

REPORT ON INFLATION

(FEBRUARY 2021)

HIGHLIGHTS

- The country's overall inflation rate accelerated to 4.7 percent in February 2021, bringing year-to-date inflation to 4.5 percent. This is above the central bank's full-year target range of 2 to 4 percent for 2021.
- Seasonally adjusted month-on-month inflation decelerated to 0.1 percent from 1.1 percent in January, suggesting price stabilization in the near term.
- Food and non-alcoholic beverages as well as non-food inflation further accelerated to 6.7 percent and 2.7 percent, respectively. Meat inflation increased to 20.7 percent and contributed 1.3 ppt to overall inflation.
- Inflation in the National Capital Region (NCR) decelerated to 4.1 percent while inflation in areas outside of NCR (AONCR) increased to 4.8 percent in February 2021. Among regions, Cagayan Valley recorded the highest inflation rate at 7.9 percent.
- To address the increase in overall inflation, the government needs to proactively manage the increase in food prices to protect the purchasing power of households, especially the poor. In particular, it may ramp-up its supply-augmenting measures on key agricultural commodities, including the temporary reduction of tariffs, to help stabilize food prices while adhering to strict safety protocols. The Committee on Tariff and Related Matters has endorsed the proposed increase in the minimum access volume (MAV) of pork and the temporary decrease in the most favored nation (MFN) tariff rates of pork and rice, subject to the proper process and investigation by the Tariff Commission.

Year-on-year inflation rates (2012=100)

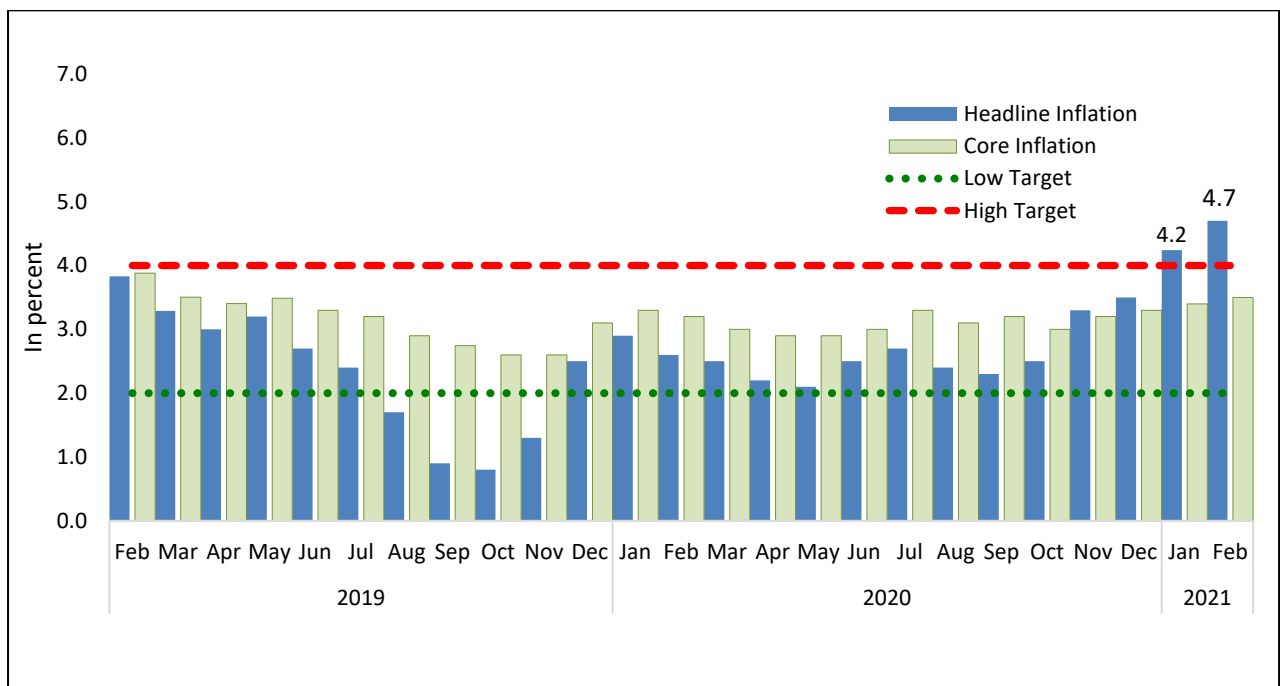
	Feb 2021	Jan 2021	YTD 2021
Philippines			
Headline	4.7	4.2	4.5
Core	3.5	3.4	3.5
Bottom 30%	5.5	4.9	5.2
NCR			
Headline	4.1	4.3	4.2
AONCR			
Headline	4.8	4.2	4.5

Source: Philippine Statistics Authority (PSA)

1. The country’s overall inflation rate further increased to 4.7 percent in February 2021, while seasonally adjusted month-on-month inflation slowed to 0.1 percent.

