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 |   |