

## Macro Movements: 2Q 2022 GDP growth meets gov't target; Central Bank implements further interest rate hike

### Philippines' 2Q 2022 GDP grows by 7.4% year-on-year

- ▶ The country's 2Q 2022 GDP expanded by 7.4% year-on-year, in line with the government's full-year target of 6.5-7.5%. Quarter-on-quarter growth contracted by 0.1% amidst inflationary headwinds. Despite this, the Philippines is the second fastest-growing economy among the region's major emerging economies, ranking behind Vietnam's GDP growth of 7.7%.

### Local Central Bank raises key interest rate to 3.75%

- ▶ To avoid a breach in its inflation target range of 2-4% for 2023, the Bangko Sentral ng Pilipinas' (BSP) raised its key interest rate by 50 basis points (bps) to 3.75%. The BSP's latest inflation forecast for 2022 rose to 5.4% from 5%, exceeding its 2-4% target band. For 2023 and 2024, it forecasts inflation at 4% and 3.2% respectively.

## Spurring Investments: Foreign investment pledges more than double in 2Q 2022

### Foreign commitments amount to USD 811M in 2Q 2022

- ▶ Approved foreign investment pledges for 2Q 2022 increased by 105% year-on-year to USD 811M (PHP 46.23B), brought by improved mobility and increased confidence in the Philippines' economic recovery as majority of the country has remained under the most lenient community quarantine restriction of Alert Level 1 since March 2022. The Philippine Statistics Authority reported that 41.7% of these investments would go to real estate activities, 31.4% to the transportation and storage sector, and 13% to the manufacturing sector.

## Deal Spotlight: Globe forges USD 1.25B sale for its telco towers; Local startups raise Series A funding rounds

### Globe Telecom to sell telco towers for USD 1.25B

- ▶ Globe Telecom, one of the major providers of telecommunications services in the Philippines, has entered agreements to sell 5,709 of its telecommunications towers to Miescor Infrastructure Development Corp., a joint venture between a Manila Electric unit and US fund Stonepeak, and KKR-backed Frontier Tower Associates Philippines for a combined amount of USD 1.25B (PHP 71B).
- ▶ It is also in advanced discussions with another tower company for a separate sale and leaseback agreement covering 1,350 additional towers. Proceeds from the sales will be used to support Globe's network expansion program and debt servicing requirements.

### Startups Edamama and Expedock bag Series A funding

- ▶ Edamama, an e-commerce platform focused on parenting products and services, raised USD 20M in its recent Series A funding round led by Jakarta-based venture capital firm Alpha JWC. It plans to scale operations by offering same- and next-day delivery solutions to more locations, launch its own offline stores, and increase its private label portfolio. The company grew 100x amidst the pandemic.
- ▶ Expedock, an AI-powered automation service that digitizes freight paperwork and categorizes it into existing logistics management tools, raised a USD 13.5M Series A funding round led by Insight Partners. The company aims to use the funding to grow its team of engineers and account executives and to increase the number of its platform integrations.

## Industry Watch: IT-BPO industry to continue steadfast growth

### Local IT-BPO industry expects to grow revenues by 10% in 2022

- ▶ As the country recovers from the COVID-19 pandemic, the IT-BPO sector expects to boost its revenues by 10% this year and create 1.1M more jobs by 2028. The IT and Business Process Association of the Philippines describes the industry as an indispensable pillar of the Philippine economy and an important source of foreign exchange and exports. In 2021, the industry's revenues amounted to USD 29.5B, a 10.5% increase from USD 26.7B in 2020, while its total headcount reached 1.44M.
- ▶ One example of a company expanding its business processing segment in the Philippines is Amazon Operation Services Philippines, Inc. (AOSPI), whose plan to invest USD 9.20M for its virtual customer services project in the country has been approved by the Board of Investments. AOSPI prioritized the Philippines for its new investments due to the technical skills and English proficiency of the local workforce. The project is forecasted to generate 1,058 new jobs.