

# REPORT ON INFLATION

## (JUNE 2021)

### HIGHLIGHTS

- The headline inflation rate slowed down to 4.1 percent in June 2021. This comes after three months of a steady 4.5 percent inflation rate from March to May 2021.
- The year-to-date inflation remained at 4.4 percent.
- Seasonally adjusted month-on-month inflation remained stable at 0.2 percent.
- Food and non-alcoholic beverages inflation inched up to 4.7 percent while non-food inflation decelerated to 3.4 percent.
- Meat inflation decelerated to 19.2 percent with a 1.3 ppt contribution to overall inflation. Pork inflation slowed down to 49.0 percent in June 2021 from 58.4 percent in May 2021. Month-on-month meat inflation remained negative at -0.3 percent. The declining meat inflation points to the positive effects of Executive Orders (EO) 133 and 134, which expands the minimum access volume and lowers the tariff rates of pork. Rice inflation also contracted (-1.1 percent year-on-year) which helped further temper food inflation.
- Through EOs 133 and 134, 70 percent of the targeted pork import shipments are expected to arrive by July to October 2021, while the remaining 30 percent are slated to arrive by November 2021 to January 2022. This increased import volume will help address the shortfall in pork supply while complementing government efforts to contain the African Swine Fever (ASF) outbreak and boost local pork production.

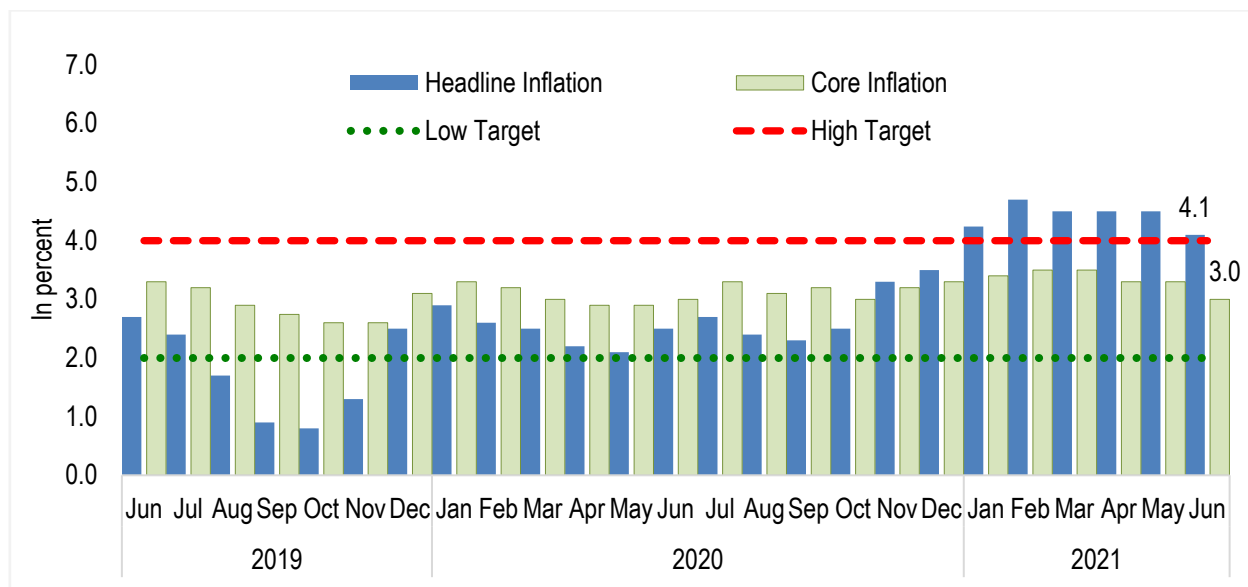
**Year-on-year inflation rates  
(2012=100)**

	May 2021	Jun 2021	YTD 2021
<b>Philippines</b>			
Headline	4.5	4.1	4.4
Core	3.3	3.0	3.3
Bottom 30%	4.5	4.3	4.9
<b>NCR</b>			
Headline	3.6	3.2	3.8
<b>AONCR</b>			
Headline	4.7	4.4	4.6

## 1. Headline inflation rate eased to 4.1 percent in June 2021. Seasonally adjusted month-on-month inflation was stable at 0.2 percent.

