25,296 | 35,712 | 26,243 | 25,169 | 24,261 | 36,063 | 29,991 | 27,236 | 25,894 | 39,262 | 30,488 | -4.1 | 1.0 | 14.3 | 8.2 | 6.7 | 8.9 | 1.7 |
| Durable Equipment | 30,439 | 27,473 | 26,821 | 26,679 | 33,364 | 28,496 | 27,096 | 24,579 | 27,206 | 22,873 | 25,565 | 9.6 | 3.7 | 1.0 | -7.9 | -18.5 | -19.7 | -5.7 |
| Breeding Stock & Orchard Dev't | 4,568 | 4,167 | 3,155 | 5,385 | 4,462 | 3,954 | 3,143 | 5,449 | 4,507 | 3,732 | 3,189 | -2.3 | -5.1 | -0.4 | 1.2 | 1.0 | -5.6 | 1.5 |
| Changes in Stock | 6,900 | -4,451 | 645 | 7,818 | 3,940 | 2,936 | 1,995 | -721 | -1,535 | -1,774 | -4,042 | .. | .. | .. | .. | .. | .. | .. |
| Exports | 157,359 | 174,676 | 190,650 | 153,413 | 145,212 | 185,374 | 196,992 | 135,745 | 123,882 | 151,900 | 170,111 | -7.7 | 6.1 | 3.3 | -11.5 | -14.7 | -18.1 | -13.6 |
| Less: Imports | 149,037 | 156,195 | 161,331 | 161,998 | 145,212 | 156,148 | 172,164 | 170,048 | 115,340 | 152,691 | 172,567 | -2.6 | 0.0 | 6.7 | 5.0 | -20.6 | -2.2 | 0.2 |
| Statistical Discrepancy | -19,636 | -30,032 | -36,825 | 4,445 | -9,896 | -45,871 | -36,657 | 34,064 | -10,724 | -23,044 | -12,380 | .. | .. | .. | .. | .. | .. | .. |
| Gross Domestic Product | 320,326 | 339,218 | 328,795 | 378,154 | 332,890 | 353,331 | 343,784 | 388,948 | 334,866 | 356,050 | 346,405 | 3.9 | 4.2 | 4.6 | 2.9 | 0.6 | 0.8 | 0.8 |
| Net Factor Income from the Rest of the World | 26,866 | 35,809 | 33,671 | 32,750 | 36,603 | 41,456 | 41,280 | 49,507 | 46,035 | 51,382 | 52,017 | 36.2 | 15.8 | 22.6 | 51.2 | 25.8 | 23.9 | 26.0 |
| Gross National Product | 347,192 | 375,026 | 362,466 | 410,905 | 369,494 | 394,787 | 385,063 | 438,454 | 380,901 | 407,432 | 398,422 | 6.4 | 5.3 | 6.2 | 6.7 | 3.1 | 3.2 | 3.5 |

Total may not add up due to rounding.

Source: National Statistical Coordination Board

2 SELECTED LABOR, EMPLOYMENT AND WAGE INDICATORS

| | 2007 | | | | 2008 | | | | 2009 | | |
|--|---------|---------|---------|---------|----------------------|----------------------|----------------------|----------------------|-----------------------|--------|--------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Employment Status ¹ | | | | | | | | | | | |
| Labor Force (in thousands) | 36,395 | 36,396 | 36,142 | 35,918 | 36,368 | 36,449 | 37,342 | 37,058 | 37,113 | 37,823 | 38,431 |
| Employed | 33,545 | 33,704 | 33,318 | 33,672 | 33,693 | 33,535 | 34,593 | 34,533 | 34,258 | 34,993 | 35,509 |
| Unemployed | 2,850 | 2,692 | 2,824 | 2,246 | 2,675 | 2,914 | 2,749 | 2,525 | 2,855 | 2,830 | 2,922 |
| Underemployed | 7,214 | 6,378 | 7,327 | 6,109 | 6,368 | 6,625 | 7,293 | 6,028 | 6,238 | 6,622 | 7,034 |
| Labor Force Participation Rate (%) | 64.8 | 64.5 | 63.6 | 63.2 | 63.4 | 63.2 | 64.3 | 63.7 | 63.3 | 64.0 | 64.6 |
| Employment Rate (%) | 92.2 | 92.6 | 92.2 | 93.7 | 92.6 | 92.0 | 92.6 | 93.2 | 92.3 | 92.5 | 92.4 |
| Unemployment Rate (%) | 7.8 | 7.4 | 7.8 | 6.3 | 7.4 | 8.0 | 7.4 | 6.8 | 7.7 | 7.5 | 7.6 |
| Underemployment Rate (%) | 21.5 | 18.9 | 22.0 | 18.1 | 18.9 | 19.8 | 21.1 | 17.5 | 18.2 | 18.9 | 19.8 |
| Overseas Employment (Deployed) | | | | | | | | | | | |
| | 214,783 | 264,942 | 319,006 | 278,892 | 254,213 ^P | 344,149 ^P | 348,678 ^P | 288,973 ^P | 397,626 ^{aP} | | |
| Land-based | 156,272 | 201,406 | 246,153 | 207,239 | .. | .. | .. | .. | .. | | |
| Sea-based | 58,511 | 63,536 | 72,853 | 71,653 | .. | .. | .. | .. | .. | | |
| Strikes | | | | | | | | | | | |
| Number of New Strikes | 1 | 0 | 3 | 2 | 3 | 0 | 2 | 0 | 2 | 0 | 2 |
| Number of Workers Involved | 54 | 0 | 418 | 443 | 810 | 0 | 305 | 0 | 1,200 | 0 | 310 |
| Nominal Daily Wage Rates (in pesos) | | | | | | | | | | | |
| National Capital Region | | | | | | | | | | | |
| Agricultural | | | | | | | | | | | |
| Plantation | 313.00 | 313.00 | 325.00 | 325.00 | 325.00 | 345.00 | 345.00 | 345.00 | 345.00 | 345.00 | 345.00 |
| Non-Plantation | 313.00 | 313.00 | 325.00 | 325.00 | 325.00 | 345.00 | 345.00 | 345.00 | 345.00 | 345.00 | 345.00 |
| Non-Agricultural | 350.00 | 350.00 | 362.00 | 362.00 | 362.00 | 382.00 | 382.00 | 382.00 | 382.00 | 382.00 | 382.00 |
| Real Daily Wage Rates (in pesos) , 2000=100 | | | | | | | | | | | |
| National Capital Region | | | | | | | | | | | |
| Agricultural | | | | | | | | | | | |
| Plantation | 220.27 | 217.66 | 223.06 | 220.34 | 216.96 | 219.75 | 218.77 | 223.88 | 223.16 | 220.03 | 219.33 |
| Non-Plantation | 220.27 | 217.66 | 223.06 | 220.34 | 216.96 | 219.75 | 218.77 | 223.88 | 223.16 | 220.03 | 219.33 |
| Non-Agricultural | 246.31 | 243.39 | 248.46 | 245.42 | 241.66 | 243.31 | 242.23 | 247.89 | 247.09 | 243.62 | 242.85 |

Notes:

¹ Starting with January 2007 LFS round, the population projections based on the 2000 Census of Population was adopted to generate the labor force statistics per NSCB Resolution No. 1 Series of 2005.

For 2006 data, recalculation of employment indicators were done using the population projection based on the 2000 Census of Population.

^a Based on deployment report from NAIA Terminal Fee Counters consolidated by POEA Labor Assistance Center

^P Preliminary

- No breakdown available

Sources of data: Bureau of Labor and Employment Statistics (BLES), Philippine Overseas Employment Administration (POEA), National Statistics Office (NSO), National Wages and Productivity Commission (NWPC), and National Conciliation and Mediation Board (NCMB)

3 CASH OPERATIONS OF THE NATIONAL GOVERNMENT

for periods indicated
in billion pesos

| | 2007 | | | | 2008 | | | | 2009 | | | 2009 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|---------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q3 Program |
| Revenues | 237.3 | 273.0 | 302.0 | 324.3 | 253.5 | 316.5 | 309.9 | 323.0 | 235.4 | 310.3 | 294.1 | 332.8 |
| Tax | 186.1 | 246.4 | 250.5 | 250.0 | 217.9 | 294.5 | 277.0 | 259.8 | 200.7 | 285.7 | 245.2 | 287.4 |
| Non-tax | 51.2 | 26.6 | 51.4 | 74.3 | 35.6 | 22.0 | 32.9 | 63.2 | 34.6 | 24.7 | 48.9 | 45.4 |
| Expenditures | 289.3 | 262.0 | 301.0 | 296.7 | 305.1 | 282.9 | 345.3 | 337.7 | 355.0 | 344.1 | 378.2 | 395.3 |
| Interest Payments | 89.1 | 40.5 | 93.1 | 45.1 | 100.2 | 40.7 | 93.7 | 37.5 | 106.3 | 38.4 | 90.5 | 97.5 |
| Equity | 0.1 | 0.1 | 0.1 | 3.4 | 0.1 | 0.3 | 0.7 | 0.7 | 0.2 | 0.2 | 0.2 | 7.5 |
| Net Lending | 1.8 | 0.7 | 1.9 | 5.3 | 2.2 | 1.9 | 6.6 | 3.7 | 3.8 | 2.7 | 3.7 | 3.7 |
| Subsidy | 6.0 | 4.5 | 4.9 | 11.8 | 2.1 | 1.6 | 7.1 | 10.4 | 2.2 | 4.8 | 5.6 | 0.8 |
| Allotment to LGUs | 51.6 | 48.2 | 46.4 | 47.5 | 54.0 | 57.3 | 54.3 | 57.4 | 62.4 | 70.0 | 66.8 | n.a. |
| Tax Expenditures | 0.4 | 5.4 | 13.8 | 5.4 | 3.9 | 20.5 | 11.7 | 13.5 | 3.6 | 25.5 | 9.8 | 17.7 |
| Others | 140.3 | 162.6 | 140.8 | 178.2 | 142.6 | 160.5 | 171.2 | 214.6 | 176.5 | 202.5 | 201.6 | 268.1 |
| Surplus/Deficit (-) | -52.0 | 11.0 | 1.0 | 27.6 | -51.6 | 33.7 | -35.4 | -14.7 | -119.7 | -33.7 | -84.1 | -62.5 |
| Financing | 54.8 | -22.7 | 55.8 | 11.3 | 13.3 | 18.7 | 56.7 | 71.4 | 29.5 | -9.1 | 87.0 | 76.8 |
| External Borrowings (Net) | 75.4 | -1.9 | -17.6 | 0.2 | 9.4 | -18.0 | -8.4 | 7.8 | 34.9 | -3.4 | 49.3 | 28.7 |
| Domestic Borrowings (Net) | -20.6 | -20.8 | 73.3 | 11.1 | 3.9 | 36.7 | 65.1 | 63.6 | -5.4 | -5.7 | 37.7 | 48.1 |
| Total Change in Cash: Deposit/Withdrawal (-) | 16.5 | -27.8 | 10.6 | 107.6 | -7.1 | 52.9 | -14.8 | 16.4 | -146.3 | -46.4 | 80.4 | 18.2 |
| Budgetary | 2.8 | -11.7 | 56.7 | 38.9 | -38.2 | 52.2 | 21.4 | 56.6 | -90.2 | -42.8 | 2.8 | 14.4 |
| Non-Budgetary Accounts ¹ | 13.7 | -16.1 | -46.1 | 68.8 | 31.2 | 0.6 | -36.1 | -40.2 | -56.1 | -3.6 | 77.6 | 3.8 |

¹ Refers to accounts not included in the NG budget, e.g., sale, purchase or redemption of government securities, but included in the cash operations report to show the complete relations in the movements of the cash accounts.

n.a. not available

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

Source: Bureau of the Treasury

4 CONSUMER PRICE INDEX IN THE PHILIPPINES (2000=100)

Quarterly Average

| | 2007 | | | | 2008 | | | | 2009 | | | |
|-----------------------------|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | |
| All Items | 139.8 | 140.6 | 142.6 | 144.1 | 147.6 | 154.3 | 160.0 | 158.0 | 157.8 | 159.2 | 160.5 | |
| Food, Beverages and Tobacco | 132.9 | 133.4 | 135.2 | 137.9 | 142.2 | 151.8 | 158.2 | 157.0 | 159.2 | 160.4 | 161.2 | |
| Non-Food | 146.7 | 147.7 | 149.9 | 150.3 | 152.9 | 156.7 | 161.7 | 159.1 | 156.3 | 157.9 | 159.9 | |
| Clothing | 124.1 | 124.7 | 125.1 | 125.5 | 128.0 | 129.7 | 130.8 | 131.7 | 132.4 | 133.2 | 133.7 | |
| Housing & Repairs | 133.3 | 133.7 | 134.2 | 134.4 | 137.0 | 139.1 | 140.8 | 141.5 | 142.6 | 143.3 | 143.9 | |
| Fuel, Light & Water | 179.2 | 180.6 | 185.5 | 183.0 | 188.9 | 194.9 | 198.7 | 192.9 | 184.3 | 186.7 | 189.6 | |
| Services | 162.3 | 164.5 | 168.3 | 169.9 | 171.8 | 178.0 | 189.6 | 182.5 | 176.1 | 178.5 | 182.5 | |
| Miscellaneous | 121.9 | 122.3 | 122.7 | 123.0 | 124.4 | 125.7 | 126.7 | 127.7 | 128.5 | 129.3 | 129.7 | |
| | Annual Change (in percent) | | | | | | | | | | | |
| | 2007 | | | | 2008 | | | | 2009 | | | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | |
| All Items | 2.9 | 2.4 | 2.5 | 3.3 | 5.5 | 9.7 | 12.2 | 9.7 | 6.9 | 3.2 | 0.3 | |
| Food, Beverages and Tobacco | 3.3 | 2.7 | 2.9 | 4.1 | 7.0 | 13.8 | 17.0 | 13.8 | 11.9 | 5.6 | 1.9 | |
| Non-Food | 2.4 | 2.0 | 2.2 | 2.6 | 4.2 | 6.1 | 7.8 | 5.9 | 2.2 | 0.7 | -1.1 | |
| Clothing | 2.8 | 2.5 | 2.1 | 1.8 | 3.1 | 4.1 | 4.6 | 5.0 | 3.5 | 2.6 | 2.2 | |
| Housing & Repairs | 2.2 | 1.5 | 1.3 | 1.2 | 2.7 | 4.1 | 4.9 | 5.3 | 4.1 | 3.0 | 2.2 | |
| Fuel, Light & Water | 2.4 | 3.3 | 4.2 | 2.8 | 5.4 | 8.0 | 7.1 | 5.4 | -2.4 | -4.2 | -4.5 | |
| Services | 2.8 | 2.1 | 2.1 | 4.3 | 5.9 | 8.2 | 12.7 | 7.4 | 2.5 | 0.3 | -3.7 | |
| Miscellaneous | 2.0 | 1.6 | 1.4 | 1.3 | 2.0 | 2.8 | 3.3 | 3.8 | 3.3 | 2.9 | 2.3 | |

Source of basic data: National Statistics Office

4a CONSUMER PRICE INDEX IN METRO MANILA (2000=100)

