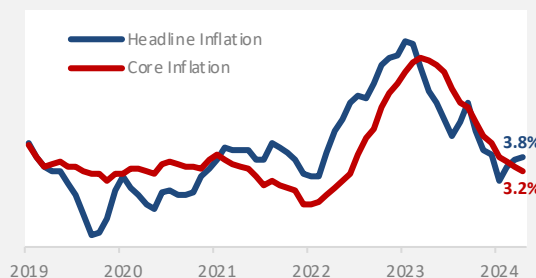


INFLATION UPDATES

PHILIPPINES' INFLATION RISE SLOWER THAN EXPECTED TO 3.8%

- The Philippines' headline inflation rose to 3.8% year-on-year in April from 3.7% in March, mainly driven by higher prices in the heavily weighted food and nonalcoholic beverages. This brings the year-to-date average inflation from January to April 2024 to 3.4%.
- On a month-on-month basis, inflation slowed down to -0.1% from 0.1% the previous month. Meanwhile, core inflation, which excludes selected food and energy items, continued to ease to 3.2% in April from 3.4%.
- Three (3) out of 13 commodity groups posted faster annual increases, while seven (7) commodity groups posted slower inflation compared to last month. Inflation for three (3) commodity groups remained the same as in the preceding month.
- Rice inflation, however, posted a lower annual growth rate at 23.9% from 24.4% in March as local rice prices (i.e., well-milled and special) slightly decreased in April.

PH Inflation Rate (in %)
2018=100



Main Sources of Acceleration

1	<p>FOOD & NON-ALCOHOLIC BEVERAGES</p> <p>increased to 6.0% from 5.6% in March, with a majority share of 75.7% to overall headline inflation, driven by an acceleration in the prices of vegetables and tubers, as well as fish and other seafood.</p>
2	<p>TRANSPORT</p> <p>accelerated to 2.6% from 2.1% in March with a 22.6% share to inflation, attributed to the increase in gasoline and diesel prices.</p>

Major Contributors

1	<p>FOOD & NON-ALCOHOLIC BEVERAGES</p> <p>remained the top and major contributor as it further increased its share to 59.7% in April vs. 57.3% in March, mainly driven by higher prices of cereal and cereal products.</p>
2	<p>RESTAURANTS and ACCOMODATION SERVICES</p> <p>also remained the second major contributor to headline inflation, but reduced its share to 13.7% from 14.6% due to the increase in the prices of services in restaurants, café, and the like.</p>
3	<p>TRANSPORT</p> <p>was the third contributor to overall headline inflation with a 6.2% share, higher than 5.1% in the previous month, attributed to higher passenger transport by road and oil prices (gasoline and diesel).</p>

FORECASTS AND OUTLOOK

- The April headline inflation came in lower than the 4.1% consensus forecast and within the 3.5% to 4.3% forecast of the Bangko Sentral ng Pilipinas (BSP) due to continued upward price pressures on key food items.
- Rice remains to be the major contributory factor to April inflation as prices continued to accelerate by 23.9% during the month. Moreover, on a month-on-month basis, rice inflation accelerated slower at 0.4% from 1.0% in March, signifying a slowdown in inflation due to the slight decline in global rice prices.
- According to the Philippine Statistics Authority (PSA), global rice prices remain elevated but have started to decline after having peaked in January. Moreover, rice inflation is expected to remain elevated until July due to low base effects, considering rice prices began to soar in August 2023. The PSA also added that local production and the supply from the world market may still influence prices.
- Metrobank Research is revising its yearend average inflation to 4.0% for 2024 from 4.3%, and 4.2% for 2025 from 4.3% on the back of a projected continued deceleration of rice inflation and an anticipated weakening of upward pressures of the El Niño phenomenon on food prices. Moreover, effects of the ongoing geopolitical tensions in the Middle East on oil prices have been tempered as evidenced by recent Brent crude oil prices, which remained below this year's peak of USD 92.18 per barrel last April.
- The recent inflation print of 3.8% is still within the Bangko Sentral ng Pilipinas (BSP)'s target of 2% to 4%. Furthermore, with inflation coming down from 6% in 2023 to 4% in 2024, the BSP now has room for monetary easing in the fourth quarter of 2024 if inflation expectations are met. In particular, the BSP may cut up to a total of 75 basis points (bps) in the fourth quarter should the US Federal Reserve start cutting in September 2024.