The Philippines' headline inflation rate decelerated to 4.1 percent, the lowest this year, albeit still higher than the 2.5 percent inflation rate recorded in June 2020. The latest inflation figure was lower than the private sector's median forecast of 4.3 percent,<sup>1</sup> but remains within the *Bangko Sentral ng Pilipinas*' (BSP) forecast range of 3.9 to 4.7 percent.<sup>2</sup> Meanwhile, year-to-date headline inflation remains stable at 4.4 percent.

**Figure 1. Headline inflation rates: June 2019 to June 2021**



The inflation rate for this month eased as transport inflation decelerated from 16.5 percent in May 2021 to 9.6 percent in June 2021, along with slower price adjustments for alcoholic beverages and tobacco, health, clothing, and communication. These offset the acceleration in housing and utilities, food and non-alcoholic beverages, and restaurants and miscellaneous goods, and services (see Table 1).

<sup>1</sup> Noble, Luz Wendy T. Business World. "Inflation likely eased, still above goal" *Bworldonline.com* <https://www.bworldonline.com/inflation-likely-eased-still-above-goal/> (accessed on 5 July 2021)

<sup>2</sup> BSP Press Release, "Month-Ahead Inflation Forecast for June 2021". *BSP.gov.ph*. <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=5835> (accessed 5 July 2021)

**Table 1. Headline inflation rate in the Philippines (in percent, 2012=100)**

Commodity group	May 2021		June 2021	
	Y-O-Y	M-O-M <sup>3</sup>	Y-O-Y	M-O-M
<b>ALL ITEMS</b>	<b>4.5</b>	<b>0.1</b>	<b>4.1</b>	<b>0.2</b>
Food and Non-Alcoholic Beverages	4.6	-0.4	4.7	-0.1
Alcoholic Beverages and Tobacco	11.8	0.3	11.2	0.3
Clothing and Footwear	1.7	0.1	1.6	0.1
Housing, Water, Electricity, Gas, and Other Fuels	1.9	0.3	2.4	0.3
Furnishing, Household Equipment, and Routine Maintenance of the House	2.5	0.5	2.5	0.1
Health	3.2	0.2	2.9	0.1
Transport	16.5	0.3	9.6	0.5
Communication	0.3	0.0	0.2	0.0
Recreation and Culture	-0.6	0.0	-0.6	0.1
Education	1.1	0.0	1.1	0.0
Restaurant and Miscellaneous Goods and Services	3.8	0.5	3.9	0.3

Source: Philippine Statistics Authority

Core inflation<sup>4</sup> also moderated to 3.0 percent in June, the lowest rate since November 2020. Inflation for the bottom 30 percent of households continued to slow down to 4.3 percent from the 4.5 percent in the previous month. Year-to-date, core inflation remains flat at 3.3 percent, while inflation for the bottom 30 eased to 4.9 percent.

Among the top 10 contributors to inflation for this month, the top two items (meat and fish) belong to the food and non-alcoholic beverages commodity group. Together, these items contributed 1.8 percentage points (ppt) to total inflation (see Table 2). Meat remained the top contributor to inflation for June.

<sup>3</sup> The month-on-month (m-o-m) inflation figures cited in Table 1 are not seasonally-adjusted.

<sup>4</sup> 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.

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

Commodity group	June 2021
Meat	1.3
Fish	0.6
Transport Services	0.4
Catering Services	0.4
Tobacco	0.3
Operation of Personal Transport Equipment	0.3
Actual Rentals for Housing	0.2
Electricity, Gas and Other Fuels	0.2
Personal Care	0.1
Goods and Services for Routine Household Maintenance	0.1
<b>TOTAL CONTRIBUTION TO INFLATION</b>	<b>3.8</b>
Others (e.g., education, clothing & footwear, furnishings, communications, recreation, etc.)	0.3
<b>OVERALL INFLATION</b>	<b>4.1</b>

On a month-on-month (m-o-m) seasonally adjusted basis, overall inflation posted a 0.2 percent growth in June 2021, which remains unchanged from the growth rate in May 2021. The faster m-o-m adjustments for food and non-alcoholic beverages (0.1 percent in June from -0.1% in May) were partly offset by deflation from the rest of the sectors. Slower adjustments were led by education (-1.5% from 0.1%), furnishings (0.2% from 0.6%), health (0.1% from 0.3%), and restaurants (0.3% from 0.5%).

## 2. Food and non-alcoholic beverages inflation inched up to 4.7 percent; non-food inflation decelerated to 3.4 percent.