Quarterly Average

| | 2007 | | | | 2008 | | | | 2009 | | |
|-----------------------------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| All Items | 142.4 | 142.9 | 145.9 | 146.4 | 148.7 | 154.8 | 158.3 | 155.8 | 154.8 | 156.3 | 157.1 |
| Food, Beverages and Tobacco | 129.9 | 129.6 | 132.4 | 135.3 | 138.4 | 145.9 | 148.4 | 147.7 | 150.4 | 151.4 | 152.0 |
| Non-Food | 150.8 | 151.9 | 155.0 | 153.8 | 155.7 | 160.8 | 165.0 | 161.2 | 157.7 | 159.6 | 160.5 |
| Clothing | 129.7 | 130.0 | 130.2 | 130.3 | 135.0 | 136.8 | 137.3 | 137.6 | 137.9 | 138.7 | 138.9 |
| Housing & Repairs | 133.0 | 133.3 | 133.5 | 133.6 | 134.2 | 136.6 | 137.6 | 138.0 | 139.7 | 140.3 | 140.4 |
| Fuel, Light & Water | 210.2 | 210.7 | 222.0 | 205.8 | 211.4 | 222.4 | 219.0 | 220.1 | 211.8 | 217.7 | 213.9 |
| Services | 164.3 | 167.0 | 172.0 | 174.2 | 176.3 | 184.4 | 197.1 | 184.2 | 174.0 | 176.6 | 180.5 |
| Miscellaneous | 121.4 | 121.6 | 121.7 | 121.8 | 122.5 | 123.7 | 124.4 | 125.2 | 125.8 | 126.7 | 126.8 |
| | Annual Change (in percent) | | | | | | | | | | |
| | 2007 | | | | 2008 | | | | 2009 | | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| All Items | 2.8 | 2.0 | 2.7 | 2.8 | 4.5 | 8.3 | 8.5 | 6.4 | 4.1 | 0.9 | -0.8 |
| Food, Beverages and Tobacco | 3.6 | 2.7 | 3.0 | 3.7 | 6.5 | 12.6 | 12.1 | 9.2 | 8.7 | 3.7 | 2.4 |
| Non-Food | 2.5 | 1.7 | 2.5 | 2.3 | 3.2 | 5.8 | 6.5 | 4.8 | 1.3 | -0.7 | -2.7 |
| Clothing | 3.7 | 2.9 | 2.4 | 1.5 | 4.1 | 5.2 | 5.4 | 5.6 | 2.2 | 1.4 | 1.2 |
| Housing & Repairs | 1.7 | 1.1 | 1.2 | 0.9 | 0.9 | 2.5 | 3.1 | 3.3 | 4.1 | 2.7 | 2.0 |
| Fuel, Light & Water | 2.8 | 2.4 | 7.2 | -0.3 | 0.6 | 5.5 | -1.4 | 6.9 | 0.2 | -2.1 | -2.3 |
| Services | 2.9 | 1.9 | 2.0 | 5.3 | 7.3 | 10.4 | 14.6 | 5.7 | -1.3 | -4.2 | -8.4 |
| Miscellaneous | 1.8 | 1.3 | 1.1 | 0.9 | 0.9 | 1.8 | 2.2 | 2.7 | 2.7 | 2.4 | 2.0 |

Source of basic data: National Statistics Office

4b CONSUMER PRICE INDEX IN AREAS OUTSIDE METRO MANILA (2000=100)

Quarterly Average

| | 2007 | | | | 2008 | | | | 2009 | | |
|-----------------------------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| All Items | 138.7 | 139.6 | 141.1 | 143.1 | 147.1 | 154.0 | 160.7 | 159.0 | 159.0 | 160.3 | 162.0 |
| Food, Beverages and Tobacco | 133.9 | 134.6 | 136.1 | 138.7 | 143.4 | 153.7 | 161.4 | 159.9 | 162.0 | 163.3 | 164.1 |
| Non-Food | 144.4 | 145.5 | 147.2 | 148.2 | 151.4 | 154.4 | 159.9 | 157.9 | 155.6 | 156.9 | 159.5 |
| Clothing | 122.2 | 122.8 | 123.3 | 123.7 | 125.5 | 127.2 | 128.6 | 129.7 | 130.5 | 131.2 | 131.9 |
| Housing & Repairs | 133.6 | 134.0 | 134.8 | 135.1 | 139.3 | 141.1 | 143.3 | 144.2 | 144.8 | 145.6 | 146.7 |
| Fuel, Light & Water | 165.7 | 167.4 | 169.7 | 173.0 | 179.1 | 182.9 | 189.8 | 181.0 | 172.4 | 173.1 | 179.1 |
| Services | 161.2 | 163.0 | 166.1 | 167.5 | 169.3 | 174.3 | 185.3 | 181.6 | 177.2 | 179.7 | 183.7 |
| Miscellaneous | 122.1 | 122.6 | 123.0 | 123.5 | 125.0 | 126.3 | 127.5 | 128.6 | 129.4 | 130.1 | 130.6 |
| | Annual Change (in percent) | | | | | | | | | | |
| | 2007 | | | | 2008 | | | | 2009 | | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| All Items | 2.9 | 2.5 | 2.4 | 3.5 | 6.0 | 10.4 | 13.9 | 11.1 | 8.1 | 4.1 | 0.8 |
| Food, Beverages and Tobacco | 3.2 | 2.6 | 2.9 | 4.2 | 7.1 | 14.2 | 18.6 | 15.3 | 12.9 | 6.2 | 1.7 |
| Non-Food | 2.5 | 2.3 | 2.0 | 2.8 | 4.8 | 6.1 | 8.6 | 6.5 | 2.8 | 1.6 | -0.2 |
| Clothing | 2.5 | 2.3 | 2.0 | 1.8 | 2.7 | 3.6 | 4.4 | 4.8 | 4.0 | 3.1 | 2.6 |
| Housing & Repairs | 2.6 | 1.7 | 1.5 | 1.4 | 4.2 | 5.3 | 6.4 | 6.7 | 4.0 | 3.2 | 2.3 |
| Fuel, Light & Water | 2.2 | 3.9 | 2.6 | 4.6 | 8.1 | 9.3 | 11.9 | 4.6 | -3.8 | -5.4 | -5.7 |
| Services | 2.7 | 2.2 | 2.2 | 3.7 | 5.0 | 6.9 | 11.6 | 8.4 | 4.7 | 3.1 | -0.9 |
| Miscellaneous | 2.1 | 1.7 | 1.5 | 1.5 | 2.4 | 3.1 | 3.7 | 4.1 | 3.5 | 3.0 | 2.5 |

Source of basic data: National Statistics Office

| 5 MONETARY INDICATORS (DCS CONCEPT) | | | | | | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|----------|---------|-------------------|----------|----------|----------|-------------------|----------|----------|
| as of periods indicated | | | | | | | | | | | | | | | |
| in billion pesos | | | | | | | | | | | | | | | |
| | 2006 | | | | 2007 | | | | 2008 ^P | | | | 2009 ^P | | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| A. Liquidity | | | | | | | | | | | | | | | |
| 1. M4 (2+7) | 3,119.7 | 3,384.8 | 3,432.7 | 3,722.1 | 3,841.9 | 3,864.1 | 3,718.6 | 3,925.4 | 3,829.8 | 4,090.4 | 4,217.6 | 4,610.4 | 4,508.5 | 4,603.6 | 4,680.1 |
| 2. Broad Money Liabilities or M3 (5+6) | 2,348.3 | 2,531.9 | 2,590.4 | 2,869.6 | 2,994.2 | 3,041.8 | 2,897.4 | 3,174.3 | 3,055.6 | 3,197.5 | 3,287.5 | 3,668.4 | 3,530.9 | 3,599.6 | 3,668.5 |
| 3. Currency Outside Depository Corporations and Transferable Deposits (Narrow Money or M1) | 613.3 | 640.4 | 648.9 | 768.9 | 812.0 | 834.5 | 787.9 | 886.0 | 874.3 | 901.5 | 929.2 | 1,070.8 | 1,043.2 | 1,065.0 | 1,106.5 |
| Currency Outside Depository Corporations (Currency in Circulation) | 244.4 | 244.0 | 238.0 | 305.3 | 291.6 | 288.6 | 284.6 | 347.7 | 310.9 | 316.4 | 324.0 | 429.5 | 368.2 | 365.2 | 371.9 |
| Transferable Deposits (Demand Deposits) | 369.0 | 396.4 | 410.9 | 463.6 | 520.4 | 546.0 | 503.3 | 538.4 | 563.4 | 585.1 | 605.2 | 641.3 | 675.0 | 699.8 | 734.6 |
| 4. Other Deposits (Quasi-Money) | 1,710.5 | 1,860.2 | 1,901.5 | 2,057.8 | 2,141.7 | 2,176.5 | 2,069.0 | 2,243.0 | 2,134.7 | 2,247.0 | 2,311.8 | 2,541.1 | 2,416.7 | 2,462.1 | 2,487.4 |
| Savings Deposits | 1,290.3 | 1,400.2 | 1,451.1 | 1,500.3 | 1,471.7 | 1,483.0 | 1,412.7 | 1,505.6 | 1,359.8 | 1,317.1 | 1,322.7 | 1,424.5 | 1,381.7 | 1,445.4 | 1,513.8 |
| Time Deposits | 420.2 | 460.0 | 450.5 | 557.5 | 670.0 | 693.5 | 656.3 | 737.4 | 774.9 | 929.9 | 989.1 | 1,116.6 | 1,035.0 | 1,016.7 | 973.6 |
| 5. M2 (3+4) | 2,323.8 | 2,500.6 | 2,550.4 | 2,826.7 | 2,953.6 | 3,011.1 | 2,856.9 | 3,129.0 | 3,009.0 | 3,148.5 | 3,241.0 | 3,611.9 | 3,459.9 | 3,527.0 | 3,593.9 |
| 6. Securities Other Than Shares Included in Broad Money (Deposit Substitutes) | 24.4 | 31.3 | 40.0 | 42.8 | 40.6 | 30.7 | 40.5 | 45.3 | 46.6 | 48.9 | 46.5 | 56.5 | 71.0 | 72.6 | 74.5 |
| 7. Transferable & Other Deposits in Foreign Currency (FCDU Deposits-Residents) | 771.4 | 852.9 | 842.3 | 852.5 | 847.7 | 822.4 | 821.2 | 751.0 | 774.2 | 892.9 | 930.1 | 942.0 | 977.5 | 1,004.0 | 1,011.6 |
| 8. Liabilities Excluded from Broad-Money (Other Liabilities) | 94.5 | 87.3 | 105.1 | 89.0 | 100.7 | 83.1 | 145.5 | 155.4 | 157.5 | 171.2 | 69.2 | 58.3 | 75.2 | 62.4 | 56.4 |
| Bills Payable | 89.4 | 81.9 | 99.7 | 83.6 | 98.8 | 81.2 | 143.5 | 153.5 | 155.7 | 169.3 | 67.3 | 56.4 | 73.3 | 60.5 | 54.5 |
| Marginal Deposits | 1.7 | 1.9 | 1.9 | 2.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Restricted Deposits | 3.4 | 3.5 | 3.5 | 3.2 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 | 1.9 |
| B. Credits | | | | | | | | | | | | | | | |
| 1. Net Domestic Assets | 2,152.9 | 2,272.2 | 2,280.1 | 2,444.8 | 2,411.8 | 2,364.5 | 2,170.7 | 2,421.5 | 2,251.5 | 2,399.4 | 2,405.4 | 2,738.0 | 2,470.7 | 2,476.2 | 2,400.7 |
| Bangko Sentral ng Pilipinas | -644.2 | -725.2 | -711.7 | -692.1 | -801.9 | -837.9 | -1,012.2 | -930.7 | -1,091.4 | -1,154.3 | -1,221.8 | -1,124.3 | -1,305.5 | -1,343.1 | -1,460.6 |
| Other Depository Corporations | 2,797.1 | 2,997.4 | 2,991.8 | 3,136.9 | 3,213.7 | 3,202.4 | 3,182.8 | 3,352.3 | 3,342.8 | 3,553.7 | 3,627.2 | 3,862.4 | 3,776.1 | 3,819.3 | 3,861.3 |
| 2. Net Claims on Residents (Net Domestic Credits) | 2,664.1 | 2,816.5 | 2,781.9 | 3,006.6 | 2,935.0 | 3,044.1 | 3,060.1 | 3,161.6 | 3,176.1 | 3,289.0 | 3,474.2 | 3,691.4 | 3,684.3 | 3,787.3 | 3,780.4 |
| By End-User | | | | | | | | | | | | | | | |
| Net Claims on the Public Sector (Public Sector) | 844.4 | 971.4 | 962.0 | 1,039.7 | 1,010.6 | 1,075.9 | 1,091.5 | 1,027.4 | 1,108.7 | 1,087.0 | 1,134.9 | 1,199.2 | 1,244.0 | 1,252.1 | 1,257.3 |
| Claims on Other Sectors (Private Sector) | 1,819.7 | 1,845.1 | 1,819.9 | 1,966.9 | 1,924.4 | 1,968.2 | 1,968.6 | 2,134.2 | 2,067.4 | 2,202.0 | 2,339.3 | 2,492.2 | 2,440.3 | 2,535.2 | 2,523.1 |
| By Institution | | | | | | | | | | | | | | | |
| Bangko Sentral ng Pilipinas | -23.9 | -46.5 | 20.0 | 156.7 | 181.6 | 181.4 | 192.6 | 195.9 | 217.4 | 189.4 | 194.1 | 221.8 | 238.1 | 223.2 | 163.2 |
| Other Depository Corporations | 2,688.0 | 2,863.0 | 2,761.9 | 2,849.8 | 2,753.5 | 2,862.7 | 2,867.5 | 2,965.8 | 2,958.7 | 3,099.6 | 3,280.0 | 3,469.6 | 3,446.2 | 3,564.1 | 3,617.2 |
| 3. Net Other Items | -511.2 | -544.3 | -501.8 | -561.8 | -523.2 | -679.6 | -889.4 | -740.1 | -924.6 | -889.6 | -1,068.8 | -953.3 | -1,213.6 | -1,311.1 | -1,379.7 |
| C. Net Foreign Assets | | | | | | | | | | | | | | | |
| Bangko Sentral ng Pilipinas | 1,061.3 | 1,199.9 | 1,257.8 | 1,366.3 | 1,530.8 | 1,582.8 | 1,693.4 | 1,659.3 | 1,735.9 | 1,862.2 | 1,881.4 | 1,930.6 | 2,113.0 | 2,189.8 | 2,335.8 |
| Net International Reserves | 940.5 | 1,020.0 | 1,003.0 | 1,077.0 | 1,149.4 | 1,186.5 | 1,364.9 | 1,355.7 | 1,495.5 | 1,592.7 | 1,657.4 | 1,685.7 | 1,786.2 | 1,823.2 | 1,958.7 |
| Foreign Assets | 1,026.4 | 1,098.6 | 1,075.4 | 1,127.7 | 1,190.1 | 1,222.0 | 1,391.5 | 1,397.4 | 1,528.4 | 1,625.5 | 1,690.9 | 1,717.0 | 1,816.1 | 1,852.4 | 1,986.7 |
| Foreign Liabilities | 1,058.8 | 1,131.9 | 1,088.0 | 1,128.4 | 1,191.3 | 1,222.3 | 1,392.5 | 1,397.7 | 1,529.3 | 1,648.2 | 1,734.5 | 1,789.2 | 1,890.5 | 1,901.7 | 2,016.9 |
| Medium & Long-Term Foreign Liabilities | 32.4 | 33.3 | 12.6 | 0.7 | 1.2 | 0.3 | 1.0 | 0.3 | 0.9 | 22.7 | 43.5 | 72.2 | 74.3 | 49.3 | 30.1 |
| Other Depository Corporations | 85.8 | 78.6 | 72.4 | 50.7 | 40.7 | 35.5 | 35.8 | 32.4 | 32.9 | 32.8 | 33.6 | 31.3 | 29.9 | 29.2 | 28.1 |
| Other Depository Corporations | 120.7 | 179.8 | 254.8 | 289.2 | 381.3 | 396.4 | 337.7 | 294.3 | 240.4 | 269.6 | 224.1 | 244.9 | 326.8 | 366.6 | 377.1 |
| Foreign Assets | 672.0 | 723.6 | 743.0 | 792.2 | 866.6 | 896.9 | 817.0 | 746.5 | 702.2 | 750.1 | 734.3 | 696.3 | 735.6 | 743.9 | 765.3 |
| Foreign Liabilities | 551.2 | 543.8 | 488.3 | 503.0 | 485.2 | 500.5 | 479.4 | 452.1 | 461.7 | 480.6 | 510.2 | 451.4 | 408.8 | 377.3 | 388.2 |

