

Containing COVID: PH Government expands vaccination program scope and implements new lockdown systems

Over 45 million vaccine doses have been administered as of 30 September 2021

- ▶ As of Sept 30, 21.1M people or 27% of the country's target population of 77M have been fully vaccinated while 24M have received their first dose. In Metro Manila, the Philippines' capital, more than 7M or 72% of its eligible population have been fully vaccinated. The cities of Baguio, Cebu, Iloilo, and Davao have also vaccinated more than 50% of their target population.
- ▶ President Duterte has approved vaccination of the general population against COVID-19 in October, expanding the government inoculation program beyond select groups such as healthcare workers and senior citizens. Vaccination of minors aged 12-17 was approved and begins in October.

Metro Manila pilots alert level systems and granular lockdowns

- ▶ Implementation of new "alert level systems" was piloted in Metro Manila in September. This new approach to lockdowns has five (5) alert levels that determine the activities allowed in a given area. Cities and municipalities now also have the authority to impose granular lockdowns that focus on small areas like subdivisions, allowing for a more localized approach in containing the virus.

Growth Outlook: Local contact centers/BPOs expect to outpace global growth while ADB retains PH GDP outlook

Local contact center/BPO sector to grow revenues by 9% in 2021, expand employees by 8-9%

- ▶ According to the Contact Center Association of the Philippines, the local contact center/BPO sector expects to outpace global growth this year. Revenue is forecasted to grow at 9%, higher than the 6-7% expected growth in the global market, while the number of full-time employees is expected to expand by 8-9%, higher than the 6-7% growth globally.

ADB retains its growth outlook for the Philippines

- ▶ The Asian Development Bank (ADB) kept its growth outlook for the Philippines this year while downgrading its forecast for the rest of Southeast Asia and developing Asia. It forecasts the Philippine GDP to grow 4.5% in 2021 and 5.5% in 2022 as a result of public spending, increasing consumer confidence, vaccination progress, and steady income from the outsourcing industry.

Deal Spotlight: REIT market and foreign VC funding continue to drive momentum

Robinsons Land's RL Commercial REIT and Megaworld's MREIT debut the market

- ▶ RL Commercial REIT, Inc. (RCR), sponsored by Robinsons Land, listed on the Philippine Stock Exchange (PSE) on Sept 14 while Megaworld's MREIT listed on Oct 1. RCR raised USD 470M from its IPO while MREIT raised USD 300M.
- ▶ A total of five REITs have now been listed on the PSE and have collectively raised USD 2B. Each of these REITs has a reinvestment plan that lists the sponsor's real estate projects which will benefit from the funds raised.

Foreign VC firms back more local startup deals

- ▶ A total of USD 437M was invested into local startups in the first nine months of 2021 from both foreign and local VC firms, higher than the USD 18M raised in 2017 and the USD 183M raised in 2020. In September, Mineski Global, an esports company, raised USD 10.6M in a Series A round, while 1Export, a cross-border fulfillment agency, raised USD 800k in Seed funding.

Industry Watch: Banking sector's NPL ratio to settle at 5-6% for 2021; Online grocery market shows growth prospects

Moody's downgrades PNB's credit rating to Baa3

- ▶ Moody's Investors Service downgraded its credit rating for Philippine National Bank (PNB), the country's sixth largest bank in terms of total assets, from Baa2 to Baa3, the lowest investment-grade rating. PNB's gross NPL ratio increased to 11.5% in 1H 2021 compared to 4.77% in 1H 2020 due to higher corporate NPLs in sectors that continue to be affected by COVID-19. On an industry-wide basis, the local central bank expects banks' NPL ratio to settle between 5-6% by end-December 2021.

Local online grocery market set to reach USD 1B value by 2025

- ▶ The Philippines' online grocery market is expected to become a near USD 1B market by 2025. Online grocery spending grew by 153% in 2020 as consumers shifted to digital transactions. Grab Holdings is set to launch an online supermarket in the country to boost user growth and capture opportunities in the local food services market.