



Special Release

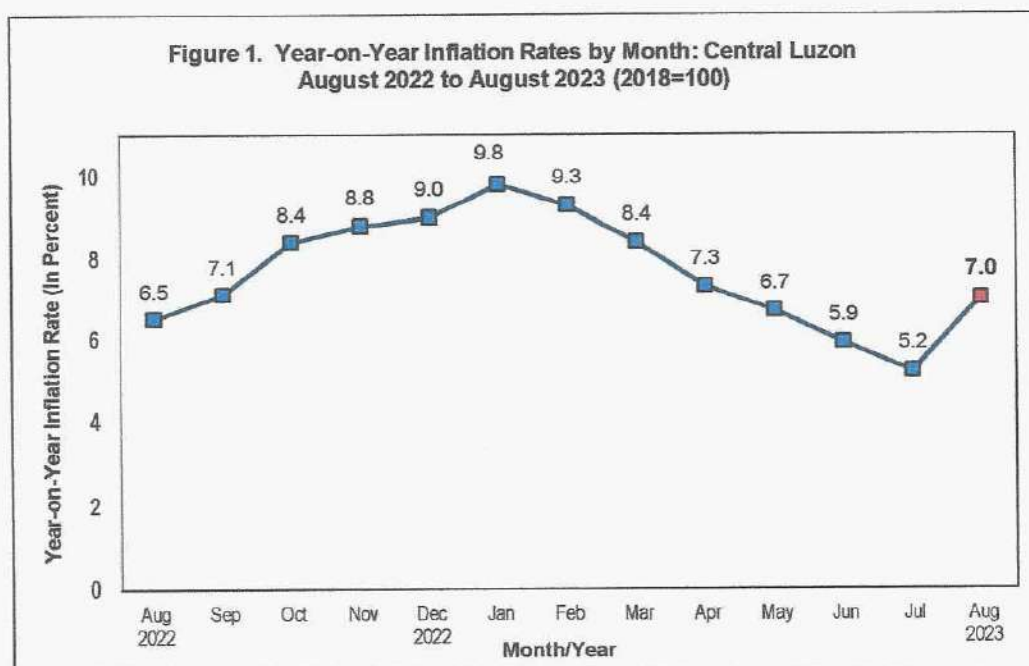
Central Luzon's Inflation and Consumer Price Index (CPI) August 2023

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Central Luzon's Inflation Escalated to 7.0 Percent

Central Luzon's annual inflation accelerated to 7.0 percent in August 2023 which was 1.8 percentage points higher from 5.2 percent in July 2023 and 0.5 percentage point higher than the 6.5 percent in August 2022. (Refer to Figure 1)



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

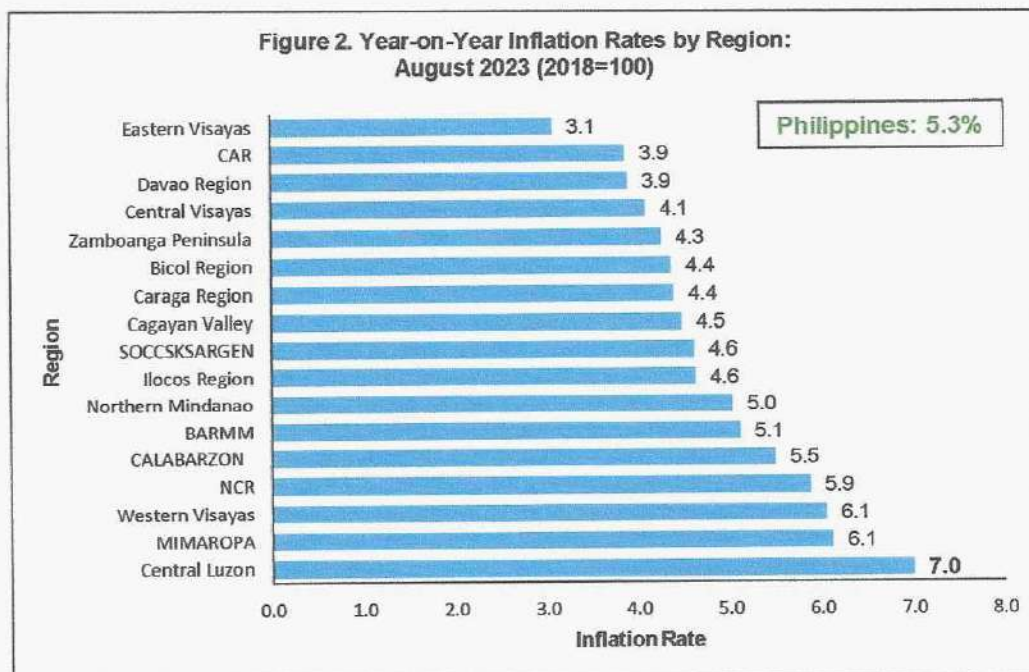
Across regions, Central Luzon recorded the highest inflation rate in August 2023 followed by MIMAROPA and Western Visayas both at 6.1 percent. On the other hand, Eastern Visayas had the lowest inflation at 3.1 percent.

