



Republic of the Philippines  
**DEPARTMENT OF FINANCE**  
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**PRESS RELEASE**

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**DOF Economic Bulletin on the February 2022 Inflation**

- The February inflation kept steady at 3.04% as the easing food price inflation compensated for the uptick in non-food price inflation. The February figure is lower than the 3.2% median outlook by 22 private sector economists surveyed or as reported by two of the country's major broadsheets.
- Food price inflation in February eased to 1.08% from 1.62% the prior month. Meat price inflation decelerated from 4.27% to 1.38% and fish, from 6.16% to 2.92%, more than offsetting the uptick in rice price inflation from 0.99% to 1.59%. Average vegetable price also maintained its negative growth, at minus 8.39%.
- Non-food price inflation picked up pace from 3.77% to 4.14% on the back of continued global oil price hike. The electricity and fuels sub-group saw an uptick from 12.28% to 12.79% while the transport group, from 6.99% to 8.82%.
- Month-on-month, the general price level increased by 0.09%, much slower than the 0.99% pace in the prior month, largely on account of food items, in particular meat (from 1.71% to 0.08%), fish (from 4.57% to minus 2.14%), and vegetables (from 7.96% to minus 8.67%). This is due to improved supply from both domestic production and imports.
- The actual February inflation is at the low-end of the of the outlook survey, namely by economists from Goldman Sachs Economic Research and Deutsche Bank. Economists from the Ateneo de Manila University (ADMU), Capital Economics, and Philippine National Bank (PNB) projected 3.1%, a tad higher than the actual figure. Meanwhile, John Paolo Rivera of the Asian Institute of Management (AIM) penciled 4.4%, way off the mark by 1.4 percentage points. He was also 1 percentage point higher than the actual January inflation. Economists from Sun Life Financial, University of Asia & the Pacific (UA&P), Colegio de San Juan de Letran Graduate School, Bank of the Philippine Islands (BPI), and Oxford Economics also missed the mark by more than 0.5 percentage point.

## DOF View

- While the general price level did not rise as much as expected, the economy continues to face inflationary pressures from both food and non-food items. The lingering effects of the African Swine Fever (ASF) continues to threaten food security and is further complicated by the ongoing geopolitical tension that has implications on both food and energy security. The country needs to repopulate decimated hog populations and momentarily supplement any shortfall with meat imports.
- In the short-term, non-food price inflation will continue to be driven by developments in the global energy market. Dubai crude oil averaged US\$93.13/bbl in February, up by 12% from January, and was the highest since October 2014. The futures market for oil is in backwardation (i.e., the spot price is higher than near-term futures contracts which are, in turn, higher than longer-term contracts), suggesting tight supply conditions and higher convenience yield associated with having on hand the physical commodity. This backwardation also suggests that market players expect oil prices to eventually stabilize as oil-producing countries turn on the taps. Note, however, that the oil futures market has been in backwardation since last year.
- Higher energy prices in the world market ultimately get translated into higher local pump prices. However, it would be a policy mistake to suspend fuel excise taxes as this would mean “subsidizing the rich”, the owners of gas guzzlers and airconditioned houses. As previously stated, the more equitable and transparent, hence appropriate, means to cushion the impact of higher pump prices is through targeted support to vulnerable groups.<sup>[1]</sup>

**Table 1 Inflation and Contribution to Inflation by Commodity**

	Contribution to Inflation								
	YOY Price Change (%)			Contribution to Inflation (ppts)			MOM Price Change (%)		
	Feb-21	Jan-22	Feb-22	Jan-21	Jan-22	Feb-22	Dec-21	Jan-22	Feb-22
<b>All Items</b>	<b>4.23</b>	<b>3.04</b>	<b>3.04</b>	<b>3.73</b>	<b>3.04</b>	<b>3.04</b>	<b>0.36</b>	<b>0.99</b>	<b>0.09</b>
Food & Beverage	6.16	1.63	1.18	2.24	0.63	0.45	0.73	2.18	(0.80)
Food	6.76	1.62	1.08	2.23	0.58	0.38	0.82	2.36	(0.97)
Rice	0.75	0.99	1.59	0.02	0.07	0.12	(0.13)	0.54	0.59
Meat	16.37	4.27	1.38	0.80	0.30	0.10	2.00	1.71	0.08
Fish	4.45	6.16	2.92	0.18	0.38	0.18	2.03	4.57	(2.14)
Vegetables	17.68	(10.91)	(8.39)	0.82	(0.42)	(0.28)	(0.33)	7.96	(8.67)
Alcohol & Tobacco	11.70	5.60	4.66	0.29	0.15	0.13	0.35	0.69	0.41
Non-Food	2.51	3.77	4.14	1.27	2.22	2.44	(0.09)	0.46	0.55