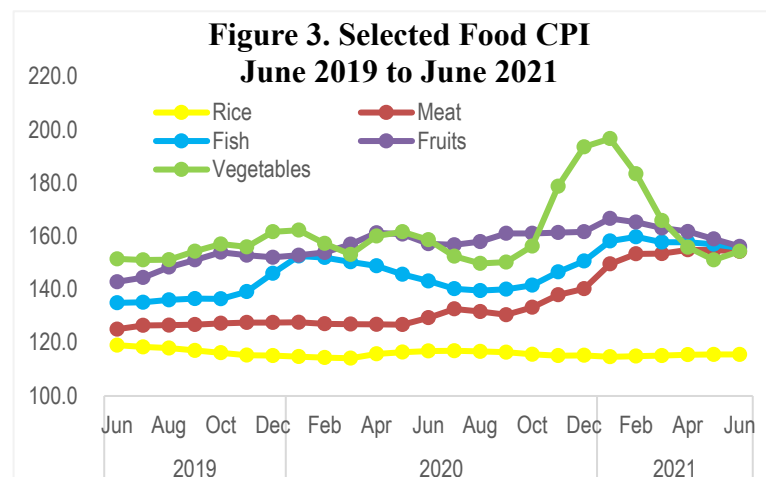
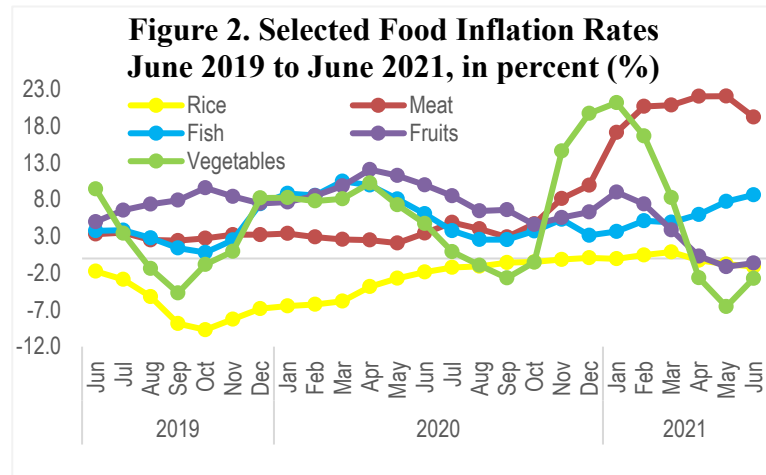
### Food

Food and non-alcoholic beverages inflation increased marginally to 4.7 percent in June from 4.6 percent in May, and 2.7 percent in June 2020.

On a m-o-m seasonally adjusted basis, food and non-alcoholic beverages inflation increased to 0.1 percent in June 2021 from -0.1 percent in the previous month.

Food inflation remained at 4.9 percent as the faster inflation in fish (8.7% from 7.8%) and slower deflation in vegetables (-2.7% from -6.6%) were tempered by the slower inflation in meat (19.2% from 22.1%) and sustained deflation in rice (-1.1% from -0.8%).

While the price index for fish in June 2021 was lower compared to the figure recorded in May, base effects caused fish inflation to pick up (8.7% in June from 7.8% in May).<sup>5</sup> Meanwhile, the slower deflation in vegetables may be attributed to increases in the prices of highland and lowland vegetables. The Department of Agriculture (DA) is studying the possible reasons behind elevated prices despite favorable weather. DA is working on interventions to ensure unhampered movement of food supply and that producers are linked to markets to avoid crop spoilage or wastage.<sup>6</sup>



<sup>6</sup> DA during the 106<sup>th</sup> IATF Task Group on Food Security Virtual Presser on 22 June 2021

On the other hand, meat inflation decelerated (19.2% from 22.1%) amid sustained increases in imports, with imported pork prime cuts<sup>7</sup> at 36,478 metric tons (MT) in June from 35,866 MT in May. Specifically, pork inflation decelerated to 49.0 percent from 58.4 in the preceding month. The reduced imported minimum access volume (MAV) allocation along with reduced tariffs under Executive Order Nos. 133 and 134 have allowed the arrival of more pork imports in the second half of the year and is expected to ease pork prices further.<sup>8,9</sup>

Meanwhile, decelerating rice inflation is attributed to base effects and stable prices amid sufficient supply from both domestic and international sources. Palay production improved due to the increased harvest area and planting intentions.<sup>10</sup> Moreover, despite the damage to rice supply brought by tropical storm Dante,<sup>11</sup> the timely arrival of imported rice was able to supplement domestic production. As of June 2021, an estimated 1,296,279 MT of imported rice arrived in the country. This was equivalent to 52.0 percent of the volume issued by the Sanitary and Phytosanitary Import Clearance (SPSIC).<sup>12</sup>

On the other hand, the uptick in corn inflation (5.3% from 5.1%) may be attributed partially to the impact of tropical storm Dante, with the share of corn to total damage at 19.7 percent.<sup>13</sup> Moreover, international prices of corn for June 2021 remained elevated from the previous year amid growing demand from China.<sup>14</sup> Meanwhile, inflation for milk, cheese, and eggs declined (1.0% from 1.4%) while prices of other cereals (1.8%) were stable for the period.

