



Republic of the Philippines
DEPARTMENT OF FINANCE
Roxas Boulevard Corner Pablo Ocampo, Sr. Street
Manila 1004

June 10, 2021

PRESS RELEASE
REF: USEC GIL BELTRAN
Chief Economist
Department of Finance
Email: gbeltran@dof.gov.ph

DOF Economic Bulletin on the May 2021 Inflation

The country's headline inflation kept steady at 4.5% in May.

The deceleration in average food prices (5.02% to 4.87%) muted the effect of the acceleration in price of non-food items (3.84% to 4.01%). While meat price maintained its double-digit YOY growth (22.1%) and fish price picked up pace (from 5.98% to 7.76%), the prices of rice, fruit, and vegetables, meanwhile, declined by 0.77%, 1.12%, and 6.56%, respectively. The recovery in international oil prices mainly drove the price of non-food items. The transport sub-group continued to register double-digit inflation rate (16.68%) while the price growth of the electricity and fuels sub-group accelerated from 1.39% in April to 2.69% in May.

Month-on-month, the general price level increased by 0.08% in May, reversing the 0.08% decline in April. MOM food price inflation further declined from -0.29% to -0.37%; MOM non-food price inflation, however, picked up at a faster pace from 0.08% to 0.25%.

DOF View

The low-base effect on inflation may be wearing off. The headline inflation of 2.09% in May last year was the lowest in 2020. For inflation rate to register again by 4.5% as this month, the CPI in June would have to increase by 0.5 percentage point. Meanwhile, if the MOM growth in June CPI remains at 0.1 percentage point as it was in May, the YOY inflation rate would be 4.1%.

Meat price inflation continues to its double-digit YOY increase, owing largely to the lingering effects of the African Swine Fever on the swine industry. Preliminary PSA data shows that hog ending inventory declined by 22.6% in the first quarter of 2021. Hog repopulation will be the medium- to long-term measure to address the supply-side issue. Meanwhile, imports should be able to address the shortfall in domestic supply and help ease meat price inflation. According PSA's survey, price of pork (with bones) in most regions modestly declined in the second half of May.

Table 1 Inflation and Contribution to Inflation by Commodity

Commodity	Year-on-Year (%)			Contribution to Inflation (ppts)			Month-on-Month (%)		
	May-20	Apr-21	May-21	May-20	Apr-21	May-21	Mar-21	Apr-21	May-21
ALL ITEMS	2.09	4.50	4.50	2.09	4.50	4.50	(0.23)	(0.08)	0.08
FOOD & NON-ALCHOLIC BEVERAGES	2.95	4.79	4.57	1.18	1.95	1.85	(0.95)	(0.22)	(0.37)
* Food	2.95	5.02	4.87	1.10	1.89	1.83	(1.09)	(0.29)	(0.37)
Bread and Cereals	(1.35)	0.43	0.17	(0.18)	0.06	0.02	0.09	0.43	0.26
Rice	(2.71)	(0.26)	(0.77)	(0.26)	(0.02)	(0.07)	0.19	0.28	0.07
Corn	(0.72)	3.07	5.14	(0.00)	0.02	0.03	(0.12)	3.68	3.20
Other Cereals	2.66	1.84	1.84	0.09	0.06	0.06	0.25	0.08	0.25
Meat	2.09	22.06	22.08	0.14	1.43	1.43	0.07	0.91	(0.06)
Fish	8.09	5.98	7.76	0.52	0.42	0.53	(1.25)	-	(0.51)
Milk, Cheese and Eggs	3.48	1.39	1.39	0.11	0.04	0.04	0.16	-	-
Oils and Fats	2.08	3.91	3.99	0.02	0.03	0.03	0.99	0.25	0.33
Fruit	11.28	0.31	(1.12)	0.19	0.01	(0.02)	(1.33)	(0.80)	(1.73)
Vegetables	7.30	(2.62)	(6.56)	0.24	(0.09)	(0.23)	(9.59)	(6.03)	(3.08)
Sugar	(0.85)	0.34	0.85	(0.01)	0.00	0.01	0.26	-	0.34
Food Products N.E.C.	6.31	0.54	1.23	0.07	0.01	0.01	0.38	(0.53)	0.77
* Non-alcoholic Beverages	2.67								

Table 2 Prices of Selected Commodities

	Apr-20	May-20	Apr-21	May-21
Meralco rate per kWH for 200KW/mo consumption	9.00	8.75	8.41	8.59
Meralco Generation Charge per kWH	4.64	4.38	4.54	4.55
Meralco Transmission Charge per kWH	0.79	0.80	0.66	0.75
Diesel (PHP/litre), NCR	32.29	29.66	44.77	46.33
Gasoline, RON 95 (PHP/litre), NCR	44.15	44.65	62.72	64.68

