



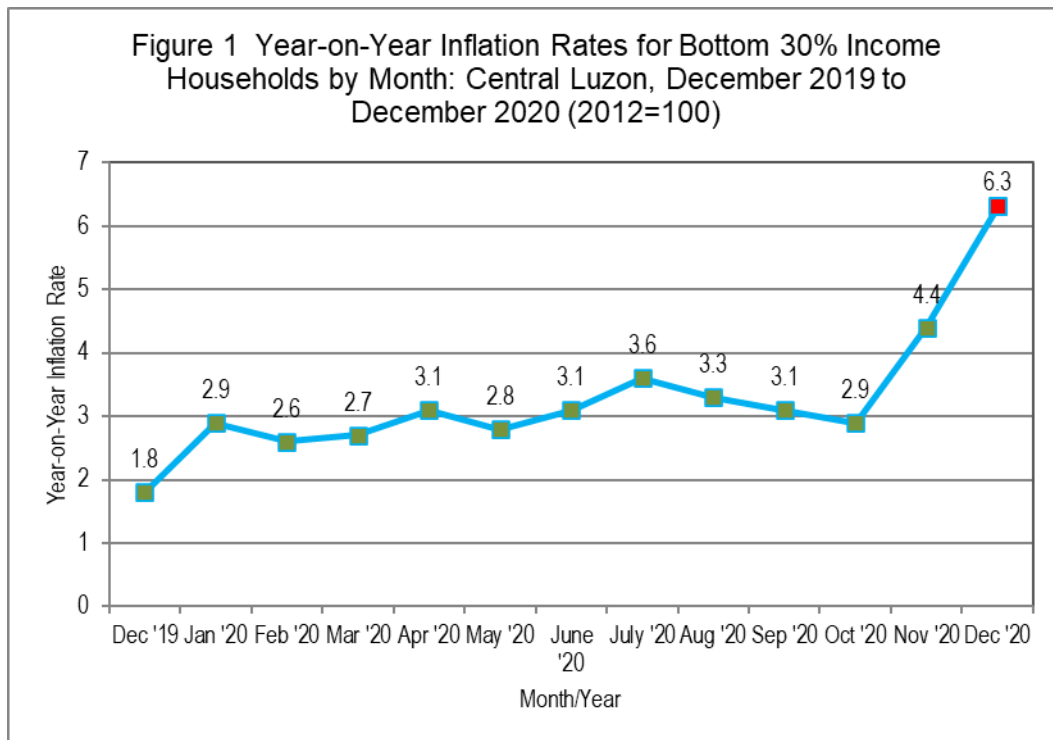
Special Release

Central Luzon's Consumer Price Index (CPI) for Bottom 30% Income Households (2012 = 100) December 2020

Date of Release: 28 January 2021
Reference No. 2021-SRCPIB30-Dec2020-002

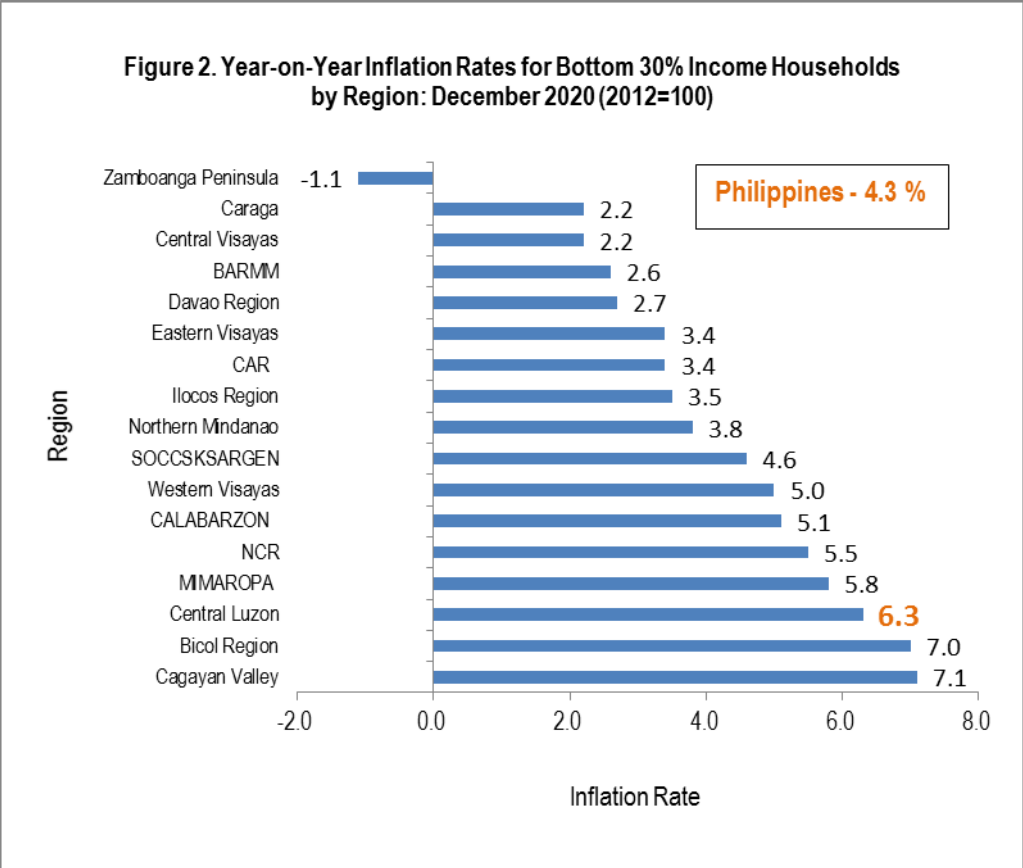
Year-on-Year Price Index Situation for the month of December 2020

