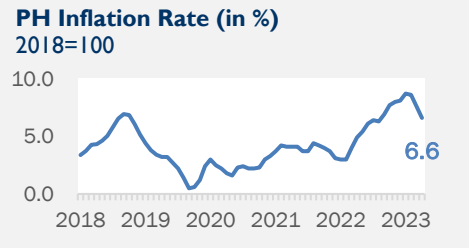


INFLATION UPDATES

APRIL 2023 INFLATION: SUBSTANTIAL EASING OF PRICES

- Inflation continued to decline to 6.6% in April 2023 versus 7.6% the previous month, driven by the deceleration in price upticks in food, energy, and transportation.
- Moreover, core inflation slightly eased to 7.9% in April 2023, versus 8.0% in March and 2.5% in April 2022. This is the first yearly easing in core inflation growth since January 2022, although its month-on-month movement remains to inch higher.
- Four (4) commodity groups recorded lower inflation, six (6) continued to post faster inflation, and three (3) recorded stable inflation.



Main Sources of Deceleration

Major Contributors

Rank	Category	Description
1	FOOD & NON-ALCOHOLIC BEVERAGES	decreased to 7.9% vs 9.3% in the previous month with 52.3% share to downtrend, driven by the declined of vegetables and tubers, fish and meat.
2	TRANSPORT	continued to decelerate from 5.3% to 2.6%, with 24.1% share to downtrend on account of substantially easing gasoline and diesel prices.
3	HOUSING, WATER, ELECTRICITY, GAS and OTHER FUELS	eased from 7.6% to 6.5 this month with a 23.3% share to downtrend driven by the decline in LPG and electricity prices vs previous year.

Category	Description
FOOD & NON-ALCOHOLIC BEVERAGES	remains the top contributor with 45.3% vs 46.6% (in March) share to overall inflation driven by decline in prices of cereal products, fish, and milk and other dairy products.
HOUSING, WATER, ELECTRICITY, GAS and OTHER FUELS	follows food with 21.1% share driven by electricity, rentals, and water supply.
RESTAURANTS AND ACCOMMODATION SERVICES	garnered a higher contribution this month increasing from 10.6% to 12.6% given continuous uptrend in its prices from 8.4% in March vs 8.6% in April.

FORECASTS AND OUTLOOK

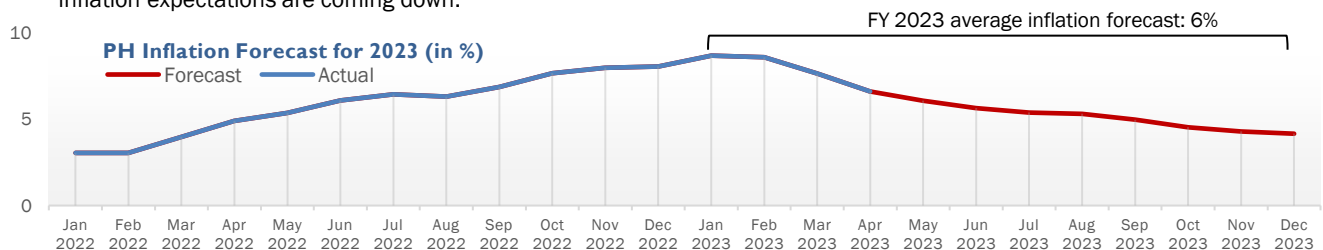
- The April 2023 clip further confirms the downward trajectory of inflation especially from the peak in January, in the absence of supply and price shocks and given base effects.
- Research expects inflation to further decelerate in the coming months as base effects and the impact of hikes in the benchmark rates kick in, as well as lower global oil prices on the back of an expected global slowdown.
- However, inflation is expected to remain elevated, especially core inflation, as upside risks remain given the continued impact of second-round effects and the looming El Niño.
- Given the latest developments, Research's FY 2023 inflation forecast is revised downward to 6% (from 6 to 7%) and follows a downward trend, with YoY prints hitting sub-4% levels towards yearend. Research's full-year inflation estimate is currently at par with the BSP for 2023, though a downward revision is expected as well as announced recently by the institution.
- The latest deceleration makes a stronger case for a pause in the RRP rate hikes which is currently at 6.25%, and for rate cuts to happen as soon as yearend 2023 given that inflation expectations are coming down.

