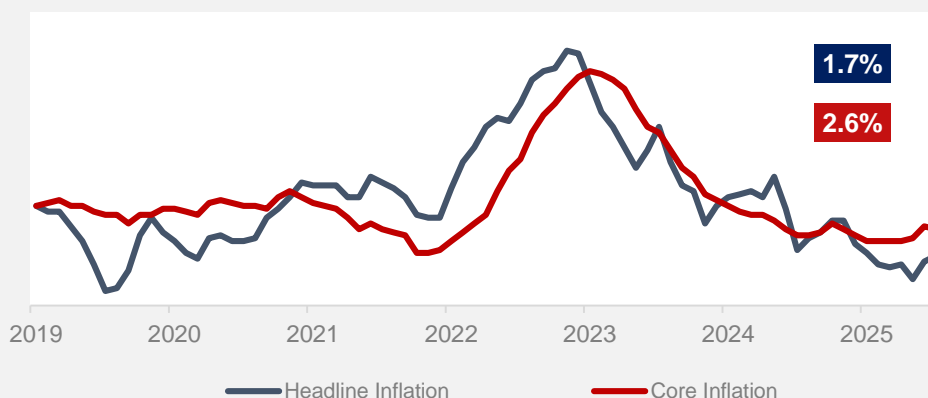


INFLATION UPDATE

Speeds up but remains below target

PH Inflation Rate (in %)
2018=100



Source: Philippine Statistics Authority

- Headline inflation accelerated to 1.7% year-on-year (YoY) in September from 1.5% in August. This lies within the Bangko Sentral ng Pilipinas (BSP)'s 1.5%-2.3% forecast but lower than the 1.9% Bloomberg median estimate.
- Year-to-date inflation is unchanged at 1.7%, below the BSP's 2.0%-4.0% target for the full-year.
- Core inflation, which excludes volatile food and energy items, decelerated to 2.6% from 2.7% in August.
- The consumer price index remained unchanged in September relative to last month after three consecutive month-on-month increases.
- Vegetable prices saw a double-digit growth for the second consecutive month in September due to recent typhoons. According to the Philippine Statistics (PSA) authority, vegetable inflation could remain elevated, as the country expects more weather disruptions in the coming months.
- In addition to vegetables, other upside risks to headline inflation include higher prices for transport and other food commodities such as fish and meat.
- Meanwhile, the PSA projects that rice prices will remain a downside risk until November, followed by a possible reversal to positive territory by December owing to low base effects.

Sources of upside pressure

1	TRANSPORT
	<ul style="list-style-type: none"> • 1.0% YoY inflation rate and 71.3% share to the uptrend • Due to higher prices of diesel and a slower decline in gasoline prices
	FOOD AND NON-ALCOHOLIC BEVERAGES
2	<ul style="list-style-type: none"> • 1.0% inflation rate and 22.9% share to the uptrend • Due to an acceleration in vegetable prices and slower decline in rice prices
	RESTAURANTS AND ACCOMMODATION SERVICES
	<ul style="list-style-type: none"> • 2.4% inflation rate and 5.8% share to the uptrend • Due to an acceleration in prices at restaurants, cafes, and the like

Major contributors to overall headline inflation

1	HOUSING, WATER, ELECTRICITY, GAS, AND OTHER FUELS
	<ul style="list-style-type: none"> • 2.1% YoY inflation rate and a 0.4 ppt contribution to headline inflation • Due to rentals, water supply, and electricity
	FOOD AND NON-ALCOHOLIC BEVERAGES
2	<ul style="list-style-type: none"> • 1.0% YoY inflation rate and a 0.4 ppt contribution to headline inflation • Due to higher prices of vegetables, fish, and meat
	RESTAURANTS AND ACCOMMODATION SERVICES
3	<ul style="list-style-type: none"> • 2.4% YoY inflation rate and a 0.2 ppt contribution to headline inflation • Due to higher prices at restaurants and cafes

INFLATION UPDATE

Speeds up but remains below target

METROBANK'S TAKE

No rebound for rice prices

Rice prices declined by 16.9% YoY in September, remaining flat MoM, as the current global oversupply continues to push rice costs downward. Moreover, the Philippines' 60-day rice import ban has yet to see much passthrough into local rice prices. Agriculture Secretary Francisco Tiu Laurel Jr. announced plans to extend the ban until April 2026, with a pause in January, to stabilize rice prices, as local imported rice supply remains in excess.

National Statistician Dennis Mapa expects average rice inflation for the full year to be negative despite a possible pick up in December.

More typhoons but weaker impact

Three tropical cyclones drove the price surge in essential food commodities such as vegetables. Combined with higher electricity rates nationwide, these factors pushed headline inflation in September upward.

While the national weather agency forecasts five to nine more tropical cyclones to enter the country for the remainder of the year, none are expected to be stronger than those which affected the country last month. The anticipated impact on the country's supply chain should be minimal, especially compared to last year's.

Room for one more

Metrobank expects inflation to accelerate for the remainder of the year. Yet given the slower-than-expected inflation figure in September, we cut our FY 2025 forecast downward to 1.8%. We maintain our inflation estimate for FY 2026 and FY 2027 at 3.6% to 3.0%, respectively.

Within-target full-year inflation, together with the projected tepid consumption and investments, provides enough room for the BSP to deliver another 25-basis point (bp) policy rate cut in its December meeting, bringing the target reverse repurchase (RRP) rate to 4.75% by year-end.

