



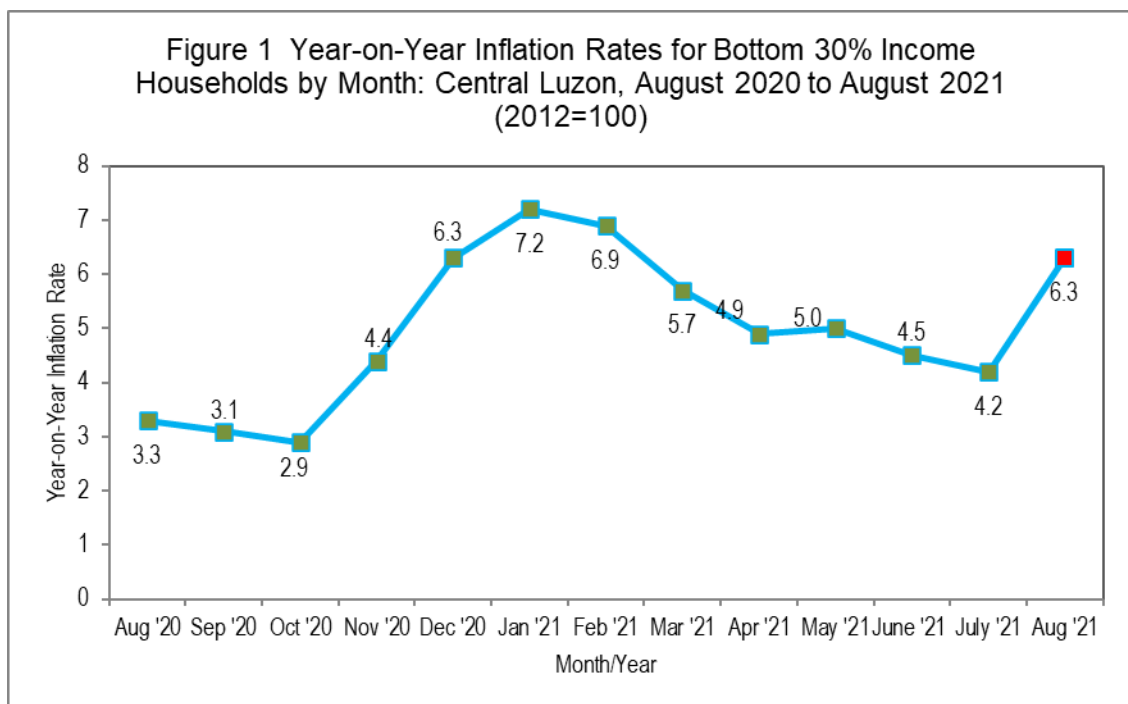
Special Release

Central Luzon's Consumer Price Index (CPI) for Bottom 30% Income Households (2012 = 100) August 2021

