



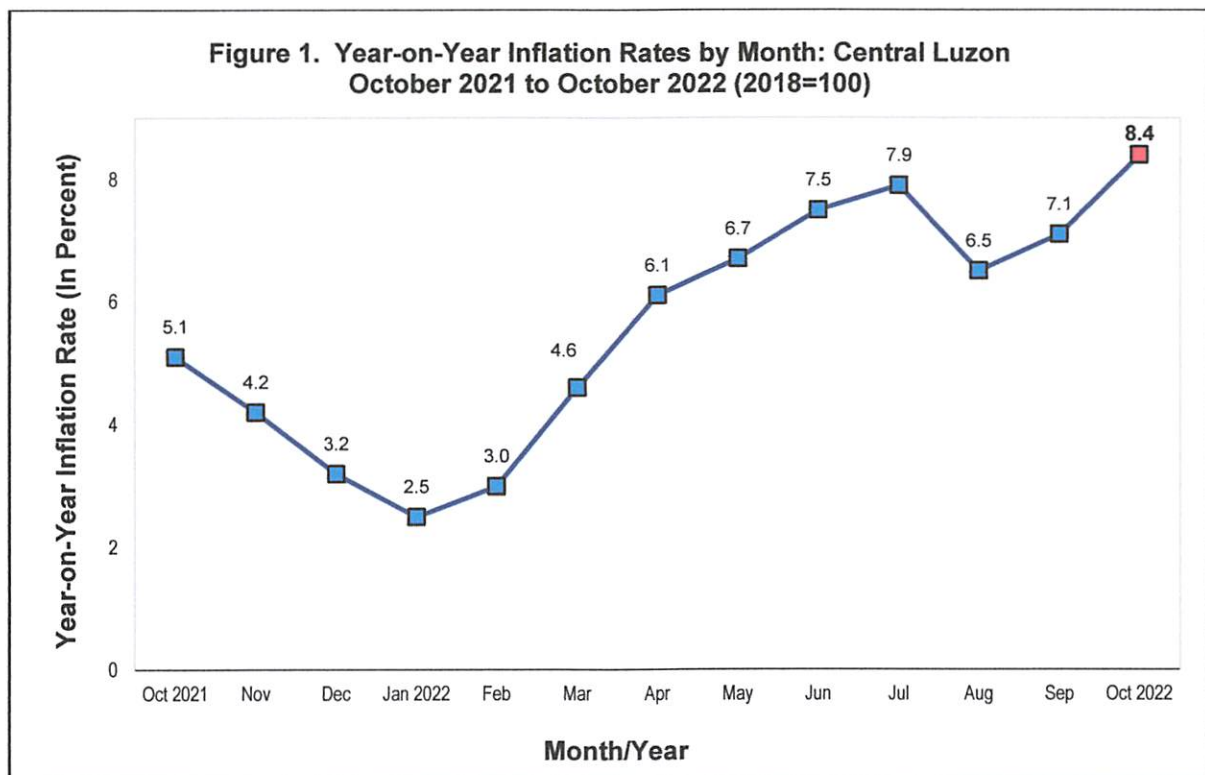
SPECIAL RELEASE

Central Luzon's Inflation and Consumer Price Index (CPI) October 2022

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Central Luzon's Inflation Soared to 8.4 Percent

Inflation in Central Luzon accelerated further to 8.4 percent in October 2022 from 7.1 percent in September 2022. This is the highest inflation recorded in the region since December 2008. With this month's inflation, the region's average inflation from January to October 2022 is recorded at 5.8 percent. In October 2021, inflation rate was recorded at 5.1 percent. (Figure 1)