The headline inflation in the country also increased to 5.3 percent in August 2023 from 4.7 percent in July 2023.



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Figure 2 presents the annual inflation rates of the different regions in the Philippines in August 2023.



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

The upward trend in inflation was primarily influenced by higher increments posted in the index of food and non-alcoholic beverages at 10.7 percent from 6.8 percent in July 2023. This was followed by the indices of transport at 1.6 percent and restaurants and accommodation services at 8.7 percent. (Refer to Table 1)

The uptrend could also be attributed to the increase in the following indices:

- Clothing and footwear (8.5%);
- Health (7.0%);
- Recreation, sports, and culture (8.6%); and
- Education services (4.1%).

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

- Alcoholic beverages and tobacco (11.6%);
- Housing, water, electricity, gas and other fuels (1.8%);
- Furnishing, household equipment and routine household maintenance (7.3%); and
- Personal care, and miscellaneous goods and services (8.5%).

Furthermore, same rate of increase with that of the previous month was observed in the indices of information and communication at 0.8 percent inflation and financial services at zero percent inflation.

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

Commodity Group	August 2022	July 2023	August 2023
All Items	6.5	5.2	7.0
Food and Non-Alcoholic Beverages	4.9	6.8	10.7
Alcoholic Beverages and Tobacco	13.1	14.1	11.6
Clothing and Footwear	3.3	8.4	8.5
Housing, Water, Electricity, Gas, and Other Fuels	9.7	2.9	1.8
Furnishings, Household Equipment and Routine Household Maintenance	2.9	7.5	7.3
Health	2.4	6.6	7.0
Transport	15.1	-3.6	1.6
Information and Communication	0.5	0.8	0.8
Recreation, Sport, and Culture	3.2	8.3	8.6
Education Services	1.2	2.1	4.1
Restaurants and Accommodation Services	2.6	8.3	8.7
Financial Services	0.0	0.0	0.0
Personal Care, and Miscellaneous Goods and Services	4.1	8.9	8.5

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

The annual growth rate in the regional food index also accelerated to 10.8 percent in August 2023 from 6.7 percent in July 2023. The uptrend in the food index was primarily brought about by higher increments in the indices of Vegetables, tubers, plantains, cooking bananas and pulses (52.6%), cereals and cereal products (11.4%), and meat and other parts of slaughtered land animals (-0.5%). (Refer to Table 1a)

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

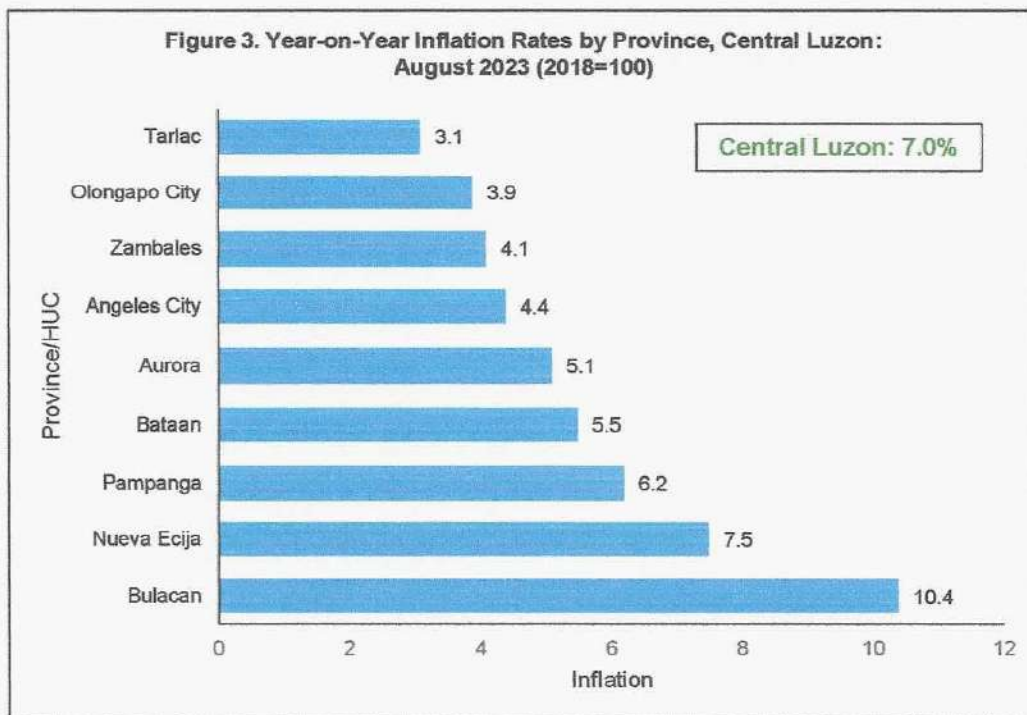
Commodity Group	August 2022	July 2023	August 2023
Food	5.0	6.7	10.8
Cereals and cereal products	4.4	7.5	11.4
Cereals	2.6	4.9	11.0
Rice	2.6	4.8	10.8
Corn	2.2	11.4	18.3
Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals	8.6	13.3	12.4
Meat and Other Parts of Slaughtered Land Animals	6.3	-4.4	-0.5
Fish and Other Seafood	5.1	4.4	9.8
Milk, Other Dairy Products, and Eggs	11.6	12.7	8.4
Oils and Fats	25.6	0.9	-0.9
Fruits and Nuts	1.4	13.5	14.5
Vegetables, Tubers, Plantains, Cooking Bananas, and Pulses	-13.0	28.2	52.6
Sugar, Confectionery and Desserts	23.1	19.2	13.6
Ready-Made Food and Other Food Products N.E.C.	7.1	11.0	10.0

