



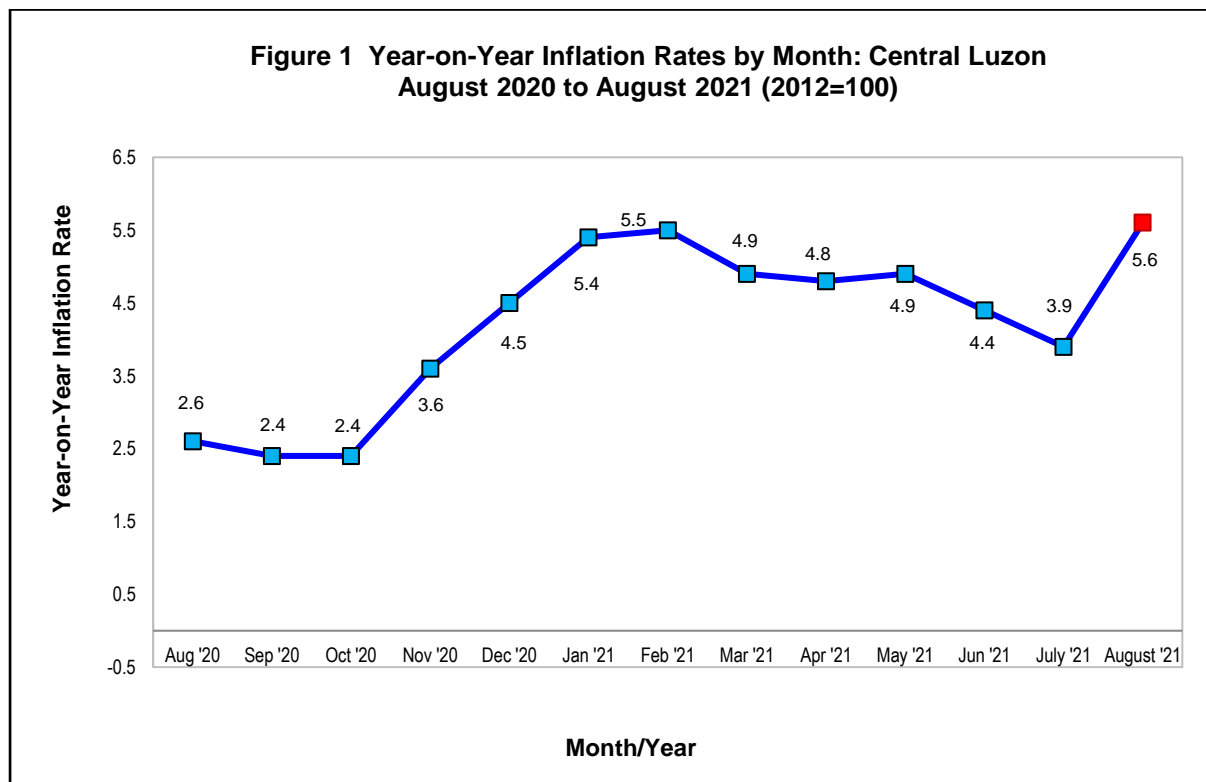
Special Release

Central Luzon's Inflation and Consumer Price Index (CPI) August 2021

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Central Luzon's Inflation Rose to 5.6 Percent

The annual inflation rate of Central Luzon rose to 5.6 percent in August 2021 from 3.9 percent in July 2021, Further, it is also two times higher than the recorded rate of 2.6 percent in August 2020. (Figure 1)



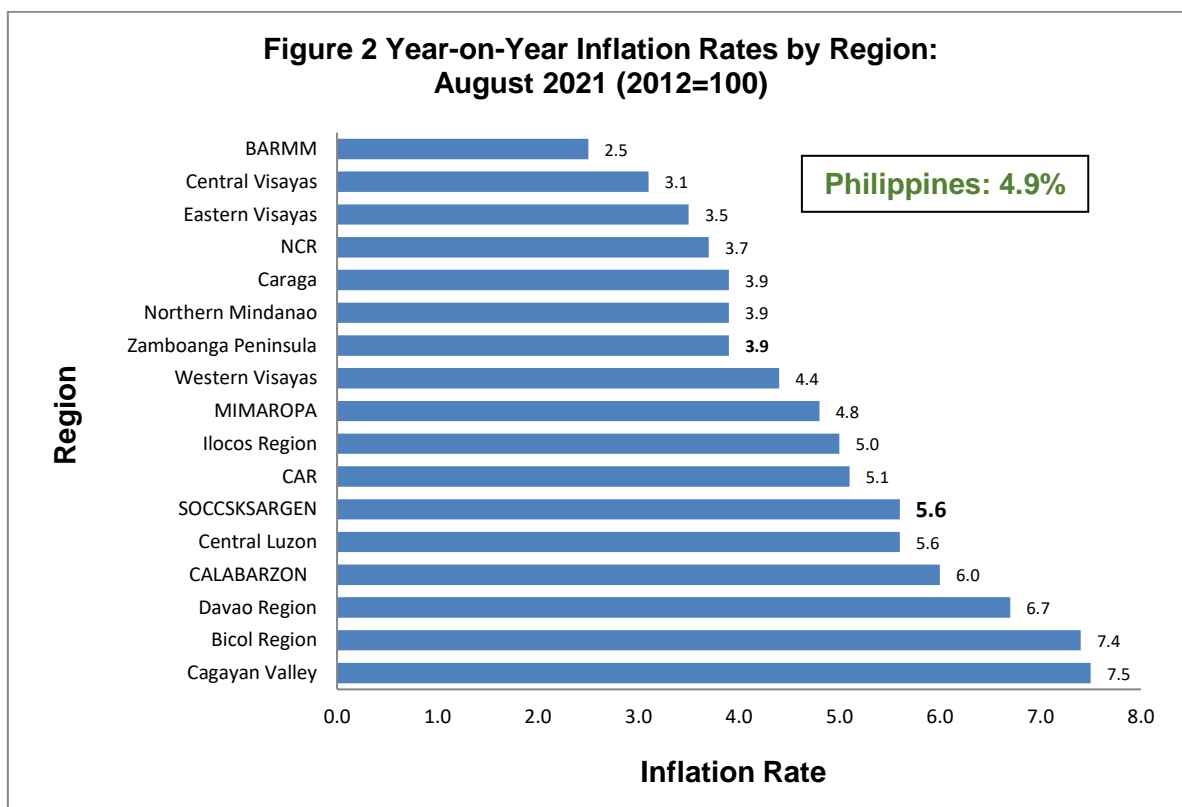
Source: Survey of Retail Prices of Commodities for the Generation of CPI, PSA