The Philippines’ headline inflation rate further accelerated to 4.7 percent in February 2021 from 4.2 percent in January 2021 and 2.6 percent in February 2020. This is the fastest rate in more than two years since the 5.1 percent inflation recorded in December 2018 (see Figure 1). The latest inflation figure is slightly below the 4.8 percent median forecast of the private sector and within the 4.3 to 5.1 percent forecast range of the *Bangko Sentral ng Pilipinas* (BSP).¹ **The February 2021 inflation brings year-to-date inflation to 4.5 percent**, which is above the 2 to 4 percent inflation target range of the government for 2021.

Figure 1. Headline inflation rates: February 2019 to February 2021



¹ <https://www.bworldonline.com/inflation-likely-hit-26-month-high-in-feb-poll/>

The faster inflation in January 2021 was mainly driven by the increase in the price indices of food and non-alcoholic beverages, particularly meat. Faster price adjustments were also recorded in transport, alcoholic beverages and tobacco, health, restaurant and miscellaneous goods and services, and communication (see Table 1).

Table 1. Year-on-year (y-o-y) headline inflation rates² in the Philippines (in percent, 2012=100)

Commodity group	Feb 2021		Jan 2021	
	Y-O-Y	M-O-M	Y-O-Y	M-O-M
ALL ITEMS	4.7	0.2	4.2	1.3
Food and Non-Alcoholic Beverages	6.7	0.1	6.1	2.2
Alcoholic Beverages and Tobacco	12.2	1.4	11.7	1.6
Clothing and Footwear	1.6	0.1	1.6	0.2
Housing, Water, Electricity, Gas, and Other Fuels	0.9	0.3	0.5	0.7
Furnishing, Household Equipment and Routine Maintenance of the House	2.4	0.2	2.9	0.1
Health	2.9	0.6	2.5	0.3
Transport	10.4	0.5	8.7	0.4
Communication	0.3	0.1	0.2	0.0
Recreation and Culture	-0.7	0.1	-0.7	0.1
Education	1.1	0.0	1.1	0.0
Restaurant and Miscellaneous Goods and Services	3.2	0.4	3.0	0.7

Source: Philippine Statistics Authority

² The month-on-month (m-o-m) inflation figures cited in Table 1 are not seasonally-adjusted.

Among the top 10 contributors to inflation during the month, four are food items, which together contributed around 2.4 percentage points (ppt) to total inflation. These are meat, vegetables, fish, and fruit (see Table 2).

**Table 2. Top 10 contributors to inflation in February 2021
(in percentage points)**

Commodity group	Feb 2021
Meat	1.3
Transport Services	0.7
Vegetables	0.6
Fish	0.4
Tobacco	0.3
Catering Services	0.2
Actual Rentals for Housing	0.2
Fruit	0.1
Personal Care	0.1
Alcoholic Beverages	0.1
TOTAL CONTRIBUTION TO INFLATION	4.1
Others (e.g., education, clothing & footwear, furnishings, communications, recreation)	0.6
OVERALL INFLATION	4.7

On a month-on-month (m-o-m) seasonally-adjusted basis, overall inflation has significantly slowed down to 0.1 percent in February 2021, from the revised 1.1 percent in January 2021. This was primarily driven by the significant deceleration in the m-o-m inflation of food and non-alcoholic beverages (0.4 percent in February 2021 from 1.5 percent in January 2021) and deflation in housing and utilities (-0.2 percent from 0.6 percent). This suggests price stabilization in the near-term.

