

REPORT ON INFLATION (MARCH 2021)

SUMMARY

- Headline inflation rate moderated to 4.5 percent in March 2021, maintaining year-to-date inflation at 4.5 percent. This is above the central bank’s full year target of 2 to 4 percent for 2021.
- Seasonally adjusted month-on-month inflation registered zero growth, which suggests price stabilization in the near term.
- Food and non-alcoholic beverages inflation significantly slowed down to 5.8 percent, while non-food inflation accelerated to 3.2 percent. Meat inflation increased to 20.9 percent and contributed 1.4 ppt to overall inflation.
- March inflation decelerated to 3.7 percent in NCR and to 4.7 percent in areas outside NCR (AONCR). Among regions, Bicol recorded the highest inflation at 8.0 percent.
- To address the increase in overall inflation, the government needs to proactively manage the increase in food prices and ensure the unhampered movement of food supply to ECQ areas in the NCR Plus bubble. This will help prevent second-round effects to protect the purchasing power of households, especially the poor. Measures to boost the supply of key agricultural commodities, including the temporary reduction of tariff and quota controls, can help stabilize food prices and inflation.

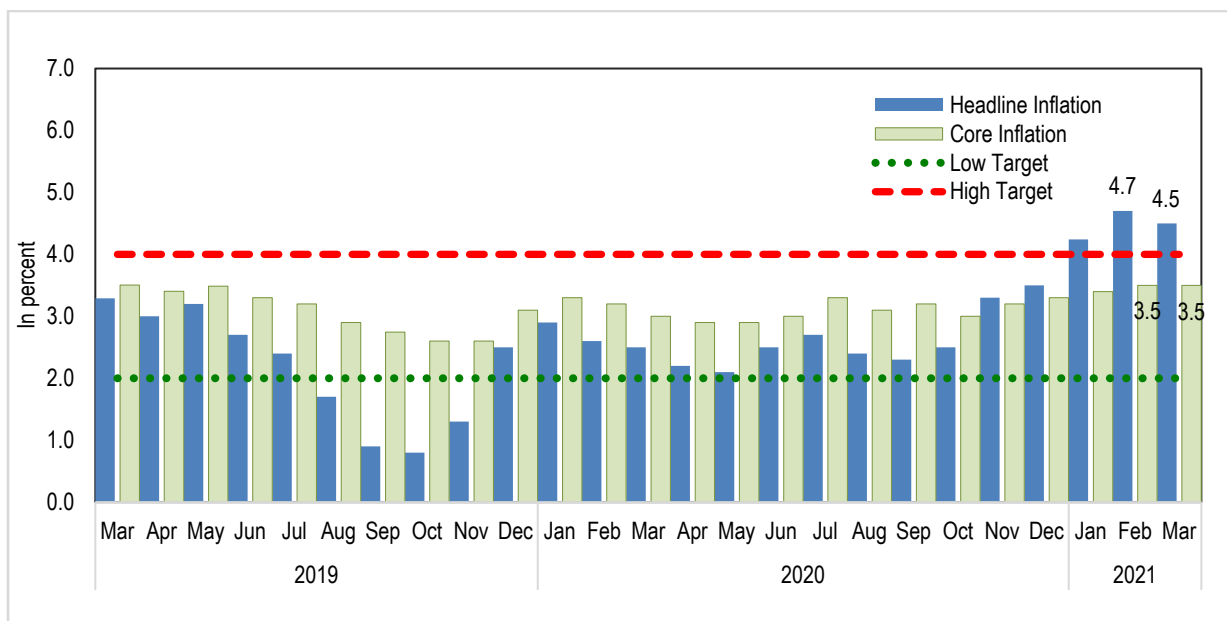
**Year-on-year inflation rates
(2012=100)**

	Mar 2021	Feb 2021	YTD 2021
Philippines			
Headline	4.5	4.7	4.5
Core	3.5	3.5	3.5
Bottom 30%	5.5	5.5	5.3
NCR			
Headline	3.7	4.1	4.0
AONCR			
Headline	4.7	4.8	4.5

1. Headline inflation rate moderated to 4.5 percent in March 2021, while seasonally adjusted month-on-month inflation registered zero growth.

After five months of continuous increases, the Philippines' headline inflation rate decelerated to 4.5 percent in March 2021 from 4.7 percent in February 2021, albeit significantly higher than the 2.5 percent in March 2020. The latest inflation figure was within the 4.2 to 5.0 percent forecast range of the *Bangko Sentral ng Pilipinas* (BSP), although lower than the 4.8 percent median forecast of the private sector.¹ **Year-to-date, headline inflation remained at 4.5 percent**, which is still above the BSP's target range of 2 to 4 percent in 2021.