^P Preliminary

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

Source: Bangko Sentral ng Pilipinas

6 SELECTED DOMESTIC INTEREST RATES

for periods indicated; in percent per annum

| | NOMINAL INTEREST RATES | | | | | | | | | | | | REAL INTEREST RATES ¹ | | | | | | | | | | |
|--|------------------------|--------|--------|--------|--------|--------|--------|---------|--------|--------|---------------------|---------|----------------------------------|---------|---------|---------|---------|----------|---------|---------|---------|--------|----|
| | 2007 | | | | 2008 | | | | 2009 | | | | 2007 | | | | 2008 | | | | 2009 | | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Interbank Call Loans | 7.4918 | 7.3774 | 6.7115 | 6.3199 | 5.4768 | 5.1569 | 5.6498 | 5.6462 | 5.1956 | 4.5688 | 4.1672 | -2.9347 | -2.0389 | -2.0604 | -1.9446 | -0.1026 | -4.5871 | -6.5522 | -3.9999 | -1.7150 | 1.3932 | 3.8547 | |
| Savings Deposits | 2.4550 | 2.0260 | 2.0390 | 2.2540 | 2.2310 | 2.1420 | 2.0940 | 2.4220 | 2.2330 | 2.1070 | 1.9610 | -7.9715 | -7.3903 | -6.7329 | -6.0105 | -3.3484 | -7.6020 | -10.1080 | -7.2241 | -4.6776 | -1.0686 | 1.6485 | |
| Time Deposits (All Maturities) | 3.2100 | 3.0330 | 3.4250 | 4.0160 | 3.4820 | 3.5740 | 4.1870 | 4.9480 | 3.1740 | 2.9390 | 2.2970 | -7.2165 | -6.3833 | -5.3469 | -4.2485 | -2.0974 | -6.1700 | -8.0150 | -4.6981 | -3.7366 | -0.2366 | 1.9845 | |
| Manila Reference Rates (All Maturities) ² | 6.3125 | 6.5625 | 5.7500 | 6.0625 | 5.6250 | 5.6250 | 5.0625 | 5.3750 | 5.5000 | 5.4375 | 5.0000 | -4.1140 | -2.8538 | -3.0219 | -2.2020 | 0.0456 | -4.1190 | -7.1395 | -4.2711 | -1.4106 | 2.2619 | 4.6875 | |
| Lending Rates | | | | | | | | | | | | | | | | | | | | | | | |
| High | 8.5582 | 8.2882 | 8.7129 | 8.8019 | 8.7987 | 8.9432 | 9.7766 | 10.2892 | 9.5749 | 9.2773 | 9.1316 | -1.8683 | -1.1281 | -0.0590 | 0.5375 | 3.2193 | -0.8007 | -2.4253 | 0.6431 | 2.6643 | 6.1017 | 8.8191 | |
| Low | 6.8400 | 6.6229 | 6.9567 | 6.9704 | 6.9531 | 7.1388 | 7.7722 | 8.3059 | 7.7867 | 7.3737 | 7.1201 | -3.5866 | -2.7934 | -1.8152 | -1.2940 | 1.3737 | -2.6052 | -4.4297 | -1.3402 | 0.8761 | 4.1981 | 6.8076 | |
| All Maturities ³ | 8.8970 | 8.2920 | 9.0370 | 8.5910 | 8.4300 | 8.2600 | 8.8680 | 9.3770 | 9.4330 | 8.5440 | 7.7150 ^p | -1.5295 | -1.1243 | 0.2651 | 0.3265 | 2.8506 | -1.4840 | -3.3340 | -0.2691 | 2.5224 | 5.3684 | 7.4025 | |
| Bangko Sentral Rates | | | | | | | | | | | | | | | | | | | | | | | |
| R/P (Overnight) ⁴ | N.T. | 9.7500 | 8.0000 | 7.7232 | 7.0000 | N.T. | 8.0000 | 8.0000 | 6.7500 | 6.7500 | N.T. | N.T. | 0.3337 | -0.7719 | -0.5413 | 1.4206 | N.T. | -4.2020 | -1.6461 | -0.1606 | 3.5744 | N.T. | |
| R/P (Term) ⁴ | N.T. | 9.8125 | 8.0731 | N.T. | N.T. | N.T. | 7.8750 | 7.8860 | 6.9532 | 6.3125 | N.T. | N.T. | 0.3962 | -0.6988 | N.T. | N.T. | N.T. | -4.3270 | -1.7601 | 0.0426 | 3.1369 | N.T. | |
| RR/P (Overnight) ⁴ | 7.5000 | 7.5000 | 6.1932 | 5.6107 | 5.0928 | 5.0747 | 5.7157 | 5.9533 | 5.0936 | 4.4403 | 4.0253 | -2.9265 | -1.9163 | -2.5787 | -2.6538 | -0.4866 | -4.6693 | -6.4863 | -3.6928 | -1.8170 | 1.2647 | 3.7128 | |
| RR/P (Term) ⁴ | 7.6055 | 7.6015 | 6.2998 | 5.7613 | 5.2199 | 5.1867 | 5.9309 | 6.0847 | 5.0070 | 4.3272 | 4.1897 | -2.8210 | -1.8148 | -2.4721 | -2.5032 | -0.3595 | -4.5573 | -6.2711 | -3.5614 | -1.9036 | 1.1516 | 3.8772 | |
| Rediscounting | 3.4467 | 3.3637 | 3.9357 | 4.1803 | 3.8267 | 3.9657 | 5.4153 | 5.9747 | 4.7070 | 3.9620 | 3.5223 | -6.9799 | -6.0527 | -4.8363 | -4.0841 | -1.7527 | -5.7783 | -6.7866 | -3.6714 | -2.2036 | 0.7864 | 3.2098 | |
| Rate on Government Securities | | | | | | | | | | | | | | | | | | | | | | | |
| Treasury Bills, All Maturities | 3.7860 | 3.8060 | 4.6110 | 4.7390 | 5.0720 | 6.6000 | 6.6200 | 6.6010 | 4.7990 | 4.5510 | 4.2930 | -6.6405 | -5.6103 | -4.1609 | -3.5255 | -0.5074 | -3.1440 | -5.5820 | -3.0451 | -2.1116 | 1.3754 | 3.9805 | |
| 91-Days | 3.1490 | 2.9730 | 3.6800 | 3.7060 | 3.6730 | N.T. | 5.6990 | 6.1220 | 4.5280 | 4.3320 | 4.1070 | -7.2775 | -6.4433 | -5.0919 | -4.5585 | -1.9064 | N.T. | -6.5030 | -3.5241 | -2.3826 | 1.1564 | 3.7945 | |
| 182-Days | 3.6880 | 3.7130 | 4.7760 | 4.7150 | 4.6700 | N.T. | 6.4800 | 6.5390 | 4.7640 | 4.4920 | 4.2300 | -6.7385 | -5.7033 | -3.9959 | -3.5495 | -0.9094 | N.T. | -5.7220 | -3.1071 | -2.1466 | 1.3164 | 3.9175 | |
| 364-Days | 4.1650 | 5.1740 | 5.5300 | 5.5890 | 5.3840 | 6.6000 | 6.8490 | 6.6980 | 4.9030 | 4.6770 | 4.4170 | -6.2615 | -4.2423 | -3.2419 | -2.6755 | -0.1954 | -3.1440 | -5.3530 | -2.9481 | -2.0076 | 1.5014 | 4.1045 | |

¹ Nominal interest rate less inflation rate

² Refers to the New Manila Reference Rates based on combined transactions on time deposits and promissory notes of reporting commercial banks

³ Refers to the weighted average interest rate of reporting commercial banks' interest incomes on their outstanding peso-denominated loans

⁴ Weighted average of transacted rates

^p Preliminary

N.T. - No transactions

Source: Bangko Sentral ng Pilipinas

7 NUMBER OF FINANCIAL INSTITUTIONS ¹

as of periods indicated

| | 2007 | | | | 2008 | | | | 2009 | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Total | 21,030 | 21,149 | 21,259 | 21,536 | 21,636 | 21,772 | 22,094 | 22,595 | 22,796 | 22,939 | 23,028 |
| Head Offices | 7,274 | 7,307 | 7,342 | 7,367 | 7,390 | 7,382 | 7,412 | 7,397 | 7,392 | 7,395 | 7,380 |
| Branches/Agencies | 13,756 | 13,842 | 13,917 | 14,169 | 14,246 | 14,390 | 14,682 | 15,198 | 15,404 | 15,544 | 15,648 |
| Banks | 7,704 | 7,738 | 7,736 | 7,744 | 7,743 | 7,769 | 7,811 | 7,848 | 7,876 | 7,898 | 7,914 |
| Head Offices | 861 | 858 | 852 | 847 | 845 | 841 | 835 | 818 | 811 | 804 | 797 |
| Branches/Agencies | 6,843 | 6,880 | 6,884 | 6,897 | 6,898 | 6,928 | 6,976 | 7,030 | 7,065 | 7,094 | 7,117 |
| Universal and Commercial Banks | 4,278 | 4,297 | 4,284 | 4,275 | 4,284 | 4,309 | 4,330 | 4,404 | 4,422 | 4,435 | 4,444 |
| Head Offices | 39 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 |
| Branches/Agencies | 4,239 | 4,259 | 4,246 | 4,237 | 4,246 | 4,271 | 4,292 | 4,366 | 4,384 | 4,397 | 4,406 |
| Thrift Banks | 1,338 | 1,333 | 1,337 | 1,336 | 1,318 | 1,314 | 1,331 | 1,296 | 1,297 | 1,291 | 1,298 |
| Head Offices | 84 | 83 | 82 | 82 | 80 | 80 | 80 | 77 | 76 | 74 | 73 |
| Branches/Agencies | 1,254 | 1,250 | 1,255 | 1,254 | 1,238 | 1,234 | 1,251 | 1,219 | 1,221 | 1,217 | 1,225 |
| Savings and Mortgage Banks | 852 | 850 | 860 | 861 | 850 | 844 | 856 | 828 | 835 | 840 | 847 |
| Head Offices | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 31 | 31 | 30 | 29 |
| Branches/Agencies | 819 | 817 | 827 | 828 | 817 | 811 | 823 | 797 | 804 | 810 | 818 |
| Private Development Banks | 305 | 302 | 303 | 300 | 294 | 295 | 299 | 299 | 299 | 302 | 302 |
| Head Offices | 21 | 20 | 20 | 20 | 19 | 19 | 19 | 18 | 18 | 18 | 18 |
| Branches/Agencies | 284 | 282 | 283 | 280 | 275 | 276 | 280 | 281 | 281 | 284 | 284 |
| Stock Savings and Loan Assns. | 167 | 167 | 160 | 161 | 160 | 161 | 160 | 150 | 144 | 130 | 130 |
| Head Offices | 26 | 26 | 25 | 25 | 24 | 24 | 24 | 24 | 24 | 23 | 23 |
| Branches/Agencies | 141 | 141 | 135 | 136 | 136 | 137 | 136 | 126 | 120 | 107 | 107 |
| Microfinance Banks | 14 | 14 | 14 | 14 | 14 | 14 | 16 | 19 | 19 | 19 | 19 |
| Head Offices | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 |
| Branches/Agencies | 10 | 10 | 10 | 10 | 10 | 10 | 12 | 15 | 16 | 16 | 16 |
| Rural Banks | 2,088 | 2,108 | 2,115 | 2,133 | 2,141 | 2,146 | 2,150 | 2,148 | 2,157 | 2,172 | 2,172 |
| Head Offices | 738 | 737 | 732 | 727 | 727 | 723 | 717 | 703 | 697 | 692 | 686 |
| Branches/Agencies | 1,350 | 1,371 | 1,383 | 1,406 | 1,414 | 1,423 | 1,433 | 1,445 | 1,460 | 1,480 | 1,486 |

(continued next page)

7 NUMBER OF FINANCIAL INSTITUTIONS ¹

(Continuation)

| | 2007 | | | | 2008 | | | | 2009 | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Non-Banks | 13,326 | 13,411 | 13,523 | 13,792 | 13,893 | 14,003 | 14,283 | 14,747 | 14,920 | 15,041 | 15,114 |
| Head Offices | 6,413 | 6,449 | 6,490 | 6,520 | 6,545 | 6,541 | 6,577 | 6,579 | 6,581 | 6,591 | 6,583 |
| Branches/Agencies | 6,913 | 6,962 | 7,033 | 7,272 | 7,348 | 7,462 | 7,706 | 8,168 | 8,339 | 8,450 | 8,531 |
| Investment Houses | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 36 | 36 | 36 | 35 |
| Head Offices | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 23 | 23 | 23 | 22 |
| Branches/Agencies | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Finance Companies | 55 | 55 | 56 | 56 | 55 | 53 | 54 | 52 | 52 | 52 | 49 |
| Head Offices | 28 | 28 | 29 | 29 | 28 | 26 | 27 | 25 | 25 | 25 | 24 |
| Branches/Agencies | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 25 |
| Investment Companies | 10 | 10 | 10 | 10 | 10 | 6 | 6 | 6 | 6 | 6 | 4 |
| Head Offices | 10 | 10 | 10 | 10 | 10 | 6 | 6 | 6 | 6 | 6 | 4 |
| Branches/Agencies | — | — | — | — | — | — | — | — | — | — | — |
| Securities Dealers/Brokers | 18 | 18 | 18 | 18 | 18 | 17 | 17 | 17 | 16 | 16 | 15 |
| Head Offices | 18 | 18 | 18 | 18 | 18 | 17 | 17 | 17 | 16 | 16 | 15 |
| Branches/Agencies | — | — | — | — | — | — | — | — | — | — | — |
| Pawnshops | 12,926 | 13,011 | 13,122 | 13,391 | 13,493 | 13,612 | 13,864 | 14,333 | 14,500 | 14,622 | 14,703 |
| Head Offices | 6,099 | 6,135 | 6,177 | 6,207 | 6,233 | 6,238 | 6,274 | 6,281 | 6,285 | 6,296 | 6,294 |
| Branches/Agencies | 6,827 | 6,876 | 6,945 | 7,184 | 7,260 | 7,374 | 7,590 | 8,052 | 8,215 | 8,326 | 8,409 |
| Lending Investors | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Head Offices | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Branches/Agencies | — | — | — | — | — | — | — | — | — | — | — |
| Non-Stock Savings and Loan Assns. | 116 | 116 | 116 | 116 | 116 | 116 | 144 | 144 | 151 | 150 | 149 |
| Head Offices | 79 | 79 | 77 | 77 | 77 | 77 | 77 | 77 | 76 | 75 | 74 |
| Branches/Agencies | 37 | 37 | 39 | 39 | 39 | 39 | 67 | 67 | 75 | 75 | 75 |
| Private Insurance Companies ² | 148 ^P |
| Head Offices | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 |
| Branches/Agencies | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Government Non-Banks | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Head Offices | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Branches/Agencies | — | — | — | — | — | — | — | — | — | — | — |
| Venture Capital Corporations | 3 | 3 | 3 | 3 | 3 | 1 | 1 | 1 | 1 | 1 | 1 |
| Head Offices | 3 | 3 | 3 | 3 | 3 | 1 | 1 | 1 | 1 | 1 | 1 |
| Branches/Agencies | — | — | — | — | — | — | — | — | — | — | — |
| Credit Card Companies | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 |
| Head Offices | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 |
| Branches/Agencies | — | — | — | — | — | — | — | — | — | — | — |

¹ Refers to the number of financial establishments which includes the head offices and branches; excludes the Bangko Sentral ng Pilipinas.

² Covers only the head offices and their foreign branches.

^P Preliminary

Source: Bangko Sentral ng Pilipinas

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

| Institutions | 2008 | | | | 2009 | | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Total | 6,648.8^P | 6,922.3^P | 6,996.8^P | 7,405.2^P | 7,319.5^P | 7,451.0^P | 7,422.6^P |
| Banks | 5,276.3 ^P | 5,546.3 ^P | 5,616.3 ^P | 5,973.8 ^P | 5,881.0 ^P | 6,012.5 ^P | 5,984.1 ^P |
| Universal and Commercial Banks ² | 4,602.4 ^P | 4,867.3 ^P | 4,928.0 ^P | 5,219.1 ^P | 5,191.9 ^P | 5,299.7 ^P | 5,271.4 ^a |
| Thrift Banks ² | 502.5 ^P | 501.7 ^P | 510.1 ^P | 590.8 ^P | 525.2 ^P | 548.9 ^P | 548.8 ^a |
| Rural Banks | 171.4 | 177.3 | 178.2 | 163.9 | 163.9 ^b | 163.9 ^b | 163.9 ^b |
| Non-Banks ³ | 1,372.5 ^P | 1,376.0 ^P | 1,380.5 ^P | 1,431.4 ^P | 1,438.5 ^P | 1,438.5 ^c | 1,438.5 ^c |

¹ Excludes the Bangko Sentral ng Pilipinas but includes allowance for probable losses.

² Based on the new Financial Reporting Package data beginning March 2008 and includes revaluation adjustments.

³ Includes Investment Houses, Finance Companies, Investment Companies, Securities Dealers/Brokers, Pawnshops, Lending Investors, Non Stocks Savings and Loan Assns., Venture Capital Corps., and Credit Card Companies which are under BSP supervision. Also includes Private and Government Insurance Companies (i.e., SSS and GSIS).

