

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.



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