

PHILIPPINE INTEREST PAYMENTS SEEN RISING.By **Chaitanya Kalbag**, Reuters

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MANILA, June 5 - The Philippines' interest payments on its foreign debt will increase by 157 million dollars this year if the London Interbank Offered Rate (LIBOR) climbs to an average of 7.5 pct, Central Bank Deputy Governor Edgardo Zialcita said.

"Assuming that the uptrend in LIBOR holds such that the average for the year comes to 7.5 pct, interest payments will go up by 157 million dollars," Zialcita said in a memorandum to Central Bank Governor Jose Fernandez.

In the memorandum, a copy of which was made available to Reuters, Zialcita said LIBOR started rising in February. Zialcita said Libor, the benchmark rate on which commercial banks base their lending, stood at 6.31 pct at the end of 1986 but averaged 7.865 pct for the May 18-22 period.

He said targets drawn up for 1987 by the government and the International Monetary Fund assumed a Libor rate of 6.5 pct. A rise might result in total interest payments in 1987 of two billion dollars, he added.

Manila's foreign debt stood at 28.2 billion dollars at the end of 1986. Zialcita said interest payments by the Philippines totalled 508 million dollars in the first quarter of 1987, 8.8 pct higher than the projected 463 million dollars. Zialcita said the impact of every percentage point change in interest rates was about 130 million dollars on external accounts.

He said the additional outlay would have to be covered by foreign exchange receipts, such as dollar purchases from commercial banks, to meet the country's end-1987 gross international reserves target, set at 3.4 billion dollars.

Zialcita said actual oil import prices averaged 16.69 dollars per barrel during the first quarter, compared to the projected average of 14.98 dollars per barrel. The oil bill was 243 million dollars instead of the projected 221 million. Zialcita said the targeted 18 dollars per barrel average price set by the Organisation of Petroleum Exporting Countries (OPEC) seemed to be holding, with spot prices reaching 17.55 dollars per barrel on May 18.

He said crude oil imports were expected to reach 53.62 million barrels and cost 933 million dollars in 1987, at an average 17.40 dollars per barrel.

The Philippines imported 48.8 million barrels of oil at a cost of 727 million dollars in 1986.

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