



Bangko Sentral ng Pilipinas

PRESS RELEASE

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Bank Lending Continues to Expand in November

Bank lending, net of banks' reverse repurchase (RRP) placements with the BSP, grew by 6.6 percent year-on-year. The expansion was faster than the previous month's growth of 4.7 percent. Outstanding loans of commercial banks, including RRP, grew by 2.6 percent, unchanged from the growth posted in October 2009, to reach P2.3 trillion at end-November 2009. On a month-on-month seasonally-adjusted basis, commercial banks' lending in November increased by 0.6 percent for loans inclusive of RRP, and by 2.0 percent for loans net of RRP.

Preliminary data showed that loans for production activities expanded year-on-year by 6.7 percent in November, higher than the 4.2 percent growth reported in the previous month. Growth in consumption loans was broadly unchanged at 3.8 percent this month from 3.9 percent in the previous month, following the sustained growth in auto loans and credit card lending, which was offset by the steeper contraction in other types of consumption loans.

Loans extended to the following productive sectors, which comprised about half (54 percent) of total loans, were the major contributors to lending growth: agriculture, hunting, and forestry (which grew by 18.0 percent); real estate, renting and business services (12.1 percent); transportation, storage & communication (23.7 percent); electricity, gas and water (19.8 percent); financial intermediation (14.9 percent); public administration and defense (34.2 percent); other community, social and personal services (20.6 percent); and hotels and restaurants (29.8 percent). Meanwhile, the rate of contraction in manufacturing loans, which accounted for about 14 percent of total loans, was lower at 16.7 percent relative to that of the previous month, as exports picked up in November 2009. Construction loans also posted their slowest contraction in seven months at 4.5 percent in November.

BSP Governor Amando M. Tetangco, Jr. noted that with lending activity gaining momentum, prospects for a self-sustainable economic recovery are improving. He said that the BSP remains committed to provide the appropriate monetary conditions to sustain credit expansion, while remaining mindful of its primary mandate of safeguarding price stability.

View table: http://www.bsp.gov.ph/publications/tables/2010_01/news-01142010b1.htm

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