

GLOBAL ECONOMIC UPDATE

PHILIPPINE INFLATION SURGES TO 5.2% IN JUNE

Philippine inflation surged up to a 6-year high of 5.20% in June, blowing past the consensus forecast of 4.8%. Using the 2006 base prices, inflation was actually at 5.7% in June. In any case, both figures were higher than the government's target band of 2-4%. June's score came after an already high number of 4.6% in May. This also brought its YTD average to 4.3%. According to the Philippine Statistics Office, the jump in the prices of goods and services was driven by a rise in the prices of alcohol and tobacco (20.8%), transport (7.1%), and food (6.1%). For 2018, the headline inflation is expected to remain at elevated levels especially with the persistent rise in the global prices of crude. Note that an absence of abating prices may highly likely continue to weigh on the markets.



JULY 9, 2018

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