### Non-food

Inflation for non-food items decelerated to 3.4 percent in June from 4.0 percent in May, although higher than the 1.6 percent recorded in the same period last year.

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<sup>7</sup> Excludes meat processing cuts.

<sup>8</sup> According to the DA-BAI, shipments from Europe and the US average 45 to 60 days to arrive.

<sup>9</sup> Executive Order No. 134, s. 2021 or the “Customs Modernization and Tariff Act” temporarily reduced the tariff on pork imports to 10 to 25 percent from 30 to 40 percent.

<sup>10</sup> DA Communications Group. DA News. “RTL on track, palay harvest and prices up, rice affordable, capped with another record harvest in 2021”. <https://www.da.gov.ph/rtl-on-track-palay-harvest-and-prices-up-rice-affordable-capped-with-another-record-harvest-in-2021/>

<sup>11</sup> DA-FPOPD updates

<sup>12</sup> BOC E2M for actual arrivals; and Bureau of Plant and Industry (BPI) for volume issued with SPSIC (as of 25 June 2021)

<sup>13</sup> DA-FPOPD updates

<sup>14</sup> Terazono, Emiko. “Top agricultural traders predict a ‘mini supercycle’” *FT.com* <https://www.ft.com/content/b9551dfb-cabb-40aa-bd02-5b1fff3afb64> (accessed on 5 July 2021)

Despite rising global oil prices,<sup>15</sup> inflation of most transport sub-groups decreased primarily due to higher base effects. For instance, transport inflation decelerated (9.6% in June from 16.5% in May) in spite of supply constraints. Inflation of petroleum and fuels for personal transport equipment was also slower from the previous month (21.5% in June from 33.0% in May). The slower inflation was observed across most fuel types, with kerosene exhibiting the sharpest decline (28.3% from 47.9%), followed by unleaded gas (9.9% from 13.9%), and diesel (25.4% from 28.9%). Only LPG price inflation increased (14.2% from 10.7%) as some countries built up their inventories for heating requirements during the winter season. Transport services likewise exhibited slower inflation (7.9% from 15.4%) with slower movement in the price index for tricycle fares (17.6% from 38.8%), jeepney (4.3% from 6.3%), and bus fares (3.3% from 4.9%).

Similarly, health (2.9% from 3.2%), clothing and footwear (1.6% from 1.7%) and communication (0.2% from 0.3%) contributed to slower non-food inflation in June 2021.

On the other hand, housing and utilities inflation edged higher (2.4% from 2.0%), driven by a faster uptick in electricity price index (1.4% from -0.6%) and actual rentals paid by tenants (1.8% from 1.7%). Month-on-month, Meralco electricity generation charges inched upward by 1.5 percent. This may be attributed to the thin supply in the Luzon grid brought by plant outages, exacerbated by the overall increased demand due to the continued pickup in economic activity.

On a m-o-m seasonally adjusted basis, non-food inflation remained stable at 0.3 percent. The deceleration in non-food inflation was across the board, but inflation in education (-1.5%) and furnishing, household equipment, and routine maintenance of the house (0.2%) slowed down the most.

### **3. Inflation in NCR and areas outside NCR (AONCR) both decelerated to 3.2 percent and 4.4 percent, respectively. The Bicol region recorded the highest inflation rate for the**

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<sup>15</sup> Disavino, Scott. "Oil rises for 5th week to highest since 2018 on strong demand" *Reuters.com*  
<https://www.reuters.com/world/middle-east/oil-keeps-climbing-tight-supply-outlook-eyes-opec-2021-06-25/>  
(accessed 4 July 2021)

## **fourth time this year at 6.3 percent, although this was lower than the previous month.**

Headline inflation in NCR slowed down to 3.2 percent in June 2021 from 3.6 percent in May 2021. The recent inflation outturn was attributed to the significantly slower price adjustment in transport (5.1% in June from 13.8% in May). This offset the faster inflation of housing and utilities (1.0% from 0.7%); restaurant and miscellaneous goods and services (2.8% from 2.4%); food and non-alcoholic beverages (5.2% from 5.1%); alcoholic beverages and tobacco (10.9% from 10.2%); communication (0.2% from 0.1%); furnishing and household equipment (1.3% from 1.2%); and clothing and footwear (0.9% from 0.8%). Meanwhile, the inflation for health (3.0%); education (0.5%); and recreation and culture (-0.5%) remained unchanged from the previous month.

