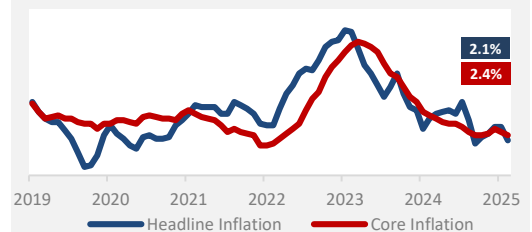


INFLATION UPDATE

PRICE-RISE SURPRISES AT 2.1% IN FEBRUARY

- Philippine headline inflation slowed down to 2.1% year-on-year (YoY) in February from the 2.9% recorded in the two preceding months. The latest inflation print is below the 2.6% Bloomberg consensus estimate and the Bangko Sentral ng Pilipinas (BSP)'s 2.2%-3.0% forecast for the month.
- Core inflation, which excludes volatile food and energy items, decelerated as well to 2.4% in February from the 2.6% recorded in January 2025.
- Rice inflation continued on a deflationary trend at -4.9% in February from -2.3% in the preceding month, marking its steepest decline since April 2020.
- Meanwhile, pork prices accelerated to 12.1% from 8.4% in the previous month.
- On a month-on-month basis, headline inflation declined by 0.2% in February, from the 0.5% decline recorded in January.
- Despite the slowdown in food-price acceleration, it remained as the biggest contributor to headline inflation in February, due to supply-side pressure.

PH Inflation Rate (in %)
2018=100



Source: Philippine Statistics Authority

Sources of downside pressure

	FOOD AND NON-ALCOHOLIC BEVERAGES
1	<ul style="list-style-type: none"> 2.6% inflation from 3.8% in January, with a 58.8% share to the downtrend Due to slower price increases of vegetables and cereal products
2	HOUSING, WATER, ELECTRICITY, GAS, AND OTHER FUELS
	<ul style="list-style-type: none"> 1.6% inflation from 2.2% in January, with a 16.7% share to the downtrend Due to lower electricity rates and slower rise in rental and LPG costs
3	TRANSPORT
	<ul style="list-style-type: none"> -0.2% inflation from 1.1% in January, with a 15.3% share to the downtrend Due to lower prices of gasoline and diesel

Major contributors to overall headline inflation

	FOOD AND NON-ALCOHOLIC BEVERAGES
1	<ul style="list-style-type: none"> 2.6% inflation rate and a 1.0-percentage point (ppt) contribution to the total 2.1% headline inflation Due to higher prices of meat, vegetables, and fish
2	HOUSING, WATER, ELECTRICITY, GAS, AND OTHER FUELS
	<ul style="list-style-type: none"> 1.6% inflation rate and 0.3-ppt contribution to headline inflation Due to higher prices of rentals, water supply, and LPG
3	RESTAURANTS AND ACCOMMODATION SERVICES
	<ul style="list-style-type: none"> 2.8% inflation rate and a 0.3-ppt contribution to headline inflation Due to higher prices at restaurants and cafes

METROBANK'S TAKE

Pork prices lead price rise

Food prices remain the main contributor to inflation, led by pork costs which increased due to supply disruptions caused by the African Swine Fever (ASF).

To curb pork inflation, the government is mulling the implementation of a maximum suggested retail price (SRP), which according to the Philippine Statistics Authority (PSA) can help slow down the rise in pork prices.

Relief in food prices

Latest data suggests a general slowdown in prices. Barring any supply side shocks, Metrobank expects this trend to continue throughout the year as the declaration of food security emergency for rice by the Department of Agriculture (DA) takes effect, together with the recovery of agricultural output from the major weather events.

While pork prices pose upside risks, rice inflation - which comprises a bigger share of the consumer price index (CPI) and is expected to be negative until August - will partially offset any possible surge in pork inflation.

Imported price pressures

Moving forward, imported inflation is still expected to play a significant role as the impact of the peso's depreciation to inflation is expected to surface. Higher import costs could potentially exacerbate local inflation.

With the recent inflation print surprising on the downside, Metrobank revises its full-year (FY) inflation forecast this year to 3.1% from 3.4% previously, barring any other supply-side shocks. Meanwhile, FY 2026 is maintained at 3.0%.

