

Macro Movements: S&P Global ranks PHL as second-fastest growing economy in Asia; IMF expects easing inflation

S&P Global expects the Philippines to post the second-fastest growth in Asia-Pacific region this year with 5.8% growth

- ▶ S&P Global Ratings has reduced its GDP forecast for the Philippines for 2024, due to persistent high interest rates that dampen domestic demand. However, BSP Governor Eli M. Remolona, Jr. indicated that rate cuts could begin as early as August, with a potential reduction of 25-50 basis points anticipated for the year, while favorable export base effects and reduced imports are likely to support economic growth in the meantime.
- ▶ Given the medium-term outlook, the Philippines is still expected to be the second-fastest growing economy in the Asia-Pacific region, matching Vietnam at 5.8% and trailing only behind India at 6.8%.

IMF predicts inflation to decline to 3.4% in 2024 and predicts stronger growth in 2025

- ▶ The IMF has reduced its inflation forecast for the Philippines to 3.4% this year, down from an earlier 3.6% prediction. This is also lower than the BSP's risk-adjusted forecast of 3.8%.
- ▶ The drop in food prices, helped by reduced rice import tariffs, is expected to lower inflation further in the second half of the year. For 2025, IMF anticipates stronger growth due to stronger domestic demand, investment, and consumption.

Region in Focus: CIAC to develop national food hub; BCDA announces plans for the Clark Integrated Public Transport

CIAC taps global food tech companies, Food Starter and World Food Chain, to develop Clark National Food Hub

- ▶ The Clark International Airport Corp. (CIAC) signed a memorandum of understanding (MOU) with Food Starter, a global agricultural financing and investment firm, and World Food Chain, a Singapore-based global sourcing and resource platform.
- ▶ CIAC has enlisted the expertise of these global food tech companies to develop the 62-hectare Clark National Food Hub which aims to emulate the advanced agro-logistics systems of food hubs in leading Asian countries, enhance food safety standards, and create improved opportunities for the local farming and fishing community.

BCDA plans to bid out concession for the Clark Integrated Public Transport System by end of 2024

- ▶ The Bases Conversion and Development Authority (BCDA) president and CEO Joshua Bingcang announced the agency's plans to bid out this year the contract for the Clark Integrated Public Transport System. The project, estimated to cost between P3 to P5 billion, will involve a 1.6-hectare transport hub in Clark Freeport Zone and a 25-hectare similar facility in New Clark City which will feature smart technologies for real-time bus arrival updates.

Deals Spotlight: DALI secures \$8.4mn investment commitment from DEG; CREC successfully completes IPO

DEG to invest \$8.4m in Philippine discount grocery chain DALI Stores

- ▶ DEG, the investment arm of Germany's KfW dedicated to funding sustainable companies, has committed \$8.4 million to DALI Stores. This Philippines-focused discount grocery chain, founded in 2020, rapidly became the country's top discounter, offering a core selection of 400 essential consumer goods. DEG's investment will fuel DALI's expansion of new stores and distribution centers, improving product access in Tier 2 and Tier 3 cities across the Philippines.
- ▶ DALI has also previously garnered a \$250 million investment from Singapore's Venturi Partners and Series C funding from Philippines-based private equity firm Navegar, Malaysia-headquartered buyout company Creador, and multilateral lender Asian Development Bank (ADB).

Citicore Renewable Energy Corp. (CREC) completes IPO, securing US\$12.5 million from UK Fund Mobilist

- ▶ CREC successfully completed its IPO and listing on the Philippine Stock Exchange (PSE) last June 7, 2024, raising approximately US\$90.58 million at 2.70 pesos per share.
- ▶ The United Kingdom's Mobilizing Institutional Capital Through Listed Product Structures (Mobilist) program, aimed at supporting infrastructure development and green transitions in Southeast Asia, participated in the IPO, making its first IPO investment in the Philippines and contributing US\$12.5 million as one of CREC's anchor IPO investors.
- ▶ Valued at \$412 million, CREC plans to build and commission 1,000 megawatts (MW) of solar power capacity annually over the next five years.