

## Macro Developments: Inflation soars to nearly 14-year high; further monetary tightening signaled

### Philippine inflation accelerated to 7.7% in October from 6.9% in September

- ▶ Inflation in October rose to its fastest pace since December 2008's 7.8%, driven primarily by higher food prices.
- ▶ October's print exceeds the 7.2% median estimate of analysts surveyed and lies within the 7.1% to 7.9% forecast range of the Bangko Sentral ng Pilipinas (BSP) for the month.

### Central bank set to deliver another 75-basis-point rate hike in November

- ▶ The BSP signaled plans to raise key interest rates by another 75 basis points (bps) in its next rate-setting meeting on November 17 to match the latest monetary tightening by the US Federal Reserve.
- ▶ So far, the central bank has increased rates by 225 bps this year to combat inflation and reduce the pressure on the peso, bringing its benchmark rate to 4.25%.

## Switching Sources: New measures accelerate shift to renewable energy

### Department of Energy promotes investments, allows 100% foreign ownership in the local renewable energy sector

- ▶ The Department of Energy (DOE) has implemented new measures to accelerate the shift to renewable energy, in line with its target of increasing renewable energy's share in the country's power generation mix from 22% currently to 35% by 2030 and 50% by 2040.
- ▶ According to the DOE, the local renewable energy sector will be opened to full foreign ownership once amendments to the implementing rules and regulations (IRR) of the Renewable Energy Act are finalized and signed within the month of November.
- ▶ Through newly issued circulars, the DOE has mandated on-grid electricity suppliers to increase the share of renewable energy in their output from 1% to 2.52% by 2023. It has likewise given all qualified and registered renewable energy generating plants a preferential dispatch in the Wholesale Electricity Spot Market (WESM), a centralized platform for trading electricity.

## Industry Insight: Local conglomerates foray into the fast-emerging data center market

### Philippine ICT market seen to reach USD21B by 2026

- ▶ The local information and communications technology (ICT) market will expand by 8% per annum from USD14.04B in 2021 to USD20.6B by 2026, according to London-based data analytics and consulting company GlobalData Plc. The growth will be driven by the increasing demand from local enterprises for ICT solutions, particularly data center, cloud, and cybersecurity solutions.

### Local conglomerates venture into the data center business

- ▶ Aboitiz InfraCapital Inc., the infrastructure arm of Aboitiz Equity Ventures, has partnered with US-based technology firm EdgeConneX to develop data centers that will house cloud service providers' or hyperscalers' information technology (IT) equipment, addressing the rising data usage in the country. The joint venture's first facility will be developed near the National Capital Region, while a secondary facility is eyed in the Greater Manila Area.
- ▶ The Ayala Group has likewise forayed into the data center space through AyalaLand Logistics Holdings Corp., which has signed a joint venture agreement with Singapore-based FLOW Digital Infrastructure to build and operate carrier-neutral data centers in the country. The joint venture seeks to develop its first data center facility in a hyperscale campus designed to provide a total capacity of 36 megawatts (MW), with the initial roll-out of 6 MW targeted for completion by the end of 2024.

## Startup Scene: Packworks to represent the Philippines at the 2023 Startup World Cup in Silicon Valley

### Packworks bags the top spot in the Philippine leg of the Startup World Cup, advances to the finals

- ▶ Packworks, a retail technology startup, bested nine other early-stage local startups in the Philippine leg of the 2023 Startup World Cup (SWC), securing the right to represent the country and compete for USD1M at the 2023 SWC Grand Finale, organized by Silicon Valley-based global venture capital firm Pegasus Tech Ventures.
- ▶ In July, Packworks raised USD2M in a seed round led by Fast Group and CVC Capital Partners, which was used to develop its mobile Enterprise Resource Planning (ERP) platform for sari-sari stores (small neighborhood convenience stores).