^a As of end-August 2009

^b As of end-December 2008

^c As of end-March 2009

^P Preliminary

Source: Bangko Sentral ng Pilipinas

**9 RATIO OF NON-PERFORMING LOANS (NPL) AND LOAN LOSS PROVISIONS
TO TOTAL LOANS OF THE BANKING SYSTEM
end-of-period
in percent**

| | TOTAL NPL/TOTAL LOANS | | | | TOTAL LOAN PROVISIONS/TOTAL LOANS | | | |
|-------------------|-----------------------|--------------------|---------------------|--------|-----------------------------------|--------------------|--------------------|-------|
| | Ubs &KBs | TBs | RBs | Total | Ubs &KBs | TBs | RBs | Total |
| 2005 | | | | | | | | |
| Mar | 11.463 | 11.525 | 15.829 | 11.606 | 7.377 | 4.736 | 4.951 | 7.077 |
| Jun | 9.375 | 9.920 | 15.728 | 9.623 | 6.700 | 4.541 | 5.112 | 6.464 |
| Sep | 9.609 | 10.120 | 15.757 | 9.866 | 7.091 | 4.749 | 5.112 | 6.814 |
| Dec | 8.206 | 9.736 | 14.524 | 8.562 | 6.358 | 4.612 | 5.027 | 6.154 |
| 2006 | | | | | | | | |
| Mar | 8.007 | 9.596 | 12.026 | 8.290 | 6.294 | 4.601 | 4.134 | 6.063 |
| Jun | 7.391 | 9.205 | 12.075 | 7.733 | 5.919 | 4.930 | 4.071 | 5.756 |
| Sep | 7.431 | 8.771 | 11.626 | 7.823 | 6.120 | 4.811 | 3.991 | 5.934 |
| Dec | 5.662 | 8.220 | 10.867 | 6.194 | 4.679 | 4.055 | 4.589 | 4.611 |
| 2007 | | | | | | | | |
| Mar | 5.275 | 7.267 | 10.924 | 5.704 | 4.285 | 3.667 | 3.879 | 4.199 |
| Jun | 5.208 | 7.864 | 10.568 | 5.720 | 4.370 | 3.969 | 3.679 | 4.297 |
| Sep | 5.191 | 7.461 | 9.859 | 5.637 | 4.604 | 3.712 | 3.393 | 4.451 |
| Dec | 4.448 | 6.846 | 9.820 | 4.929 | 4.151 | 3.235 | 3.579 | 4.025 |
| 2008 ^P | | | | | | | | |
| Mar | 4.524 | 6.649 | 9.697 | 4.990 | 4.220 | 3.231 | 3.524 | 4.075 |
| Jun | 4.010 | 6.570 | 9.809 | 4.501 | 3.876 | 3.242 | 3.612 | 3.798 |
| Sep | 4.037 | 6.585 | 9.995 | 4.532 | 3.832 | 3.477 | 3.759 | 3.790 |
| Dec | 3.524 | 6.622 | 9.973 | 4.061 | 3.524 | 3.548 | 3.792 | 3.536 |
| 2009 ^P | | | | | | | | |
| Mar | 3.562 | 7.685 | 10.689 | 4.227 | 3.537 | 3.754 | 4.023 | 3.575 |
| Jun | 3.360 | 7.447 | 10.606 | 4.036 | 3.438 | 3.929 | 4.079 | 3.512 |
| Sep | 3.249 | 7.447 ^a | 10.606 ^a | 3.943 | 3.615 | 3.929 ^a | 4.079 ^a | 3.664 |

^P Preliminary.

^a As of end-June 2009.

Source: SDC/DES

10 STOCK MARKET TRANSACTIONS ¹

volume in million shares, value in million pesos

| | 2 0 0 7 | | | | 2 0 0 8 | | | | 2 0 0 9 | | |
|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Volume | 373,908 | 308,551 | 250,668 | 224,703 | 98,844 | 82,978 | 111,695 | 79,490 | 69,579 | 133,932 | 195,454 |
| Financials | 1,593 | 2,435 | 1,996 | 1,461 | 2,196 | 630 | 587 | 682 | 738 | 925 | 730 |
| Industrial | 10,193 | 6,075 | 14,889 | 11,546 | 5,476 | 4,644 | 9,116 | 10,919 | 7,840 | 18,555 | 9,246 |
| Holding Firms | 54,576 | 75,249 | 64,434 | 63,813 | 10,915 | 6,581 | 15,930 | 7,147 | 3,635 | 8,123 | 17,225 |
| Property | 36,270 | 32,503 | 20,206 | 12,622 | 10,385 | 15,894 | 14,280 | 14,167 | 11,165 | 24,090 | 19,723 |
| Services | 31,408 | 29,544 | 27,472 | 16,295 | 11,988 | 6,870 | 18,169 | 9,954 | 21,383 | 14,978 | 55,168 |
| Mining & Oil | 239,869 | 162,742 | 121,627 | 118,839 | 57,880 | 48,358 | 53,613 | 36,619 | 24,804 | 67,261 | 93,362 |
| SME | 0 | 1 | 44 | 127 | 4 | 0 | 0 | 3 | 14 | 1.5 | 0 |
| Value | 295,805 | 359,665 | 351,785 | 330,998 | 211,646 | 172,582 | 179,334 | 200,339 | 120,004 | 270,610 | 238,779 |
| Financials | 38,289 | 52,748 | 52,703 | 38,688 | 40,322 | 19,763 | 18,005 | 14,369 | 12,038 | 22,259 | 22,032 |
| Industrial | 55,676 | 85,265 | 83,081 | 110,877 | 51,787 | 41,734 | 62,631 | 83,865 | 48,377 | 143,324 | 68,719 |
| Holding Firms | 48,421 | 66,151 | 46,500 | 43,098 | 23,742 | 25,518 | 19,805 | 16,567 | 12,255 | 21,406 | 42,278 |
| Property | 67,950 | 74,754 | 76,387 | 51,489 | 34,253 | 25,811 | 26,760 | 17,273 | 12,366 | 30,477 | 34,122 |
| Services | 65,343 | 56,817 | 69,407 | 53,182 | 48,022 | 49,068 | 40,425 | 59,332 | 30,453 | 44,640 | 53,721 |
| Mining & Oil | 20,124 | 23,928 | 23,562 | 33,434 | 13,513 | 10,686 | 11,708 | 8,930 | 4,498 | 8,502 | 17,907 |
| SME | 1 | 2 | 145 | 231 | 9 | 1 | 1 | 3 | 16 | 2.1 | 0 |
| Composite Index | 3,170 | 3,469 | 3,480 | 3,653 | 3,127 | 2,679 | 2,612 | 1,932 | 1,895 | 2,310 | 2,828 |

¹ Starting January 2006, new sector classification by sector was implemented.

Source : Philippine Stock Exchange

11 PHILIPPINES: BALANCE OF PAYMENTS

for periods indicated
in million U.S. dollars

| ITEM | 2008 | | | | 2009 ^P | | | Growth Rate | | |
|--|--------------|------------|-------------|---------------|-------------------|--------------|--------------|---------------|---------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q1 | Q2 | Q3 |
| Current Account | 1,269 | 899 | -438 | 2,167 | 2,029 | 2,141 | 2,036 | 59.9 | 138.2 | 564.8 |
| Goods and Services | -2,209 | -3,450 | -3,988 | -1,822 | -1,513 | -2,228 | -1,878 | 31.5 | 35.4 | 52.9 |
| Export | 14,801 | 15,441 | 15,711 | 12,495 | 10,209 | 11,364 | 12,268 | -31.0 | -26.4 | -21.9 |
| Import | 17,010 | 18,891 | 19,699 | 14,317 | 11,722 | 13,592 | 14,146 | -31.1 | -28.1 | -28.2 |
| Goods 1/ | -2,764 | -3,713 | -4,194 | -2,214 | -2,096 | -2,457 | -1,915 | 24.2 | 33.8 | 54.3 |
| Credit: Exports | 12,305 | 12,866 | 13,090 | 9,992 | 7,744 | 9,078 | 10,211 | -37.1 | -29.4 | -22.0 |
| Debit: Imports | 15,069 | 16,579 | 17,284 | 12,206 | 9,840 | 11,535 | 12,126 | -34.7 | -30.4 | -29.8 |
| Services | 555 | 263 | 206 | 392 | 583 | 229 | 37 | 5.0 | -12.9 | -82.0 |
| Credit: Exports | 2,496 | 2,575 | 2,621 | 2,503 | 2,465 | 2,286 | 2,057 | -1.2 | -11.2 | -21.5 |
| Debit: Imports | 1,941 | 2,312 | 2,415 | 2,111 | 1,882 | 2,057 | 2,020 | -3.0 | -11.0 | -16.4 |
| Income | -200 | 429 | -95 | 6 | -296 | 312 | 16 | -48.0 | -27.3 | 116.8 |
| Credit: Receipts | 1,678 | 1,573 | 1,556 | 1,166 | 1,383 | 1,414 | 1,426 | -17.6 | -10.1 | -8.4 |
| Debit: Disbursements | 1,878 | 1,144 | 1,651 | 1,160 | 1,679 | 1,102 | 1,410 | -10.6 | -3.7 | -14.6 |
| Current Transfers | 3,678 | 3,920 | 3,645 | 3,983 | 3,838 | 4,057 | 3,898 | 4.4 | 3.5 | 6.9 |
| Credit: Receipts | 3,774 | 4,064 | 3,788 | 4,155 | 3,937 | 4,213 | 4,106 | 4.3 | 3.7 | 8.4 |
| Debit: Disbursements | 96 | 144 | 143 | 172 | 99 | 156 | 208 | 3.1 | 8.3 | 45.5 |
| Capital and Financial Account | 455 | 436 | 472 | -3,261 | -1,188 | -704 | 147 | -361.1 | -261.5 | -68.9 |
| Capital Account | 21 | 9 | 18 | 5 | 17 | 19 | 33 | -19.0 | 111.1 | 83.3 |
| Credit: Receipts | 33 | 24 | 32 | 25 | 31 | 36 | 48 | -6.1 | 50.0 | 50.0 |
| Debit: Disbursements | 12 | 15 | 14 | 20 | 14 | 17 | 15 | 16.7 | 13.3 | 7.1 |
| Financial Account | 434 | 427 | 454 | -3,266 | -1,205 | -723 | 114 | -377.6 | -269.3 | -74.9 |
| Direct Investment | 225 | 309 | 480 | 130 | -14 | 783 | 249 | -106.2 | 153.4 | -48.1 |
| Debit: Assets, Residents' Investments Abroad | -6 | 77 | 103 | 85 | 52 | 71 | 128 | 966.7 | -7.8 | 24.3 |
| Credit: Liabilities, Non-Residents' Investments in the Phil. | 219 | 386 | 583 | 215 | 38 | 854 | 377 | -82.6 | 121.2 | -35.3 |
| Portfolio Investment | 1,001 | -1,583 | -1,093 | -2,124 | -109 | 424 | 1,234 | -110.9 | 126.8 | 212.9 |
| Debit: Assets, Residents' Investments Abroad | -1,049 | -950 | 1,241 | 139 | 42 | -110 | 307 | 104.0 | 88.4 | -75.3 |
| Credit: Liabilities, Non-Residents' Investments in the Phil. | -48 | -2,533 | 148 | -1,985 | -67 | 314 | 1,541 | -39.6 | 112.4 | 941.2 |
| Financial Derivatives | -88 | 61 | 81 | -167 | 22 | 31 | 11 | 125.0 | -49.2 | -86.4 |
| Debit: Assets, Residents' Investments Abroad | -92 | -99 | -150 | -200 | -108 | -104 | -112 | -17.4 | -5.1 | 25.3 |
| Credit: Liabilities, Non-Residents' Investments in the Phil. | -180 | -38 | -69 | -367 | -86 | -73 | -101 | 52.2 | -92.1 | -46.4 |
| Other Investment | -704 | 1,640 | 986 | -1,105 | -1,104 | -1,961 | -1,380 | -56.8 | -219.6 | -240.0 |
| Debit: Assets, Residents' Investments Abroad | -2,077 | 340 | -1,936 | -722 | 278 | 634 | 1,131 | 113.4 | 86.5 | 158.4 |
| Credit: Liabilities, Non-Residents' Investments in the Phil. | -2,781 | 1,980 | -950 | -1,827 | -826 | -1,327 | -249 | 70.3 | -167.0 | 73.8 |
| Net Unclassified Items | -11 | -1,114 | -428 | -357 | 891 | -953 | -1,122 | 8200.0 | 14.5 | -162.1 |
| Overall BOP Position | 1,713 | 221 | -394 | -1,451 | 1,732 | 484 | 1,061 | 1.1 | 119.0 | 369.3 |
| Debit: Change in Reserve Assets | 1,727 | 706 | 21 | -857 | 1,752 | -27 | 673 | 1.4 | -103.8 | 3104.8 |
| Credit: Change in Reserve Liabilities | 14 | 485 | 415 | 594 | 20 | -511 | -388 | 42.9 | -205.4 | -193.5 |
| Use of Fund Credits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0 | 0.0 | 0.0 |
| Short-term | 14 | 485 | 415 | 594 | 20 | -511 | -388 | 42.9 | -205.4 | -193.5 |

p preliminary

1/ Data on goods import for 2008 and 2009 were adjusted to reflect preliminary adjustments on the valuation of raw materials for electronics and garments exports.

Technical Notes:

1. Net balances in the current and capital and financial accounts are derived by deducting debit entries from credit entries.

2. Overall BOP position is determined by deducting change in reserve liabilities from change in reserve assets.

3. Net unclassified items is an offsetting account to the overstatement or understatement in either receipts or payments of the recorded BOP components vis-à-vis the overall BOP position.

4. Change in KBs NFA as a BOP entry is derived by deducting foreign assets from foreign liabilities, consistent with the principle described in technical note No. 1.

5. Basic balance represents a BOP position that excludes transactions that are volatile and are in the short run susceptible to being reversed. It is derived using the following formula: Overall BOP position less (Net portfolio investments + net short-term liabilities) less errors and omissions. In the old BOP series, all transactions in assets and liabilities of commercial banks were deemed to be long-term. With the refinements in the new series on the maturity structure of KBs' transactions, short-term financial transactions of KBs are now excluded from the basic balance.

