DOF Economic Bulletin on Inflation Forecast for May 2015

25 May 2015

         Inflation rate for May is likely to have bottomed to 1.6%. This rather aggressive forecast is brought about by the large decline in the price index for housing, fuels and utilities and the expected easing of food prices.

         Actual Meralco bills for May have dipped by 12% year-on-year while average retail prices of rice have also declined by more than 4%.

**Table 1: May 2015 Inflation Forecast**

|  |  |  |  |
| --- | --- | --- | --- |
| **COMMODITY GROUP** | May-14 | Apr-15 | May-15F |
| **All items** | **4.6** | **2.2** | **1.6** |
| Food and non-alcoholic beverages | 6.8 | 3.9 | 2.9 |
| Rice | 13.4 | 4.6 | 3.0 |
| Alcoholic beverages and Tobacco | 4.0 | 3.9 | 3.9 |
| Clothing and footwear | 3.4 | 2.8 | 2.7 |
| Housing, Utilities & Fuels | 3.7 | (0.4) | (1.2) |
| Actual Rentals for Housing | 1.8 | 3.0 | 2.8 |
| Electricity, Gas and Other Fuels | 7.3 | (6.5) | (8.6) |
| Furnishings, household equipment | 2.5 | 2.3 | 2.3 |
| Health | 3.4 | 2.3 | 2.3 |
| Transport | 1.5 | (0.2) | 0.2 |
| Communication | 0.1 | (0.1) | (0.1) |
| Recreation and Culture | 2.3 | 1.1 | 1.2 |
| Education | 4.7 | 5.1 | 5.2 |
| Restaurants & Misc. Services | 1.9 | 1.2 | 1.3 |
|  |  |  |  |
| Source of Basic Data: NSO |  |  |  |

**Table 2: Prices of Selected Commodity Groups**

|  |  |  |  |
| --- | --- | --- | --- |
| Item | May-14 | Apr-15 | May-15 |
| Meralco (rate per kWH for 300KW/mo consumption) | 11.80 | 11.04 | 10.3454\* |
| NCR Big Three Diesel Pump Price | 43.78 | 29.03 | 31.05\*\* |
| Dubai crude oil (USD/barrel) | 105.60 | 58.80 | 60.47\*\*\* |
| Regular Milled Rice (PHP/kg) | 38.92 | 37.62 | 37.347\*\*\*\* |
| Sources of Basic Data: Meralco, DOE, World Bank, BAS |  |  |  |
| Notes: \*Actual; \*\*Average for first 3 weeks of May; \*\*\*Forecast based on WTI forecast by US EIA; \*\*\*\*Average of first three weeks | | |  |