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DOF: Growth target doable amid manageable inflation

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The Department of Finance (DOF) said the government's economic growth target for the year is doable with the implementation of the first tax reform law, along with manageable inflation and robust investment in infrastructure.

Based on his latest economic bulletin, Finance Undersecretary Gil S. Beltran said a Gross Domestic Product (GDP) expansion of at least seven percent is doable this year, noting the Tax Reform for Acceleration and Inclusion (TRAIN) law will be the key driver of growth.

Aside from TRAIN, Beltran said the planned tariffication on rice, and massive infrastructure projects under the ambitious "Build, Build, Build" program of the Duterte administration will also boost the country's GDP.

With this, Beltran is confident that it will enable the government to sustain a manageable inflation environment going forward.

"Low inflation is an indication that the country's macroeconomic fundamentals remain strong," Beltran said in his report submitted to Finance Secretary Carlos G. Dominguez III said.

"Solid fundamentals backed by TRAIN-1 implementation, rice sector reform and the 'Build, Build, Build' policy will push the country's growth to 7-8 percent this year and sustain manageable inflation," Beltran, who is also the DoF's chief economist, said.

In December, Beltran expects rate of increase in consumer prices likely eased further to 3.2 percent from the previous month's 3.3 percent, on the back mainly of more stable food prices and lower

power costs.

Citing estimates from the Philippine Statistics Authority, Beltran said price increases of food and non-alcoholic beverages last month likely remained unchanged at 3.2 percent.

Price increases of rice were also seen unchanged at 1 percent. Communication, education, and restaurant and miscellaneous services were likewise seen to stay at their levels.

The commodity groups that likely recorded slower price increases are housing, utilities and fuels, 3.7 percent from 4.2 percent a month ago; and electricity, gas, and other fuels, 8.1 percent from 9.7 percent.

Likewise, transport is seen to move at slower pace to 2.8 percent from 4.4 percent, while recreation and culture, 1.5 percent from 1.6 percent.

Also, data showed that Meralco rate per kilowatt hour for households consuming 200 KW for the month of December declined to P9.25 from P9.63 in November. Meralco generation charge for the month decreased to P4.60 from P4.91 a month ago.

Prices of diesel per liter in the National Capital Region increased to P36.20 last month from P35.46 in November.

But prices of gasoline per liter in NCR declined to P48.12 from P48.48 a month ago.

Inflation in the first 11 months of 2017 averaged 3.2 percent, well within the government's official target range of 2 to 4 percent for the year.

Inflation peaked at 3.5 percent last October.

The inter-agency Development Budget Coordination Committee last December 22 kept the current inflation target of 2 percent to 4 percent from 2018 to 2020.

* INFLATION

* DOF

* GDP

* TAX REFORM FOR ACCELERATION AND INCLUSION (TRAIN)