Central Luzon alongside SOCCKSARGEN ranked as the 5th highest inflation rate among the 17 regions in the country at 5.6 percent. Cagayan Valley had the highest inflation rate at 7.5 percent while BARMM posted the lowest inflation rate at 2.5 percent in August 2021.

The national annual inflation accelerated to 4.9 percent in August 2021 recording a 0.9 percentage point increase from its rate in July 2021.



Figure 2 presents the annual inflation rates of the different regions in the Philippines in August 2021.



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

The heavily weighted food and non-alcoholic beverages accelerated to 7.6 percent in August 2021 posting a 3.0 percentage points increase from its recorded rate in July 2021. Likewise, faster increases were recorded in the indices of alcoholic beverages and tobacco (8.1%), clothing and footwear (1.0%), housing, water, electricity, gas and other fuels (4.1%), furnishings, household equipment and routine maintenance of the house (1.4%), health (4.9%), transport (9.8), recreation and culture (0.8%), and restaurant and miscellaneous goods and services (3.5%).

On the other hand, same rate of increase from the previous month was recorded in the indices of communication at 0.5 percent and education at 0.6 percent. (Table 1)

Table 1 Year-on-Year Inflation Rates by Commodity Group:
Central Luzon (2012 = 100)

Commodity Group	August 2021	July 2021	August 2020
All Items	5.6	3.9	2.6
Food and Non-Alcoholic Beverages	7.6	4.6	3.1
Alcoholic Beverages and Tobacco	8.1	7.2	23.8
Clothing and Footwear	1.0	0.9	1.7
Housing, Water, Electricity, Gas and Other Fuels	4.1	2.8	0.3
Furnishings, Household Equipment and Routine Maintenance of the House	1.4	1.1	1.9
Health	4.9	4.5	1.8
Transport	9.8	9.1	0.2
Communication	0.5	0.5	0.5
Recreation and Culture	0.8	-1.1	-1.1
Education	0.6	0.6	0.2
Restaurant and Miscellaneous Goods and Services	3.5	3.0	2.3

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

The regional food index pushed up to 8.1 percent in August 2021 which is 3.3 percentage points higher than its recorded rate of 4.8 percent in July 2021. The increase can be attributed to the significant upsurge in the indices of corn and vegetables, which increased by 13.8 and 23.4 percentage points, respectively. Moreover, increases in the following indices were posted in August 2021:

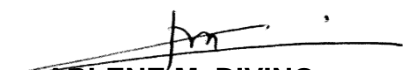
- Meat, 15.3 percent;
- Fish, 10.4 percent;
- Rice, 2.4 percent;
- Oils and fats, 4.5 percent; and
- Other cereals, flour, cereal preparation, bread, pasta and other bakery products, 1.5 percent;

Meanwhile, the index of fruits dropped at a slower rate of -0.7 percent. Milk, cheese and eggs, on the other hand, registered a faster rate of drop at -0.5 percent. (Table 1a)

Table 1a Year-on-Year and Month-on-Month Changes in the Consumer Price Index
 Food: Central Luzon (2012 = 100)

Province/Commodity Group	Year-on-Year		
	August 2021	July 2021	August 2020
Food	8.1	4.8	3.3
Rice	2.4	0.6	0.2
Corn	14.7	0.9	3.3
Other Cereals, Flour, Cereal Preparation, Bread, Pasta and Other Bakery Products	1.5	1.3	3.5
Meat	15.3	13.4	7.0
Fish	10.4	6.2	7.1
Milk, Cheese and Eggs	-0.5	-0.3	3.7
Oils and Fats	4.5	4.4	2.6
Fruits	-0.7	-2.1	1.1
Vegetables	28.7	5.3	-4.0
Sugar, Jam, Honey, Chocolate and Confectionery	0.3	0.9	-0.2

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


ARLENE M. DIVINO
 (Chief Statistical Specialist)
 Officer in Charge, RSSO III

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 behavior 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.