Likewise, inflation in AONCR decreased to 4.4 percent from 4.7 percent in the previous month. This was driven by the slower inflation in transport (11.2% in June from 17.4% in May); alcoholic beverages and tobacco (11.2% in June from 12.1% in May); health (2.8 percent in June from 3.2 in May); clothing (1.9% from 2.0%); and communication (0.3% from 0.4%). This offset the faster price adjustment of housing and utilities (2.8% from 2.5%); food and non-alcoholic beverages (4.5% from 4.4%); and restaurant and miscellaneous goods and services (4.4% from 4.3%). Inflation for furnishing and household equipment (2.9%), education (1.4%), and recreation and culture (-0.6%) were stable from the previous month.

In AONCR, 11 regions posted slower inflation rates compared with the previous month, three posted higher inflation, while two regions had steady inflation rates (see Table 3). The Bicol region recorded the highest inflation rate at 6.3 percent in June 2021, although slower compared with the 7.5 percent in May 2021. The moderation in Bicol's inflation was driven by significantly slower inflation in transport (15.7% from 49.4%); alcoholic beverages and tobacco (14.6% from 16.2%); restaurant and miscellaneous goods and services (8.3% from 8.5%); health (2.2% from 2.3%); recreation and culture (8.3% from 8.5%); clothing and footwear (4.6% from 4.7%); and furnishing (4.2% from 4.3%). The elevated inflation in the region compared with other regions was mainly driven by the high inflation in transport.

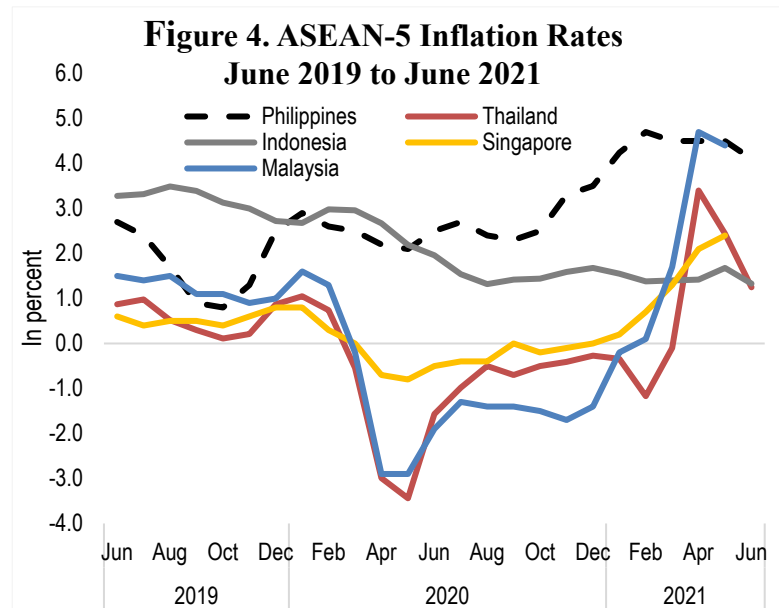


**Table 3. Y-O-Y regional inflation rates (In percent, 2012=100)**

Regions	May 2021	Jun 2021	YTD 2021
NCR- National Capital Region	3.6	3.2	3.8
AONCR - Areas outside the NCR	4.7	4.4	4.6
CAR - Cordillera Administrative Region	3.5	3.6	3.7
I - Ilocos Region	4.4	4.1	4.3
II - Cagayan Valley	6.5	6.2	7.1
III - Central Luzon	4.9	4.4	4.9
IV-A - CALABARZON	5.8	5.4	5.7
IV-B - MIMAROPA Region	5.1	4.3	5.1
V - Bicol Region	7.5	6.3	7.5
VI - Western Visayas	4.9	4.5	4.7
VII - Central Visayas	2.1	1.7	1.4
VIII - Eastern Visayas	3.1	3.3	2.8
IX - Zamboanga Peninsula	3.2	3.5	2.7
X - Northern Mindanao	4.7	4.4	4.0
XI - Davao Region	4.1	4.1	3.3
XII - SOCCSKSARGEN	4.8	4.8	4.8
XIII - Caraga	4.5	3.9	4.2
BARMM – Bangsamoro Autonomous Region in Muslim Mindanao	2.5	2.1	3.0