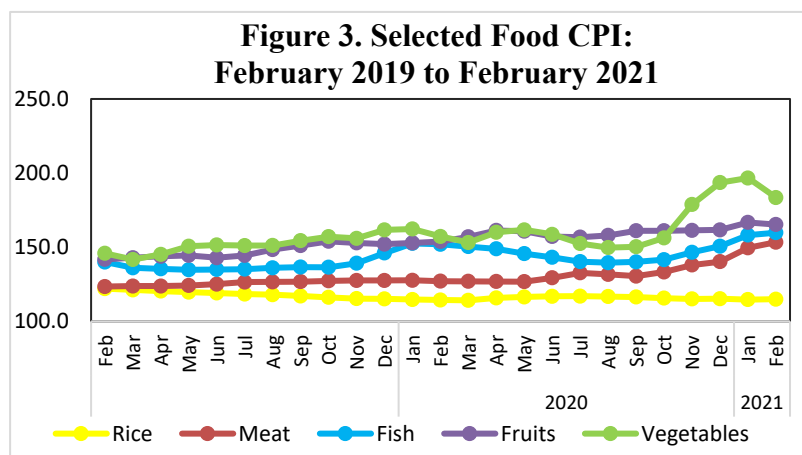
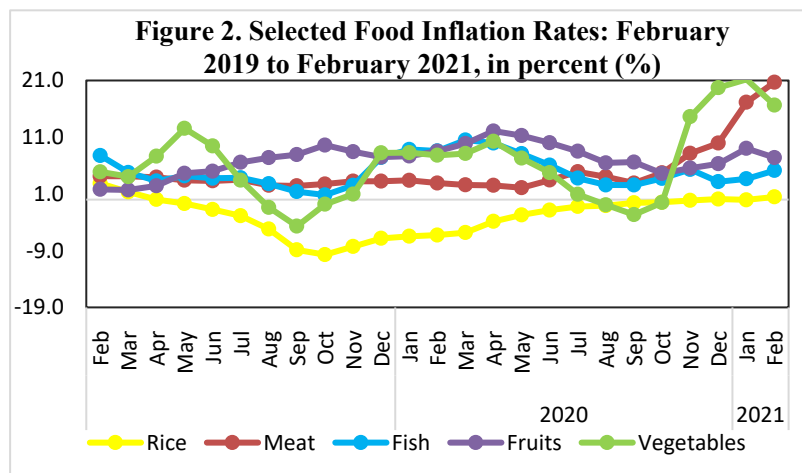
Core inflation³ inched up marginally to 3.5 percent in February 2021 from 3.4 percent in the preceding month, indicating that the increase in inflation is not broad-based. However, inflation for the bottom 30 percent of households was higher at 5.5 percent, up from 4.9 percent in the previous month.

2. Food and non-alcoholic beverages as well as non-food inflation further accelerated to 6.7 percent and 2.7 percent, respectively.

Food

Food and non-alcoholic beverages inflation further accelerated to 6.7 percent in February 2021 from the revised 6.1 percent in January 2021 and 2.1 percent in February 2020. On a m-o-m seasonally adjusted basis, inflation for food and non-alcoholic beverages slowed down to 0.4 percent in February 2021 from 1.5 percent in the previous month.

In particular, food inflation continued to accelerate for the fifth consecutive month to 7.0 percent in February 2021, the highest since the record of 7.7 percent in November 2018. The uptick was primarily driven by the



³ The official core inflation measure is defined as the rate of change of headline Consumer Price Index (CPI) after excluding selected food and energy items whose underlying price movements are generally characterized by short-term volatile movements. It is a measure of the broad or underlying trend or movement in the average consumer prices. Source: BSP.

sustained increase in meat prices (20.7 percent in February 2021 from 17.1 percent in January 2021) amidst the limited supply of pork, beef, and chicken. Amid the recently implemented price ceiling on pork and poultry products under Executive Order 124,⁴ meat prices remain elevated due to the continuous outbreaks of African Swine Fever (ASF) in the country and decreased local production of cattle and poultry from the previous year. Further, in light of the ASF, consumers have been shifting from pork to other meat alternatives such as beef and chicken which drove the prices up for these products.

A faster inflation rate was also recorded for fish (5.1 percent from 3.7 percent) which can be attributed to the implementation of the closed fishing season across several regions, a few of which were just lifted from mid-February to 1 March (e.g., the Visayan Sea and the Zamboanga Peninsula).⁵ Other food items that recorded faster price adjustments were rice (0.5 percent from 0.0 percent) and oils and fats (3.3 percent from 2.9 percent).

