

## Macro Movements: Philippines remains fastest-growing economy in the region; Economic rebound expected in H2 2023

### Philippines continues to be the region's fastest-growing economy despite foreign banks' downgraded GDP forecasts

- ▶ Several financial institutions revised their projections for Philippine GDP growth downward amid the global economic slowdown and the decelerated GDP growth in Q2 2023. The Asian Development Bank reduced its projection from 6.0% to 5.7%. Other key financial entities, including ANZ and S&P Global, have expressed more pessimistic forecasts ranging from 5% to 5.2%.
- ▶ Notably, the World Bank adjusted its forecast from 6% to 5.6% for 2023 citing "high inflation, tight fiscal and monetary policies, budget execution delays, and subdued global growth" well below the 6-7% target growth rate of the government. Despite these downgrades, the Philippines maintains its lead as the fastest-growing economy in the region at 5.6%, ahead of China and Vietnam, and sitting well above the 5% average GDP growth rate for East Asia and the Pacific.

### Philippines optimistic on an economic rebound in H2 2023

- ▶ Following the slowed Q2 GDP Growth, an economic rebound is expected in H2 2023 driven by state and consumer spending as the Christmas season approaches, improved job quality from growing sectors, and foreign investments materializing through the Public Service Act.
- ▶ Moreover, the Department of Budget and Management mandated underspending agencies to develop "catch-up plans" to recover losses in this quarter.

## Industry Insights: PH REITs as catalysts for economic recovery; Filinvest REIT fostering sustainable development

### Philippine REITs positioned to propel the economy

- ▶ Finance Secretary Diokno underscores REITs' pivotal role in the nation's economic recovery, property sector growth, and job creation. As of July 2023, REIT offerings raised P93.3 billion, reaching a P228.5 billion market cap. In 2022, REIT investors increased by 38% to 161,150, of which 98% were individual investors, highlighting the sector's role in promoting financial inclusivity.
- ▶ To further stimulate the sector's growth, the government is pushing for the passage of the Real Property Valuation and Assessment Reform Act in the Senate. This reform integrates global standards and leverages digital methodologies for real property valuation in the Philippines.

### Filinvest REIT Corp driving sustainable development forward

- ▶ Filinvest REIT Corp. (FILRT) achieved Excellence in Design for Greater Efficiencies (EDGE) certification, a standard for green developments, for its 6 Grade A PEZA-accredited properties after consuming on average 25% less energy, 39% less water, and 55% less embodied energy than typical Philippine buildings within 6 months.
- ▶ FILRT aims to achieve EDGE certification for 74% of its office portfolio, emphasizing its commitment to sustainable development. As of now, the six EDGE-certified properties represent 33% of FILRT's total leasable office space nationwide.

## Market Movers: Philippine companies among TIME's World's Best Companies; PSE Index Constituents revamped

### Six Philippine corporations make it to Time Magazine's World's Best Companies

- ▶ Ayala Corp., San Miguel Corp., Jollibee Foods Corp., PLDT Inc., Metrobank, and BDO Unibank are among the 750 top-performing companies in the globe for 2023. Ayala Corp. leads Philippine companies at rank 309, followed by San Miguel (347), Jollibee (421), PLDT (609), Metrobank (634), and BDO (715).
- ▶ TIME's "World's Best Companies 2023" ranking evaluates revenue growth, employee satisfaction, and robust ESG data favoring companies that create value for all stakeholders including the planet. The 2023 rankings indicate a global economic shift, with tech and business services firms surpassing traditional manufacturers and consumer goods companies.

### PSE Index to be revamped removing Aboitiz Power, Union Bank, and Metro Pacific Investments Corp

- ▶ MPIC will be removed following its delisting as a public company. Aboitiz Power and Union Bank will be excluded from the local stock barometer due to falling below the 20% public float threshold. Aboitiz Power's exclusion was triggered by its buyback of 11.4 million shares, asserting the current price doesn't reflect its true value. Union Bank's reclassification of certain public shares to non-public reduced its public ownership.
- ▶ PSE added Bloomberry Resorts, Century Pacific Food, and Nickel Asia to the PSE Index in October 2023.