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



The decelerated inflation in March 2021 was mainly driven by the slower increase in the price indices for food and non-alcoholic beverages, particularly vegetables,

¹ Business World. "PHL inflation uptick seen in March — poll" *Bworldonline.com*
<https://www.bworldonline.com/phl-inflation-uptick-seen-in-march-poll/> (accessed on April 5, 2021)

as well as furnishing, household equipment and routine maintenance of the house, restaurants and miscellaneous goods; 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	Mar 2021		Feb 2021	
	Y-O-Y	M-O-M	Y-O-Y	M-O-M
ALL ITEMS	4.5	-0.2	4.7	0.2
Food and Non-Alcoholic Beverages	5.8	-1.0	6.7	0.1
Alcoholic Beverages and Tobacco	12.1	0.8	12.2	1.4
Clothing and Footwear	1.6	0.3	1.6	0.1
Housing, Water, Electricity, Gas, and Other Fuels	0.9	-0.1	0.9	0.3
Furnishing, Household Equipment, and Routine Maintenance of the House	1.9	0.3	2.4	0.2
Health	2.9	0.2	2.9	0.6
Transport	13.8	1.3	10.4	0.5
Communication	0.2	0.0	0.3	0.1
Recreation and Culture	-0.6	0.2	-0.7	0.1
Education	1.1	0.0	1.1	0.0
Restaurant and Miscellaneous Goods and Services	3.1	0.2	3.2	0.4

Source: Philippine Statistics Authority

Among the top 10 contributors to inflation during the month, four items are under food & non-alcoholic beverages, which together contributed around 2.1 percentage points (ppt) to total inflation. These are meat, fish, vegetables, and rice (see Table 2).

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

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

Commodity group	Mar 2021
Meat	1.4
Transport Services	0.7
Fish	0.3
Tobacco	0.3
Vegetables	0.3
Catering Services	0.3
Actual Rentals for Housing	0.2
Operation of Personal Transport Equipment	0.2
Personal Care	0.1
Rice	0.1
TOTAL CONTRIBUTION TO INFLATION	3.9
Others (e.g., education, clothing & footwear, furnishings, communications, recreation, etc.)	0.6
OVERALL INFLATION	4.5

On a month-on-month (m-o-m) seasonally adjusted basis, overall inflation posted zero growth in March, from the revised 0.2 percent in February. This was primarily driven by the m-o-m deflation of food & non-alcoholic beverages (-0.4 percent in March from the revised +0.4 percent in February) and a deceleration in health (0.2 percent from the revised 0.5 percent in February); restaurants and miscellaneous goods and services (0.2 percent from 0.3 percent); alcoholic beverages and tobacco (0.8 percent from 0.9 percent); continued deflation in housing (-0.1 percent from -0.2 percent).

Core inflation³ remained at 3.5 percent in March, similar to the preceding month. Likewise, inflation for the bottom 30 percent of households remained at 5.5 percent

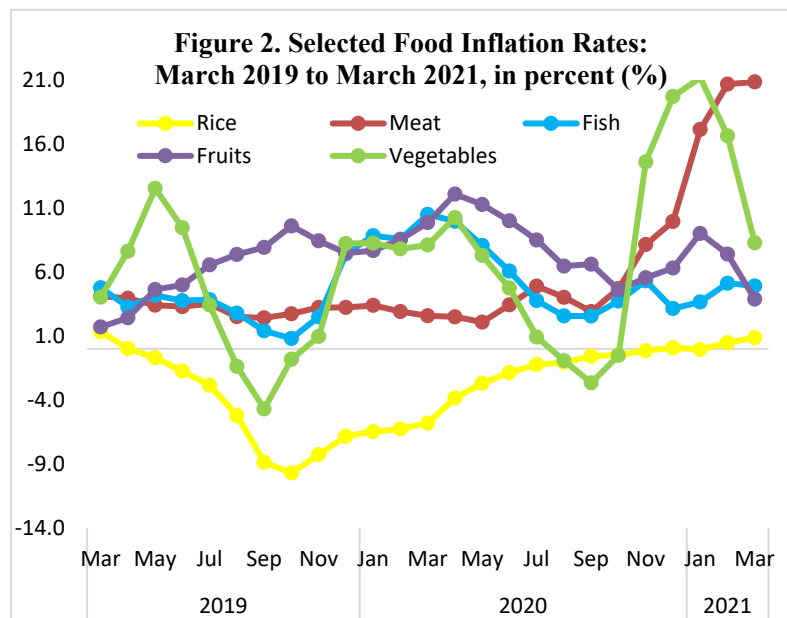
³ The official core inflation measure is defined as the rate of change of headline Consumer Price Index (CPI) after excluding selected food and energy items whose underlying price movements are generally characterized by short-term volatile movements. It is a measure of the broad or underlying trend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

from the previous month. Year-to-date, core inflation averaged at 3.5 percent while inflation for the bottom 30 settled at 5.3 percent.