Conversely, inflation eased for vegetables (16.7 percent from 21.2 percent) and fruits (7.4 percent from 9.0 percent), which may be attributed to sufficient supply as production slowly recovered from the impact of previous typhoons. Other products that registered slower price adjustments include other cereal products (1.8 percent from 2.1 percent), sugar and other sweetened products (0.2 percent from 0.3 percent), and corn (1.5 percent from 1.6 percent). Inflation for milk, cheese, and eggs was unchanged at 1.7 percent during the reference month.

Non-food

Inflation for non-food items accelerated to 2.7 percent in February 2021, from 2.4 percent in January 2021 and 2.2 percent in the same period last year. The uptick was primarily driven by transport (10.4 percent in February 2021 from 8.7 percent in January 2021), housing and utilities (0.9 percent from 0.5 percent), health (2.9 percent from 2.5 percent), and restaurants and miscellaneous goods and services (3.2 percent from 3.0 percent).

⁴ EO 124, Series of 2021. Signed on 1 February 2021. Effective 8 February 2021. Under this EO, the price ceiling of PHP270/kg for pigue/kasim, Php 300/kg for liempo, and Php 160 for dressed chicken will be implemented for 60-days.

⁵ DA Bureau of Fisheries and Aquatic Resources announced lifting of closed fishing seasons for provinces such as Palawan, Visayan Sea, and the Zamboanga Peninsula. These were lifted on 31 January, 16 February, and 1 March 2021, respectively. News accessed via <https://www.bfar.da.gov.ph/> on 4 March 2021

In particular, transport inflation edged up as a result of a slower decline in petroleum and fuels for personal transport equipment (-2.0 percent from -9.3 percent). Based on data from the Department of Energy (DOE), the year-on-year decline in the cost of diesel (-7.0 percent from -14.6 percent), kerosene (-3.4 percent from -13.6 percent), and unleaded gasoline (-6.0 percent from -12.2 percent) were much less relative to the previous month. This may be attributed to the rising global oil prices on the back of renewed demand as economies reopen, along with tighter supply due to seasonal refinery maintenance and strong compliance to production cut by the Organization of Petroleum Exporting Countries (OPEC) and its allies.^{6,7}

Meanwhile, the uptick in housing and utilities inflation was primarily driven by the increase in liquefied natural gas (2.5 percent from -0.5 percent) and the slower decline in electricity (-4.4 percent from -5.9 percent) price index.

On the other hand, inflation for furnishings, household equipment and routine maintenance of the house (2.4 percent from 2.9 percent) decelerated in February 2021, while price movements were generally stable for education (1.1 percent), clothing and footwear (1.6 percent), and recreation and culture (-0.7 percent). On a m-o-m seasonally-adjusted basis, non-food inflation posted nil growth from a 0.6 percent increase in the previous month.

⁶ Based on updates from the National Price Coordinating Council on 28 January 2020 and list of oil refineries under maintenance in the Asia-Pacific region (<https://www.spglobal.com/platts/en/market-insights/latest-news/agriculture/022521-refinery-news-roundup-maintenance-and-closures-in-focus-in-asia-pacific> accessed on 4 March 2021).

⁷ <https://www.reuters.com/article/oil-opec-survey-int-idUSKBN2AT2ES>

3. Inflation in the National Capital Region (NCR) decelerated to 4.1 percent in February 2021, while inflation in areas outside the National Capital Region (AONCR) increased to 4.8 percent. Despite a marginal slowdown, the inflation rate in Cagayan Valley remained the highest for the second consecutive month at 7.9 percent.

Headline inflation in NCR eased to 4.1 percent in February 2021 from 4.3 percent in January 2021. This is higher than the 2.0 percent inflation rate in February 2020. The deceleration in February 2021 inflation could be attributed to slower price adjustments in food and non-alcoholic beverages (7.1 percent in February 2021 from 8.3 percent in January 2021), furnishing, household equipment and routine maintenance of the house (3.1 percent from 4.4 percent), restaurant and miscellaneous goods and services (1.0 percent from 1.1 percent), and clothing and footwear (0.8 percent from 0.9 percent). These outweighed the accelerated inflation observed for housing and utilities (1.2 percent from 0.4 percent), transport (12.8 percent from 11.3 percent), and alcoholic beverages and tobacco (11.1 percent from 10.5 percent). Recreation and culture still recorded deflation, albeit at a slower pace compared to the preceding month (-0.4 percent from -0.5 percent). Meanwhile, inflation rates for health (2.7 percent), education (0.5 percent), and communication (0.2 percent) remained unchanged from the previous month.