BSP INFLATION FORECAST

2023	2024
6.0%	2.9%

METROBANK RESEARCH INFLATION FORECAST

2023	2024
6%	4.5%-5.5%



INFLATION UPDATES

ANNEX

HEADLINE

HEADLINE INFLATION OF MAIN COMMODITY ITEMS

FOOD AND NON-ALCOHOLIC BEVERAGES

APRIL

7.9

ALCOHOLIC BEVERAGES AND TOBACCO

12.7

CLOTHING AND FOOTWEAR

5.1

HOUSING, WATER, ELECTRICITY, GAS, AND OTHER FUELS

6.5

FURNISHINGS, HOUSEHOLD EQUIPMENT, AND ROUTINE HOUSEHOLD MAINTENANCE

6.1

HEALTH

4.1

TRANSPORT

2.6

INFORMATION AND COMMUNICATION

0.7

RECREATION, SPORT AND CULTURE

4.7

EDUCATION SERVICES

3.6

RESTAURANTS AND ACCOMMODATION SERVICES

8.6

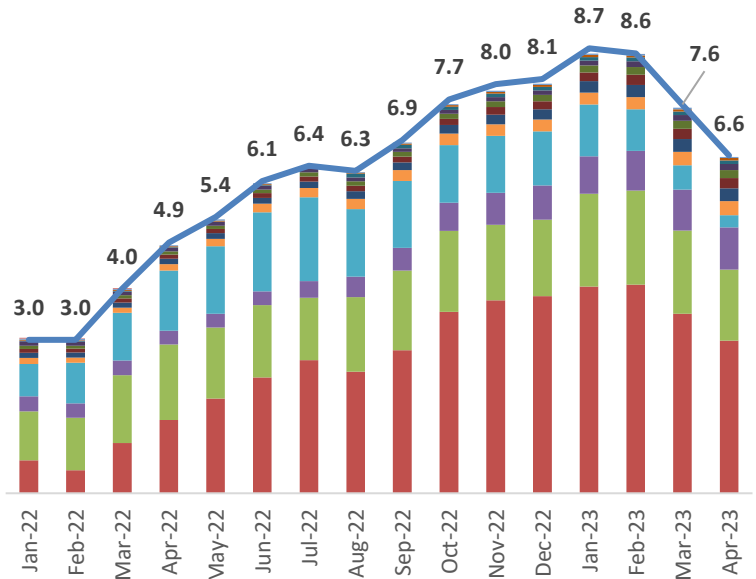
FINANCIAL SERVICES

0.0

PERSONAL CARE, AND MISCELLANEOUS GOODS AND SERVICES

5.7

Contribution to Headline Inflation of Main Commodity Items



*Based on weights in the commodity basket

CORE

CORE INFLATION OF MAIN COMMODITY ITEMS

FOOD AND NON-ALCOHOLIC BEVERAGES

APRIL

11.9

ALCOHOLIC BEVERAGES AND TOBACCO

12.7

CLOTHING AND FOOTWEAR

5.1

HOUSING, WATER, ELECTRICITY, GAS, AND OTHER FUELS

5.9

FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE

6.1

HEALTH

4.1

TRANSPORT

10.1

INFORMATION AND COMMUNICATION

0.7

RECREATION, SPORT AND CULTURE

4.7

EDUCATION SERVICES

3.6

RESTAURANTS AND ACCOMMODATION SERVICES

8.6

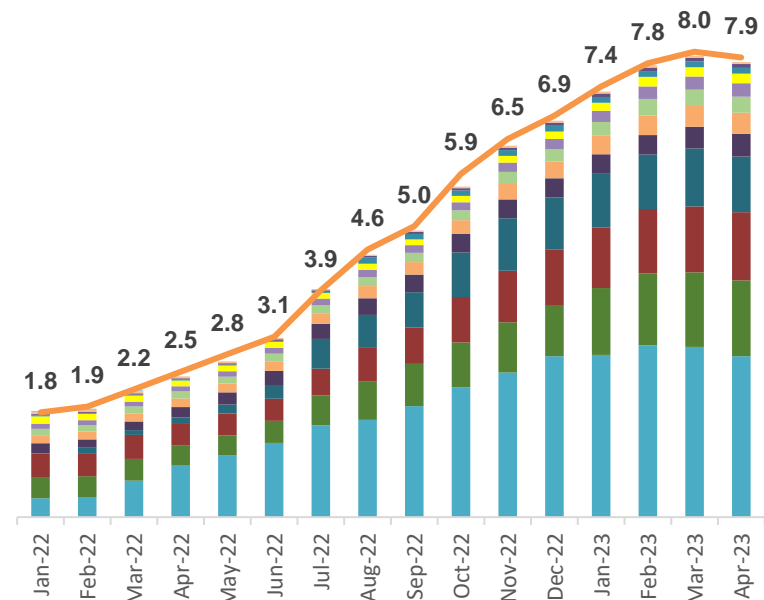
FINANCIAL SERVICES

0.0

PERSONAL CARE, AND MISCELLANEOUS GOODS AND SERVICES

5.7

Contribution to Core Inflation of Main Commodity Items



Legend

Lower vs last month Higher vs last month