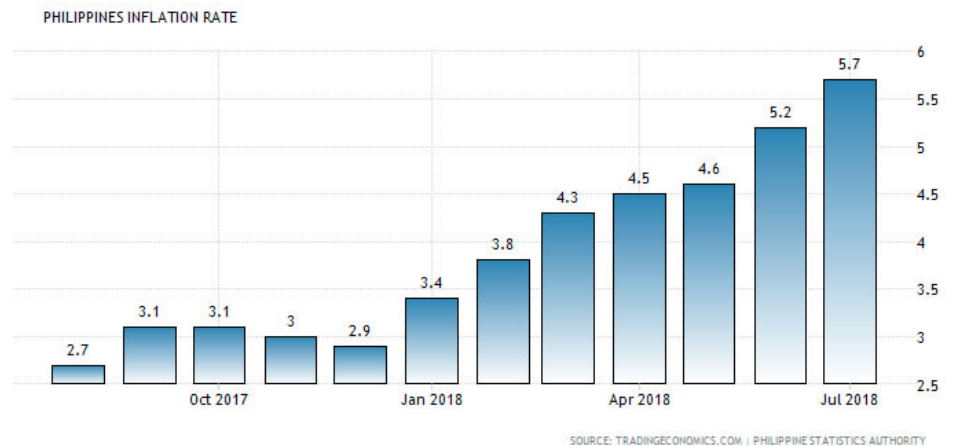


GLOBAL ECONOMIC UPDATE

PHILIPPINE INFLATION HEATS UP TO 5.7% IN JULY 2018

Philippine headline inflation as measured by the consumer prices index with a base year on 2012 rose to a 5-year high of 5.7%. The latest inflation number was more than the consensus estimate of 5.5% and was likewise faster than the 5.2% that was registered in the prior month. This also brought the 7 month average to 4.5%, above the government’s full year target range of 2-4%. According to the Philippine Statistics Authority, the recent increase the price of a basket of goods and services was mainly due to a 7.1% uptick in food and non-alcoholic beverages index. With inflation on the rise, the BSP will have to be more aggressive in their monetary stance.



AUGUST 13, 2018

GLOBAL ECONOMIC UPDATE

PHILIPPINE GDP GROWTH COOLS TO 6% IN 2Q18

Philippine GDP grew at a less-than-stellar rate of 6% in 2Q18. This was slower than the 6.6% estimate and growth that was registered in the last quarter, which was actually revised lower from 6.8%. On a year-to-date basis, the Philippine economy grew at 6.3% in the first semester of the year, lower than the government's 7-8% target band for 2018. Consumption, which accounted for roughly 60% of the GDP decelerated to 5.6% compared to 6% in the same quarter in 2017. The said slowdown in the consumption portion of the GDP may possibly be due to the rising costs of goods.



SOURCE: TRADINGECONOMICS.COM | PHILIPPINE NATIONAL STATISTICAL COORDINATION BOARD

AUGUST 13, 2018

GLOBAL ECONOMIC UPDATE

BSP HIKES INTEREST RATE BY 50 BASIS POINTS TO 4%

The Bangko Sentral ng Pilipinas raised its benchmark interest rate by 50 basis points to 4% as it was forced to change its loose stance following the continuing rise in domestic inflation. Inflation rose to a 5-year high of 5.7% in July bringing the 7-month average to 4.5%. The BSP, citing continued upside risks to inflation, likewise revised their inflation outlook to 4.9% this year from 4.5% and to 3.7% in 2019 from 3.3%.



AUGUST 13, 2018

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