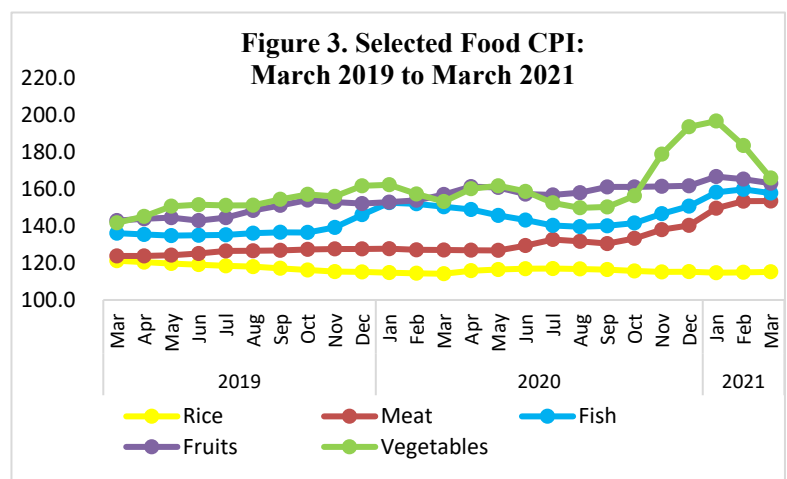
2. Food and non-alcoholic beverages inflation significantly slowed down to 5.8 percent; non-food inflation accelerated to 3.2 percent.

Food

Food and non-alcoholic beverages inflation slowed down to 5.8 percent in March 2021 from 6.7 percent in February 2021, but higher than the 2.6 percent recorded in March 2020. On a m-o-m seasonally adjusted basis, food & non-alcoholic beverages registered a 0.4 percent deflation in March 2021 from a growth of 0.4 percent in the previous month.



Food inflation decelerated to 6.2 percent owing to slower price adjustments in vegetables (8.3 percent in March 2021 from 16.7 percent in February 2021), fruits (3.9 percent from 7.4 percent), and fish (4.9 percent from 5.1 percent). The supply



of vegetables and fruits increased given better weather conditions and the onset of harvest season for selected agricultural products. The Department of Agriculture (DA) also highlighted an ample supply of upland vegetables against a slight shortfall in lowland vegetables. Nonetheless, consumers have access to alternative native vegetables that may address the lowland supply gap.

Similarly, inflation for fish products moderated due to increased supply following the lifting of the three-month closed fishing season across major fishing grounds as of March 1. The volume of fish unloaded at the Navotas Fish Port Complex increased by 17.4 percent in March (at 18,060 MT) compared to the previous month. Fish supply was further augmented by more fish imports at 25,264 MT as of March 30, or 84 percent of the total volume auctioned under the DA's Certificate of Necessity to Import.

On the other hand, meat inflation slightly accelerated (20.9 percent from 20.7 percent), as pork supply is continuously hampered by persistent outbreaks of African Swine Fever (ASF). Several countries across Asia⁴ and provinces within the Philippines continue to be affected⁵. As of 29 March 2021, a new outbreak was reported in Samar Island⁶. The DA-Bureau of Animal Industry (BAI) reported that the number of culled or depopulated pigs have reached 450,019 as of March 2021, or around 4.63 percent of total swine inventory in January 2021. This is also equivalent to 2.21 percent of total hog production in 2020.⁷

Rice inflation, slightly accelerated to 0.9 percent in March from 0.5 percent in February, but remains low. This was tempered by the arrival of rice imports at 608,140 MT in March or 68.2 percent of the volume issued with the DA Sanitary & Phytosanitary Import Clearance (SPSIC).

⁴ Bloomberg, "Disease That Wiped Out Millions of Pigs Is Creeping Back in Asia", 9 March 2021.

Bloomberg.com. <https://www.bloomberg.com/news/articles/2021-03-08/disease-that-wiped-out-millions-of-pigs-is-creeping-back-in-asia?sref=cRpLj0Ue>. (5 April 2021)

⁵ ASF Situation in Asia and Pacific Update. Retrieved from:

http://www.fao.org/ag/againfo/programmes/en/empres/ASF/Situation_update.html

⁶ Philippine News Agency. Retrieved from: <https://www.pna.gov.ph/articles/1135192>

⁷ Philippine Statistics Authority (PSA) and NEDA-ANRES estimates

Other products with faster inflation include corn (2.5 percent from 1.5 percent), oils and fats (3.9 percent from 3.3 percent), other cereal products (1.9 percent from 1.8 percent), sugar and sweetened products (0.3 percent from 0.2 percent). Prices for milk, cheese, and eggs remained unchanged for the fourth consecutive month (1.7 percent).

