

Economy

China's June CPI to be higher than May

(Xinhua)

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SHANGHAI - China's consumer price index (CPI), a main gauge of inflation, will be higher in June compared to May, but it will fall significantly in the fourth quarter of the year.

The prediction was given by Yao Jingyuan, former chief economist with the National Bureau of Statistics (NBS), while addressing a forum held in Shanghai Saturday.

Factors, such as imported inflationary pressures emanating from quantitative easing in the U.S. and abundant liquidity in the domestic market, along with weak agricultural infrastructure, had caused commodity prices to rise in China, he said.

"The imperfection in the distribution of farm produce across China has embodied the country's weak agricultural infrastructure, which has in turn helped to drive up prices," said Yao.

Yao insisted that the Chinese economy at present showed a trait of stability, with little risks of the economy overheating or a sharp decline in economic growth, though still faced a daunting problem of inflation.

As for the 4-percent CPI target set out early in the year for the year of 2011, Yao said the goal could be attained despite difficulty.

"Prices of means of production will continue to rise due to imported inflationary pressure and poor agricultural infrastructure has made it difficult to stabilize commodity prices," said Yao, who down played the worrying situation by saying the abundant supplies of grain, plus the overall supply of consumer and industrial goods exceeding demand would constitute a foundation for stabilizing the general level of prices.

He suggested the authorities stay the course of applying tightening measures in the months ahead in line with the economic situation.

China has made capping price rises the priority of this year's macroeconomic regulation and announced an array of targeted policies.

The country's CPI rose by 5.5 percent year on year in May, well above the government's 2011 inflation target of 4 percent.

Food prices surged 11.7 percent in May from a year earlier while pork prices rose 40.4 percent year on year last month.