

Macro Movements: Philippines maintains BBB+ rating; World Bank anticipates 5.8% growth rate in 2024

S&P Global Ratings reaffirms Philippines' investment grade rating of BBB+

- ▶ US-based firm S&P Global Ratings has retained their BBB+ rating for the Philippines, underscoring the country's sustained economic recovery. The ratings firm further highlighted the local government's effort on infrastructure development, implementation of prudent fiscal measures, and improvements to the business climate through regulatory and tax reforms as key factors in maintaining the country's investment grade rating.
- ▶ S&P Global retains a stable outlook for the Philippines, reflecting expectations that the country will continue to exhibit healthy growth rates and anticipates growth to remain well above average compared to its peers.

World Bank expects Philippines to grow by 5.6% this year and up to 5.8% in 2024

- ▶ During the Philippine Economic Update (PEU), the World Bank noted that the Philippines stood out as one of the top growth performers and expects this strong performance to continue in the coming years. The growth is anticipated to be driven by the services sector and the strong performance of the information technology and business process outsourcing industry.
- ▶ The financial institution stressed implementation of crucial reforms in the areas of renewable energy, trade, transportation, and telecommunications will be vital for boosting the country's competitiveness and global growth prospects, potentially leading to substantial economic benefits for the country.

Industry Insights: Philippines ranks 4th for power sector investments; Manila Electric Co. explores nuclear power

The Philippines ranks as the 4th most attractive emerging market for power sector investments

- ▶ In the recent BloombergNEF Climate 2023 report, the Philippines moved up six spots to rank as the 4th most attractive emerging market for power sector investments. This rise in the rankings reflects the country's efforts in implementing various reforms and incentives, all supported by strong targets for transitioning to renewable energy.
- ▶ The report highlighted that the country's energy roadmap and the removal of foreign ownership restrictions have resulted in a 41% increase in clean energy investment from 2021 to 2022. This aligns with the country's target of achieving a 35% renewable energy share in its power generation mix by 2030, and 50% by 2040, a significant increase from the 2022 share of 22%.

Manila Electric Co. explores integrating nuclear power into Philippines' energy mix

- ▶ Major power distributor Manila Electric Co. (Meralco) and US-based Ultra Safe Nuclear Corp. (USNC) have formally partnered to conduct a four-month prefeasibility study to deploy micro modular reactors in the Philippines. This initiative signifies a major step towards the country's energy independence and shift away from fossil fuels as the primary energy source. The deployment of reactors and integration into the power mix is targeted for 2032.
- ▶ Meralco and the Department of Energy (DOE) identified 14 potential sites to be assessed for specific safety and geological conditions. These micro modular reactors, each with a power capacity of 300MW, can be transported and linked on-site, making them ideal for smaller areas and eliminating the challenges associated with building large conventional power plants.

Market Movers: Edamama secures USD35M Series A+ funding; Paywatch expands to the Philippines

Edamama raises over USD35M in Series A+ funding

- ▶ Edamama, a Philippines-based parenting-focused e-commerce platform, has raised USD35M in Series A+ funding, led by Ayala Corporation Technology Innovation Venture (ACTIVE). The round saw participation from existing investors, including Kickstart Ventures, Gentree Fund, and Innoven Capital, as well as a new investment from South Korean retail giant GS Group.
- ▶ The funding aims to unlock synergies with the Ayala Malls network, thereby accelerating the roll-out of the company's online-to-offline strategy, enhancing product development, and improving customer accessibility.

Paywatch earned-wage access provider set to enter the Philippines

- ▶ Paywatch, a Malaysia-based earned-wage access (EWA) service provider, aims to alleviate financial stress for Filipino workers who commonly experience strain from waiting for their next paycheck.
- ▶ EWA allows employees to access their wages early, before the end of the payroll cycle, reducing their need to take out loans for day-to-day expenses and emergencies. This keeps employees financially secure and productive, helping to address retention and productivity issues for employers.