The annual inflation rate for bottom 30 percent income households in Central Luzon rose further to 6.3 percent in December 2020, the highest rate registered for the year. In November 2020, it was registered at 4.4 percent and 1.8 percent in December 2019. (See *Figure 1*)



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

Central Luzon ranked 3rd highest inflation rate among the 17 regions in the country. The highest inflation rate was recorded in Cagayan Valley at 7.1 percent while, Zamboanga Peninsula remained with the lowest inflation rate at -1.1 percent. The national inflation rate for the bottom 30 percent income households increased from 3.6 percent in November 2020 to 4.3 percent in December 2020.



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

Year-on-Year Price Change by Commodity Group

The faster rate of acceleration in the indices of the heavily-weighted Food and Non-alcoholic Beverages (7.6%) and Transport (18.5%) pulled up the region’s inflation to 6.3 percent. In addition, slower increases in the following indices were recorded in December 2020:

- Alcoholic Beverages and Tobacco, 9.7 percent
- Housing, Water, Electricity, Gas and Other Fuels, 1.9 percent
- Health, 2.3 percent
- Communication, 1.0 percent
- Restaurant and Miscellaneous Goods and Service, 4.2 percent

On the other hand, a decrease in the index on Furnishing, Household Equipment and Routine Maintenance was recorded at 1.1 percent. Meanwhile, slower decline in the index of Recreation and Culture was posted at -2.5 percent.

Indices of Clothing and Footwear and Education at 1.7 percent and 0.3 percent, respectively, remained unchanged. (See 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	December 2020	November 2020
All Items	6.3	4.4
Food and Non-Alcoholic Beverages	7.6	4.8
Alcoholic Beverages and Tobacco	9.7	8.7
Clothing and Footwear	1.7	1.7
Housing, Water, Electricity, Gas and Other Fuels	1.9	1.5
Furnishing, Household Equipment and Routine Maintenance of the House	1.1	1.5
Health	2.3	1.9
Transport	18.5	14.0
Communication	1.0	0.6
Recreation and Culture	(2.5)	(2.7)
Education	0.3	0.3
Restaurant and Miscellaneous Goods and Service	4.2	3.3

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

Year-on-Year Price Change by Food Group

A substantial increase of 28.4 percentage points was reported in the index of Vegetables, from 13.1 percent in November 2020 to 41.5 percent in December 2020. Slower rate of increase was observed in the following indices:

- Rice, 1.2 percent
- Corn, 0.1 percent
- Meat, 11.7 percent


On the other hand, decrease in the indices of Other Cereals, Flour, Cereal Preparation, Bread, Pasta and Other Bakery Products (2.5%), Fish (7.9%), Milk, Cheese and Eggs (3.9%), Oils and Fats (0.4%) and Sugar, Jam, Honey, Chocolate and Confectionery (0.3%) were recorded in December 2020.

Indices of Fruits and Food products N.E.C remained unchanged at 6.3 percent and 4.2 percent, respectively. (*See 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	December 2020	November 2020
Rice	1.2	0.8
Corn	0.1	(4.0)
Other Cereals, Flour, Cereal Preparation, Bread, Pasta And Other Bakery Products	2.5	2.6
Meat	11.7	8.8
Fish	7.9	9.0
Milk, Cheese and Eggs	3.9	4.5
Oils and Fats	0.4	0.9
Fruits	6.3	6.3
Vegetables	41.5	13.1
Sugar, Jam, Honey, Chocolate And Confectionery	0.3	0.4
Food Products, N.E.C.	4.2	4.2

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 December 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 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.