

Macro Movements: Philippine economy to lead ASEAN in growth

Domestic demand expected to fuel Philippine GDP

- ▶ The Asian Development Bank (ADB) predicts that the Philippines will lead Southeast Asian economic growth with a GDP increase of 6% in 2024 and 6.2% in 2025. This would position the Philippines as the fastest-growing economy in the region, alongside Vietnam.
- ▶ ADB expects the Philippines' economic growth to be driven by robust domestic demand. Key growth factors include low unemployment, strong remittances, public infrastructure investment, and moderating inflation.
- ▶ Inflation is expected to average 3.8% this year and drop to 3.4% next year, supported by monetary easing policies.

Business Movements: Marcos declares POGO ban effective immediately; Clark attracts expansion from global firms

President Ferdinand Marcos Jr. bans Philippine offshore gaming operators

- ▶ President Ferdinand Marcos Jr. announced the immediate ban of Philippine offshore gaming operators (POGOs) during his State of the Nation Address (SONA), citing their involvement in illicit activities like financial scams, money laundering, and human trafficking.
- ▶ The President also announced that the Philippine Amusement and Gaming Corporation is to cease all POGO operations by the end of the year while the Department of Labor and Employment is tasked with finding new jobs for affected workers.

Three global logistics firms to expand their operations in Clark

- ▶ FedEx, UPS, and Lufthansa are set to expand their operations inside the Clark Civil Aviation Complex at Clark, Pampanga according to the Bases Conversion and Development Authority (BCDA) President and CEO Joshua Bingcang.
- ▶ The BCDA expects these expansions to further drive investments into their facilities at the Clark International Airport and help the government realize its vision of transforming Clark into a premier logistics and aviation hub.

Industry Insights: Digital payments now dominating the Philippine retail sector

Majority of retail payments are now done through digital channels

- ▶ The Bangko Sentral ng Pilipinas (BSP) announced that 52.8% of total retail transaction volume in the Philippines have migrated or converted into digital form as of end-2023, equivalent to 2.62 billion monthly payment transactions made digitally and valued at PHP 6.1 trillion.
- ▶ Based on the BSP's Digital Payments Transformation Roadmap, the next target is to achieve a 70% share of digital payments over total retail transaction volume by 2028. When the BSP started its digitalization roadmap in 2023, only 1% of monthly retail payments were electronic.

Deal Spotlight: Philippine casino firm reported to raise USD 200 million; ZUS Coffee to gain PHP 3 billion investment

Philippine casino firm Hann is said to mull USD 200 million IPO

- ▶ Bloomberg reports that Philippine casino operator Hann intends to raise about USD 200 million in an initial public offering which would make it the Philippines' biggest listing for the year. Sources disclosed that Hann has engaged investment banks for a share sale that could take place before the end of 2024.
- ▶ Hann operates Hann Casino Resort, the first fully integrated casino resort in Clark Freeport Zone. It is also developing Hann Reserve, a 450-hectare luxury estate in New Clark City in the nearby Tarlac province.

KV Asia Capital expected to invest in ZUS Coffee

- ▶ KV Asia Capital, a leading private equity firm specializing in mid-sized companies throughout Southeast Asia, is reportedly set to invest up to PHP 3.13 billion in ZUS Coffee. KV Asia Capital is reportedly rounding up a group of investors to raise an initial PHP 325 million in fresh capital to bankroll ZUS Coffee's expansion and operational needs, with an additional PHP 2.8 billion further down the line.
- ▶ After its inception in 2019, ZUS has rapidly expanded to become Malaysia's largest coffee chain with 478 branches, while aiming to add up to 150 more branches this year. ZUS has also launched in the Philippines with 32 branches.