**4. Headline inflation in Indonesia and Thailand both decelerated to 1.3 percent. Others have yet to release inflation figures for June 2021, but Singapore recorded an uptick in overall prices while Malaysia registered slower inflation in May 2021.**

In June 2021, Indonesia's overall inflation decreased to 1.3 percent from 1.7 percent in May 2021. This was driven by the slower inflation in food, beverages, and tobacco (1.9% in June 2021 from 3.1% in May 2021), clothing and footwear (1.2% from 1.3%), transportation (0.1% from 0.9%), and health (1.9 from 2.0 percent). On 17 June 2021, the Bank of Indonesia maintained its key policy rate at 3.5 percent to maintain exchange rate stability while boosting economic recovery.<sup>16</sup>



Thailand's overall inflation decelerated to 1.3 percent in June 2021 from 2.4 percent in the previous month. This was attributed to the slower inflation in transport prices amid restrictions due to COVID-19 and declining housing costs.<sup>17</sup>

Malaysia and Singapore have yet to report inflation figures for June 2021. For May 2021, Singapore recorded an uptick in overall consumer prices, while Malaysia registered slower inflation.

In Singapore, overall consumer prices accelerated to 2.4 percent in May 2021 from 2.1 percent in April 2021. This was mainly due to the faster inflation in private transport (14.5% in May 2021 from 12.9% in April 2021), services (1.4% from 1.1%), and accommodation cost (0.9% from 0.7%), along with the slower deflation in retail and other goods (-0.8% from -1.1%) and electricity and gas (-1.9% from -2.4%).<sup>18</sup>

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

<sup>16</sup> [https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp\\_2314421.aspx](https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_2314421.aspx)

<sup>17</sup> <https://tradingeconomics.com/thailand/inflation-cpi>

<sup>18</sup> <https://www.mas.gov.sg/-/media/MAS/EPG/CPD/2021/Inflation202105.pdf>

Meanwhile, Malaysia’s headline inflation slowed to 4.4 percent in May 2021 from 4.7 percent in the previous month. This was attributed to the slower inflation in transportation (26.0% in May 2021 from 27.0% in April 2021), food and non-alcoholic beverages (1.5% from 1.9%), miscellaneous goods and services (0.7% from 1.2%) and recreation services and culture (0.6% from 0.7%).<sup>19</sup>

	May 2021	June 2021
Philippines	4.5	4.1
Indonesia	1.7	1.3
Thailand	2.4	1.3
Malaysia	4.4	Not yet available
Singapore	2.4	Not yet available

## 5. Inflation outlook and policy implications

Monetary policy remains accommodative in support of continued economic recovery, price stability, and balanced risks.<sup>20</sup> On 24 June 2021, the Monetary Board kept interest rates unchanged with the key policy rate at 2.0 percent, overnight deposit rate at 1.5 percent, and lending facilities at 2.5 percent. The central bank has signaled that it stands ready to deploy its range of tools as necessary for stability.<sup>21</sup>

The BSP expects inflation to settle at 4.0 percent for 2021, on the high-end of its 2.0 to 4.0 percent target range. Driving this forecast are higher global crude oil prices and more favorable global growth outlook, partly offset by the lower than expected outturn in May inflation, improved weather conditions, temporary import measures, and continued strength of the Philippine Peso. For 2022 to 2023, the central bank expects inflation to ease to the midpoint at 3.0 percent.<sup>22</sup>

### Food supply

Most food commodities are expected to remain sufficient in 2021. Rice year-end stock levels are estimated at 2.99 million metric tons (MMT) or 80 days of national

<sup>19</sup>[https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=106&bul\\_id=TnpxVINqdWlsblhhcVNLVWd6NHB4UT09&menu\\_id=bThzTHQxNIZqMVF6a2I4RkZoNDFkQT09](https://www.dosm.gov.my/v1/index.php?r=column/cthemByCat&cat=106&bul_id=TnpxVINqdWlsblhhcVNLVWd6NHB4UT09&menu_id=bThzTHQxNIZqMVF6a2I4RkZoNDFkQT09)

<sup>20</sup> The BSP sees risks as broadly balanced: upside pressures emanating from international commodity prices, supply-chain bottlenecks, and global demand recovery. New COVID-19 variants pose downside risks.

