



Special Release

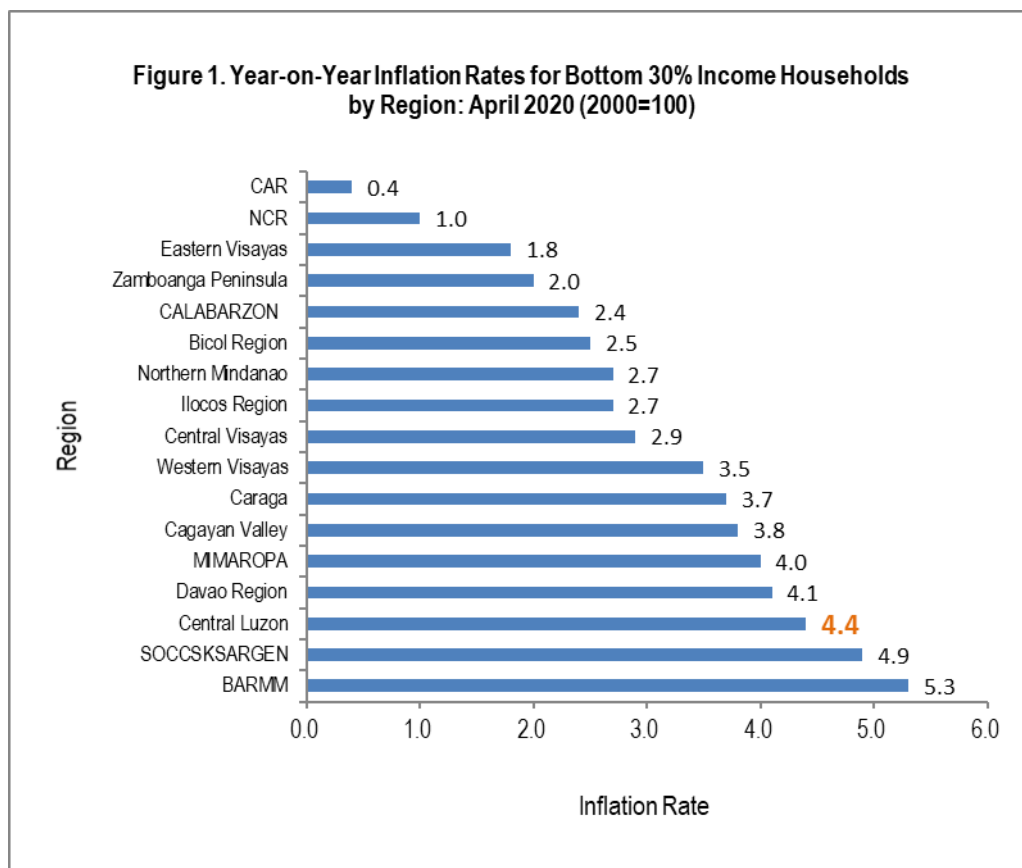
Central Luzon's Consumer Price Index (CPI) for Bottom 30% Income Households (2000 = 100) April 2020

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Year-on-Year Price Index Situation for the month of April 2020

The year-on-year inflation rate for bottom 30% income household in Central Luzon was posted at 4.4 percent in April 2020 with 0.7 percent increase from last month's 3.7 percent. Central Luzon ranked 3rd highest among the 17 regions in the country. The lowest inflation rate was still recorded in Cordillera Administrative Region at 0.4 percent while BARMM remained to have the highest inflation rate at 5.3 percent. The national inflation rate for the bottom 30 percent income household also increased from 2.6 percent in March 2020 to 3.2 percent in April 2020.



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

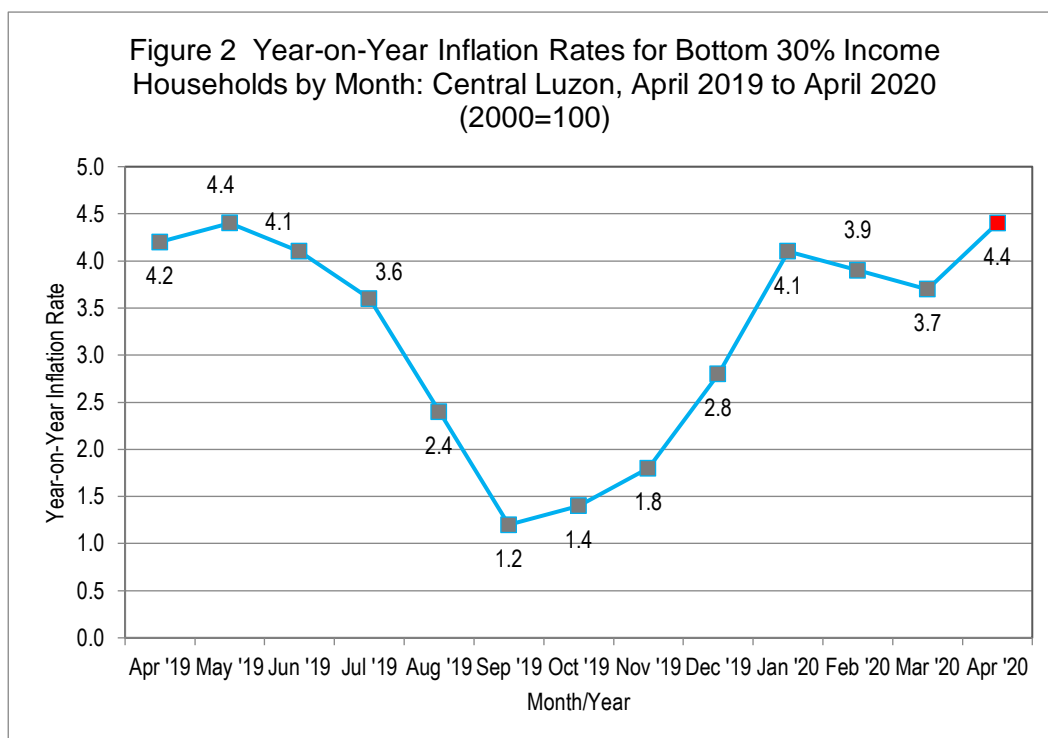
The uptrend in the region’s inflation rate was brought about by the increase on Food, Beverage and Tobacco from 4.5 percent to 6.2 percent. On the other hand, decreases in Fuel, Light and water at -0.7 percent and Services at 1.2 percent were recorded in April 2020. Clothing, Housing and Repairs and Miscellaneous retained its previous month’s annual rate of 1.6, 2.5 and 2.0 percent respectively. (See Table A)