Clothing & Footwear	1.73	1.98	1.89	0.05	0.06	0.06	0.09	0.28	0.09
Rental, Utilities, & Fuels	0.58	4.52	4.79	0.04	0.93	0.99	0.46	0.18	0.55
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Housing Rental	1.61	1.22	1.40	0.23	0.15	0.18		0.46	0.28
Electricity & Fuels	(1.70)	12.28	12.79	(0.25)	0.75	0.78	1.10	(0.09)	1.28
Furnishings & HH Eq	2.28	2.42	2.32	0.08	0.08	0.07	0.09	0.55	0.09
Health	3.94	3.08	2.71	0.11	0.09	0.08	0.09	0.35	0.09
Transport	8.15	6.99	8.82	0.58	0.63	0.80	(1.46)	1.22	1.72
	-								
ICT		0.10	0.10	0.02	0.02	0.02	0.10	0.10	-
Recreation	(0.67)	1.54	1.63	(0.01)	0.01	0.02	0.09	0.19	0.28
							-		
Education	1.04	0.56	0.56	0.02	0.01	0.01		-	-
Hotels & Restaurants	2.96	2.98	2.87	0.25	0.28	0.27	0.09	0.27	0.36
	-			-			-		
Financial Services		43.30	43.30		0.01	0.01		-	-
Personal Care	2.40	2.17	2.16	0.11	0.09	0.09	0.09	0.46	0.28

Source of Basic Data: PSA

**Table 2 Selected International Commodity Prices**

Commodity	Feb-21	Jan-22	Feb-22
Dubai Crude Oil (\$/bbl)	60.37	83.11	93.13
Vietnamese Rice, 5% (\$/MT)	500.48	395.94	384.21
Wheat (\$/MT)	289.40	374.24	390.50
Urea (\$/MT)	335.00	846.38	744.17

Source: World Bank

**Table 3 Dubai Crude Oil (Platts) Financial Futures-Quotes, as of 03 March 2022**

Month	03 March Settlement Price (\$/bbl)
Mar-22	106.578
Apr-22	100.222
May-22	97.055

Jun-22	94.978
Jul-22	93.332
Aug-22	92.042
Sep-22	90.932
Oct-22	89.761
Nov-22	88.573
Dec-22	87.483
Jan-23	86.882
Feb-23	86.252
Mar-23	85.680

Source: CME Group

**Table 4 Private Sector Economists' Inflation Outlook and Summary Statistics**

		Summary Statistics	
Outlook		Jan-22	Feb-22
Highest		4.0	4.4
Lowest		2.6	3.0
Range		1.4	1.4
Median		3.1	3.2
<b>Actual</b>		<b>3.0</b>	<b>3.0</b>

  

Analyst	Institutional Affiliation of Analyst/Economist	Jan-22*	Feb-22
John Paolo R. Rivera	Asian Institute of Management	4.0	4.4
Patrick M. Ella	Sun Life Financial		3.8
Victor Abola	University of Asia & the Pacific	2.9	3.8
Emmanuel J. Lopez	Colegio de San Letran Graduate School	3.8	3.7
Emilio S. Neri Jr.	Bank of the Philippine Islands	2.6	3.6
Makoto Tsuchiya	Oxford Economics	2.7	3.6
Ruben Carlo O. Asuncion	UnionBank of the Philippines, Inc.		3.4
Han Teng Chua	DBS		3.3
Robert Dan J. Roces	Security Bank Corp.	2.8	3.3
Shreya Sodhani	Barclays		3.3
Jonathan L. Ravelas	BDO Unibank, Inc.		3.2

Loke Siew Ting	United Overseas Bank		3.2
Michael L. Ricafort	Rizal Commercial Banking Corp.		3.2
Miguel Chanco	Pantheon Macroeconomics		3.2
Mitzie Irene P. Conchada	De La Salle University		3.2
Nicholas Antonio Mapa	ING Bank NV		3.2
Sonia Zhu	Moody's Analytics	3.0	3.2
Alvin Joseph A. Arogo	Philippine National Bank		3.1
Gareth Leather	Capital Economics		3.1
Ser Percival K. Pena-Reyes	Ateneo de Manila University		3.1
Goldman Sachs Economic Research	Goldman Sachs Economic Research	3.4	3.0
Michael Spencer	Deutsche Bank		3.0
Alex Holmes	Capital Economics		
Euben Paracuelles	Nomura Global Research		
HSBC Global Research	HSBC Global Research	3.1	
Jonathan Koh	Standard Chartered Bank		
Luis Limlingan	Regina Capital	3.2	
Sanjay Mathur	ANZ Research		

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Note: \* - Includes only outlook using CPI series with 2018 base year  
Sources of Basic Data: PSA; BusinessWorld; Philippine Daily Inquirer

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<sup>[1]</sup> [https://www.dof.gov.ph/suspension-of-fuel-excise-tax-inequitable-detrimental-to-phl-recovery-dof/?utm\\_source=rss&utm\\_medium=rss&utm\\_campaign=suspension-of-fuel-excise-tax-inequitable-detrimental-to-phl-recovery-dof#:~:text=The%20DOF%20estimates%20that%20suspending,product%20\(GDP\)%20in%202022.](https://www.dof.gov.ph/suspension-of-fuel-excise-tax-inequitable-detrimental-to-phl-recovery-dof/?utm_source=rss&utm_medium=rss&utm_campaign=suspension-of-fuel-excise-tax-inequitable-detrimental-to-phl-recovery-dof#:~:text=The%20DOF%20estimates%20that%20suspending,product%20(GDP)%20in%202022.)

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