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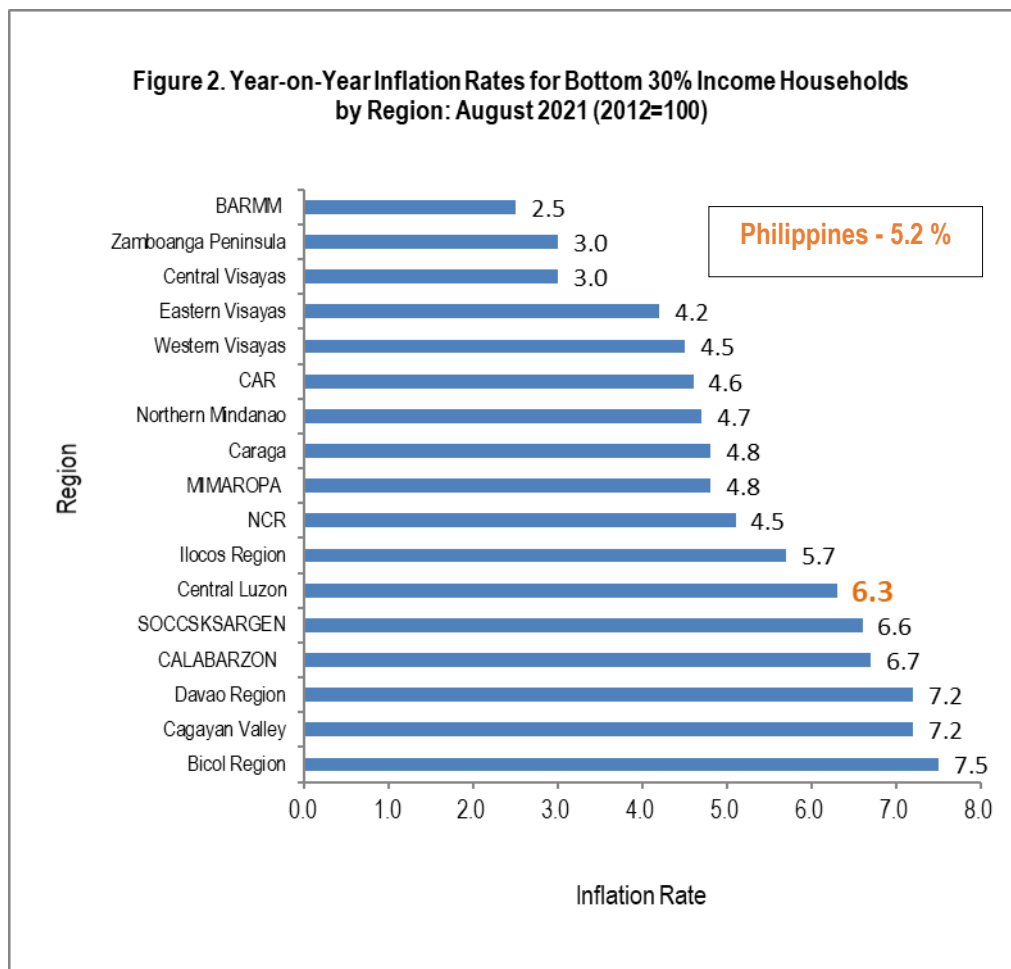
Year-on-Year Price Index Situation for the month of August 2021

The year-on-year inflation rate for bottom 30% income household in Central Luzon climbed up to 6.3 percent in August 2021 with 2.1 percentage points increase from the previous month's 4.2 percent. Moreover, it is higher by 3.0 percentage points than the recorded 3.3 percent in August 2020. (Figure 1)



Source: Survey of Retail Prices of Commodities for the CPI, PSA

Central Luzon ranked 6th highest inflation among the 17 regions in the country. The highest inflation rate was registered in Bicol Region at 7.5 percent, while Bangsamoro Autonomous Region in Muslim Mindanao still recorded the lowest inflation rate at 2.5 percent. The national inflation rate for the bottom 30 percent income household increased from 4.4 percent in July 2021 to 5.2 percent in August 2021. (Figure 2)



Source: Survey of Retail Prices of Commodities for the CPI, PSA

Year-on-Year Price Change by Commodity Group

The significant increase of 4.0 and 3.8 percentage points in the indices on Recreation and Culture and Food and Non-Alcoholic Beverages, respectively, pulled up the region's inflation rate in August 2021. In addition, slower increases in the following indices were recorded:

- Alcoholic Beverages and Tobacco, 10.4 percent;
- Clothing and Footwear, 3.8 percent;
- Housing, Water, Electricity, Gas and Other Fuels, 2.8 percent
- Furnishing, Household Equipment and Routine Maintenance of the house, 2.1 percent
- Health, 4.8 percent; and
- Restaurant and Miscellaneous Goods and Service, 4.4 percent;

On the other hand, decrease in the indices of Transport (11.5%) and Communication (0.4%) were posted, while no change in the index of Education was recorded in August 2021. (Table A)

Table A Year-on-Year Changes of the CPI
for Bottom 30% Income Households by Commodity Group
Central Luzon (2012 = 100)

Commodity Group	August 2021	July 2021
All Items	6.3	4.2
Food and Non-Alcoholic Beverages	7.5	3.7
Alcoholic Beverages and Tobacco	10.4	9.7
Clothing and Footwear	3.8	3.6
Housing, Water, Electricity, Gas and Other Fuels	2.8	1.9
Furnishing, Household Equipment and Routine Maintenance of the House	2.1	2.0
Health	4.8	4.1
Transport	11.5	15.0
Communication	0.4	0.6
Recreation and Culture	3.3	(0.7)
Education	-	0.1
Restaurant and Miscellaneous Goods and Service	4.4	3.4