On the other hand, inflation in AONCR accelerated to 4.8 percent in February 2021 from 4.2 percent in the preceding month and 2.8 percent in February 2020. This stemmed from faster price adjustments in nearly all commodities, such as food and non-alcoholic beverages (6.6 percent in February 2021 from 5.7 percent in January 2021), transport (9.7 percent from 7.9 percent), housing and utilities (0.8 percent from 0.6 percent), restaurant and miscellaneous goods and services (3.9 percent from 3.7 percent), health (2.9 percent from 2.5 percent), alcoholic beverages and tobacco (12.3 percent from 12.0 percent), and communication (0.4 percent from 0.3 percent). Meanwhile, inflation for furnishing, household equipment and routine maintenance of the house (2.3 percent from 2.4 percent) decelerated, while

recreation and culture further deflated (-0.8 percent from -0.7 percent). Inflation for clothing and footwear (1.8 percent) and education (1.4 percent) remained unchanged from the previous month.

Of the 17 regions in the Philippines, majority posted higher inflation rates except for NCR and Cagayan Valley (see Table 3). Nevertheless, Cagayan Valley still recorded the highest inflation rate among all regions at 7.9 percent in February 2021 from 8.0 percent in the preceding month. The slight moderation in the region's inflation could be attributed to the slower inflation in food and non-alcoholic beverages (10.3 percent from 11.2 percent), alcoholic beverages and tobacco (11.7 percent from 13.3 percent), health (5.5 percent from 5.7 percent), and the sustained deflation in recreation and culture (-1.0 percent from -0.9 percent).

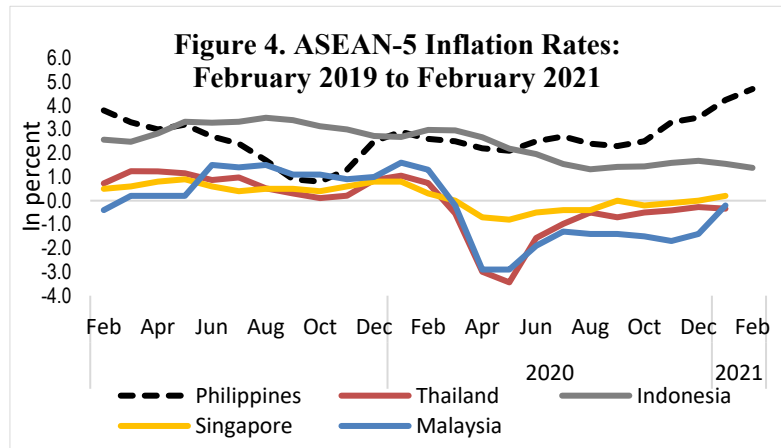
Table 3. Y-O-Y regional inflation rates
(In percent, 2012=100)

Regions	Feb 2021	Jan 2021	YTD 2021
NCR- National Capital Region	4.1	4.3	4.2
AONCR – Areas outside the NCR	4.8	4.2	4.5
CAR – Cordillera Administrative Region	4.1	4.0	4.0
I – Ilocos Region	4.6	3.7	4.1
II – Cagayan Valley	7.9	8.0	8.0
III – Central Luzon	5.5	5.4	5.5
IV-A – CALABARZON	5.8	5.6	5.7
IV-B – MIMAROPA Region	5.2	5.0	5.0
V – Bicol Region	7.5	7.4	7.4
VI - Western Visayas	5.1	3.9	4.4
VII - Central Visayas	1.0	0.6	0.8
VIII - Eastern Visayas	2.8	1.7	2.2
IX - Zamboanga Peninsula	2.0	0.2	1.1
X - Northern Mindanao	3.7	2.5	3.1
XI - Davao Region	2.7	1.9	2.3
XII - SOCCSKSARGEN	4.9	4.3	4.6
XIII - Caraga	4.7	3.1	3.9
BARMM – Bangsamoro Autonomous Region in Muslim Mindanao	3.7	3.0	3.3

4. Indonesia's headline inflation rate eased further to 1.4 percent. Others have yet to release inflation figures for February 2021, but Thailand and Malaysia both recorded deflation in January 2021 while Singapore recorded an uptick in overall prices.

