

# China's Food Costs Rise Almost 4 Percent in June

Associated Press

HONG KONG (AP) — China's inflation rate eased to 2.3 percent in June as politically sensitive food prices softened, government data released Wednesday showed.

Inflation remains below the 3.5 percent annual target set by the ruling Communist Party. That gives authorities room to cut interest rates or use other measures if needed to shore up the slowing economy in order to meet the official full year growth target of 7.5 percent.

Food costs rose 3.7 percent in June after surging 4.1 percent the month before on a rebound in prices for pork, a staple meat in China.

Excluding food costs, June inflation was 1.7 percent, according to the report by the National Bureau of Statistics.

Inflation fell from 2.5 percent in May, the highest rate since January, when it was at the same level.

Economists said they expect Chinese consumer prices to remain largely stable this year, which will ease pressure on leaders in Beijing who are grappling with the slowdown in the world's No. 2 economy as they try to nurture growth based on domestic consumption and wean it off of trade and investment.

"Inflation will likely stay at benign levels" in the low 2 percent range, said Haibin Zhu, chief China economist at JP Morgan. "This provides room for policymakers to focus on the growth stabilization and structural reforms in the near term."

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