Non-food

Inflation for non-food items continued to accelerate to 3.2 percent in March 2021, from 2.7 percent in February 2021 and 1.6 percent in the same period last year. The uptick was primarily driven by transport (13.8 percent in March 2021 from 10.4 percent in February 2021). Petroleum and fuels for personal transport equipment increased to 11.9 percent year-on-year (y-o-y), from a contraction of 2.0 percent in the previous month. Based on the Department of Energy's (DOE) data, the increase was broad-based across fuel types with a y-o-y uptick for kerosene (16.9 percent from -3.4 percent), diesel (12.4 percent from -7.0 percent), and unleaded gas (4.0 percent from -6.0 percent). The overall pick up in fuel inflation may be attributed to the rise in global oil prices, especially during the first half of March, due to OPEC+'s extended supply constraints. Additionally, Saudi Arabia raised its pricing for crude shipments to Asia, with Saudi Aramco increasing prices above the benchmark by as much as USD 40 cents to USD 1.40 per barrel.⁸ Moreover, heightened uncertainty returned amid the attacks on Ras Tanura, an oil export terminal in Saudi Arabia, in early March 2021. Transport services also picked up (17.2 percent from 16.5 percent), particularly for tricycle (47.5 percent from 46.6 percent) and bus fares (4.9 percent from 4.6 percent). This may be attributed to stricter transportation regulations in community quarantine areas that limit the number of passengers per vehicle.^{9,10}

⁸ Bloomberg News, "Saudi's Raise Oil Prices to Asia as OPEC+ Extends Output Cuts". 8 March 2021. Bloomberg.com. <https://www.bloomberg.com/news/articles/2021-03-07/saudis-raise-crude-prices-to-asia-u-s-as-opec-extends-cuts?sref=cRpLj0Ue> (5 April 2021)

⁹ CNN, "'Unreasonable' transport rules caused higher inflation in sector – lawmaker". 10 March 2021. Cnnphilippines.com. https://cnnphilippines.com/news/2021/3/10/transport-sector-rules-Stella-Quimbo.html?fbclid=IwAR2pOnH6Go2OILozGfxN8x8GAsltNz4rpoFeIsV_1PnoCDstGP-BaFR7_io (5 April 2021)

¹⁰ DOTr News, "DOTr announces omnibus guidelines on public transportation in the enforcement of enhanced community quarantine". 28 March 2021. Dotr.gov.ph. <https://dotr.gov.ph/55-dotrnews/3282-dotr-announces-omnibus-guidelines-on-public-transportation-in-the-enforcement-of-enhanced-community-quarantine.html> (5 April 2021)

Meanwhile, housing and utilities were stable (0.9 percent) from the previous month as the decline in electricity prices (-5.2 percent from -4.4 percent) was offset by faster price increase in liquefied natural gas (7.7 percent from 2.5 percent). Electricity prices declined in March due to lower generation charges from the Wholesale Electricity Spot Market (WESM).

Price movements for health (2.9 percent), education (1.1 percent for the fifth consecutive month), and clothing (1.6 percent for the fifth consecutive month) were also unchanged. On the other hand, inflation decelerated for furnishings, household equipment & routine maintenance of the house (1.9 percent from 2.4 percent); restaurants & miscellaneous goods & services (3.1 percent from 3.2 percent); and communication (0.2 percent from 0.3 percent).

On a m-o-m seasonally adjusted basis, non-food inflation posted faster growth at 0.3 percent from a 0.2 percent increase in the previous month.

3. March inflation decelerated to 3.7 percent in NCR and to 4.7 percent in areas outside NCR (AONCR). Among the regions, Bicol recorded the highest inflation at 8.0 percent.

Headline inflation in NCR further eased to 3.7 percent in March 2021 from 4.1 percent in February 2021 and 4.3 percent in January 2021. This is still much higher than the 1.7 percent inflation rate in March 2020. The deceleration in March 2021 inflation could be attributed to slower price adjustments in food & non-alcoholic beverages (5.7 percent in March 2021 from 7.1 percent in February 2021), housing & utilities (0.3 percent from 1.2 percent), furnishing, household equipment & routine maintenance of the house (0.9 percent from 3.1 percent), alcoholic beverages & tobacco (10.6 percent from 11.1 percent), communication (0.1 percent from 0.2 percent), and clothing & footwear (0.7 percent from 0.8 percent). These more than offset the accelerated inflation observed for transport (16.3 percent from 12.8 percent), restaurant & miscellaneous goods & services (1.1 percent from 1.0 percent), and health (2.9 percent from 2.7 percent). Meanwhile,

recreation & culture (-0.4 percent) sustained deflation from the preceding period while inflation rate for education (0.5 percent) remained unchanged.