Indonesia's overall inflation moderated to 1.4 percent in February 2021 from 1.6 percent in the previous month. This was mainly driven by the slower inflation in food, drinks and tobacco (1.9 percent in February 2021 from 2.8 percent in January 2021),

and housing and utilities (0.2 percent from 0.3 percent).⁸ On 18 February 2021, the Bank Indonesia reduced its key policy rate by 25 basis points (bps) to 3.50 percent to boost the country's economic recovery.⁹



Meanwhile, Thailand, Malaysia, and Singapore have yet to report inflation figures for February 2021. But for January 2021, both Thailand and Malaysia recorded a deflation, while Singapore recorded an uptick in overall consumer prices. In particular, deflation in Thailand continued for the 11th straight month at -0.3

Table 4. Y-O-Y ASEAN-5 inflation rates (in percent)

	Feb	Jan	YTD 2021
	2021	2021	
Philippines	4.7	4.2	4.5
Indonesia	1.4	1.6	1.5
Thailand	Not yet available	-0.3	-0.3
Malaysia	Not yet available	-0.2	-0.2
Singapore	Not yet available	0.2	0.2

⁸ <https://www.bps.go.id/pressrelease/2021/03/01/1761/inflasi-terjadi-pada-februari-2021-sebesar-0-10-persen--inflasi-tertinggi-terjadi-di-mamuju-sebesar-1-12-persen-.html>

⁹ https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_234221.aspx

percent in January 2021, similar to the previous month's rate, owing to the sustained but slower decline in transport prices (-1.9 percent in January 2021 from -3.1 percent in December 2020) along with the slowdown in food inflation (0.6 percent from 1.4 percent).¹⁰

Malaysia's overall consumer prices declined at a much slower rate, to -0.2 percent in January 2021 from -1.4 percent in December 2020. This was largely due to the slower deflation in transport (-5.1 percent in January 2021 from -8.4 percent in December 2020), utilities (-0.7 percent from -3.3 percent), and restaurants and hotels (-0.1 percent from -0.2 percent) during the reference month. In addition, faster price adjustments were also recorded in food and non-alcoholic beverages (1.5 percent from 1.4 percent) and alcoholic beverages and tobacco (0.7 percent from 0.6 percent).¹¹

Meanwhile, overall consumer prices in Singapore increased for the first time in 11 months to 0.2 percent in January 2021 from nil growth in December 2020. This was on account of the smaller decline in services cost (-0.3 percent in January 2021 from -0.8 percent in December 2020) and the uptick for private transport. The government of Singapore expects headline inflation to average between -0.5 and 0.5 percent in 2021.¹²

5. Inflation outlook and policy implications

During its 11 February 2021 meeting, the Monetary Board decided to keep its key policy rate unchanged at 2.0 percent to support the recovery of the Philippine economy.¹³ Meanwhile, the BSP revised its inflation forecast upwards to 4.0 percent for 2021 (from an earlier estimate of 3.2 percent in December 2020) and downwards to 2.7 percent for 2022 (from 2.9 percent).¹⁴ The latest inflation outlook takes into account the temporary supply shocks on food, which is expected to subside towards the latter part of 2021. Nonetheless, these projections remain within the government's inflation target of 2.0 to 4.0 percent.

¹⁰ <https://tradingeconomics.com/thailand/inflation-cpi>

¹¹ https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=106&bul_id=SERtRkdydXJwWVfzdTlsREVKaTFhUT09&menu_id=bThzTHQxN1ZqMVF6a2I4RkZoNDFkOT09

¹² <https://www.mas.gov.sg/-/media/MAS/EPG/CPD/2021/Inflation202101.pdf>

¹³ BSP Press Release, "Monetary Board Holds Policy Settings Steady", 11 February 2021. Accessed via <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=5684> on 4 March 2021

¹⁴ Based on the online Monetary Policy Press Statement held on 11 February 2021.

