

Likas-Philippines - Inflation at 10-month low in September

Written by Michelle Remo/Philippine Daily Inquirer

Tuesday, 05 October 2010 08:44 - Last Updated Thursday, 07 October 2010 23:53

[Inflation at 10-month low in September](#)

By Michelle Remo

Philippine Daily Inquirer

First Posted 22:13:00 10/05/2010

Filed Under: Economy and Business and Finance, inflation

RISE IN consumer prices was at a 10-month low in September, a development officials said was due to increasing investments that propped supply of goods and services to meet growing demand.

The National Statistics Office yesterday reported that year-on-year inflation settled at 3.5 percent in September, slower than the 4 percent posted the previous month. It was also below the forecast of 3.6 to 4.5 percent made by the Bangko Sentral ng Pilipinas.

The latest inflation figure brought the cumulative rate for the first nine months of the year to 4.1 percent, well within the government's full-year inflation target of 3.5 to 5.5 percent.

According to the BSP, the latest indicators point to a favorable inflation environment over the short to medium term.

BSP officials said that despite robust growth of the economy, which expanded by 7.9 percent in the first half from a year ago—its fastest in over three decades—consumer prices are increasing only at a moderate pace due to the rise in investments.

Monetary officials said the investments resulted in an increase of supply, which had offset growth in demand as income levels improved.

Victor Abola, economics professors from the University of Asia and the Pacific, said in another statement that the inflation outlook for the months ahead remained favorable. He cited the recent drop in electricity prices, which would impact on costs of other commodities.

“We expect FLW [fuel, light and water] to ease further as Meralco announced that independent power producers' rates slid by 12 centavos per KWH on average.... The continuous drop of inflation is likely to continue for another two quarters,” Abola said.

According to the NSO report, the food, beverage and tobacco (FBT) group posted an annual inflation of 3.2 percent in September, slower than the 3.5 percent in August.

Inflation figure for fuel, light and water (FLW) was at 11.8 percent in September from 15.3 percent in August; services, 3.2 percent from 3.4 percent the previous month; clothing, 1.9

Likas-Philippines - Inflation at 10-month low in September

Written by Michelle Remo/Philippine Daily Inquirer

Tuesday, 05 October 2010 08:44 - Last Updated Thursday, 07 October 2010 23:53

percent from 2 percent; and miscellaneous items, 1.3 percent from 1.4 percent.

Only housing and repairs registered faster inflation in September, at 1.6 percent from 1.5 percent the previous month.

Some analysts said the appreciation of the peso against the US dollar somehow helped in slowing down inflation rise.

The strong peso is tempering growth in prices of imported goods, including oil, they explained.

BSP deputy governor Nestor Espenilla Jr. said that although price increases had been moderate so far, the central bank would still monitor factors that could accelerate inflation in the months ahead.

“The BSP continues to keenly monitor price pressures over the policy horizon so that it can effectively and preemptively ward off threats to price stability,” Espenilla said.