

DOF Economic Bulletin on the March 2020 Inflation

- Inflation rate moderated to 2.5% year-on-year (YOYY) in March as expected. Meanwhile, MOM inflation maintained its negative level for the second straight month, at -0.08% in March from a larger -0.16% in February.
- Prices of non-food commodities, in particular, decelerated to 1.6% YOY, benefitting from lower energy and utilities prices.
- Average food prices, meanwhile, accelerated from 2.1% YOY in February to 2.6% in March, largely on account of upticks in the prices of fish (10.5%) and vegetables (8.1%) but was cushioned by the sustained decline in rice prices (-5.8%).
- MOM food inflation continued its negative path at -0.23% with prices of all major food items rice, meat, fish and vegetables dropping.

DOF View

- Core inflation in March registered nearly 3.05%, down from more than 3.2% in February, indicating easing inflation in the next few months. Still, it is important that in this time of expanded community quarantine, the supply chain of basic goods and other necessary items, while subject to requirements of public health, should not be broken.

Table 1 Inflation and Contribution to Inflation by Commodity

Commodity Group	Inflation Rate (%)			Contribution to Inflation (ppts)			Month-on-Month (%)		
	Mar-19	Feb-20	Mar-20	Mar-19	Feb-20	Mar-20	Jan-20	Feb-20	Mar-20
All items	3.29	2.60	2.51	3.27	2.59	2.47	0.57	(0.16)	(0.08)
Food & non-alcoholic beverages	3.39	2.06	2.64	1.36	0.84	1.06	0.86	(0.46)	(0.23)
Rice	1.34	(6.26)	(5.79)	0.13	(0.61)	(0.56)	(0.34)	(0.29)	(0.22)
Meat	4.12	2.91	2.58	0.27	0.19	0.17	0.08	(0.47)	(0.08)
Fish	4.77	8.57	10.51	0.31	0.58	0.69	4.45	(0.39)	(1.05)
Vegetables	4.04	7.81	8.12	0.12	0.25	0.25	0.37	(3.08)	(2.61)
Non-alcoholic beverages	7.60	2.77	2.76	0.22	0.08	0.08	0.24	0.16	0.24
Alcoholic beverages & Tobacco	10.77	18.20	18.02	0.27	0.49	0.49	1.99	0.97	0.88
Alcoholic Beverages	3.95	5.33	6.74	0.03	0.04	0.05	0.63	1.39	1.71
Tobacco	13.72	23.34	22.44	0.24	0.45	0.44	2.42	0.87	0.56

NON-FOOD	2.81	2.21	1.59	1.61	1.26	0.91	0.35	-	(0.17)
Clothing and footwear	2.49	2.69	2.68	0.07	0.08	0.08	0.25	0.16	0.25
Housing, Utilities & Fuels	3.38	1.69	1.15	0.71	0.35	0.24	0.61	(0.09)	-
Housing Rent	2.90	3.17	3.16	0.37	0.40	0.40	0.50	0.42	0.17
Electricity, Gas & Other Fuels	4.13	(1.15)	(3.02)	0.27	(0.07)	(0.20)	1.06	(1.05)	(0.77)
Furnishings, household eqt	3.39	3.54	4.20	0.10	0.10	0.12	0.49	0.65	0.89
Health	3.92	2.86	2.85	0.15	0.11	0.11	0.41	0.16	0.16
Transport	3.32	1.83	(1.79)	0.24	0.13	(0.13)	0.09	(1.03)	(1.79)
Oprtn of Personal Transport	5.98	1.38	(9.38)	0.12	0.03	(0.19)	1.33	(3.53)	(5.96)
Transport Services	2.43	1.75	1.00	0.11	0.08	0.04	(0.54)	(0.18)	(0.09)
Communication	0.30	0.39	0.49	0.01	0.01	0.01	0.10	-	0.10
Recreation and Culture	3.05	1.48	1.57	0.04	0.02	0.02	0.17	0.09	0.09
Education	(3.83)	4.68	4.68	(0.13)	0.15	0.15	-	-	-
Restaurants & Misc. Services	3.66	2.59	2.58	0.45	0.32	0.32	0.25	0.17	0.25
Core	3.51	3.23	3.05						

Source of Basic Data: PSA

Table 2 Prices of Selected Commodities

	Feb-19	Mar-19	Jan-20	Feb-20	Mar-20
Meralco rate per kWh for 200KW/mo consumption	10.41	10.50	9.45	8.86	8.89
Meralco Generation Charge per kWh	5.89	5.60	4.90	4.51	4.66
Meralco Transmission Charge per kWh	0.81	0.84	0.67	0.75	0.79
Diesel (PHP/litre), NCR	43.79	45.29	45.62	41.91	36.98
Gasoline, RON 95 (PHP/litre), NCR	53.46	56.30	58.48	56.24	51.23

Sources of basic data: Meralco, DOE

Table 3 Year-on-Year Price Change by Month-on-Month Price Change Scenario (%)

MOM	Year-On-Year											
	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
0.9	3.2	3.9	4.8	5.5	6.2	7.0	7.8	8.5	8.8	9.1	10.3	11.4
0.8	3.1	3.7	4.5	5.0	5.7	6.4	7.0	7.6	7.8	8.0	9.1	10.0
0.7	3.0	3.5	4.2	4.6	5.2	5.7	6.3	6.8	6.8	7.0	7.9	8.7
0.6	2.9	3.3	3.8	4.2	4.7	5.1	5.6	5.9	5.9	5.9	6.7	7.4
0.5	2.8	3.1	3.5	3.8	4.1	4.5	4.8	5.1	4.9	4.9	5.6	6.2
0.4	2.7	2.9	3.2	3.4	3.6	3.9	4.1	4.3	4.0	3.8	4.4	4.9
0.3	2.6	2.7	2.9	3.0	3.1	3.2	3.4	3.4	3.1	2.8	3.3	3.7

0.2	2.5	2.5	2.6	2.6	2.6	2.6	2.7	2.6	2.1	1.8	2.1	2.4
0.1	2.4	2.3	2.3	2.2	2.1	2.0	2.0	1.8	1.2	0.8	1.0	1.2
0.0	2.3	2.1	2.0	1.7	1.6	1.4	1.2	1.0	0.3	(0.2)	(0.1)	-
(0.1)	2.2	1.9	1.7	1.3	1.1	0.8	0.5	0.2	(0.6)	(1.2)	(1.2)	(1.2)
(0.2)	2.1	1.7	1.4	0.9	0.6	0.2	(0.2)	(0.6)	(1.5)	(2.2)	(2.3)	(2.4)
(0.3)	2.0	1.5	1.1	0.5	0.1	(0.4)	(0.9)	(1.4)	(2.3)	(3.2)	(3.3)	(3.5)
(0.4)	1.8	1.3	0.8	0.1	(0.4)	(1.0)	(1.6)	(2.2)	(3.2)	(4.2)	(4.4)	(4.7)
(0.5)	1.7	1.1	0.5	(0.3)	(0.9)	(1.6)	(2.2)	(3.0)	(4.1)	(5.1)	(5.4)	(5.8)

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