Inflation in AONCR slightly eased to 4.7 percent in March 2021 from 4.8 percent in the previous month, albeit still much higher than the recorded 2.7 percent in March 2020. This was due to slower price adjustments in food & non-alcoholic beverages (5.9 percent in March 2021 from 6.6 percent in February 2021), furnishing, household equipment & routine maintenance of the house (2.2 percent from 2.3 percent), and communication (0.3 percent from 0.4 percent). Likewise, recreation & culture (-0.7 percent from -0.8 percent) continued to post deflation, albeit slower compared to the previous month. On the other hand, inflation for transport (13.1 percent from 9.7 percent), housing & utilities (1.2 percent from 0.8 percent), and health (3.0 percent from 2.9 percent) accelerated. Meanwhile, inflation for education (1.4 percent), clothing & footwear (1.8 percent), restaurant & miscellaneous goods & services (3.9 percent), and alcoholic beverages & tobacco (12.3 percent) remained unchanged from the previous month.

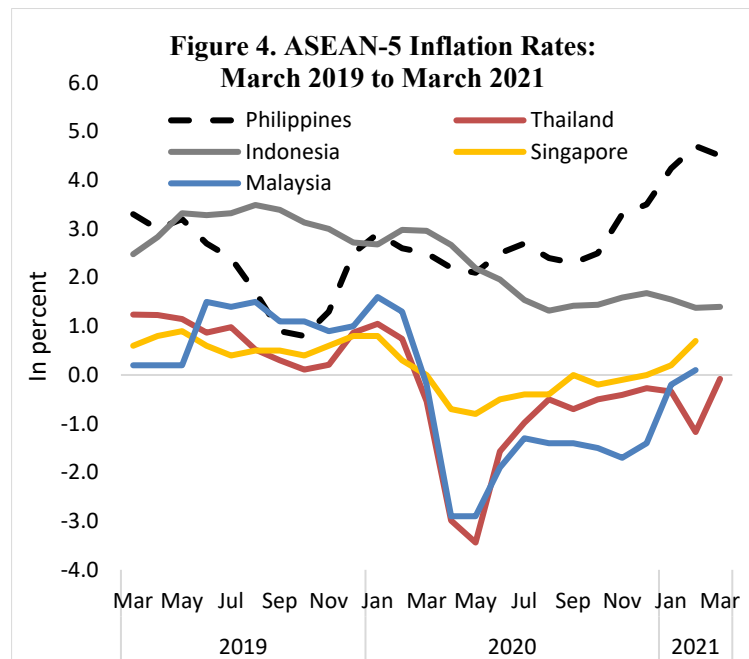
Of the 17 regions in the Philippines, six posted lower inflation rates, nine registered higher rates, and one remained unchanged from the preceding month (see Table 3). The Bicol Region recorded the highest inflation rate at 8.0 percent in March 2021 from 7.5 percent in the previous month. The uptick in the region's inflation could be attributed to the faster inflation in transport (46.5 percent from 43.9 percent), housing & utilities (2.0 percent from 0.8 percent), alcoholic beverages & tobacco (13.9 percent from 12.6 percent), restaurant & miscellaneous goods & services (7.6 percent from 6.8 percent, clothing & footwear (4.8 percent from 4.5 percent) and furnishing, household equipment & routine maintenance of the house (4.1 from 3.5 percent) during the reporting period.

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

Regions	Mar 2021	Feb 2021	YTD 2021
NCR- National Capital Region	3.7	4.1	4.0
AONCR - Areas outside the NCR	4.7	4.8	4.5
CAR - Cordillera Administrative Region	3.9	4.1	4.0
I - Ilocos Region	4.4	4.6	4.3
II - Cagayan Valley	7.3	7.9	7.7
III - Central Luzon	4.9	5.5	5.3
IV-A - CALABARZON	5.6	5.8	5.6
IV-B - MIMAROPA Region	5.7	5.2	5.3
V - Bicol Region	8.0	7.5	7.6
VI - Western Visayas	5.4	5.1	4.8
VII - Central Visayas	1.5	1.0	1.0
VIII - Eastern Visayas	2.9	2.8	2.4
IX - Zamboanga Peninsula	3.1	2.0	1.8
X - Northern Mindanao	3.9	3.7	3.4
XI - Davao Region	3.6	2.7	2.7
XII - SOCCSKSARGEN	5.4	4.9	4.9
XIII - Caraga	4.5	4.7	4.1
BARMM – Bangsamoro Autonomous Region in Muslim Mindanao	3.7	3.7	3.4

4. Indonesia's headline inflation rate remained at 1.4 percent, while deflation in Thailand eased to -0.1 percent. Singapore and Malaysia have yet to release inflation figures for March 2021 but for February 2021, both countries recorded an uptick in overall prices.