<sup>21</sup> BSP Media and Research. BSP.gov.ph. “Monetary Board Maintains Policy Settings”. <https://www.bsp.gov.ph/SitePages/MediaAndResearch/MediaDisp.aspx?ItemId=5828> (accessed 24 June 2021)

<sup>22</sup> BSP Monetary Policy Stance Meeting – 24 June 2021

consumption.<sup>23</sup> The recent Executive Order No. 135,<sup>24</sup> which temporarily reduced rice tariff rates to 35 percent for imports outside the ASEAN region, aims to increase rice import and further ease prices. Chicken broiler and fish supplies are forecasted at 24,113 MT and 73,444 MT or equal to a six and eight-day stock, respectively.<sup>25</sup>

While year-to-date pork imports have increased by 146.7 percent,<sup>26</sup> the government will further augment this through temporary Minimum Access Volume (MAV) expansions and tariff reduction. Under the MAV Management Committee Resolution No. 1, series 2021, 70 percent of the targeted import shipments or 140,000 MT are expected to arrive within July to October 2021. The remaining 60,000 MT are slated to arrive by November 2021 to January 2022.<sup>27</sup> This increased volume will help address the shortfall in supply, which is currently projected to be at 228,343 MT or equivalent to a deficit of 51-days stocks by year-end, while complementing the government's efforts to contain the ASF outbreak and boost local pork production. The latter measures include hog repopulation programs,<sup>28</sup> food safety and ASF-zoning, along with ASF vaccine development.

Highland and lowland vegetable production levels are projected to reach 342,135 MT and 800,498 MT, or equivalent only to 81 percent and 50 percent of local demand, respectively. To address the vegetable supply shortage, the government will expand alternative farming such as urban agriculture, and further promote its High Value Crops Development and *Kadiwa ni Ani* programs to provide production, transportation, and market development services to farmers, and conduct regular monitoring of supply and prices to minimize crop wastage. To support the domestic production of other agricultural goods, the government will lead national efforts, while collaborating and decentralizing programs and capacities across the public and private sectors. Food resiliency protocols are still implemented (DA MC Nos. 7 and 9) in coordination with the DA, Philippine National Police, Department of Interior and Local Government, and local government units (LGU).<sup>29</sup>

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<sup>23</sup> NEDA estimates, taking into account actual import arrival from January to June 2021 of 1.30MMT

<sup>24</sup> Implemented last 2 June 2021

<sup>25</sup> DA-BFAR Fisheries Supply-Utilization Outlook as of 1 July 2021

<sup>26</sup> DA-BAI, Importation Data. <https://www.bai.gov.ph/index.php/importation-data> (accessed 29 June 2021)

<sup>27</sup> Department of Agriculture. DA Communications Group. "Guidelines on MAV plus pork import approved". <https://www.da.gov.ph/guidelines-on-mav-plus-pork-import-approved/> (accessed 30 June 2021)

<sup>28</sup> These entail INSPIRE Program, BABay ASF program, SWINE Lending programs, DA-PCIC indemnity payment for ASF-culled hog, among others.

<sup>29</sup> 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.

## Weather conditions

In general, the Philippine Atmospheric, Geophysical, and Astronomical Services Administration (PAGASA)<sup>30</sup> expects the El Niño Southern Oscillation (ENSO)-neutral conditions in June to continue through September to November 2021. Meanwhile, 10 to 14 tropical cyclones may enter the country between July and December 2021.

The government may focus on the coordination of disaster risk and management programs, investments in research and development (e.g., climate-resilient crop production), developing agricultural risk financing and insurance products, and investing in resilient infrastructure development (e.g., to improve water management, and irrigation systems).<sup>31</sup> Improving logistics, productivity, and resilience in agriculture through digital technology and improved local and international partnerships can likewise contribute to mitigating or avoiding the impacts of typhoons and drought.<sup>32</sup>

## Transport Services

Mobility in the Philippines has generally improved in June 2021 relative to the previous month.<sup>33</sup> Despite slower inflation in June, the costs of transport services remain elevated since July 2020 primarily due to social distancing measures and the recovery of global oil prices.<sup>34</sup> This is expected to go down in the near term with the government's accelerated daily inoculation rate target of 500,000 by the third