To address the increase in overall inflation, the government needs to proactively manage the increase in food prices to protect the purchasing power of households, especially the poor. In particular, it may ramp-up its supply-augmenting measures on key agricultural commodities, including the temporary reduction of tariffs, to help stabilize food prices while adhering to strict safety protocols. This will also temper calls for minimum wage hikes.¹⁵ On the external front, the government may also need to closely monitor volatility in international oil prices driven by tight international supply amid recovery in global demand.

Food supply

The domestic supply of rice, vegetables, and fish are expected to be sufficient in the near term. However, the availability of pork and chicken remains tight and may lead to further upward price pressures. Based on the latest estimates of the Department of Agriculture (DA), rice inventory is expected to last for 100 days by end-Q1 2021 while vegetable has an ending stock estimated to last for 31 days.¹⁶ For fish products, the DA-Bureau of Fisheries and Aquatic Resources (BFAR) projects a surplus equivalent to three-day stocks by end-March. For full-year 2021, the ending stock of fish products is estimated to last for eight days.¹⁷

On the other hand, the DA expects a deficit of 388,790 metric tons (MT)¹⁸ of pork by the end of the year due to the continuous spread of the ASF in the country. There is also a potential shortage of chicken at around 50,168 MT following the controls made in the breeder population for 2020, as an indirect effect of community quarantines where producers cut down on their operations, coupled with the increased demand for chicken as a substitute for pork.¹⁹ The Committee on Tariff and Related Matters has endorsed the proposed increase in the minimum access volume (MAV) of pork and the temporary decrease in the most favored nation (MFN) tariff rates of pork and rice, subject to the proper process and investigation by the Tariff Commission.

¹⁵ <https://www.philstar.com/headlines/2021/02/23/2079757/labor-group-files-p100-wage-hike-petition>

¹⁶ DA Presentation during the Meeting of the Task Group on Food Security held on 18 February 2021.

¹⁷ Data submitted by DA-BFAR to ANRES on 2 March 2021.

¹⁸ Estimated by the DA National Livestock Program as of 29 January 2021

¹⁹ DA Presentation during the meeting of the Task Group on Food Security (TGFS) held on 18 February 2021.

As of 26 February 2021, the DA – Bureau of Animal Industry reported that 442,402 pigs have been culled in 40 provinces, accounting for 2.2 percent of total hog production in 2020,²⁰ with new cases detected in Masbate province.²¹ To immediately address the shortage in supply, the government will temporarily ease import restrictions, complemented by strict adherence to biosecurity and food safety protocols to prevent the entry of contaminated products. Non-tariff barriers on fish importation, such as the certificate of necessity, may also need to be addressed. In the medium term, the government may need to review the existing tariff rates of meat and all other food and study whether the sector can benefit from further liberalization.

Moreover, the government is implementing hog repopulation programs in ‘green zones’ or ASF-free areas, which include the provision of swine livelihood enterprise, establishment of breeder multiplier farms, and intensive and modernized production.²² The DA is also providing lending support and insurance coverage²³ for culled hogs. Meanwhile, the agriculture department is advised to be proactive in preparing for hog vaccination at the national level, with one being developed in Vietnam that is expected to be available by Q2 2021.²⁴ Construction of first-border inspection facilities in major ports will add protection against smuggled meat that may be infected with ASF.

Using innovative technologies to increase production will also help ease inflation pressures. Among recent initiatives, BFAR’s induced spawning techniques and nursery rearing of selected fish species may provide solutions to the declining fish catch.²⁵

The government is also implementing the Food Resiliency Protocol²⁶ in coordination with the local government units (LGUs) to facilitate the unhampered delivery of agriculture and fishery products. Strengthening the linkages between

²⁰ Through government-organized culling, based on Department of Agriculture-Bureau of Animal Industry report

²¹ <https://businessmirror.com.ph/2021/02/12/da-forms-panel-to-oversee-asf-vaccine-development-manufacturing-program/>

²² <https://www.da.gov.ph/agri-chief-launches-p29-6-b-hog-repopulation-bantay-sa-asf-sa-barangay-twin-program/>

²³ <https://www.da.gov.ph/da-pcic-relaxes-conditions-for-paying-asf-affected-insured-hog-raisers/>

²⁴ <https://minda.gov.ph/news/587-vietnam-asf-vaccine-mindanao-hog-raisers-rgoup-seeks-minda-help-for-trials>