In March 2021, Indonesia's overall inflation remained broadly unchanged from the previous month at 1.4 percent. Faster inflation in food & beverages (2.2 percent in March 2021 from 1.9 percent in February 2021) and transportation (0.6 percent from 0.4 percent) were generally offset by slower price adjustments in clothing & footwear (0.7 percent from 0.8 percent), furnishings (1.2 percent from 1.4 percent), and health (2.3 percent from 2.4 percent).¹¹ On 18 March 2021, the Bank Indonesia kept its key policy rate at 3.50 percent to support the ongoing national economic recovery.¹²



Meanwhile, deflation in Thailand significantly moderated to -0.1 percent in March 2021 from -1.2 percent in February 2021. Thailand's deflation since March 2020 can be attributed partly to government measures such as electricity and water bill subsidies, as part of its welfare support for those affected by the COVID-19 pandemic.¹³

¹¹ <https://www.bps.go.id/pressrelease/2021/04/01/1762/maret-2021-inflasi-sebesar-0-08-persen--inflasi-tertinggi-terjadi-di-jayapura-sebesar-1-07-persen-.html> and <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>

¹² https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_237121.aspx

¹³ <https://www.bot.or.th/English/PressandSpeeches/Press/2021/Pages/n2064.aspx>

Malaysia and Singapore have yet to report inflation figures for March 2021. For February 2021, Malaysia and Singapore both recorded an uptick in overall consumer prices.

After 11 consecutive months of deflation, the overall consumer price index in Malaysia rose by 0.1 percent

in February 2021 from -0.2 percent in January 2021. This was driven by lower deflation in transport (-2.0 percent in February 2021 from -5.1 percent in January 2021) and a marginal increase in furnishing, household equipment & routine maintenance of the house (0.3 percent from 0.2 percent).¹⁴

In Singapore, overall consumer prices climbed to 0.7 percent in February 2021 from 0.2 percent growth in January 2021. This can be attributed to the faster inflation rate in private transport (4.2 percent in February from 1.9 percent in January), services cost (0.5 percent from -0.3 percent), and food (1.6 percent from 1.5 percent). The government of Singapore is currently reviewing its headline inflation forecast range of -0.5 percent to 0.5 percent for 2021 given sharper-than-expected increases in the prices of non-core items. The revised forecast will be released this month.¹⁵

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

	Mar	Feb	YTD
	2021	2021	2021
Philippines	4.5	4.7	4.5
Indonesia	1.4	1.4	1.4
Thailand	-0.1	-1.2	-0.5
Malaysia	Not yet available	0.1	-0.1
Singapore	Not yet available	0.7	0.5

¹⁴https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=106&bul_id=TmtmUXVJdUN2ZIVISk9OZ0hBaitVZz09&menu_id=bThzTHQxN1ZqMVF6a2I4RkZoNDFkQT0

¹⁵ <https://www.mas.gov.sg/-/media/MAS/EPG/CPD/2021/Inflation202102.pdf>

5. Inflation outlook and policy implications

During its 25 March 2021 meeting, the Monetary Board decided to maintain its key policy rate at 2.0 percent to support the government's broader efforts to facilitate economic recovery.¹⁶ Supply-side constraints in food commodities such as meat and the continued rise in international oil prices may push full year headline inflation in 2021 above the upper end of the central bank's target range of 2 to 4 percent. Nevertheless, these supply-side price pressures are seen as transitory and are expected to subside in the latter part of the year. The BSP expects inflation to settle at 4.2 percent in 2021 (from 4.0 percent projection in February 2021 and 3.2 percent in December 2020) and at 2.8 percent in 2022 (from previous forecasts of 2.7 percent and 2.9 percent).¹⁷

To address the increase in overall inflation, the government needs to proactively manage the increase in food prices and prevent further second-round effects to protect the purchasing power of households, especially the poor. Since the recent inflation uptick emanated from supply-side constraints, measures to boost the supply of key agricultural commodities, including the temporary reduction of tariff and increase in minimum access volume (MAV), will help stabilize food prices and inflation in general. On the external front, the government needs to remain vigilant to developments in the international oil market amidst tight international supply and recovery in global demand.

Food supply

In the near term, transitory factors will continue to put upward pressure on inflation. Accordingly, the government's continuous efforts to address food security, by easing supply restrictions and increasing production will be crucial.

Based on the latest estimates of the DA, rice inventory is expected to last for 100 days at 3.46 million MT¹⁸, while the production of vegetables and fruits had been

¹⁶ <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=5719>

¹⁷ <https://www.pna.gov.ph/articles/1134920>

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

historically high, particularly for the first or second quarter of the year.¹⁹ 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.²⁰ On the other hand, the DA projects a deficit of 388,790 MT in the supply of pork²¹ and a deficit of 50,168 MT in the supply of chicken by year-end, equivalent to a 12-day food stock.²²

The DA field operations service reported that in the first month of the implementation of Executive Order 124 or the price ceiling on pork and chicken products, hog delivery to Metro Manila surpassed the area's average daily requirement, signaling a relatively stable supply.²³ Meanwhile, the DA, in partnership with local government units (LGU) and Local Price Coordinating Councils may continue to conduct price monitoring activities. On the other hand, DA's proposed MAV scheme, which will increase in-quota allocation to 404,000 MT, was approved by the President and has been referred to Congress for consideration.²⁴ To complement the increase in the MAV, lowering tariffs on pork to 5 to 20 percent from the current tariff rates of 30 to 40 percent is also being considered.