Source: Bangko Sentral ng Pilipinas

11a EXPORTS BY MAJOR COMMODITY GROUP

for periods indicated
volume in 000 metric tons; unit price in U.S.\$/m.t.; fob value in million U.S. dollars

| Commodities | 2008 ^{1/} | | | | | | | | | | | | 2009 ^{2/} | | | | | | | | |
|---|--------------------|-------|--------------|--------|-------|--------------|--------|-------|--------------|--------|-------|--------------|--------------------|-------|-------------|--------|-------|-------------|--------|-------|--------------|
| | Q1 | | | Q2 | | | Q3 | | | Q4 | | | Q1 | | | Q2 | | | Q3 | | |
| | Volume | Price | Value | Volume | Price | Value | Volume | Price | Value | Volume | Price | Value | Volume | Price | Value | Volume | Price | Value | Volume | Price | Value |
| Coconut Products | | | 330 | | | 413 | | | 312 | | | 294 | | | 132 | | | 174 | | | 241 |
| Copra | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | .. | 472 | -- |
| Coconut Oil | 248 | 1123 | 278 | 253 | 1348 | 341 | 149 | 1413 | 210 | 201 | 1051 | 211 | 106 | 750 | 79 | 171 | 715 | 122 | 263 | 729 | 192 |
| Desiccated Coconut | 25 | 1318 | 33 | 35 | 1543 | 54 | 46 | 1825 | 83 | 37 | 1898 | 70 | 32 | 1391 | 44 | 27 | 1249 | 34 | 30 | 1182 | 35 |
| Copra Meal/Cake | 151 | 116 | 18 | 119 | 134 | 16 | 110 | 149 | 16 | 57 | 149 | 8 | 33 | 144 | 5 | 119 | 126 | 15 | 83 | 139 | 11 |
| Others | | | 2 | | | 2 | | | 2 | | | 4 | | | 4 | | | 3 | | | 3 |
| Sugar and Products | | | 15 | | | 26 | | | 18 | | | 22 | | | 26 | | | 22 | | | 24 |
| Centrifugal & Refined | 45 | 297 | 13 | 75 | 298 | 22 | 46 | 312 | 14 | 36 | 458 | 17 | 63 | 359 | 23 | 29 | 302 | 9 | 63 | 336 | 21 |
| Molasses | 8 | 87 | 1 | 22 | 108 | 2 | 33 | 97 | 3 | 50 | 92 | 5 | 34 | 91 | 3 | 114 | 111 | 13 | 18 | 123 | 2 |
| Others | | | 1 | | | 1 | | | 1 | | | -- | | | -- | | | 1 | | | 1 |
| Fruits and Vegetables | | | 177 | | | 198 | | | 184 | | | 176 | | | 185 | | | 186 | | | 177 |
| Canned Pineapple | 44 | 704 | 31 | 38 | 694 | 26 | 53 | 690 | 37 | 55 | 742 | 41 | 40 | 803 | 32 | 36 | 768 | 27 | 55 | 838 | 46 |
| Pineapple Juice | 21 | 432 | 9 | 18 | 430 | 8 | 19 | 422 | 8 | 15 | 464 | 7 | 16 | 552 | 9 | 20 | 555 | 11 | 21 | 536 | 11 |
| Pineapple Concentrates | 9 | 890 | 8 | 6 | 836 | 5 | 7 | 828 | 6 | 10 | 800 | 8 | 8 | 973 | 8 | 9 | 728 | 6 | 9 | 985 | 9 |
| Bananas | 479 | 195 | 93 | 626 | 189 | 118 | 548 | 188 | 103 | 500 | 183 | 91 | 537 | 189 | 101 | 450 | 215 | 97 | 367 | 229 | 84 |
| Mangoes | 5 | 900 | 4 | 8 | 989 | 8 | 4 | 912 | 4 | 4 | 915 | 3 | 5 | 722 | 4 | 8 | 908 | 7 | 4 | 709 | 3 |
| Others | | | 31 | | | 33 | | | 27 | | | 25 | | | 31 | | | 37 | | | 24 |
| Other Agro-Based Products | | | 126 | | | 159 | | | 171 | | | 155 | | | 110 | | | 118 | | | 156 |
| Fish, Fresh or Preserved | 23 | 2619 | 60 | 28 | 2919 | 83 | 28 | 3110 | 88 | 27 | 2925 | 78 | 21 | 2912 | 60 | 23 | 2833 | 64 | 23 | 3026 | 71 |
| Of which: Shrimps & Prawns | .. | 5729 | 1 | .. | 5489 | 1 | .. | 8629 | 1 | .. | 10397 | -- | 2 | 7208 | 11 | 2 | 7250 | 11 | 2 | 6098 | 14 |
| Coffee, Raw, not Roasted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Abaca Fibers | 3 | 1482 | 4 | 3 | 1653 | 5 | 4 | 1698 | 7 | 4 | 1743 | 7 | 1 | 1529 | 1 | 1 | 1393 | 1 | 20 | 209 | 4 |
| Tobacco, Unmanufactured | 4 | 2560 | 11 | 7 | 2150 | 15 | 7 | 2884 | 20 | 5 | 3055 | 17 | 5 | 2790 | 13 | 6 | 3390 | 20 | 11 | 3406 | 38 |
| Natural Rubber | 10 | 1308 | 13 | 8 | 1557 | 13 | 9 | 1556 | 14 | 9 | 1398 | 13 | 6 | 985 | 5 | 7 | 910 | 6 | 7 | 860 | 6 |
| Ramie Fibers, Raw or Processed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Seaweeds, Dried | 5 | 2002 | 9 | 5 | 1890 | 9 | 2 | 1605 | 4 | 2 | 1978 | 3 | 1 | 1489 | 2 | 2 | 951 | 2 | 3 | 1135 | 4 |
| Rice | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | | | 29 | | | 35 | | | 39 | | | 39 | | | 28 | | | 24 | | | 34 |
| Forest Products 1/ | | | 8 | | | 11 | | | 6 | | | 8 | | | 6 | | | 10 | | | 10 |
| Logs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lumber | 50 | 68 | 3 | 64 | 55 | 3 | 64 | 49 | 3 | 37 | 47 | 2 | 46 | 42 | 2 | 81 | 34 | 3 | 77 | 28 | 2 |
| Plywood | 10 | 377 | 4 | 12 | 614 | 7 | 7 | 386 | 3 | 11 | 539 | 6 | 5 | 629 | 3 | 10 | 699 | 7 | 11 | 655 | 7 |
| Veneer Sheets/Corestocks | 1 | 640 | 1 | 1 | 715 | 1 | .. | 352 | -- | 1 | 309 | -- | .. | 707 | -- | .. | 730 | -- | .. | 805 | 0 |
| Others | | | -- | | | -- | | | -- | | | -- | | | -- | | | 0 | | | 0 |
| Mineral Products | | | 563 | | | 726 | | | 772 | | | 437 | | | 349 | | | 367 | | | 324 |
| Copper Concentrates | 18 | 1358 | 25 | 20 | 1805 | 36 | 26 | 1808 | 48 | 19 | 1320 | 25 | 20 | 714 | 14 | 28 | 770 | 21 | 45 | 928 | 42 |
| Copper Metal | 39 | 6982 | 270 | 45 | 8304 | 377 | 52 | 8027 | 420 | 45 | 5416 | 243 | 46 | 3242 | 148 | 50 | 4317 | 218 | 21 | 5146 | 109 |
| Gold 2/ | 25 | 811 | 21 | 35 | 888 | 31 | 37 | 872 | 32 | 33 | 983 | 33 | 41 | 830 | 34 | 20 | 864 | 17 | 40 | 930 | 37 |
| Iron Ore Agglomerates | 1097 | 29 | 32 | 1424 | 24 | 34 | 1270 | 23 | 30 | 779 | 23 | 18 | 682 | 33 | 22 | 491 | 36 | 17 | 911 | 27 | 24 |
| Chromium Ore | 91 | 29 | 3 | 50 | 66 | 3 | 73 | 64 | 5 | 16 | 82 | 1 | 3 | 136 | -- | 14 | 69 | 1 | 445 | 20 | 9 |
| Nickel | | | 0 | | | 0 | | | -- | | | 0 | | | 0 | | | 0 | | | 0 |
| Others | | | 214 | | | 245 | | | 238 | | | 117 | | | 131 | | | 92 | | | 103 |
| Petroleum Products | | | 320 | | | 320 | | | 491 | | | 109 | | | 26 | | | 130 | | | 57 |
| Manufactures | | | 10587 | | | 10840 | | | 10953 | | | 8619 | | | 6870 | | | 8073 | | | 9208 |
| Electronic Products | | | 7514 | | | 7624 | | | 7682 | | | 5682 | | | 4316 | | | 5443 | | | 6223 |
| Other electronics | | | 351 | | | 350 | | | 368 | | | 356 | | | 256 | | | 332 | | | 400 |
| Garments | | | 516 | | | 475 | | | 524 | | | 436 | | | 418 | | | 353 | | | 381 |
| Textile Yarns/Fabrics | | | 49 | | | 55 | | | 52 | | | 37 | | | 29 | | | 35 | | | 43 |
| Footwear | | | 9 | | | 8 | | | 8 | | | 6 | | | 8 | | | 6 | | | 4 |
| Travel Goods and Handbags | | | 22 | | | 21 | | | 25 | | | 27 | | | 15 | | | 13 | | | 17 |
| Wood Manufactures | | | 210 | | | 236 | | | 246 | | | 227 | | | 220 | | | 188 | | | 200 |
| Furnitures & Fixtures | | | 62 | | | 61 | | | 53 | | | 45 | | | 27 | | | 26 | | | 50 |
| Chemicals | | | 294 | | | 271 | | | 303 | | | 261 | | | 181 | | | 229 | | | 271 |
| Non-Metallic Mineral Manufactures | | | 51 | | | 56 | | | 59 | | | 46 | | | 46 | | | 33 | | | 37 |
| Machinery & Transport Equipment | | | 491 | | | 536 | | | 554 | | | 535 | | | 470 | | | 405 | | | 469 |
| Processed Food and Beverages | | | 183 | | | 246 | | | 277 | | | 237 | | | 221 | | | 251 | | | 263 |
| Iron & Steel | | | 56 | | | 95 | | | 76 | | | 36 | | | 29 | | | 35 | | | 34 |
| Baby Carr., Toys, Games & Sporting Goods | | | 29 | | | 38 | | | 44 | | | 32 | | | 28 | | | 28 | | | 37 |
| Basketwork, Wickerwork, & Other | | | | | | | | | | | | | | | | | | | | | |
| Articles of Plaiting Materials | | | 13 | | | 10 | | | 10 | | | 8 | | | 9 | | | 9 | | | 10 |
| Misc. Manufactured Articles, n.e.s. | | | 83 | | | 92 | | | 82 | | | 73 | | | 65 | | | 66 | | | 78 |
| Others | | | 654 | | | 664 | | | 589 | | | 574 | | | 531 | | | 622 | | | 690 |
| Special Transactions | | | 417 | | | 386 | | | 369 | | | 358 | | | 220 | | | 218 | | | 221 |
| TOTAL EXPORTS, as per NSO Foreign Trade Statistics | | | 12543 | | | 13079 | | | 13277 | | | 10178 | | | 7924 | | | 9297 | | | 10420 |
| Conceptual and coverage adjustments | | | -238 | | | -213 | | | -187 | | | -186 | | | -180 | | | -219 | | | -209 |
| TOTAL EXPORTS, BPM5 | | | 12305 | | | 12866 | | | 13090 | | | 9992 | | | 7744 | | | 9078 | | | 10211 |

.. Less than one thousand metric tons

-- Less than one million US\$

^{1/} Revised

^{2/} Preliminary

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

1/ Volume in 000 cubic meters; unit price in US\$/cu.m.

2/ Volume in 000 troy ounces; unit price in US\$/oz.t.

11b IMPORTS BY MAJOR COMMODITY GROUP

for periods indicated

volume in 000 metric tons; unit price in U.S.\$/mt; f.o.b. value in million U.S. dollars

| Commodities | 2008 ^{ff} | | | | | | | | | | | | 2009 ^{pf} | | | | | | | | |
|---|--------------------|--------|--------------|--------|--------|--------------|--------|--------|--------------|--------|-------|--------------|--------------------|-------|-------------|--------|-------|--------------|--------|-------|--------------|
| | Q1 | | | Q2 | | | Q3 | | | Q4 | | | Q1 | | | Q2 | | | Q3 | | |
| | Volume | Price | Value | Volume | Price | Value | Volume | Price | Value | Volume | Price | Value | Volume | Price | Value | Volume | Price | Value | Volume | Price | Value |
| Capital Goods | | | 2309 | | | 2392 | | | 2522 | | | 2086 | | | 1695 | | | 1736 | | | 2057 |
| Power Generating & Specialized Machines | | | 587 | | | 669 | | | 745 | | | 606 | | | 488 | | | 472 | | | 529 |
| Office & EDP Machines | | | 760 | | | 739 | | | 749 | | | 555 | | | 409 | | | 570 | | | 653 |
| Telecommunication Eqpt. & Elect. Mach. | | | 505 | | | 489 | | | 511 | | | 473 | | | 386 | | | 400 | | | 504 |
| Land Transport Eqpt. excl. Passenger Cars & Motorized Cycle | | | 158 | | | 175 | | | 179 | | | 153 | | | 132 | | | 148 | | | 209 |
| Aircraft, Ships & Boats | | | 180 | | | 196 | | | 198 | | | 186 | | | 181 | | | 36 | | | 27 |
| Prof. Sci. & Cont. Inst.; Photo- graphic Eqpt. & Optical Goods | | | 118 | | | 125 | | | 140 | | | 114 | | | 99 | | | 110 | | | 135 |
| Raw Materials & Intermediate Goods | | | 8091 | | | 8461 | | | 8450 | | | 6514 | | | 5375 | | | 6031 | | | 6708 |
| Unprocessed Raw Materials | | | 429 | | | 491 | | | 480 | | | 510 | | | 547 | | | 592 | | | 521 |
| Wheat | 549 | 349 | 191 | 361 | 452 | 163 | 284 | 400 | 114 | 510 | 332 | 169 | 810 | 246 | 199 | 1274 | 214 | 273 | 428 | 262 | 112 |
| Corn | 4 | 842 | 3 | 7 | 1009 | 8 | 5 | 1460 | 8 | 6 | 766 | 5 | 190 | 232 | 44 | 106 | 364 | 39 | 3 | 1252 | 3 |
| Unmilled cereals excl. rice & corn | | | 3 | | | 3 | | | 3 | | | 2 | | | 3 | | | 3 | | | 1 |
| Crude materials, inedible | | | 196 | | | 265 | | | 291 | | | 287 | | | 265 | | | 214 | | | 365 |
| Pulp & waste paper | | | 16 | | | 16 | | | 14 | | | 9 | | | 11 | | | 9 | | | 14 |
| Cotton | 4 | 1478 | 5 | 3 | 1499 | 5 | 3 | 1517 | 5 | 3 | 1455 | 4 | 3 | 1170 | 3 | 5 | 1126 | 6 | 5 | 1240 | 6 |
| Syn. fibers | 9 | 2003 | 18 | 7 | 2268 | 17 | 8 | 2419 | 19 | 7 | 2225 | 15 | 7 | 1952 | 14 | 9 | 1940 | 18 | 9 | 2131 | 19 |
| Metalliferous ores | | | 63 | | | 104 | | | 116 | | | 118 | | | 140 | | | 91 | | | 227 |
| Others | | | 94 | | | 123 | | | 137 | | | 141 | | | 97 | | | 90 | | | 99 |
| Tobacco, unmanufactured | | | 36 | | | 52 | | | 64 | | | 47 | | | 36 | | | 63 | | | 40 |
| Semi-Processed Raw Materials | | | 7662 | | | 7970 | | | 7970 | | | 6004 | | | 4828 | | | 5439 | | | 6187 |
| Feeding stuffs for animals | 450 | 384 | 173 | 426 | 370 | 158 | 336 | 422 | 142 | 408 | 359 | 146 | 442 | 299 | 132 | 555 | 247 | 137 | 475 | 352 | 167 |
| Animal & vegetable oils & fats | | | 46 | | | 63 | | | 74 | | | 45 | | | 40 | | | 31 | | | 42 |
| Chemical | | | 1183 | | | 1330 | | | 1265 | | | 1017 | | | 972 | | | 1059 | | | 1131 |
| Chemical compounds | | | 320 | | | 314 | | | 357 | | | 268 | | | 257 | | | 303 | | | 316 |
| Medicinal & pharmaceutical chemicals | | | 167 | | | 171 | | | 173 | | | 147 | | | 177 | | | 184 | | | 193 |
| Urea | 136 | 312 | 42 | 195 | 372 | 72 | 91 | 589 | 54 | 103 | 315 | 33 | 182 | 258 | 47 | 166 | 262 | 43 | 167 | 286 | 48 |
| Fertilizer excl. urea | 249 | 301 | 75 | 325 | 529 | 172 | 160 | 368 | 59 | 93 | 548 | 51 | 126 | 206 | 26 | 147 | 251 | 37 | 165 | 245 | 41 |
| Artificial resins | | | 295 | | | 292 | | | 292 | | | 211 | | | 176 | | | 179 | | | 203 |
| Others | | | 284 | | | 309 | | | 330 | | | 307 | | | 289 | | | 313 | | | 330 |
| Manufactured goods | | | 961 | | | 1233 | | | 1257 | | | 918 | | | 729 | | | 777 | | | 874 |
| Paper & paper products | 173 | 709 | 122 | 192 | 733 | 141 | 203 | 718 | 146 | 159 | 720 | 114 | 136 | 742 | 101 | 174 | 683 | 119 | 202 | 675 | 136 |
| Textile yarn, fabrics & made-up articles | | | 166 | | | 182 | | | 167 | | | 150 | | | 123 | | | 125 | | | 115 |
| Non-metallic mineral mftures. | | | 60 | | | 66 | | | 76 | | | 72 | | | 57 | | | 71 | | | 77 |
| Iron & steel | 542 | 622 | 337 | 674 | 814 | 548 | 461 | 978 | 451 | 226 | 1209 | 273 | 233 | 938 | 218 | 306 | 666 | 204 | 397 | 596 | 237 |
| Non-ferrous metals | | | 127 | | | 136 | | | 199 | | | 147 | | | 75 | | | 98 | | | 138 |
| Metal products | | | 87 | | | 99 | | | 144 | | | 102 | | | 106 | | | 107 | | | 104 |
| Others | | | 62 | | | 61 | | | 74 | | | 60 | | | 49 | | | 53 | | | 67 |
| Embroideries | | | 207 | | | 203 | | | 223 | | | 179 | | | 173 | | | 150 | | | 163 |
| Mat/Acc for the mfr. of elect. eqpt. | | | 5066 | | | 4969 | | | 4997 | | | 3699 | | | 2776 | | | 3278 | | | 3810 |
| Iron ore, not agglomerated | 689 | 38 | 26 | 313 | 45 | 14 | 276 | 44 | 12 | 0 | 0 | 0 | 130 | 45 | 6 | 160 | 46 | 7 | 0 | 0 | 0 |
| Mineral Fuels & Lubricant | | | 3045 | | | 3460 | | | 3782 | | | 2109 | | | 1374 | | | 1912 | | | 1922 |
| Coal, Coke | 1093 | 47 | 51 | 1294 | 58 | 75 | 1246 | 72 | 90 | 1648 | 81 | 133 | 1528 | 70 | 106 | 1393 | 65 | 90 | 1469 | 70 | 103 |
| Petroleum Crude ¹ | 17.85 | 94.77 | 1691 | 18.91 | 114.85 | 2172 | 18.62 | 132.41 | 2466 | 17.84 | 65.51 | 1169 | 4.77 | 59.47 | 283 | 15.90 | 56.58 | 899 | 13.80 | 70.39 | 971 |
| Others ¹ | 11.71 | 111.14 | 1301 | 9.55 | 127.04 | 1213 | 9.45 | 129.72 | 1226 | 11.53 | 69.99 | 807 | 17.40 | 56.49 | 983 | 14.17 | 65.09 | 922 | 10.90 | 77.77 | 847 |
| Consumer Goods | | | 1324 | | | 1903 | | | 2122 | | | 1266 | | | 1224 | | | 1654 | | | 1259 |
| Durable | | | 554 | | | 627 | | | 635 | | | 576 | | | 479 | | | 550 | | | 681 |
| Passenger cars & motorized cycle | | | 296 | | | 338 | | | 360 | | | 319 | | | 244 | | | 282 | | | 408 |
| Home appliances | | | 72 | | | 66 | | | 72 | | | 72 | | | 69 | | | 75 | | | 66 |
| Misc. manufactures | | | 187 | | | 223 | | | 203 | | | 185 | | | 166 | | | 193 | | | 207 |
| Non-Durable | | | 770 | | | 1276 | | | 1487 | | | 690 | | | 745 | | | 1104 | | | 578 |
| Food & live animals chiefly for food | | | 732 | | | 1237 | | | 1445 | | | 651 | | | 714 | | | 1075 | | | 540 |
| Dairy products | 69 | 3301 | 229 | 61 | 2535 | 154 | 63 | 2458 | 154 | 70 | 2384 | 166 | 66 | 1710 | 113 | 65 | 1566 | 102 | 70 | 1467 | 102 |
| Fish & fish preparation | 50 | 670 | 33 | 34 | 635 | 22 | 29 | 807 | 24 | 45 | 637 | 29 | 51 | 532 | 27 | 56 | 679 | 38 | 54 | 655 | 35 |
| Rice | 396 | 417 | 165 | 1043 | 664 | 692 | 924 | 939 | 868 | 70 | 808 | 57 | 453 | 563 | 255 | 1124 | 533 | 600 | 102 | 488 | 50 |
| Fruits & vegetables | | | 52 | | | 51 | | | 55 | | | 87 | | | 59 | | | 51 | | | 47 |
| Others | | | 252 | | | 318 | | | 344 | | | 312 | | | 260 | | | 284 | | | 306 |
| Beverages & tobacco mfture. | | | 15 | | | 15 | | | 18 | | | 17 | | | 9 | | | 10 | | | 16 |
| Articles of apparel, access. | | | 24 | | | 24 | | | 24 | | | 21 | | | 22 | | | 19 | | | 22 |
| Special Transactions | | | 191 | | | 201 | | | 197 | | | 131 | | | 99 | | | 156 | | | 138 |
| Articles temporarily imported & exported | | | 58 | | | 65 | | | 77 | | | 58 | | | 43 | | | 61 | | | 51 |
| Others | | | 133 | | | 136 | | | 120 | | | 73 | | | 56 | | | 95 | | | 87 |
| TOTAL IMPORTS^{2f} | | | 14960 | | | 16417 | | | 17073 | | | 12106 | | | 9767 | | | 11489 | | | 12084 |
| Conceptual and Coverage Adjustments ^{3f} | | | 109 | | | 162 | | | 211 | | | 100 | | | 73 | | | 46 | | | 42 |
| TOTAL IMPORTS, BPM5 | | | 15069 | | | 16579 | | | 17284 | | | 12206 | | | 9840 | | | 11535 | | | 12126 |