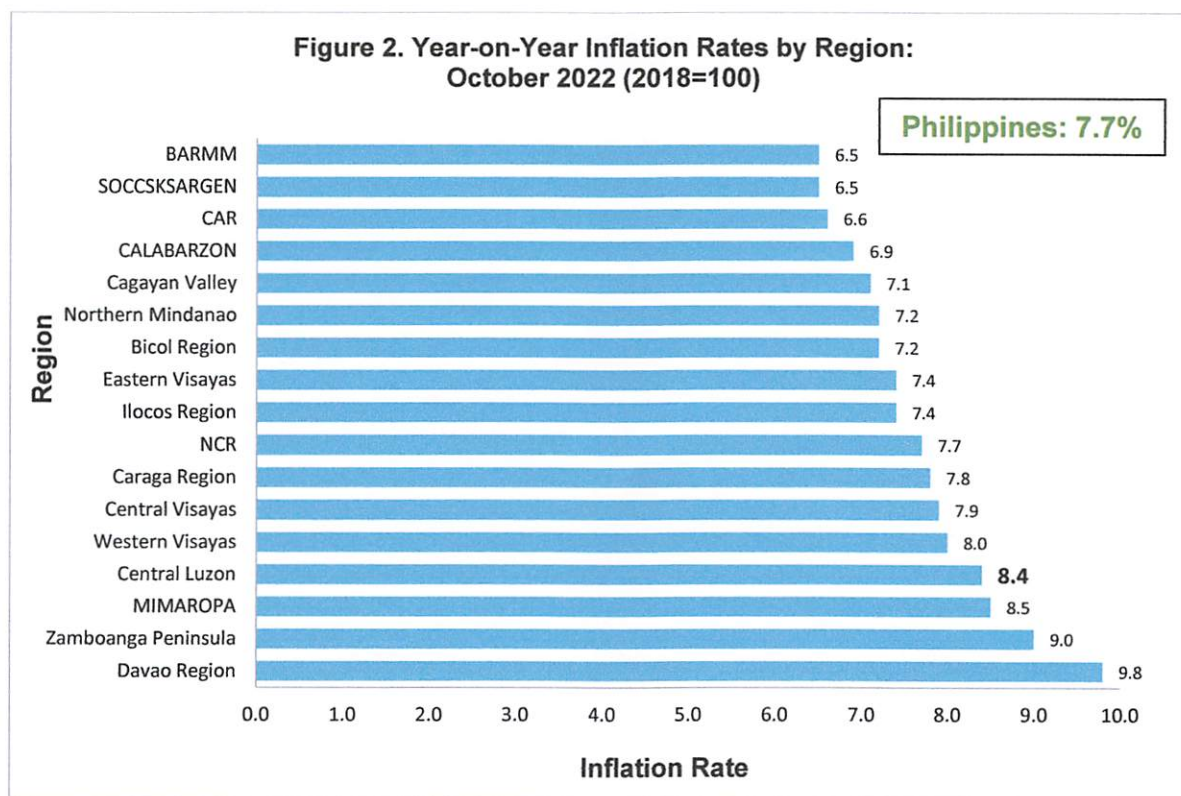
Source: Survey of Retail Prices of Commodities for the Generation of CPI, PSA

Central Luzon is fourth among regions with the highest inflation in October 2022. Davao region recorded the highest inflation at 9.8 percent followed by Zamboanga Peninsula at 9.0 percent. On the other hand, Bangsamoro Autonomous Region of Muslim Mindanao (BARMM) and SOCCSKSARGEN recorded the lowest inflation at 6.5 percent.



The headline inflation in the Philippines also accelerated to 7.7 percent in October 2022 from 6.9 percent in September 2022. This is the highest recorded inflation since December 2008.

Figure 2 presents the annual inflation rates of the different regions in the Philippines in October 2022.



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

The uptrend in inflation for October 2022 was primarily brought about by higher annual increment in the index of food and non-alcoholic beverages at 9.4 percent from 6.3 percent in September 2022. This was followed by the index of housing, water, electricity, gas, and other fuels at 10.7 percent from 9.7 percent in September 2022 and the index of restaurants and accommodation services at 2.9 percent from 2.5 percent in September 2022.

Moreover, higher annual increments were posted in the following indices:

- Alcoholic beverages and tobacco (14.3%);
- Clothing and footwear (4.1%);
- Furnishings, household equipment and routine household maintenance (3.4%);
- Health (2.5%);
- Recreation, sport, and culture (3.8%); and
- Personal care, and miscellaneous goods and services (4.4%).

On the other hand, lower annual increments were recorded in the following indices:

- Transport (15.0%); and
- Information and communication (0.5%).

Further, same rate of increase with that of the previous month was observed in the indices of education services (1.7%) and financial services (0.0%). (Table 1)

**Table 1. Year-on-Year Inflation Rates by Commodity Group:
Central Luzon (2018 = 100)
(In Percent)**

Commodity Group	October 2021	September 2022	October 2022
All Items	5.1	7.1	8.4
Food and Non-Alcoholic Beverages	5.2	6.3	9.4
Alcoholic Beverages and Tobacco	8.5	14.1	14.3
Clothing and Footwear	1.6	3.6	4.1
Housing, Water, Electricity, Gas, and Other Fuels	7.1	9.7	10.7
Furnishings, Household Equipment and Routine Household Maintenance	1.6	3.2	3.4
Health	3.3	2.4	2.5
Transport	7.6	15.0	13.6
Information and Communication	0.7	0.6	0.5
Recreation, Sport and Culture	1.5	3.3	3.8
Education Services	0.1	1.7	1.7
Restaurants and Accommodation Services	3.4	2.5	2.9
Financial Services	46.0	0.0	0.0
Personal Care, and Miscellaneous Goods and Services	2.1	4.1	4.4

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

The annual growth rate in the regional food index registered an upsurge of 9.8 percent in October 2022 from 6.5 percent in September 2022. The upward trend in the food index can be primarily attributed to higher increments in the annual growth rate of the following food indices:

- Vegetables, tubers, plantains, cooking bananas and pulses (13.3%);
- Meat and other parts of slaughtered land animals (11.1%); and
- Fish and Other Seafood (9.2%).