To facilitate and enhance linkages between producers, traders, and consumers, and, to help ensure that movement of food supply to the NCR Plus bubble²⁵ remain unhampered during ECQ, the government began providing transportation and logistics support. In line with this, the DA leased shipping vessels across the Mindanao region²⁶ and facilitated the mobile procurement of palay in remote municipalities complemented by the *Kadiwa on Wheels* program. The government likewise expanded its *Palamigan ng Bayan* program. Under this program, the DA,

¹⁹ PSA Report on the volume and value of production (2018-2020)

²⁰ Data submitted by DA-BFAR to ANRES as of 30 March 2021.

²¹ Estimates by the DA National Livestock Program as of January 29, 2021, presented in the IATF Zero Hunger on 15 March 2021

²² DA Presentation during the meeting of the Task Group on Food Security (TGFS) held on 18 February 2021.

²³ Department of Agriculture (DA) Communications Group. DA News. 8 March 2021. "Agri chief: "Price ceiling stays"". *Da.gov.ph*. <https://www.da.gov.ph/agri-chief-price-ceiling-stays/> (accessed 31 March 2021)

²⁴ Gita-Carlos, Ruth Abbey. Philippine News Agency. 27 March 2021. "PRRD proposes hike in pork imports to 350K MT". *pna.gov.ph*. <https://www.pna.gov.ph/articles/1135056> (accessed 5 April 2021)

²⁵ Includes NCR, Bulacan, Rizal, Laguna, and Cavite

²⁶ DA-BFAR (Bureau of Fisheries and Aquatic Resources) Press Release. 16 February 2021. "DA-BFAR extends logistics support to hasten food supply delivery in Metro Manila." *Bfar.da.gov.ph*. <https://www.bfar.da.gov.ph/BFARnews?id=415> (accessed 5 April 2021)

together with the Department of Transportation (DOTr) and the DOE, will provide transport assistance and energy access through reefer vans for strategic agri-fishery areas. The DA estimates that this will save about 15 to 30 percent of post-harvest losses.²⁷ Also, pursuing agricultural resilience programs such as the Organic Agriculture Hub or the *Organik Konek* can further strengthen supply in the long term. The program aims to create a one-stop shop in a municipality or province that will serve as a business collaborator and consolidator of agricultural products and services in a particular area.²⁸ Aside from transportation assistance, the government can also ensure safe screening of food products. This is in line with the OneDA agenda of establishing border inspection facilities or Agricultural Commodity Examination Areas (ACEA) at several ports in Manila, Cebu, Batangas, Subic, and Davao.²⁹

To improve the production capacity of targeted food sectors, the government may continue to provide financial and in-kind support. For instance, the DA has maintained its expanded SURE Aid and Recovery Project under the “Plant, Plant, Plant Program” to provide loan assistance for farmers, fishers, and micro, small, and medium enterprises (MSME). The DA together with other stakeholders recently signed and detailed the “Coconut Farmers and Industry Trust Fund Act”.³⁰ The PHP 75 billion coconut levy fund will be spread across 2021 to 2025. This will be used to support projects such as research and development of hybrid coconut seeds, shared facilities and infrastructure, training and organization of cooperatives, as well as credit programs and crop insurance.

In line with the Integrated National Swine Production Initiatives for Recovery and Expansion (INSPIRE) agenda, assistance to the affected hog industry includes

²⁷ DA Communications Group. DA News. 12 March 2021. “DA, DOTr, DOE partner to provide farmers, fishers reefer vans to lessen postharvest losses, increase food supply.” *Da.gov.ph*. <https://www.da.gov.ph/da-dotr-doe-partner-to-provide-farmers-fishers-reefer-vans-to-lessen-postharvest-losses-increase-food-supply/> (accessed 5 April 2021)

²⁸ DA Memorandum Circular No. 03, Series of 2021, “Implementing Guidelines for the Establishment of Organic Agriculture Hub or “Organik Konek”. *Da.gov.ph*. https://www.da.gov.ph/wp-content/uploads/2021/03/mc03_s2021.pdf (accessed 31 March 2021)

²⁹ DA Communications Group. DA News. 4 March 2021. “DA targets 2.5% growth, starts planning for 2022 budget.” *da.gov.ph*. <https://www.da.gov.ph/da-targets-2-5-growth-starts-planning-for-2022-budget/> (31 March 2021)

³⁰ DA Communications Group. DA News. 19 March 2021. “New PCA Board convenes to craft plan to make efficient use of P75-B coconut trust fund.” *Da.gov.ph*. <https://www.da.gov.ph/new-pca-board-convenes-to-craft-plan-to-make-efficient-use-of-p75-b-coconut-trust-fund/> (accessed 31 March 2021)

