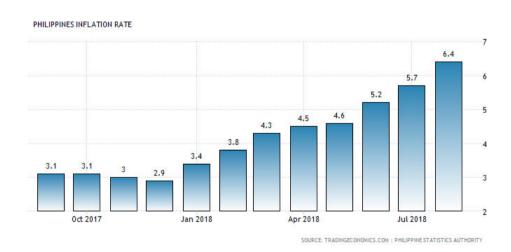




GLOBAL ECONOMIC UPDATE

PHILIPPINE INFLATION SURGES TO A 9-YEAR HIGH

Philippine headline inflation as measured by the CPI spiked to a 9-year high of 6.4% in August 2018, besting the consensus estimate of only 5.9%. The recent data also came after a 5.7% print in July. Meanwhile, the core inflation, which excludes food and fuel prices, was also up by 4.8%. The jump in the price of a basket of goods and services was driven by a 21.6% leap alcoholic beverages and tobacco. It was further boosted by 8.5% rise in food and non-alcoholic beverages. August's number likewise brought its year-to-date average to 4.8%, which was higher than the government's target range of only 2-4%. The faster-than-expected inflation in the recent month may again force the BSP to raise its benchmark rate by another 50 basis points in its coming meeting at the end of September.



SEPTEMBER 10, 2018





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