It can also be credited to the increases in the indices of the following food group:

- Fruits and nuts (1.2%);
- Sugar, Confectionery and Desserts (28.6%); and
- Ready-Made Food and Other Food Products N.E.C. (9.7%).

Meanwhile, lower annual increment was noted in the index of milk, other dairy products and eggs at 12.5 percent from 12.6 percent in September 2022 and the index of oils and fats at 22.7 percent in October 2022 from 24.8 percent in September 2022.

Moreover, same rate of increase with that of the previous month was observed in the index of cereals and cereal products at 5.5 percent. (Table 1a)

**Table 1a. Year-on-Year Changes in the Consumer Price Index, Food
Central Luzon (2018 = 100)
(In Percent)**

Commodity Group	October 2021	September 2022	October 2022
Food	5.6	6.5	9.8
Cereals and cereal products	2.9	5.5	5.5
Cereals	3.2	3.8	3.4
Rice	3.1	3.7	3.2
Corn	12.0	6.4	17.0
Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals	2.0	9.2	10.2
Meat and Other Parts of Slaughtered Land Animals	6.8	7.4	11.1
Fish and Other Seafood	7.4	8.0	9.2
Milk, Other Dairy Products, and Eggs	-0.8	12.6	12.5
Oils and Fats	6.0	24.8	22.7
Fruits and Nuts	-0.3	1.0	1.2
Vegetables, Tubers, Plantains, Cooking Bananas, and Pulses	24.2	-9.6	13.3
Sugar, Confectionery and Desserts	0.8	25.5	28.6
Ready-Made Food and Other Food Products	0.8	7.8	9.7
N.E.C.	0.8	7.8	9.7

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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 October 2022.

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 of CPI is rebased from base year 2012 to base year 2018.

b. Market Basket

Market basket refers to a sample of goods and services commonly purchased by the households.

The market basket for the CPI for All Income Households is updated using the results of the 2021 Survey of Key Informants (SKI). The survey, which was undertaken in March 2021, was conducted nationwide to store managers, sellers, or proprietors, in order to obtain information on the most commonly purchased goods and availed of services by the households.

The commodities included in the 2018-based CPI market basket are the modal commodities which were considered as the most commonly purchased/availed of commodities by the households.

The commodities in the 2018-based CPI market basket are grouped/classified according to the 2020 Philippine Classification of Individual Consumption According to Purpose (PCOICOP) which is based on the United Nations COICOP. Meanwhile, the commodities in the 2012-based CPI market basket used the 2009 PCOICOP version of classification of commodities.

Table 1 below presents the comparison of the commodity classification based on 2009 and 2020 PCOICOP which are adopted in the 2012-based and 2018-based CPI market baskets, respectively.

Table 1. Commodity Classification of the CPI Market Basket

2012-based CPI		2018-based CPI	
Code	Description	Code	Description
01	Food and non-alcoholic beverages	01	Food and non-alcoholic beverages
02	Alcoholic beverages and tobacco	02	Alcoholic beverages and tobacco
03	Clothing and footwear	03	Clothing and footwear
04	Housing, water, electricity, gas, and other fuels	04	Housing, water, electricity, gas, and other fuels
05	Furnishings, household equipment and routine household maintenance	05	Furnishings, household equipment and routine household maintenance
06	Health	06	Health
07	Transport	07	Transport
08	Communication	08	Information and Communication
09	Recreation and culture	09	Recreation, sport, and culture
10	Education	10	Education services
11	Restaurant and Miscellaneous Goods and Services	11	Restaurant and accommodation services
		12	Financial services
		13	Personal care, and miscellaneous goods and services
Note: In the 2012-based CPI, divisions 11 and 13 are combined as one division (Restaurant and Miscellaneous goods and services).			

c. Weighting System

The weights for the 2018-based CPI were derived from the expenditure data of the 2018 Family Income and Expenditure Survey (FIES). The weight for each commodity/group of commodities is the proportion of the expenditure of the expenditure of commodity/group of commodities to the total national expenditure. The sum of the weights of the commodity groups at the national level is equal to 100.

d. Geographic Coverage

CPI values are computed at the national, regional, and provincial levels, 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.