Saudi Aramco LPG Contract Price (\$/MT) 230.00 340.00 560.00 495.00

Sources of basic data: Meralco, DOE, News Reports, 3MCO

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

MOM	Year-On-Year											
	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
1.00	5.03	5.56	6.79	7.77	8.50	8.44	8.57	8.29	9.11	10.46	11.65	12.68
0.90	4.92	5.35	6.47	7.34	7.96	7.80	7.82	7.43	8.14	9.37	10.44	11.35
0.80	4.82	5.14	6.16	6.92	7.43	7.16	7.08	6.58	7.18	8.29	9.25	10.03
0.70	4.71	4.94	5.84	6.50	6.90	6.52	6.34	5.74	6.23	7.22	8.06	8.73
0.60	4.61	4.73	5.53	6.07	6.37	5.89	5.60	4.90	5.28	6.16	6.89	7.44
0.50	4.51	4.52	5.21	5.65	5.84	5.26	4.87	4.07	4.35	5.11	5.72	6.17
0.40	4.40	4.31	4.90	5.23	5.31	4.63	4.14	3.25	3.42	4.07	4.57	4.91
0.30	4.30	4.10	4.59	4.81	4.79	4.01	3.41	2.43	2.49	3.04	3.43	3.66
0.20	4.19	3.90	4.27	4.40	4.27	3.39	2.69	1.61	1.58	2.02	2.30	2.43
0.10	4.09	3.69	3.96	3.98	3.75	2.77	1.98	0.80	0.67	1.00	1.18	1.21
-	3.99	3.48	3.65	3.57	3.23	2.16	1.27	-	(0.23)	-	0.08	-
(0.10)	3.88	3.27	3.34	3.15	2.72	1.55	0.56	(0.80)	(1.13)	(1.00)	(1.02)	(1.19)
(0.20)	3.78	3.07	3.03	2.74	2.20	0.94	(0.14)	(1.59)	(2.02)	(1.98)	(2.10)	(2.37)
(0.30)	3.68	2.86	2.72	2.33	1.69	0.33	(0.84)	(2.37)	(2.90)	(2.96)	(3.18)	(3.54)
(0.40)	3.57	2.66	2.41	1.92	1.18	(0.27)	(1.53)	(3.16)	(3.77)	(3.93)	(4.24)	(4.70)
(0.50)	3.47	2.45	2.10	1.51	0.68	(0.87)	(2.22)	(3.93)	(4.63)	(4.89)	(5.29)	(5.84)
(0.60)	3.36	2.24	1.80	1.10	0.17	(1.46)	(2.91)	(4.70)	(5.49)	(5.84)	(6.33)	(6.97)
(0.70)	3.26	2.04	1.49	0.70	(0.33)	(2.06)	(3.59)	(5.46)	(6.35)	(6.78)	(7.36)	(8.08)

Table 4 First Quarter Hog Production* and Ending Inventory

	Level			Growth (%)	
	2019-Q1	2020-Q1	2021-Q1 ^P	2020-Q1	2021-Q1 ^P
Hog Production (MT Tons)	567,419	568,673	421,794	0.2	(25.8)
Inventory (Heads)	12,732,213	12,342,023	9,548,008	(3.1)	(22.6)

Notes: * - pertains to locally-raised hogs disposed for slaughter, including those in-transit for slaughter;

P - Preliminary

Source: PSA

Table 5 PSA Survey Result on Price of Pork with Bones (PHP/KG)

Trading Center	April		May	
	Phase 1	Phase 2	Phase 1	Phase 2
National Capital Region	326.44	331.11	333.56	329.56
CAR (Baguio City)	280.00	280.00	285.00	280.00
Region 1 (San Fernando City)	300.00	330.00	340.00	330.00
Region 2 (Tuguegarao City)	280.00	320.00	320.00	310.00
Region 3 (Cabanatuan City)	340.00	335.00	335.00	345.00
Region 4A (Batangas City)	345.00	345.00	350.00	345.00
MIMAROPA (Calapan City)	340.00	330.00	320.00	320.00
Region 5 (Legazpi City)	305.00	320.00	320.00	320.00
Region 6 (Iloilo City)	250.00	250.00	255.00	252.50
Region 7 (Cebu City)	187.50	180.00	182.50	182.50
Region 8 (Tacloban City)	262.50	262.50	262.50	262.50
Region 9 (Pagadian City)	250.00	245.00	245.00	245.00
Region 10 (Cagayan de Oro City)	175.00	180.00	190.00	180.00
Region 11 (Digos City)	245.00	245.00	245.00	245.00
Region 12 (Kidapawan City)	220.00	220.00	230.00	230.00
Caraga (Butuan City)	250.00	285.00	285.00	270.00
BARMM (Cotabato City)	212.50	212.50	217.50	217.50

Source: PSA

-oOo-