BSP AVERAGE INFLATION FORECAST

As of December 2023 (Risk-adjusted)	As of February 2024 (Risk-adjusted)	As of April 2024 (Risk-adjusted)
2024: 4.2%	2024: 3.9%	2024: 4.0%
2025: 3.4%	2025: 3.5%	2025: 3.5%

METROBANK RESEARCH INFLATION FORECAST

2022 Actual	2023 Actual	2024
5.80%	6.00%	4.00%

METROBANK RESEARCH TARGET RRP RATE

2023 Actual	2024
6.50%	5.75%

INFLATION UPDATES

ANNEX

HEADLINE INFLATION OF MAIN COMMODITY ITEMS

Food and non-alcoholic beverages
Alcoholic beverages and tobacco
Clothing and footwear
Housing, water, electricity, gas, and other fuels
Furnishings, household equipment, and routine household maintenance
Health
Transport
Information and communication
Recreation, sport, and culture
Education services
Restaurants and accommodation services
Financial services
Personal care, and miscellaneous goods and services

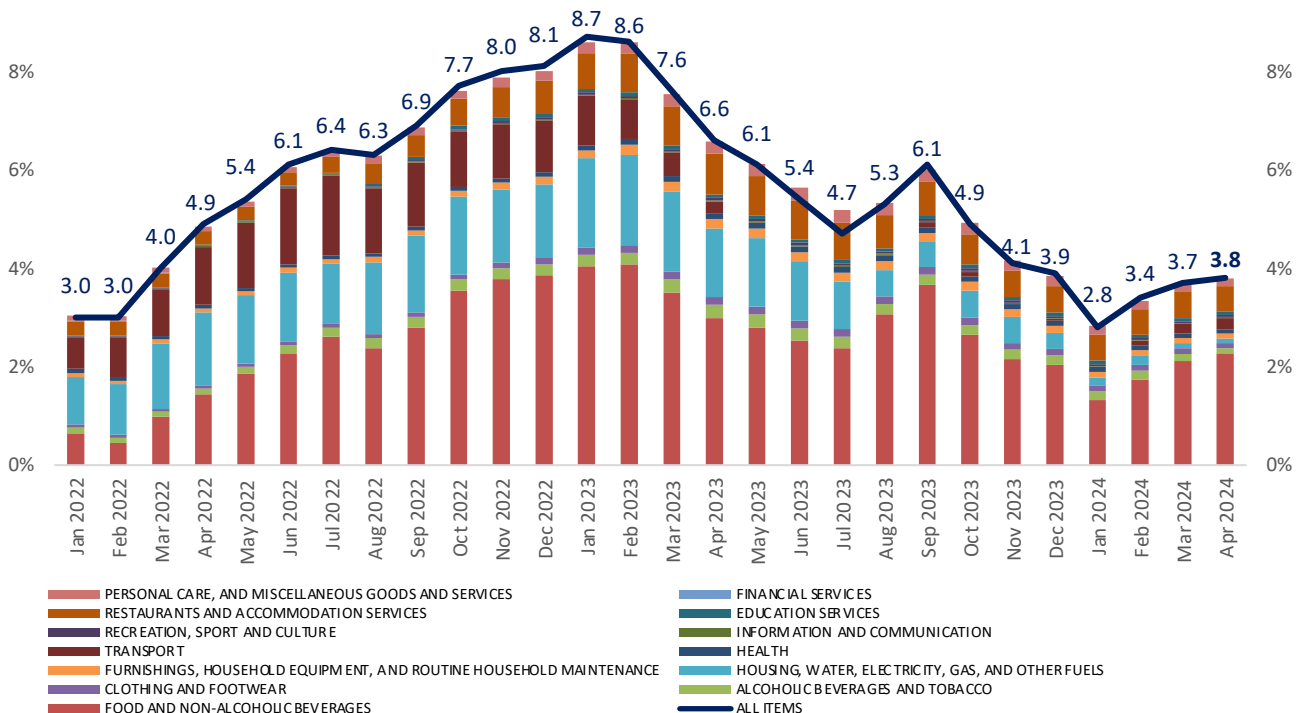
April 2024 (in %)

6.0
4.9
3.6
0.4
3.1
3
2.6
0.5
3.8
3.8
5.4
-0.6
3.5

Legend

Lower vs last month Higher vs last month

MAIN COMMODITY ITEMS' CONTRIBUTION TO HEADLINE INFLATION



*Based on weights in the commodity basket

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