¹ Volume in million barrels; unit price in U.S.\$/barrel

^{2f} Include valuation adjustments to NSO data.

^{3f} Include adjustments on aircrafts both acquired under operational and financial agreements.

^{ff} Based on the adjustments made by NSO that was released on 14 May 2009.

^{pf} Preliminary

Note: Valuation adjustments include:

a.) Adjustments to NSO's raw material imports for electronics exports for 2008 and 2009.

12 INTERNATIONAL RESERVES OF THE BANGKO SENTRAL NG PILIPINASas of periods indicated
in million US dollars

| | 2007 | | 2008 | | | | 2009 | | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Sep | Dec | Mar | Jun | Sep | Dec | Mar | Jun | Sep |
| Gross International Reserves | 30,902 | 33,751 | 36,624 | 36,712 | 36,697 | 37,551 | 39,041 | 39,490 | 42,529 |
| Gold | 3,034 | 3,541 | 3,834 | 3,963 | 3,848 | 4,358 | 4,547 | 4,712 | 5,010 |
| SDRs | ... | 1 | ... | 13 | 11 | 11 | 10 | 10 | 1,153 |
| Foreign Investments | 27,500 | 29,715 | 32,275 | 32,223 | 32,293 | 32,066 | 33,415 | 33,938 | 35,798 |
| Foreign Exchange | 232 | 356 | 371 | 370 | 409 | 981 | 938 | 694 | 429 |
| Reserve Position in the Fund | 136 | 138 | 144 | 143 | 136 | 135 | 131 | 136 | 139 |
| Net International Reserves | 30,880 | 33,744 | 36,603 | 36,206 | 35,776 | 36,036 | 37,507 | 38,466 | 41,893 |

... Less than US\$1 million

Source: Bangko Sentral ng Pilipinas

13 EXCHANGE RATES OF THE PESOpesos per unit of foreign currency
period averages

| | US Dollar | Japanese Yen | Euro | Pound Sterling | Singapore Dollar | Hongkong Dollar | Malaysian Ringgit | Thailand Baht | Indonesian Rupiah | New Taiwan Dollar | South Korean Won |
|-------------|----------------|---------------|----------------|----------------|------------------|-----------------|-------------------|---------------|-------------------|-------------------|------------------|
| 2006 | 51.3143 | 0.4414 | 64.4473 | 94.5112 | 32.3020 | 6.6060 | 13.9972 | 1.3542 | 0.0056 | 1.5793 | 0.0538 |
| Jan | 52.6171 | 0.4556 | 63.7042 | 92.8324 | 32.1999 | 6.7862 | 14.0198 | 1.3259 | 0.0056 | 1.6401 | 0.0534 |
| Feb | 51.8168 | 0.4393 | 61.9465 | 90.6459 | 31.8151 | 6.6780 | 13.9022 | 1.3181 | 0.0056 | 1.6059 | 0.0535 |
| Mar | 51.2189 | 0.4369 | 61.5913 | 89.4037 | 31.5942 | 6.6012 | 13.8282 | 1.3149 | 0.0056 | 1.5784 | 0.0526 |
| Apr | 51.3597 | 0.4392 | 63.0480 | 90.7294 | 32.0753 | 6.6216 | 14.0217 | 1.3509 | 0.0058 | 1.5896 | 0.0539 |
| May | 52.1273 | 0.4665 | 66.5628 | 97.4332 | 33.0791 | 6.7228 | 14.4436 | 1.3733 | 0.0058 | 1.6424 | 0.0554 |
| Jun | 53.1567 | 0.4639 | 67.3326 | 98.0421 | 33.4184 | 6.8472 | 14.5203 | 1.3861 | 0.0057 | 1.6393 | 0.0557 |
| Jul | 52.3976 | 0.4531 | 66.5248 | 96.5927 | 33.0911 | 6.7410 | 14.2894 | 1.3794 | 0.0057 | 1.6085 | 0.0552 |
| Aug | 51.3618 | 0.4434 | 65.7810 | 97.1914 | 32.5999 | 6.6051 | 13.9870 | 1.3656 | 0.0057 | 1.5672 | 0.0535 |
| Sep | 50.4012 | 0.4304 | 64.2297 | 95.1559 | 31.9415 | 6.4776 | 13.7408 | 1.3468 | 0.0055 | 1.5325 | 0.0528 |
| Oct | 50.0038 | 0.4215 | 63.1181 | 93.7642 | 31.6691 | 6.4222 | 13.5934 | 1.3393 | 0.0055 | 1.5076 | 0.0525 |
| Nov | 49.8434 | 0.4248 | 64.1818 | 95.2013 | 32.0308 | 6.4048 | 13.6844 | 1.3641 | 0.0055 | 1.5188 | 0.0533 |
| Dec | 49.4670 | 0.4222 | 65.3468 | 97.1423 | 32.1094 | 6.3642 | 13.9351 | 1.3859 | 0.0054 | 1.5220 | 0.0535 |
| 2007 | 46.1484 | 0.3919 | 63.1489 | 92.3479 | 30.6124 | 5.9149 | 13.4272 | 1.4331 | 0.0051 | 1.4047 | 0.0497 |
| Jan | 48.9143 | 0.4065 | 63.5771 | 95.8111 | 31.8211 | 6.2725 | 13.9459 | 1.3873 | 0.0054 | 1.4942 | 0.0523 |
| Feb | 48.3814 | 0.4015 | 63.2780 | 94.7725 | 31.5548 | 6.1939 | 13.8438 | 1.4295 | 0.0053 | 1.4677 | 0.0517 |
| Mar | 48.5172 | 0.4136 | 64.2540 | 94.4978 | 31.8232 | 6.2098 | 13.9001 | 1.4869 | 0.0053 | 1.4700 | 0.0515 |
| Apr | 47.8224 | 0.4023 | 64.6526 | 95.1116 | 31.5719 | 6.1195 | 13.9198 | 1.4759 | 0.0053 | 1.4431 | 0.0514 |
| May | 46.8141 | 0.3875 | 63.2659 | 92.8791 | 30.7444 | 5.9870 | 13.7642 | 1.4260 | 0.0053 | 1.4069 | 0.0505 |
| Jun | 46.1602 | 0.3765 | 61.9562 | 91.7086 | 30.0453 | 5.9077 | 13.4189 | 1.4291 | 0.0051 | 1.3996 | 0.0497 |
| Jul | 45.6251 | 0.3751 | 62.5667 | 92.7695 | 30.0855 | 5.8353 | 13.2708 | 1.4972 | 0.0050 | 1.3911 | 0.0497 |
| Aug | 46.0737 | 0.3936 | 62.7822 | 92.7444 | 30.2786 | 5.8936 | 13.2484 | 1.4677 | 0.0049 | 1.3984 | 0.0494 |
| Sep | 46.1315 | 0.4007 | 64.0563 | 93.1168 | 30.4991 | 5.9266 | 13.2751 | 1.4403 | 0.0049 | 1.3966 | 0.0496 |
| Oct | 44.3803 | 0.3830 | 63.0922 | 90.7106 | 30.2360 | 5.7226 | 13.1397 | 1.4079 | 0.0049 | 1.3627 | 0.0485 |
| Nov | 43.2176 | 0.3902 | 63.5045 | 89.5467 | 29.8806 | 5.5563 | 12.8856 | 1.3772 | 0.0047 | 1.3369 | 0.0471 |
| Dec | 41.7429 | 0.3721 | 60.8011 | 84.5059 | 28.8081 | 5.3535 | 12.5145 | 1.3720 | 0.0045 | 1.2890 | 0.0449 |
| 2008 | 44.4746 | 0.4320 | 65.1686 | 82.0696 | 31.4224 | 5.7126 | 13.3387 | 1.3403 | 0.0046 | 1.4105 | 0.0409 |
| Jan | 40.9381 | 0.3794 | 60.2229 | 80.6191 | 28.5977 | 5.2452 | 12.5225 | 1.3241 | 0.0044 | 1.2652 | 0.0435 |
| Feb | 40.6711 | 0.3793 | 59.9526 | 79.8763 | 28.8042 | 5.2160 | 12.6119 | 1.2462 | 0.0044 | 1.2834 | 0.0431 |
| Mar | 41.2524 | 0.4080 | 63.9347 | 82.6259 | 29.8056 | 5.3011 | 12.9528 | 1.3114 | 0.0045 | 1.3487 | 0.0423 |
| Apr | 41.8196 | 0.4078 | 65.9431 | 82.8476 | 30.6768 | 5.3681 | 13.2289 | 1.3254 | 0.0046 | 1.3780 | 0.0424 |
| May | 42.9020 | 0.4116 | 66.7637 | 84.3039 | 31.4236 | 5.5010 | 13.3520 | 1.3383 | 0.0046 | 1.4028 | 0.0414 |
| Jun | 44.2806 | 0.4142 | 68.8648 | 87.0966 | 32.3776 | 5.6717 | 13.6069 | 1.3360 | 0.0048 | 1.4579 | 0.0430 |
| Jul | 44.9563 | 0.4211 | 70.8947 | 89.4501 | 33.0921 | 5.7638 | 13.8360 | 1.3428 | 0.0049 | 1.4795 | 0.0442 |
| Aug | 44.8769 | 0.4107 | 67.4100 | 85.1592 | 32.0244 | 5.7480 | 13.5226 | 1.3278 | 0.0049 | 1.4409 | 0.0431 |
| Sep | 46.6922 | 0.4376 | 67.2060 | 84.1501 | 32.6927 | 5.9949 | 13.5796 | 1.3622 | 0.0050 | 1.4622 | 0.0414 |
| Oct | 48.0252 | 0.4800 | 63.9365 | 81.3420 | 32.5491 | 6.1897 | 13.6507 | 1.3963 | 0.0049 | 1.4706 | 0.0364 |
| Nov | 49.1862 | 0.5074 | 62.6132 | 75.3922 | 32.6794 | 6.3461 | 13.7308 | 1.4037 | 0.0043 | 1.4872 | 0.0356 |
| Dec | 48.0942 | 0.5269 | 64.2812 | 71.9729 | 32.3452 | 6.2054 | 13.4694 | 1.3698 | 0.0043 | 1.4494 | 0.0347 |
| 2009 | 47.9269 | 0.5060 | 65.4394 | 73.9482 | 32.5363 | 6.1830 | 13.4526 | 1.3833 | 0.0045 | 1.4406 | 0.0367 |
| Jan | 47.2072 | 0.5228 | 62.6701 | 68.3791 | 31.6926 | 6.0863 | 13.2285 | 1.3530 | 0.0043 | 1.4155 | 0.0349 |
| Feb | 47.5846 | 0.5150 | 60.9572 | 68.6566 | 31.4078 | 6.1374 | 13.1165 | 1.3502 | 0.0040 | 1.3930 | 0.0333 |
| Mar | 48.4580 | 0.4964 | 63.2114 | 68.7991 | 31.6871 | 6.2502 | 13.1809 | 1.3543 | 0.0041 | 1.4104 | 0.0333 |
| Apr | 48.2165 | 0.4884 | 63.5988 | 70.8814 | 32.0682 | 6.2217 | 13.3563 | 1.3613 | 0.0044 | 1.4309 | 0.0361 |
| May | 47.5242 | 0.4924 | 64.8667 | 73.2826 | 32.5209 | 6.1318 | 13.4932 | 1.3723 | 0.0046 | 1.4459 | 0.0379 |
| Jun | 47.9053 | 0.4962 | 67.1473 | 78.3786 | 32.9966 | 6.1811 | 13.6332 | 1.4038 | 0.0047 | 1.4619 | 0.0381 |
| Jul | 48.1460 | 0.5096 | 67.7776 | 78.8394 | 33.2248 | 6.2127 | 13.5836 | 1.4148 | 0.0048 | 1.4642 | 0.0382 |
| Aug | 48.1607 | 0.5068 | 68.6511 | 79.7093 | 33.4091 | 6.2141 | 13.7005 | 1.4163 | 0.0048 | 1.4663 | 0.0389 |
| Sep | 48.1394 | 0.5262 | 70.0747 | 78.6075 | 33.8202 | 6.2116 | 13.7812 | 1.4234 | 0.0049 | 1.4777 | 0.0396 |

