

Macro Movements: Philippines expects steady growth amid continued easing inflation

Economists forecast 5.9% to 6.1% Philippine GDP growth vs government target of 6% to 8% growth in 2025.

- ▶ The Philippine economy is projected to grow between 6% and 8% in 2025, driven by election-related spending and lower borrowing costs. Security Bank's chief economist, Angelo Taningco, forecasts 6.1% GDP growth, aligning with the government's target range.
- ▶ However, potential global trade tensions pose risks that could impact this growth trajectory. According to UBS Investment Bank Global Research, strengthening domestic demand is crucial to mitigating the effects of aggressive tariff policies abroad and accelerating growth to 5.9%—higher than the UBS ASEAN average of 5%, but still below the government's target.

Philippine inflation expected to ease to 2.6% in February 2025.

- ▶ Economists expect Philippine inflation to ease to 2.6% in February from 2.9% in January, driven by lower rice and fuel prices. However, rising vegetable prices remain a risk, as tight supply conditions persist following recent typhoons.
- ▶ This expected rate of 2.6% aligns with the Bangko Sentral ng Pilipinas' (BSP) forecast range of 2.2% to 3%. Moreover, the easing inflation may provide the BSP with the opportunity to consider interest rate cuts to stimulate economic growth.

Market Signals: Investor confidence rises as SMIC secures international capital and PH exits FATF grey list

SMIC's US\$500M bond signals strong investor confidence in the Philippines.

- ▶ SM Investments Corp. (SMIC) successfully raised US\$500 million through a five-year bond, earning "Philippine Capital Market Deal of the Year" from IFR Asia, one of the most respected capital markets publications in the region. The issuance, which is SMIC's first in a decade, highlights growing global investor confidence in Philippine corporate issuers and strengthens the country's presence in international capital markets.
- ▶ The ability of top firms like SMIC, Ayala Corp., and Jollibee to secure foreign funding is a positive signal for sustained investments, job creation, and economic resilience in the Philippines.

Philippines exits FATF grey list, improving country's position as a destination for foreign direct investments (FDI).

- ▶ The Financial Action Task Force (FATF) has removed the Philippines from its 'grey' list, reflecting the country's strengthened measures against money laundering and terrorism financing. This milestone is expected to facilitate faster and lower-cost cross-border transactions, reduce compliance costs, and boost investor confidence in the Philippine financial system.

Deals Spotlight: Emperador acquires Mexican brand; PH startup Parkwise secures US\$250 million in funding

Emperador expands global footprint with premium mezcal acquisition.

- ▶ Emperador Inc., a global brandy and whisky conglomerate, listed at both the Philippine Stock Exchange and the Singapore Exchange, has expanded its premium product portfolio by acquiring a 60% stake in Mexico's Destileria Los Danzantes for 80 million Mexican pesos or approximately, US\$3.8 million.
- ▶ This acquisition brings renowned mezcal brands Los Danzantes and Alipus under Emperador's umbrella, aligning with the company's strategy to enhance its premium offerings and international presence.

Parkwise secures US\$250 million to build sustainable EV-integrated parking facilities.

- ▶ Parkwise Inc., a Philippine startup, has secured a \$250 million investment from a joint venture between PATRIZIA and Mitsui & Co. Ltd. to develop modern parking facilities equipped with electric vehicle (EV) charging stations and integrated rooftop solar panels.
- ▶ The facilities will be co-located at hospitals, universities and airports across the country, aiming to address the increasing demand for efficient and sustainable urban mobility solutions.
- ▶ This investment reflects a growing commitment to sustainable infrastructure in the Philippines, aligning with the country's efforts to enhance its EV ecosystem and transition to low-carbon mobility solutions to meet net zero goals.