²⁵ <https://www.da.gov.ph/new-ways-to-raise-dalag-hito-will-boost-fish-supply/>

²⁶ Under the Food Resiliency Protocol, all vehicles carrying food commodities, agri-fishery products and inputs, bearing government issued stickers shall be allowed passage at quarantine checkpoints through the Food Lanes.

producers and consumers need to be sustained through the DA's *KADIWA ni Ani at Kita* caravans and other digital platforms. The promotion of urban agriculture, backyard gardening, and the establishment of community gardens will also help address food supply concerns. Meanwhile, concerned government authorities may ensure the effective implementation of the prevailing price ceilings²⁷ and conduct a regular review of market prices to protect both the consumers and retailers. The implementation of price ceilings should be time-bound to avoid further market distortions.

Adverse weather conditions

The Philippine Atmospheric, Geophysical, and Astronomical Services Administration (PAGASA) forecasts that La Niña will still likely bring above-normal rainfall conditions in March 2021, with a 60 percent probability of transitioning to El Niño Southern Oscillation (ENSO)-neutral conditions by April to June. Four to eight tropical cyclones may enter the Philippines between March to August.²⁸

Assistance to affected farmers and raisers in the form of production inputs for crops, medicines and vaccines for livestock and poultry, loan programs, and payments for losses incurred can be continued to help ease the impact of adverse weather conditions. Moreover, utilizing technology and investing in research and development projects may help make crop production and crop varieties climate-resilient. Aside from this, the improvement in irrigation systems is essential in minimizing the damage from adverse weather conditions.

²⁷ <https://www.da.gov.ph/da-implements-60-day-pork-chicken-price-cap-in-ncr/>

²⁸ <https://pubfiles.pagasa.dost.gov.ph/climps/climateforum/climateoutlook.pdf>

Transport Services

The increased mobility of the population as more Filipinos visit workplaces, transit stations, and retail and recreation places²⁹ have elevated the cost of transport services since July 2020. This highlights the need for adequate transport services. In view of this and the need to ensure unhampered delivery of agriculture and fishery products, concerned government agencies are advised to regularly assess the supply-demand situation for logistics and transport services in their area and ensure that prevailing rates are fair for both commuters and operators. The Land Transportation Franchising and Regulatory Board (LTFRB) is also expected to accelerate its implementation of the service contracting program under Bayanihan 2 which includes payments to drivers based on the number of kilometers rendered and compliance to other performance indicators. This is expected to improve the quality of public transport services and ensure continuous service for commuters. Moreover, the LTFRB aims to enroll 60,000 drivers in the program.

Global oil prices

The tight global supply and stronger demand outlook following expectations of a decline in COVID-19 cases led to higher global oil prices in February 2021.³⁰ Earlier in January, OPEC+ decided to cut its production by 7.125 mb/d, and 7.05 mb/d for February and March 2021, respectively.³¹ Compliance to the production cut stood at 121 percent in February 2021, higher than the 103 percent compliance in the previous month.³² Moreover, global demand for oil is expected to recover in 2021 as vaccination programs roll-out, resulting in higher transportation demand for fuel.³³ As of 3 March, Dubai crude oil future prices increased to USD61.3/bbl for March 2021 (from the previous month's USD54.2/bbl quote for March 2021), and is expected to climb to USD57.1/bbl by December 2021.³⁴

²⁹ Based on Google COVID-19 Community Mobility Trends data for the Philippines.

https://www.gstatic.com/covid19/mobility/2021-02-28_PH_Mobility_Report_en.pdf

³⁰ https://www.marketwatch.com/articles/oil-prices-are-rising-here-are-next-steps-for-producers-51614254401?mod=mw_quote_news

³¹ Press release on the 13th OPEC and non-OPEC Ministerial Meeting. January 5, 2021.

https://www.opec.org/opec_web/en/press_room/6310.htm

³² <https://www.reuters.com/article/oil-opec-survey-int-idUSKBN2AT2ES>

³³ https://www.marketwatch.com/story/heres-what-the-oil-market-thinks-opec-should-do-next-11614354860?mod=mw_quote_news

³⁴ Dubai Crude Oil (Platts) Financial Futures Quotes, retrieved as of March 3, 2021 from Bloomberg Anywhere, <https://bba.bloomberg.net>