Source: Bangko Sentral ng Pilipinas

13a EXCHANGE RATES OF THE PESOunits of foreign currency per peso
period averages

| | US Dollar | Japanese Yen | Euro | Pound Sterling | Singapore Dollar | Hongkong Dollar | Malaysian Ringgit | Thailand Baht | Indonesian Rupiah | New Taiwan Dollar | South Korean Won |
|-------------|---------------|---------------|---------------|----------------|------------------|-----------------|-------------------|---------------|-------------------|-------------------|------------------|
| 2006 | 0.0195 | 2.2681 | 0.0155 | 0.0106 | 0.0310 | 0.1515 | 0.0715 | 0.7387 | 178.4957 | 0.6338 | 18.6093 |
| Jan | 0.0190 | 2.1951 | 0.0157 | 0.0108 | 0.0311 | 0.1474 | 0.0713 | 0.7542 | 179.8855 | 0.6097 | 18.7250 |
| Feb | 0.0193 | 2.2763 | 0.0161 | 0.0110 | 0.0314 | 0.1497 | 0.0719 | 0.7587 | 178.7310 | 0.6227 | 18.7021 |
| Mar | 0.0195 | 2.2886 | 0.0162 | 0.0112 | 0.0317 | 0.1515 | 0.0723 | 0.7605 | 178.7102 | 0.6335 | 19.0256 |
| Apr | 0.0195 | 2.2771 | 0.0159 | 0.0110 | 0.0312 | 0.1510 | 0.0713 | 0.7402 | 173.9130 | 0.6291 | 18.5624 |
| May | 0.0192 | 2.1439 | 0.0150 | 0.0103 | 0.0302 | 0.1487 | 0.0692 | 0.7282 | 172.4138 | 0.6089 | 18.0535 |
| Jun | 0.0188 | 2.1556 | 0.0149 | 0.0102 | 0.0299 | 0.1460 | 0.0689 | 0.7215 | 175.8794 | 0.6100 | 17.9564 |
| Jul | 0.0191 | 2.2068 | 0.0150 | 0.0104 | 0.0302 | 0.1483 | 0.0700 | 0.7250 | 174.3679 | 0.6217 | 18.1291 |
| Aug | 0.0195 | 2.2552 | 0.0152 | 0.0103 | 0.0307 | 0.1514 | 0.0715 | 0.7323 | 176.9912 | 0.6381 | 18.7075 |
| Sep | 0.0198 | 2.3235 | 0.0156 | 0.0105 | 0.0313 | 0.1544 | 0.0728 | 0.7425 | 181.1249 | 0.6525 | 18.9356 |
| Oct | 0.0200 | 2.3722 | 0.0158 | 0.0107 | 0.0316 | 0.1557 | 0.0736 | 0.7467 | 182.9268 | 0.6633 | 19.0580 |
| Nov | 0.0201 | 2.3540 | 0.0156 | 0.0105 | 0.0312 | 0.1561 | 0.0731 | 0.7331 | 182.7676 | 0.6584 | 18.7651 |
| Dec | 0.0202 | 2.3685 | 0.0153 | 0.0103 | 0.0311 | 0.1571 | 0.0718 | 0.7216 | 184.2375 | 0.6570 | 18.6916 |
| 2007 | 0.0217 | 2.5545 | 0.0158 | 0.0108 | 0.0327 | 0.1694 | 0.0746 | 0.6984 | 198.5004 | 0.7131 | 20.1635 |
| Jan | 0.0204 | 2.4603 | 0.0157 | 0.0104 | 0.0314 | 0.1594 | 0.0717 | 0.7208 | 185.0294 | 0.6693 | 19.1354 |
| Feb | 0.0207 | 2.4904 | 0.0158 | 0.0106 | 0.0317 | 0.1614 | 0.0722 | 0.6996 | 187.2659 | 0.6813 | 19.3592 |
| Mar | 0.0206 | 2.4179 | 0.0156 | 0.0106 | 0.0314 | 0.1610 | 0.0719 | 0.6726 | 188.6792 | 0.6803 | 19.4312 |
| Apr | 0.0209 | 2.4859 | 0.0155 | 0.0105 | 0.0317 | 0.1634 | 0.0718 | 0.6776 | 190.4762 | 0.6930 | 19.4637 |
| May | 0.0214 | 2.5803 | 0.0158 | 0.0108 | 0.0325 | 0.1670 | 0.0727 | 0.7013 | 188.5099 | 0.7108 | 19.8095 |
| Jun | 0.0217 | 2.6558 | 0.0161 | 0.0109 | 0.0333 | 0.1693 | 0.0745 | 0.6998 | 194.7420 | 0.7145 | 20.1025 |
| Jul | 0.0219 | 2.6663 | 0.0160 | 0.0108 | 0.0332 | 0.1714 | 0.0754 | 0.6679 | 198.3769 | 0.7189 | 20.1318 |
| Aug | 0.0217 | 2.5404 | 0.0159 | 0.0108 | 0.0330 | 0.1697 | 0.0755 | 0.6814 | 203.0948 | 0.7151 | 20.2410 |
| Sep | 0.0217 | 2.4957 | 0.0156 | 0.0107 | 0.0328 | 0.1687 | 0.0753 | 0.6943 | 202.2245 | 0.7160 | 20.1715 |
| Oct | 0.0225 | 2.6109 | 0.0158 | 0.0110 | 0.0331 | 0.1747 | 0.0761 | 0.7103 | 205.2786 | 0.7338 | 20.6186 |
| Nov | 0.0231 | 2.5627 | 0.0157 | 0.0112 | 0.0335 | 0.1800 | 0.0776 | 0.7261 | 214.4470 | 0.7480 | 21.2314 |
| Dec | 0.0240 | 2.6877 | 0.0164 | 0.0118 | 0.0347 | 0.1868 | 0.0799 | 0.7288 | 223.8806 | 0.7758 | 22.2662 |
| 2008 | 0.0226 | 2.3389 | 0.0154 | 0.0122 | 0.0319 | 0.1758 | 0.0750 | 0.7468 | 216.7307 | 0.7110 | 24.6012 |
| Jan | 0.0244 | 2.6361 | 0.0166 | 0.0124 | 0.0350 | 0.1907 | 0.0799 | 0.7552 | 229.4056 | 0.7904 | 23.0150 |
| Feb | 0.0246 | 2.6364 | 0.0167 | 0.0125 | 0.0347 | 0.1917 | 0.0793 | 0.8024 | 225.9887 | 0.7792 | 23.2072 |
| Mar | 0.0242 | 2.4509 | 0.0156 | 0.0121 | 0.0336 | 0.1886 | 0.0772 | 0.7626 | 221.7036 | 0.7415 | 23.6554 |
| Apr | 0.0239 | 2.4522 | 0.0152 | 0.0121 | 0.0326 | 0.1863 | 0.0756 | 0.7545 | 219.6653 | 0.7257 | 23.5929 |
| May | 0.0233 | 2.4297 | 0.0150 | 0.0119 | 0.0318 | 0.1818 | 0.0749 | 0.7472 | 216.2719 | 0.7128 | 24.1352 |
| Jun | 0.0226 | 2.4142 | 0.0145 | 0.0115 | 0.0309 | 0.1763 | 0.0735 | 0.7485 | 209.4241 | 0.6859 | 23.2748 |
| Jul | 0.0222 | 2.3748 | 0.0141 | 0.0112 | 0.0302 | 0.1735 | 0.0723 | 0.7447 | 203.3599 | 0.6759 | 22.6378 |
| Aug | 0.0223 | 2.4346 | 0.0148 | 0.0117 | 0.0312 | 0.1740 | 0.0740 | 0.7531 | 203.4261 | 0.6940 | 23.2075 |
| Sep | 0.0214 | 2.2854 | 0.0149 | 0.0119 | 0.0306 | 0.1668 | 0.0736 | 0.7341 | 199.4560 | 0.6839 | 24.1307 |
| Oct | 0.0208 | 2.0836 | 0.0156 | 0.0123 | 0.0307 | 0.1616 | 0.0733 | 0.7162 | 205.9925 | 0.6800 | 27.4588 |
| Nov | 0.0203 | 1.9707 | 0.0160 | 0.0133 | 0.0306 | 0.1576 | 0.0728 | 0.7124 | 232.5581 | 0.6724 | 28.1096 |
| Dec | 0.0208 | 1.8981 | 0.0156 | 0.0139 | 0.0309 | 0.1612 | 0.0742 | 0.7301 | 233.5165 | 0.6899 | 28.7892 |
| 2009 | 0.0209 | 1.9938 | 0.0157 | 0.0140 | 0.0312 | 0.1621 | 0.0750 | 0.7323 | 230.8318 | 0.7013 | 28.1739 |
| Jan | 0.0212 | 1.9129 | 0.0160 | 0.0146 | 0.0316 | 0.1643 | 0.0756 | 0.7391 | 235.2941 | 0.7065 | 28.6410 |
| Feb | 0.0210 | 1.9416 | 0.0164 | 0.0146 | 0.0318 | 0.1629 | 0.0762 | 0.7406 | 247.5248 | 0.7179 | 30.0075 |
| Mar | 0.0206 | 2.0147 | 0.0158 | 0.0145 | 0.0316 | 0.1600 | 0.0759 | 0.7384 | 243.9024 | 0.7090 | 30.0300 |
| Apr | 0.0207 | 2.0473 | 0.0157 | 0.0141 | 0.0312 | 0.1607 | 0.0749 | 0.7346 | 228.0912 | 0.6989 | 27.7130 |
| May | 0.0210 | 2.0309 | 0.0154 | 0.0136 | 0.0307 | 0.1631 | 0.0741 | 0.7287 | 217.6279 | 0.6916 | 26.3887 |
| Jun | 0.0209 | 2.0152 | 0.0149 | 0.0128 | 0.0303 | 0.1618 | 0.0734 | 0.7124 | 212.5506 | 0.6840 | 26.2631 |

Source: Bangko Sentral ng Pilipinas

13b EFFECTIVE EXCHANGE RATE INDICES OF THE PESO
December 1980 = 100
period averages

| | N O M I N A L | | | R E A L | | |
|--------------------------|---|---------------------|---------------------|---|---------------------|---------------------|
| | Major Trading Partners ¹ | Competing Countries | | Major Trading Partners ¹ | Competing Countries | |
| | | Broad ² | Narrow ³ | | Broad ² | Narrow ³ |
| 2006 | 12.91 | 28.17 | 55.52 | 69.99 | 109.01 | 153.85 |
| Jan | 12.74 | 28.13 | 55.99 | 67.88 | 107.09 | 153.57 |
| Feb | 13.05 | 28.25 | 55.92 | 70.07 | 107.89 | 153.49 |
| Mar | 13.16 | 28.43 | 55.97 | 70.78 | 109.00 | 153.67 |
| Apr | 13.02 | 27.91 | 54.68 | 69.79 | 106.30 | 148.13 |
| May | 12.52 | 27.36 | 53.87 | 67.13 | 104.73 | 148.90 |
| Jun | 12.38 | 27.39 | 54.36 | 66.92 | 106.77 | 152.28 |
| Jul | 12.57 | 27.54 | 54.29 | 68.84 | 108.22 | 152.87 |
| Aug | 12.78 | 28.07 | 55.16 | 70.13 | 110.82 | 156.62 |
| Sep | 13.08 | 28.62 | 56.29 | 71.25 | 111.72 | 157.78 |
| Oct | 13.26 | 28.90 | 56.86 | 72.51 | 111.56 | 157.45 |
| Nov | 13.18 | 28.72 | 56.55 | 72.40 | 112.04 | 156.32 |
| Dec | 13.16 | 28.66 | 56.33 | 72.12 | 112.00 | 155.07 |
| 2007 | 14.01 | 31.78 | 66.09 | 76.21 | 119.69 | 166.27 |
| Jan | 13.50 | 30.19 | 62.99 | 73.30 | 113.70 | 157.96 |
| Feb | 13.63 | 30.44 | 63.27 | 73.51 | 113.70 | 156.93 |
| Mar | 13.46 | 30.39 | 63.19 | 72.29 | 113.21 | 156.70 |
| Apr | 13.59 | 30.62 | 63.51 | 72.87 | 113.64 | 155.55 |
| May | 13.93 | 30.96 | 63.62 | 74.77 | 115.94 | 159.86 |
| Jun | 14.21 | 31.58 | 65.18 | 76.83 | 120.05 | 166.06 |
| Jul | 14.24 | 31.82 | 65.82 | 78.33 | 122.17 | 168.62 |
| Aug | 14.02 | 32.08 | 67.01 | 77.28 | 123.11 | 172.58 |
| Sep | 13.87 | 32.00 | 66.97 | 75.78 | 121.31 | 170.04 |
| Oct | 14.32 | 32.64 | 68.02 | 78.07 | 121.44 | 170.44 |
| Nov | 14.41 | 33.65 | 70.49 | 78.88 | 126.86 | 176.71 |
| Dec | 15.01 | 34.94 | 73.07 | 82.62 | 131.17 | 183.81 |
| 2008 ^f | 13.79 | 36.40 | 74.58 | 80.10 | 136.23 | 181.78 |
| Jan | 15.01 | 38.10 | 78.48 | 83.62 | 138.90 | 187.77 |
| Feb | 15.08 | 38.04 | 78.22 | 83.90 | 137.13 | 185.32 |
| Mar | 14.45 | 37.30 | 76.36 | 80.74 | 135.55 | 181.76 |
| Apr | 14.23 | 36.83 | 75.46 | 80.92 | 134.71 | 179.22 |
| May | 13.97 | 36.41 | 74.41 | 80.24 | 135.34 | 181.41 |
| Jun | 13.61 | 35.42 | 72.68 | 79.59 | 134.55 | 180.03 |
| Jul | 13.35 | 34.64 | 70.99 | 79.74 | 133.45 | 177.13 |
| Aug | 13.65 | 35.03 | 71.40 | 82.05 | 136.31 | 180.60 |
| Sep | 13.25 | 34.56 | 70.07 | 78.73 | 132.71 | 173.96 |
| Oct | 13.07 | 35.44 | 71.20 | 77.61 | 133.82 | 174.68 |
| Nov | 12.93 | 37.23 | 77.49 | 77.40 | 140.99 | 189.35 |
| Dec | 12.87 | 37.76 | 78.20 | 76.70 | 141.27 | 190.07 |
| 2009 ^f | 12.91 | 36.73 | 75.58 | 77.46 | 139.62 | 185.29 |
| Jan | 13.13 | 38.11 | 78.84 | 78.06 | 142.69 | 190.72 |
| Feb | 13.25 | 39.33 | 82.01 | 78.71 | 147.15 | 197.35 |
| Mar | 13.06 | 38.97 | 81.19 | 77.69 | 145.86 | 195.45 |
| Apr | 13.09 | 37.25 | 77.06 | 78.16 | 139.61 | 184.66 |
| May | 13.05 | 36.24 | 74.50 | 78.02 | 137.22 | 183.45 |
| Jun | 12.81 | 35.61 | 72.72 | 76.83 | 136.98 | 181.41 |
| Jul | 12.68 | 35.36 | 72.05 | 77.14 | 136.93 | 180.09 |
| Aug | 12.63 | 34.99 | 71.20 | 76.90 | 136.04 | 178.73 |
| Sep | 12.47 | 34.70 | 70.67 | 75.64 ^E | 134.10 ^E | 175.74 ^E |

¹ US, Japan, European Monetary Union, United Kingdom

² Singapore, South Korea, Taiwan, Malaysia, Thailand, Indonesia, Hongkong

³ Indonesia, Malaysia, Thailand

^f Revised using the preliminary data on trade weights for 2008

^E Estimate using the average inflation rate of the previous two months

Source: Bangko Sentral ng Pilipinas

14 TOTAL EXTERNAL DEBT ¹

 as of periods indicated
 in million US dollars

| | June 30, 2009 | | | | September 30, 2009 | | | |
|-----------------------------|---------------|---------------|---------------------------|--------------------|--------------------|---------------|---------------------------|--------------------|
| | Short-term | | Medium & Long- Term | Total | Short-term | | Medium & Long- Term | Total |
| | Trade | Non- Trade | | | Trade | Non- Trade | | |
| Grand Total | 2,788 | 2,966 | 46,072 | 51,825 | 2,329 | 2,748 | 48,057 | 53,135 |
| Public Sector | - | 1,216 | 38,080 ^a | 39,296 | - | 830 | 40,139 ^a | 40,969 |
| Banks | - | 1,216 | 2,748 | 3,964 | - | 830 | 2,845 | 3,675 |
| Bangko Sentral ng Pilipinas | - | 1,000 | 237 | 1,237 | - | 600 | 209 | 809 |
| Others | - | 216 | 2,511 | 2,727 | - | 230 | 2,636 | 2,866 |
| Non-Banks | - | - | 35,332 | 35,332 | - | - | 37,294 | 37,294 |
| CB-BOL | - | - | 30 | 30 | - | - | 27 | 27 |
| NG and Others | - | - | 35,302 | 35,302 | - | - | 37,267 | 37,267 |
| Private Sector | 2,788 | 1,750 | 7,992 | 12,529 | 2,329 | 1,918 | 7,918 | 12,165 |
| Banks | - | 1,474 | 341 | 1,815 | - | 1,631 | 385 | 2,016 |
| Foreign Bank Branches | - | 610 | 2 | 612 ^c | - | 813 | 46 | 859 ^c |
| Domestic Banks | - | 864 | 339 | 1,203 ^b | - | 818 | 339 | 1,157 ^b |
| Non-Banks | 2,788 | 276 | 7,651 ^d | 10,714 | 2,329 | 287 | 7,533 ^d | 10,149 |

¹ External debt data were revised from 1990 onwards to reflect the reclassification of offshore banking units (OBUs) from non-resident to resident entities for statistical purposes. Starting March 2004, debt stock is adjusted to exclude holdings of residents of Philippine debt papers booked under the Trust Department of commercial banks. Total external debt covers BSP-approved/registered debt owed to non-residents, with classification by borrower based on primary obligor per covering loan/rescheduling agreement/document.

