

DOF Economic Bulletin on the Feb-2021 Inflation

- Year-on-year, the general price level accelerated to 4.66% in February, up from the 4.24% increase the prior month and more than twice the 2.60% price increase in February of last year.
- The acceleration in the general price level is largely due to continuing food supply constraints and, to a lesser extent, a non-food price increase brought about by the normalization of global petroleum prices.
- Food inflation rose from 6.64% in January to 6.98% in February due to the 20.69% spike in meat prices and the 16.66% rise in vegetable prices.
- Non-food inflation rose from 2.34% to 2.69% due to the price spike in transport services by 9.82%.
- Month-on-month (MOM), the general price level decelerated from 1.27% in January to 0.23% in February. Average food price actually declined by 0.07% in February as vegetable prices declined by 6.71% and meat inflation eased from 6.63% in January to 2.54% in February.

DOF View

- Core inflation inched up from 3.38% to 3.54%, foreshadowing elevated year-on-year inflation rates in the coming months if supply-side issues are not addressed.
- Food productivity programs will go a long way in stemming the inflation problem. The DA has launched a comprehensive program to enhance productivity.
- Likewise, the price rise is due mainly to regulated products with high tariff rates and non-tariff barriers. Economic decision-makers need to ease these protective barriers to provide more competition to heavily protected domestic suppliers.

Table 1 Inflation and Contribution to Inflation by Commodity

Commodity	Year-on-Year (%)			Contribution to Inflation (ppts)			Month-on-Month (%)		
	Feb-20	Jan-21	Feb-21	Feb-20	Jan-21	Feb-21	Dec-20	Jan-21	Feb-21
ALL ITEMS	2.60	4.24	4.66	2.60	4.24	4.66	0.88	1.27	0.23
FOOD & NON-ALCHOLIC BEVERAGES	2.06	6.19	6.60	0.84	2.50	2.66	1.59	2.23	(0.07)
* Food	2.14	6.64	6.98	0.80	2.49	2.61	1.66	2.45	(0.07)
Bread and Cereals	(3.99)	0.69	0.95	(0.54)	0.09	0.12	0.17	(0.17)	0.09
Rice	(6.26)	0.14	0.47	(0.61)	0.01	0.04	0.11	(0.30)	0.03
Corn	(2.32)	1.59	1.52	(0.01)	0.01	0.01	0.78	0.88	(1.13)
Other Cereals	2.67	2.10	1.85	0.09	0.07	0.06	0.08	0.25	-

Meat	2.91	17.15	20.69	0.19	1.12	1.34	1.67	6.63	2.54
Fish	8.57	3.67	5.13	0.58	0.26	0.37	2.80	4.98	1.01
Milk, Cheese and Eggs	3.41	1.74	1.73	0.10	0.05	0.05	-	0.24	0.33
Oils and Fats	1.04	2.92	3.25	0.01	0.02	0.02	0.25	0.50	0.67
Fruit	8.53	8.96	7.41	0.14	0.16	0.13	0.19	3.03	(0.78)
Vegetables	7.81	21.20	16.66	0.25	0.73	0.56	8.28	1.60	(6.71)
Sugar	(1.68)	0.34	0.17	(0.02)	0.00	0.00	-	(0.09)	(0.09)
Food Products N.E.C.	6.48	3.17	4.56	0.07	0.04	0.05	0.16	0.62	0.46
* Non-alcoholic Beverages	2.77	1.67	1.66	0.08	0.05	0.05	0.08	0.08	0.16
ALCOHOLIC BEVERAGES & TOBACCO	18.20	11.74	12.17	0.49	0.36	0.38	1.29	1.58	1.37
Alcoholic Beverages	5.33	10.05	9.02	0.04	0.08	0.07	0.45	0.83	0.44
Tobacco	23.34	12.33	13.18	0.45	0.28	0.30	1.56	1.84	1.63
NON-FOOD	2.21	2.34	2.69	1.26	1.32	1.52	0.43	0.34	0.34
CLOTHING AND FOOTWEAR	2.69	1.64	1.56	0.08	0.05	0.05	0.16	0.24	0.08
HOUSING, UTILITIES, & FUELS	1.69	0.44	0.61	0.35	0.09	0.13	0.17	0.52	0.09
Rentals for Housing	3.17	2.00	1.82	0.40	0.25	0.23	-	0.16	0.24
Electricity, Gas and Other Fuels	(1.15)	(2.87)	(1.16)	(0.07)	(0.18)	(0.07)	0.30	1.60	0.69
MAINTENANCE OF THE HOUSE	3.54	2.86	2.44	0.10	0.08	0.07	0.16	0.08	0.24
HEALTH	2.86	2.62	2.37	0.11	0.10	0.09	0.32	0.40	(0.08)
TRANSPORT	1.83	8.60	9.82	0.13	0.60	0.68	1.31	0.35	0.09
Operation of Personal Transport Eqt	1.38	(7.06)	(1.26)	0.03	(0.14)	(0.02)	2.97	2.33	2.50
Transport Services	1.75	16.50	16.53	0.08	0.72	0.72	0.93	(0.39)	(0.15)
COMMUNICATION	0.39	0.20	0.29	0.01	0.00	0.01	-	-	0.10
RECREATION AND CULTURE	1.48	(0.69)	(0.69)	0.02	(0.01)	(0.01)	0.09	0.09	0.09
EDUCATION	4.68	1.08	1.08	0.15	0.03	0.03	-	-	-
RESTAURANT & MISC. GOODS & SERVICES	2.59	2.95	3.20	0.32	0.36	0.39	0.41	0.66	0.41
Core Inflation	3.23	3.38	3.54						

Source of Basic Data: PSA

Table 2 Prices of Selected Commodities

	Jan-20	Feb-20	Jan-21	Feb-21
Meralco rate per kWh for 200KW/mo consumption	9.45	8.86	8.75	8.68

Meralco Generation Charge per kWh	4.90	4.51	4.46	4.42
Meralco Transmission Charge per kWh	0.67	0.75	0.75	0.74
Diesel (PHP/litre), NCR	46.33	42.63	40.51	42.53
Gasoline, RON 95 (PHP/litre), NCR	58.82	56.56	56.96	59.30
Saudi Aramco LPG Contract Price (\$/MT)	565.00	505.00	550.00	605.00
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Sources of basic data: Meralco, DOE, News Reports, 3MCO				

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