Table A Year-on-Year Changes of the CPI for Bottom 30% Income Households by Commodity Group Central Luzon (2000 = 100)

Commodity Group	April 2020	March 2020
All Items	4.4	3.7
Food, Beverage and Tobacco	6.2	4.5
Clothing	1.6	1.6
Housing and Repairs	2.5	2.5
Fuel, Light and Water	(7.0)	0.5
Services	1.2	1.3
Miscellaneous	2.0	2.0

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

Central Luzon’s year-on-year inflation rate for the bottom 30 percent income households registered an increase from 3.7 percent in March 2020 to 4.4 percent in April 2020. (See Figure 2)



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

Faster increases in the indices of food were observed in April 2020 at 4.8 percent. This acceleration was supported by the increase in Fruits and Vegetables at 16.2 percent and Miscellaneous Foods at 5.5 percent. Slower increases were also noted in the following indices:

- Cereals, 1.0%
- Rice, 0.9%
- Cereal Preparations, 2.0%
- Eggs, 14.7%
- Meat, -1.2%

On the other hand, slower decreases were recorded in the indices for Corn at 9.6 percent, Dairy products at 1.2 percent and Fish at 9.2 percent. (See Table B)

**Table B Year-on-Year Changes of the CPI
for Bottom 30% Income Households by Food Group
Central Luzon (2000 = 100)**

Commodity Group	April 2020	March 2020
All Food	4.8	2.8
Cereals	1.0	(0.5)
Rice	0.9	(0.6)
Corn	9.6	9.7
Cereal Preparations	2.0	1.9
Dairy Products	1.2	1.5
Eggs	14.7	12.9
Fish	9.2	9.7
Fruits and Vegetables	16.2	7.2
Meat	(1.2)	(1.4)
Miscellaneous Foods	5.5	3.0

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 April 2020.

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 2000 as the base year.

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.

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.

The 2000-based Consumer Price Index (CPI) for Bottom 30% Income Households in the Philippines

The monthly computation of the CPI for bottom 30% Income Households was started only in July 2018.

I. Background

The National Statistical Coordination Board (NSCB) approved the methodology for the computation of the CPI for the bottom 30% income group households on March 11, 2009 (NSCB Resolution No.5, Series of 2009 “Approving the Estimation Methodology for the Consumer Price Index for the Bottom 30 Percent Income Group Households”).

The NSO officially released the CPI for bottom 30% using 2000 as the base year on May 19, 2011.

Features of the 2000-based CPI for bottom 30% per capita income group:

1. Weights

The estimated weights were based from the results of the 2000 Family Income and Expenditure Survey (FIES) for bottom 30% income households.

2. Market basket

The market basket used in the construction for the 2000-based bottom 30% CPI series is the result of the updating of the 1994 market basket. The bottom 30% market basket is a subset of the 2000-based all income market basket. The number of items in the bottom 30% income market basket ranged from 224 in Batanes to 725 in Negros Occidental. NCR has 476 items in its market basket.

3. Laspeyre’s Formula was used in computing the index.

II. Results

Table 1 Weights for All Income and Bottom 30% Income Households by Major Commodity Group and Area (2000=100)

Major Commodity Group	Area					
	Philippines		National Capital Region (NCR)		Areas Outside NCR (AONCR)	
	All Income	Bottom 30%	All Income	Bottom 30%	All Income	Bottom 30%
All Items	100.0	100.0	100.0	100.0	100.0	100.0
FBT	50.0	74.5	40.2	74.9	54.2	74.5
Clothing	3.0	2.7	2.6	1.6	3.2	2.7
H&R	16.8	3.0	24.6	1.3	13.4	3.1
FLW	6.9	7.0	7.0	8.5	6.9	7.0
Services	15.9	7.1	19.3	7.4	14.4	7.1
Miscellaneous	7.3	5.7	6.2	6.3	7.8	5.7