² Inclusions

| | ##### | Sep 30, 2009 |
|---|--------------|----------------|
| ^a Cumulative foreign exchange revaluation on US dollar-denominated multi-currency loans from Asian Development Bank and World Bank | 146 | 215 |
| ^b Liabilities of private development and rural banks | 8 | 8 |
| <u>Exclusions</u> | | |
| ^c Due to Head Office/Branches Abroad accounts of branches and offshore banking units of foreign banks operating in the Philippines | 2,810 | 2,832 |
| ^d Obligations under various capital lease agreements; Loans without BSP approval/registration | 997 5,970 | 1,068 6,261 |

Source: Bangko Sentral ng Pilipinas

15 SELECTED FOREIGN INTEREST RATES
period averages; in percent

| | 2007 | | | | 2008 | | | | 2009 | | |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| US Prime Rate | 8.2500 | 8.2500 | 8.1750 | 7.5203 | 6.1962 | 5.0947 | 5.0000 | 4.0438 | 3.2500 | 3.2500 | 3.2500 |
| US Discount Rate | 6.2500 | 6.2500 | 5.9598 | 5.0392 | 3.6989 | 2.3371 | 2.2500 | 1.3990 | 0.6625 | 0.5000 | 0.5000 |
| US Federal Funds Rate | 5.2627 | 5.2468 | 5.0345 | 4.4119 | 3.0942 | 1.9385 | 1.8541 | 0.4070 | 0.2015 | 0.1823 | 0.1629 |
| LIBOR (90 days) | 5.3555 | 5.3579 | 5.4454 | 5.0293 | 3.2626 | 2.7508 | 2.9068 | 2.7229 | 1.2413 | 0.8473 | 0.4126 |
| SIBOR (90 days) | 5.3604 | 5.3617 | 5.4544 | 5.0436 | 3.2735 | 2.7695 | 2.9347 | 2.7218 | 1.2417 | 0.8611 | 0.4295 |

Source: Bloomberg, Asian Wall Street Journal, Reuters

16 BALANCE SHEET OF THE BANGKO SENTRAL NG PILIPINAS
as of periods indicated
in billion pesos

| | 2007 | | | | 2008 | | | | 2009 | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|
| | Mar | Jun | Sep | Dec | Mar | Jun | Sep | Dec ^u | Mar ^u | Jun ^u | Sep ^u |
| Assets | 1,677.5 | 1,731.0 | 1,915.6 | 2,035.1 | 2,107.6 | 2,219.1 | 2,305.5 | 2,344.8 | 2,394.6 | 2,411.6 | 2,536.2 |
| International Reserves | 1,183.8 | 1,214.0 | 1,383.7 | 1,391.9 | 1,523.3 | 1,641.8 | 1,728.1 | 1,782.8 | 1,884.1 | 1,895.2 | 2,010.3 |
| Foreign Exchange Receivable | 4.1 | 0.0 | | 0.0 | 0.0 | 0.0 | | 0.0 | 0.0 | 0.0 | 0.0 |
| Domestic Securities | 258.7 | 258.1 | 270.0 | 329.3 | 340.5 | 323.8 | 326.8 | 315.7 | 274.8 | 249.3 | 250.7 |
| Loans and Advances | 118.8 | 112.0 | 105.9 | 103.8 | 107.5 | 107.7 | 115.7 | 131.3 | 118.8 | 146.5 | 152.3 |
| Revaluation of International Reserves | | 41.7 | 49.8 | 102.9 | 15.1 | 0.0 | | 0.0 | 0.0 | 0.0 | 0.0 |
| Bank Premises and Other Fixed Assets | 12.1 | 12.2 | 12.2 | 12.3 | 12.3 | 12.0 | 12.2 | 12.3 | 12.4 | 12.3 | 12.4 |
| Derivative Instruments | | | | | | 11.7 | 4.7 | 0.4 | 0.6 | 1.2 | 0.0 |
| Other Assets | 100.0 | 93.2 | 94.1 | 94.8 | 108.9 | 122.1 | 118.0 | 102.4 | 103.9 | 107.1 | 110.5 |
| Liabilities | 1,417.2 | 1,505.1 | 1,684.5 | 1,860.7 | 1,959.0 | 2,061.3 | 2,116.5 | 2,103.8 | 2,145.1 | 2,174.3 | 2,298.2 |
| Currency Issue | 347.2 | 348.2 | 343.3 | 433.9 | 385.6 | 384.2 | 394.9 | 545.1 | 450.6 | 446.7 | 452.9 |
| Deposits | 686.9 | 901.2 | 1,070.9 | 1,060.0 | 1,270.8 | 1,228.6 | 1,306.6 | 1,029.5 | 1,146.0 | 1,205.8 | 1,333.5 |
| Reserve Deposits of Banks & Other FIs | 426.8 | 419.6 | 418.6 | 412.4 | 423.5 | 473.2 | 450.4 | 414.4 | 410.9 | 426.6 | 440.3 |
| of which: | | | | | | | | | | | |
| DMBs | 401.4 | 395.5 | 396.0 | 391.5 | 400.7 | 447.5 | 426.5 | 395.1 | 392.6 | 405.2 | 420.9 |
| Special Deposit Accounts | 53.9 | 282.0 | 468.0 | 385.5 | 596.5 | 451.0 | 558.2 | 402.4 | 532.7 | 585.5 | 617.5 |
| Other Deposits of Banks & Other FIs | 2.7 | 2.6 | 2.5 | 2.6 | 2.4 | 2.4 | 2.2 | 2.0 | 1.9 | 1.9 | 0.8 |
| Treasurer of the Philippines | 119.6 | 111.3 | 106.9 | 167.4 | 160.9 | 181.8 | 185.0 | 141.9 | 77.1 | 67.0 | 129.7 |
| Other Foreign Currency Deposits | 17.2 | 18.1 | 10.2 | 28.1 | 23.5 | 22.7 | 18.6 | 3.1 | 28.2 | 12.4 | 19.9 |
| Foreign Financial Institutions | 55.0 | 52.1 | 52.0 | 52.0 | 51.9 | 48.4 | 48.3 | 48.2 | 48.2 | 51.6 | 51.6 |
| Other Deposits | 11.7 | 15.4 | 12.7 | 12.1 | 12.1 | 49.0 | 43.8 | 17.6 | 47.0 | 60.7 | 73.6 |
| Foreign Loans Payable | 15.9 | 6.7 | 6.2 | 5.9 | 5.7 | 28.4 | 48.0 | 78.0 | 78.5 | 54.2 | 33.8 |
| Foreign Bonds Payable | 39.7 | 36.4 | 36.1 | 32.6 | 33.5 | 35.3 | 37.9 | 33.4 | 34.6 | 33.7 | 33.8 |
| Derivative Instruments | 0.1 | 2.1 | 4.9 | 18.3 | 0.2 | 0.1 | 0.5 | 0.4 | 0.0 | 0.4 | 5.7 |
| Allocation of SDRs | 8.5 | 8.2 | 8.2 | 7.7 | 8.0 | 8.6 | 8.6 | 8.6 | 8.4 | 8.7 | 63.0 |
| Revaluation of International Reserves ¹ | 3.2 | 0.0 | | 0.0 | 0.0 | 60.5 | 106.0 | 149.8 | 148.4 | 136.7 | 148.9 |
| BSP Debt Instruments | 307.8 | 194.4 | 206.1 | 295.2 | 247.9 | 307.3 | 207.2 | 252.5 | 272.8 | 274.9 | 215.8 |
| Other Liabilities | 7.8 | 7.9 | 8.7 | 7.2 | 7.1 | 8.4 | 6.7 | 6.4 | 5.7 | 13.2 | 10.8 |
| Net Worth | 260.3 | 225.9 | 231.1 | 174.4 | 148.6 | 157.7 | 189.0 | 241.0 | 249.5 | 237.3 | 238.0 |
| Capital | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Surplus/Reserves | 250.3 | 215.9 | 221.1 | 164.4 | 138.6 | 147.7 | 179.0 | 231.0 | 239.5 | 227.3 | 228.0 |

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

^u Unaudited. Starting with end-December 2005, BSP financial statements have been prepared in compliance with some of the requirements of the Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS) both of which have been aligned with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

¹ Starting January 2004, all revaluation accounts, namely, FX differential account, revaluation of international reserves, revaluation of gold holdings-price fluctuation were consolidated in the account "revaluation of international reserves".

Source: Bangko Sentral ng Pilipinas

17 INCOME POSITION OF THE BANGKO SENTRAL NG PILIPINAS

for periods indicated

in billion pesos

| | 2007 | | | | | 2008 | | | | | 2009 | | | |
|--|---------------|----------------|---------------|----------------|---------------------|----------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|
| | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 ^u | FY ^u | Q1 ^u | Q2 ^u | Q3 ^u | Jan-Sep ^u |
| Revenues | 14.248 | 24.304 | 28.372 | 26.888 | 93.812 | 22.809 | 19.632 | 24.156 | 28.439 | 95.036 | 22.150 | 23.420 | 24.303 | 69.873 |
| Interest Income | 14.057 | 15.105 | 17.011 | 17.414 | 63.587 | 17.518 | 18.107 | 17.069 | 15.533 | 68.227 | 15.031 | 17.148 | 14.300 | 46.479 |
| International Reserves | 10.348 | 11.770 | 13.690 | 13.383 | 49.191 | 13.288 | 13.616 | 11.565 | 10.666 | 49.135 | 9.714 | 9.862 | 9.423 | 28.999 |
| Domestic Securities | 2.703 | 2.557 | 2.474 | 2.771 | 10.505 | 3.421 | 3.514 | 3.659 | 3.998 | 14.592 | 3.733 | 5.754 | 3.129 | 12.616 |
| Loans and Advances | 0.915 | 0.803 | 0.755 | 1.218 | 3.691 | 0.773 | 0.660 | 1.369 | 0.360 | 3.162 | 1.151 | 1.059 | 1.179 | 3.389 |
| Others | 0.091 | -0.025 | 0.092 | 0.042 | 0.200 | 0.036 | 0.317 | 0.476 | 0.509 | 1.338 | 0.433 | 0.473 | 0.569 | 1.475 |
| Miscellaneous Income | 0.100 | 9.028 | 11.325 | 9.424 | 29.877 ^a | 5.245 | 1.411 | 6.974 | 12.817 | 26.447 | 7.034 | 6.146 | 9.850 | 23.030 |
| Net Income from Branches | 0.091 | 0.171 | 0.036 | 0.050 | 0.348 | 0.046 | 0.114 | 0.113 | 0.089 | 0.362 | 0.085 | 0.126 | 0.153 | 0.364 |
| Expenses | 13.181 | 15.268 | 19.109 | 19.487 | 67.045 | 19.133 | 20.465 | 23.033 | 23.646 | 86.277 | 19.523 | 22.162 | 19.584 | 61.269 |
| Interest Expenses | 10.825 | 11.742 | 15.349 | 15.099 | 53.015 | 16.613 | 17.096 | 19.165 | 19.005 | 71.879 | 16.561 | 15.329 | 14.785 | 46.675 |
| Legal Reserve Deposits of Banks | 2.738 | 2.504 | 2.549 | 2.705 | 10.496 | 2.951 | 3.026 | 3.613 | 4.301 | 13.891 | 4.142 | 3.472 | 3.492 | 11.106 |
| National Government Deposits | 1.343 | 1.671 | 1.473 | 0.474 | 4.961 | 1.878 | 1.971 | 2.830 | 2.246 | 8.925 | 1.378 | 1.142 | 0.569 | 3.089 |
| BSP Debt Instruments | 4.144 | 3.914 | 3.305 | 3.437 | 14.800 | 3.063 | 3.685 | 3.690 | 3.606 | 14.044 | 2.722 | 2.141 | 2.107 | 6.970 |
| Special Deposit Accounts | 0.957 | 2.656 | 7.125 | 7.547 | 18.285 | 7.788 | 7.409 | 7.366 | 7.391 | 29.954 | 6.896 | 7.205 | 7.258 | 21.359 |
| Loans Payable and Other | | | | | | | | | | | | | | |
| Foreign Currency Deposits | 1.643 | 0.984 | 0.881 | 0.933 | 4.441 | 0.933 | 0.918 | 1.107 | 1.305 | 4.263 | 1.157 | 1.131 | 0.988 | 3.276 |
| Other Liabilities | 0.000 | 0.013 | 0.016 | 0.003 | 0.032 | 0.000 | 0.087 | 0.559 | 0.156 | 0.802 | 0.266 | 0.238 | 0.371 | 0.875 |
| Cost of Minting/Printing of Currency | 0.432 | 0.768 | 0.718 | 1.213 | 3.131 | 0.462 | 0.805 | 0.886 | 1.414 | 3.567 | 0.690 | 0.999 | 1.051 | 2.740 |
| Taxes and Licenses | 0.301 | 0.272 | 0.180 | 0.161 | 0.914 | 0.239 | 0.161 | 0.148 | 0.157 | 0.705 | 0.253 | 2.810 | 0.655 | 3.718 |
| Others | 1.623 | 2.486 | 2.862 | 3.014 | 9.985 | 1.819 | 2.403 | 2.834 | 3.070 | 10.126 | 2.019 | 3.024 | 3.093 | 8.136 |
| Net Income Before Gain/Loss(-) on FXR and Price Fluctuations, | | | | | | | | | | | | | | |
| Provisions for Income Tax and Capital Reserves | 1.067 | 9.036 | 9.263 | 7.401 | 26.767 | 3.676 | -0.833 | 1.123 | 4.793 | 8.759 | 2.627 | 1.258 | 4.719 | 8.604 |
| Gain/Loss(-) on Foreign Exchange Rate and Price Fluctuations | -5.161 | -36.669 | -6.463 | -65.417 | -113.710 | -28.479 | 18.048 | 10.431 | 0.527 | 0.527 | 0.285 | -1.076 | -3.733 | -4.524 |
| Provision for Income Tax | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.285 | 0.074 | 0.359 | 0.000 | 0.003 | 0.000 | 0.003 |
| Capital Reserves | | | | | | | | | | | | | | |
| Net Income Available for Distribution | -4.094 | -27.633 | 2.800 | -58.016 | -86.943 | -24.803 | 17.215 | 11.269 | 5.246 | 8.927 | 2.912 | 0.179 | 0.986 | 4.077 |

^u Unaudited. Starting with end-December 2005, BSP financial statements have been prepared in compliance with some of the requirements of the Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS), both of which have been aligned with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

Thus, December 2005 to December 2007 figures are not comparable with those in prior periods.

Source: Bangko Sentral ng Pilipinas