- Related articles:
- [1\) Inflation Preview: Slowdown amid a foodfest](#)
 - [2\) BSP Update: Defying expectations with steady rates](#)

BSP RISK-ADJUSTED FULL-YEAR AVERAGE INFLATION FORECAST

	as of Oct 2024	as of Dec 2024	as of Feb 2025
2025	3.3%	3.4%	3.5%
2026	3.7%	3.7%	3.7%

METROBANK RESEARCH FULL-YEAR AVERAGE INFLATION FORECAST

2023 Actual	2024 Actual	2025	2026
6.00%	3.2%	3.1%	3.0%

METROBANK RESEARCH YEAR-END TARGET RRP RATE FORECAST

2023 Actual	2024 Actual	2025	2026
6.50%	5.75%	5.25%	4.50%

INFLATION UPDATE

ANNEX

HEADLINE INFLATION OF MAIN COMMODITY ITEMS

All 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	

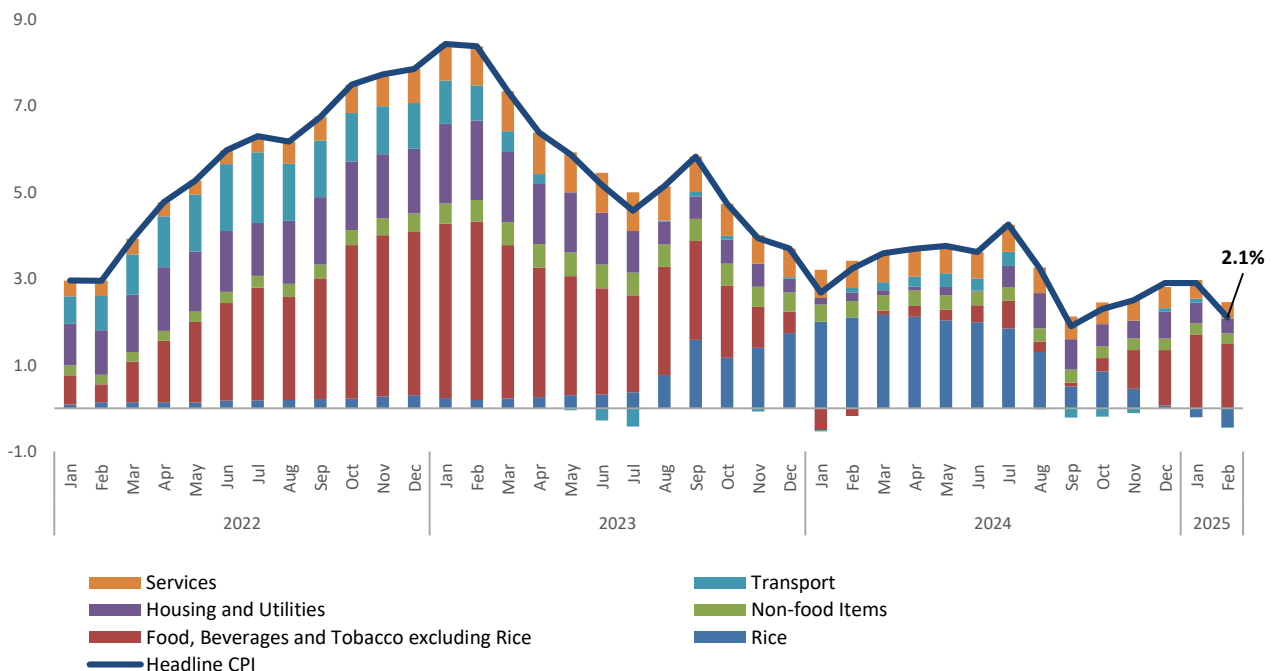
February 2025 (in %)

	2.1
	2.6
	3.4
	2.1
	1.6
	2.3
	2.3
	-0.2
	0.3
	2.4
	4.2
	2.8
	0.0
	2.6

Legend

Lower vs last month Higher vs last month

CONTRIBUTION TO HEADLINE INFLATION



Source: Philippine Statistics Authority
 Based on weights in the commodity basket

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