Land Bank’s “Special Window and Interim Support to Nurture Hog Enterprises (SWINE)” lending program, coordination with the private sector through the “Bantay ASF sa Barangay” program,³¹ easing of insurance payments for government-ordered culling of insured hogs,³² ASF national zoning and movement plan,³³ and the rollout of PHP 600 million worth of repopulation programs across targeted ASF zones.³⁴ Meanwhile, private organizations have committed to providing breeders with health and sanitation equipment, technology transfer, as well as manpower for coordination and mobilization.³⁵

Adverse weather conditions

Weather outlook points to generally favorable conditions in the near term. According to the latest climate monitoring of the Philippine Atmospheric, Geophysical, and Astronomical Services Administration (PAGASA)³⁶, La Niña is weakening and will likely transition into El Niño Southern Oscillation (ENSO)-neutral conditions from April to June. Meanwhile, six to nine tropical cyclones may enter or develop in the Philippines between Q2 and Q3.

Farmers and fisherfolk can take advantage of the favorable weather forecast over the near term. Meanwhile, the government may need to provide assistance for production inputs, production loans, and insurance payments. At the same time, long-term solutions such as investment in research and development for climate-resilient crop production, infrastructure development to improve water management, and irrigation systems may need to be pursued.

³¹ DA AO No. 7-2021. Retrieved from: <https://www.da.gov.ph/wp-content/uploads/2021/02/ao07-s2021.pdf>

³² DA Communications Group. DA News. 25 February 2021. “DA-PCIC relaxes conditions for paying ASF-affected insured hog raisers.” *da.gov.ph*. <https://www.da.gov.ph/da-pcic-relaxes-conditions-for-paying-asf-affected-insured-hog-raisers/> (accessed 31 March 2021)

³³ DA-BAI Memorandum dated 29 March 2021. Retrieved from: PH ASF Diseases Status as of 29 March 2021_signed.pdf - Google Drive

³⁴ DA Communications Group. DA News. 30 March 2021. “DA rolls out P600-M swine repopulation program in ASF “pink” and “yellow” zones.” *Da.gov.ph*. <https://www.da.gov.ph/da-rolls-out-p600-m-swine-repopulation-program-in-asf-pink-and-yellow-zones/> (accessed 31 March 2021)

³⁵ DA Communications Group. DA News. 18 March 2021. “Private firms join DA to control ASF, revive hog industry.” *Da.gov.ph*. <https://www.da.gov.ph/private-firms-join-da-to-control-asf-revive-hog-industry/> (accessed 31 March 2021)

³⁶ <https://pubfiles.pagasa.dost.gov.ph/climps/climateforum/climateoutlook.pdf>

Transport Services

The imposition of tighter restrictions on movement through the Enhanced Community Quarantine (ECQ) in the NCR Plus bubble from March 29 and to April 11 have led to overall decreased mobility.³⁷ To ensure the availability of transportation services for frontline and essential workers, the Land Transportation Franchising and Regulatory Board (LTFRB) and the DOTr provide free rides for frontline and essential workers in areas under the ECQ.³⁸ In addition, LGUs and other concerned government entities are advised to closely monitor the supply and demand for transport services in their jurisdictions and ensure that rates are fair for both commuters and operators. Routes with a high volume of public transport users may be prioritized such that a larger number of commuters can benefit from a predictable supply of public transport. Moving forward, public offices and private sector businesses will need to adopt staggered working hours to manage the flow of traffic and, more importantly, reduce people physically reporting to work to ensure proper social distancing.

Global oil prices

Global oil prices further increased as both OPEC and non-OPEC members remained committed to lowering the overall crude oil production. Earlier in March, OPEC+ approved to continue the production levels of March (at 7.05 mb/d) for the month of April, except Russia and Kazakhstan.³⁹ Moving forward, global oil prices are expected to ease in the coming months as the OPEC group agreed to loosen supply curbs from May to July. Nevertheless, a sustained global demand recovery is expected soon as more vaccines are administered across the world.⁴⁰ As of 1 April, Dubai crude oil future prices increased to USD 61.2/bbl for April 2021 (from the previous month's record of USD 60.8/bbl quote for April 2021), but is expected to settle at USD 57.6/bbl by December 2021.⁴¹

³⁷ Based on Google COVID-19 Community Mobility Trends data for the Philippines.
https://www.gstatic.com/covid19/mobility/2021-03-31_PH_Mobility_Report_en.pdf

³⁸ <https://pia.gov.ph/news/articles/1071031>

³⁹ https://www.opec.org/opec_web/en/press_room/6375.htm

⁴⁰ <https://www.marketwatch.com/story/european-stocks-fall-as-inflation-and-oil-demand-weigh-on-markets-11616147180>

⁴¹ Dubai Crude Oil (Platts) Financial Futures Quotes, retrieved as of April 4, 2021 from Bloomberg Anywhere,
<https://bba.bloomberg.net>