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Inside the Philippines

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Macro Movements: Moody's Analytics increases Philippines growth forecasts; World Bank predicts stable inflation

Moody's Analytics raises Philippines' 2024 growth forecasts amidst strong export demand for electronics

- Moody's Analytics has raised the Philippines' 2024 growth forecast to 5.8%, bolstered by increase in export demand, particularly in electronics and AI-related components. Strong domestic demand, significant government spending, and record overseas remittances also remain as key growth drivers, positioning the Philippines as the third-fastest growing economy in the Asia-Pacific region, following India and Vietnam.
- Amid increases in export sales and purchase orders, the S&P Global Philippines Manufacturing Index (PMI) increased to 51.0 in February, ranking as the second highest in ASEAN, trailing only Indonesia (52.7) and surpassing Vietnam (50.4).

World Bank expects Philippine inflation rate to remain within central bank's 2-4% target range throughout 2024

- The World Bank forecasts that the Philippines' inflation rate is likely to remain within the Bangko Sentral ng Pilipinas (BSP)'s 2-4% target range throughout 2024. According to the Philippine Statistics Authority (PSA), headline inflation dipped to a three-year low of 2.8% in January and is expected by the BSP to have remained in the 2.8-3.6% range in February.
- Given the long-term inflation outlook, the BSP Governor Eli M. Remolona, Jr. indicated that the Monetary Board might reduce borrowing costs in the latter half of the year. However, they are closely monitoring inflation risks such as global supply chain disruptions and are likely to keep interest rates tight in the first half of the year to mitigate inflation or protect the Peso's value.

Industry Insights: STT GDC Philippines expands data center capacity to 150 MW, a strategic milestone for the sector

Joint venture involving Globe, Ayala Corp, and ST Telemedia expands data center capacity

- STT GDC Philippines, a joint venture involving Globe, Ayala Corp., and ST Telemedia Global Data Centers, is expanding its capacity significantly, from 22 MW to over 150 MW. The data center company is scaling up its growth after reaching about 83% rack utilization across all its operations, showcasing the demand and reliability of its services.
- This move closely aligns with the government's digital transformation goals, signifying the Philippines' readiness to host global cloud providers and position itself as a leading data center hub in Southeast Asia.

Investment Updates: IFC targets $400 to $500 investment in Philippines' opportunity-rich landscape

IFC commits climate-smart investments between $400 and $500 in the Philippines

- Allen Forlemu, Asia-Pacific Regional Industry Director at the International Finance Corp. (IFC), estimates that the Philippines could see up to $115 billion in climate-smart investments across diverse sectors by 2030. The IFC is targeting investments between $400 million and $500 million in the country.

Deal Spotlight: AEV and CCEP acquire CCBPI; SMC wins bid for NAIA

AEV and CCEP completes $1.8 billion acquisition of CCBPI, the bottling arm of Coca-Cola

- On February 23, Aboitiz Equity Ventures (AEV) and Coca-Cola Europacific Partners (CCEP) completed the acquisition of Coca-Cola Beverages Philippines Incorporated (CCBPI), the bottling arm of Coca-Cola in the country. This acquisition, valued at $1.8 billion, is under a 60-40 ownership split between CCEP and AEV, respectively.
- Just days after the sale, the Coca-Cola Company, bullish on the Philippine market, announced its $1-billion investment which will be spent over the next five years to expand and cater to the country's growing market of young consumers, underscoring Coca-Cola's commitment to the Philippines' economic growth.

San Miguel Corp (SMC) wins P170.6-billion to upgrade Ninoy Aquino International Airport (NAIA)

- The Consortium led by San Miguel Corp. (SMC) has won the P170.6-billion contract to operate and upgrade the Ninoy Aquino International Airport (NAIA) with its proposed 81.2% revenue share for the government. In comparison, two other qualified groups, GMR Airports Consortium and Manila International Airport Consortium (MIAC), have proposed shares with the government of 33.3% and 25.9%, respectively.
- This bold bid aligns with SMC's strategy to develop an integrated airport network, enhancing travel in the country. They aim to position the Philippines as a key regional hub for tourism and investment, complementing SMC's ongoing international airport project in Bulacan.

Sources: BusinessWorld, Rappler, Business Inquirer