BSP RISK-ADJUSTED FULL-YEAR AVERAGE INFLATION FORECAST

	as of Apr 2025	as of Jun 2025	as of Aug 2025
2025	2.3%	1.6%	1.7%
2026	3.3%	3.4%	3.3%
2027	3.2%	3.3%	3.4%

METROBANK FULL-YEAR AVERAGE INFLATION FORECAST

2024 Actual	2025	2026	2027
3.2%	1.8%	3.6%	3.0%

METROBANK YEAR-END TARGET RRP RATE FORECAST

2024 Actual	2025	2026	2027
5.75%	4.75%	4.25%	4.25%

Related articles: 1) [Inflation Preview: Back within target in September](#)
2) [Monthly Recap: The Fed's first cut of the year](#)

INFLATION UPDATE

Speeds up but remains below target

ANNEX

HEADLINE INFLATION OF MAIN COMMODITY ITEMS

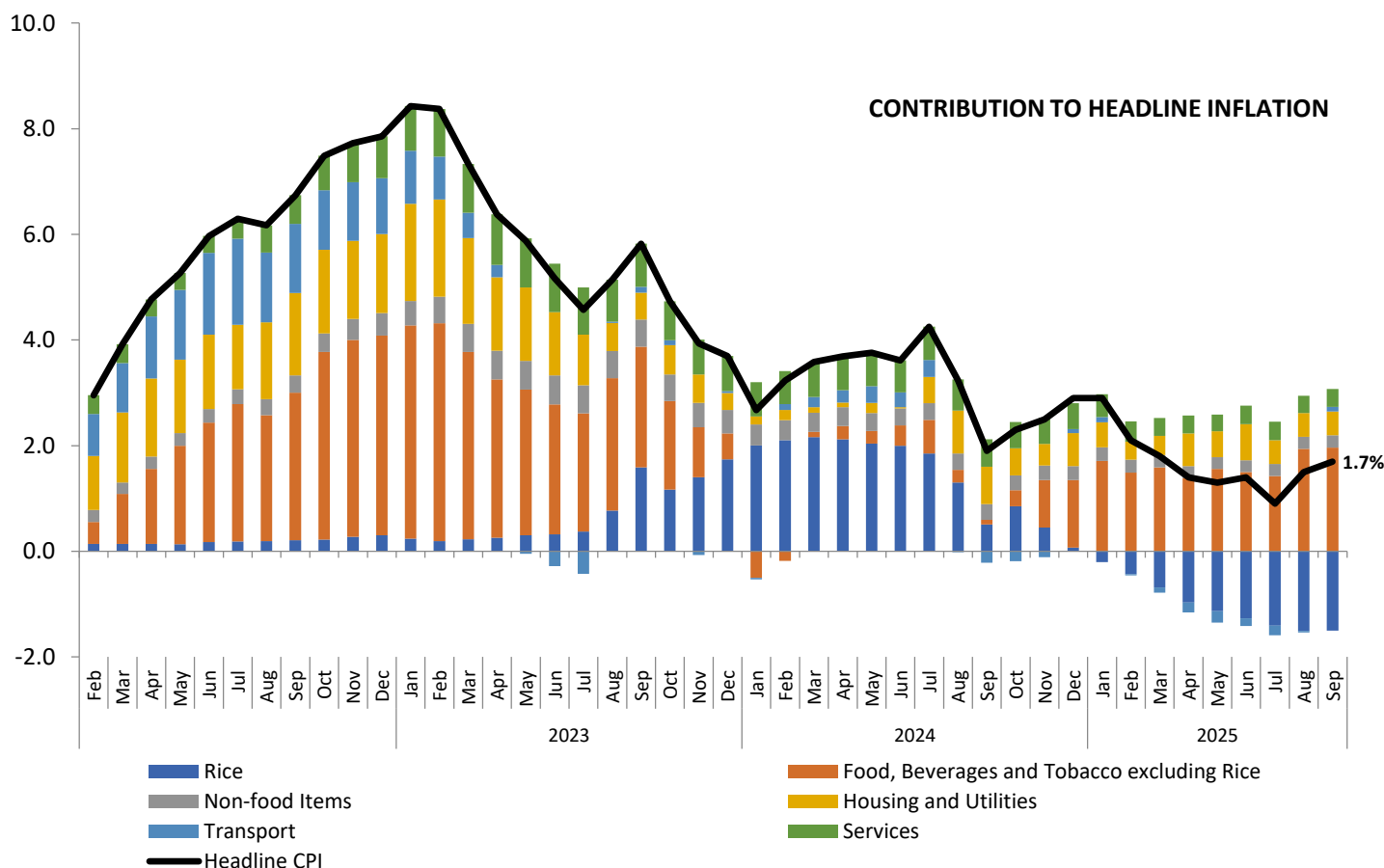
All Items	
Food and non-alcoholic beverages	
Alcoholic beverages and tobacco	
Clothing and footwear	
Housing, water, electricity, gas, and other fuels	
Furnishings, household equipment, and routine household maintenance	
Health	
Transport	
Information and communication	
Recreation, sport, and culture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

September 2025 (in %)

	1.7
	1.0
	4.1
	1.7
	2.1
	2.4
	2.8
	1.0
	0.6
	2.1
	3.0
	2.4
	0.0
	2.4

Legend

Lower vs last month Higher vs last month



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