

Inflation may have already peaked at 4.6% in May

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Inflation may have already peaked at 4.6 percent in May and may slowly taper in the coming months, according to the National Economic and Development Authority (NEDA).

In an interview, Socioeconomic Planning Secretary Ernesto Pernia said the rate of increase in inflation has already decelerated, and that inflation is expected to slowly settle back within the government's two to four percent target.

"That's what we're seeing, the rise in inflation has already slowed down. We think it is slowing, give it some time it will normalize," Pernia said.

Pernia said the 4.6 percent inflation recorded in May may already be the highest seen this year.

"That's the maximum, the 4.6 percent," he said.

Last May, headline inflation accelerated to a fresh five-year high of 4.6 percent, up from the previous month's level of 4.5 percent and last year's 2.9 percent.

Economic managers attributed the rapid rise in inflation mainly to rising global oil prices, as well as higher prices of rice, corn, fish and tobacco.

The Department of Finance (DOF), Department of Budget and Management and NEDA also said Tax Reform for Acceleration and Inclusion (TRAIN) Law's impact on inflation remained at 0.4 percentage points last May, the same level as was seen last April.

The DOF, in a previous economic bulletin, said despite the 4.6 percent inflation recorded last May, data indicates that prices barely moved on a month-on-month basis.

"Month-on-month price change is practically nil. These suggest that while inflationary expectations still remain, they may be already ebbing," the DOF said.

Core inflation, the DOF said, increased "marginally" to 3.6 percent in May from 3.6 percent the previous month.

Finance Secretary Carlos Dominguez had also said consumers should expect a downtrend in the prices of basic commodities after crude prices start to decline in the world market.

Meanwhile, the National Food Authority (NFA) earlier said rice prices may decline this June as the government's rice imports have already started arriving in the country.

Budget Secretary Benjamin Diokno said there is still a possibility of further upticks in inflation within the year, especially with the further increase in tobacco excise taxes in July.

"We are not ruling out the possibility that there will still be an uptick in inflation. But we are confident that it will taper off," he said.