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<sup>30</sup> PAGASA. "Climate Outlook July – December 2021" *DOST.gov.ph*  
<https://pubfiles.pagasa.dost.gov.ph/climps/climateforum/climateoutlook.pdf> (accessed on 3 July 2021)

<sup>31</sup> World Bank. "Building a Resilient Recovery Philippines Economic Update December 2020 Edition" *WorldBank.org* <https://openknowledge.worldbank.org/bitstream/handle/10986/34899/Philippines-Economic-Update-Building-a-Resilient-Recovery.pdf> (accessed on 3 June 2021)

<sup>32</sup> DA Communications Group. "Phl, US to forge stronger agri, trade cooperation" *DA.gov.ph*  
<https://www.da.gov.ph/phl-us-to-forge-stronger-agri-trade-cooperation/>; PHCC. "THE NATIONAL COMPETITION POLICY OF THE PHILIPPINES" *PHCC.gov.ph* [https://www.phcc.gov.ph/wp-content/uploads/2021/01/NCP\\_NEDA-PCC-JMC\\_Signed.pdf](https://www.phcc.gov.ph/wp-content/uploads/2021/01/NCP_NEDA-PCC-JMC_Signed.pdf) (accessed on 3 June 2021)

<sup>33</sup> Google. "Global Mobility Report" *Gstatic.com*  
[https://www.gstatic.com/covid19/mobility/Global\\_Mobility\\_Report.csv](https://www.gstatic.com/covid19/mobility/Global_Mobility_Report.csv) (accessed on 3 July 2021)

<sup>34</sup> World Bank. "Philippines Economic Update JUNE 2021 EDITION Navigating a Challenging Recovery" *WorldBank.org* <https://documents1.worldbank.org/curated/en/380011623076770757/pdf/Philippines-Economic-Update-Navigating-a-Challenging-Recovery.pdf> (accessed on 5 July 2021)

quarter and at least 740,000 by the last three months of 2021 from daily highs of around 350,000 in June.<sup>35</sup>

The Department of Transportation (DOTr) crafted a strategic plan that includes a gradual increase in the number of public utility vehicles (PUV) available, shorter travel time, and less red tape in the country under the new normal.<sup>36</sup> Moreover, the DOTr is continuing to push for the Public Utility Vehicle Modernization Program. Furthermore, several bus rapid transit (BRT) lines are currently in various stages of implementation.<sup>37</sup>

### Global oil prices

Global oil prices continued to accelerate amid declining inventories and recovering demand. In June, the OPEC+ confirmed its decision to maintain its production cut at 5.76 mb/d for July.<sup>38</sup> The compliance of OPEC+ members to their production cut agreement stood at 115 percent in June 2021 from 122 percent compliance in the previous month.<sup>39</sup>

In the short term, crude oil prices are expected to temporarily accelerate before tempering towards the end of the year. As of 30 June 2021, Dubai crude oil futures prices for August increased to USD 71.2/bbl from USD 65.9/bbl in May. However, futures prices for December are expected to soften to USD 68.7/bbl.<sup>40</sup>

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<sup>35</sup> Office of the Presidential Adviser on the Peace Process. “PH signs supply agreement with Pfizer for procurement of 40 million doses” Peace.gov.ph <https://peace.gov.ph/2021/06/ph-signs-supply-agreement-with-pfizer-for-procurement-of-40-million-doses/> (accessed on 4 June 2021)

<sup>36</sup> Dela Cruz, Raymond Carl. “DOTr to speed up, increase public transport under new normal” PNA.gov.ph <https://www.pna.gov.ph/articles/1131259> (accessed on 5 June 2021)

<sup>37</sup> DOTr. “DOTr PUSHES FOR EFFICIENT ROAD MASS TRANSPORT SYSTEMS AS PH ENTERS 'NEW NORMAL'” DOTr.gov.ph <https://dotr.gov.ph/2014-09-02-05-03-02/55-dotrnews/3526-dotr-pushes-for-efficient-road-mass-transport-systems-as-ph-enters-new-normal.html> (accessed on 3 June 2021)

<sup>38</sup> [https://opec.org/opec\\_web/en/press\\_room/6448.htm](https://opec.org/opec_web/en/press_room/6448.htm)

<sup>39</sup> <https://www.reuters.com/world/middle-east/opec-oil-output-rises-june-demand-recovers-survey-shows-2021-06-30/>

<sup>40</sup> Bloomberg. “Dubai Crude Oil (Platts) Financial Futures Quotes (accessed on 1 July 2021)