Source: Survey of Retail Prices of Commodities for the CPI, PSA

Year-on-Year Price Change by Food Group

Index on Vegetable recorded the highest increase at 37.6 percent with 34.0 percentage points increment from last month's 3.6 percent. Moreover, slower increases in the following commodity group were posted in August 2021:

- Corn, 10.2 percent;
- Other Cereals, Flour, Cereal Preparation, Bread, Pasta and Other Bakery Products, 2.0 percent;
- Meat, 18.9 percent;
- Fish, 8.4 percent;
- Oils and Fats, 8.0 percent;
- Fruits, 7.8 percent; and
- Sugar, Jam, Honey, Chocolate and Confectionery, 2.4 percent.

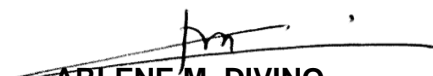
Rice registered a slower decline at 0.3 percent while, a faster decline was posted in the index of Milk, Cheese and Eggs at 0.4 percent in August 2021.

Index on Food Products N.E.C. remained unchanged at 0.3 percent. (Table B)

Table B Year-on-Year Changes of the CPI
for Bottom 30% Income Households by Food Group
Central Luzon (2012 = 100)

Commodity Group	August 2021	July 2021
Rice	(0.3)	(1.0)
Corn	10.2	0.8
Other Cereals, Flour, Cereal Preparation, Bread, Pasta And Other Bakery Products	2.0	1.6
Meat	18.9	17.7
Fish	8.4	3.6
Milk, Cheese and Eggs	(0.4)	(0.1)
Oils and Fats	8.0	5.8
Fruits	7.8	5.9
Vegetables	37.6	3.6
Sugar, Jam, Honey, Chocolate And Confectionery	2.4	2.1
Food Products, N.E.C.	0.3	0.3

Source: Survey of Retail Prices of Commodities for the CPI, PSA


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Technical Notes

This Special Release presents the results of the Survey of Retail Prices of Commodities and Services for the Generation of Consumer Price Index (CPI) conducted in August 2021.

CPI

The CPI is an indicator of the change in the average retail prices of a fixed basket of goods and services commonly purchased by households for their day-to-day consumption relative to a base year.

Uses of the CPI

As an indicator, the CPI is most widely used in the calculation of the inflation rate and purchasing power of the peso. It is a major statistical series used for economic analysis and as monitoring indicator of government economic policy.

The CPI is also used as a deflator to express value series in real terms, which is, measuring the change in actual volume of transaction by removing the effects of price changes. Another major importance of the CPI is its use as basis to adjust wages in labor management contracts as well as pensions and retirement benefits. The CPI also serves as inputs in wage adjustments through the collective bargaining agreements.

Components of the CPI

a. Base Period

This is a reference date or simply a convenient benchmark to which a continuous series of index numbers can be related. Since the CPI measures the average changes in the retail prices of a fixed basket of goods, it is necessary to compare the movement in previous years back to a reference date at which the index is taken as equal to 100.

The present series uses the 2012 as the base year. The year 2012 was chosen as the base year because it is the year when the Family Income and Expenditure Survey (FIES) was conducted. The FIES is the basis of the CPI weights.

b. Market Basket

Market basket refers to a sample of thousands of varieties of goods purchased for consumption and services availed by the households in the country. It was selected to represent the composite price behaviour of all goods and services purchased by the consumers.

c. Weighting System

The weighting system is a desirable system that considers the relevance of the components of the index. For the CPI, the weighting pattern uses the expenditures on various consumer items purchased by households as a proportion to total expenditures.

d. Geographic Coverage

CPI values are computed at the national, regional, and provincial levels, and for selected cities. A separate CPI for NCR is also computed.

e. Classification Standards

The 2012-based CPI series is the first in the series that used the 1999 United Nations Classification of the Individual Consumption According to Purpose (COICOP) in determining the commodity groupings of the items and services included in the market basket. The 2012-based CPI also follows the 2015 Philippine Standard Geographic Classification codes.

Inflation Rate

The inflation rate (IR) is the annual or monthly rate of change of the CPI in percent. It is interpreted in terms of declining purchasing power of money.