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

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Following the trend at the national and regional level, inflation rate across provinces in Central Luzon including Angeles City and Olongapo City also recorded an uptrend in August 2023.

Among the provinces and HUCs in the region, Bulacan still recorded the highest inflation at 10.4 percent in August 2023. On the other hand, Tarlac registered the lowest inflation at 3.1 percent. (Refer to Figure 3)




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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 2023.

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 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.

SHARE TO YEAR-ON-YEAR INFLATION TREND FOR AUGUST 2023
ALL INCOME HOUSEHOLDS, CENTRAL LUZON

COMMODITY GROUP		Weight: % to Philippines	INFLATION			FOOD GROUP	
			AUG '22	JUL '23	AUG '23	SHARE TO INFLATION TREND	RANK
0	ALL ITEMS	12.8244	6.5	6.2	7.0		
01	FOOD AND NON-ALCOHOLIC BEVERAGES	4.6513	4.9	6.8	10.7		
01.1	FOOD	4.2950	5.0	6.7	10.8	100.0	
01.1.1	Cereals and cereal products	1.3313	4.4	7.5	11.4		
01.1.1.1	Cereals	0.9557	2.8	4.9	11.0		
01.1.1.1.12	Rice	0.9520	2.6	4.8	10.8	28.1	2
01.1.1.1.16	Corn	0.0138	2.2	11.4	18.3	0.4	6
01.1.1.1.20	Flour, Bread And Other Bakery Products, Pasta Products, And Other Cereals	0.3656	8.6	13.3	12.4		
01.1.2	Meat and other parts of slaughtered land animals	0.9390	6.3	(4.4)	(0.5)	16.7	3
01.1.3	Fish and other seafood	0.6628	5.1	4.4	9.8	15.3	4
01.1.4	Milk, other dairy products and eggs	0.3673	11.5	12.7	8.4		
01.1.5	Oils and fats	0.0771	25.6	0.9	(0.9)		
01.1.6	Fruits and nuts	0.1750	1.4	13.5	14.5	0.8	5
01.1.7	Vegetables, tubers, plantains, cooking bananas and pulses	0.3554	(13.0)	28.2	52.6		
01.1.8	Sugar, confectionery and desserts	0.1573	23.1	19.2	13.6	30.6	1
01.1.9	Ready-made food and other food products n.e.c.	0.2288	7.1	11.0	10.0		

YEAR-ON-YEAR INFLATION RATE BY PROVINCE FOR ALL INCOME HOUSEHOLDS FOR AUGUST 2023

ALL ITEMS, CENTRAL LUZON

GEO CODE	AREA NAME	WEIGHT	ALL INCOME - INFLATION			Trend	Contribution to Avg 2023 Inflation		Contribution to Uptrend	
			Aug '22	Jul '23	Aug '23		%	Rank	%	Rank
AREAS OUTSIDE NCR			79.7081	6.5	4.4	5.2				
03	CENTRAL LUZON	12.8244	6.5	5.2	7.0	X ₀	100.0		100.0	
		0.9827	9.2	4.4	5.5	X ₀	6.0	4	4.8	4
		3.8674	3.8	7.3	10.4	X ₀	44.6	1	53.6	1
		2.0555	8.6	4.9	7.5	X ₀	17.1	3	23.9	2
		0.5533	5.4	3.5	4.4	X ₀	2.7	7	2.2	7
		2.7842	7.0	5.7	6.2	X ₀	19.2	2	6.2	3
		1.3329	6.8	2.7	3.1	X ₀	4.6	5	2.4	6
		0.3359	6.3	3.4	3.9	X ₀	1.5	8	0.8	9
		0.7139	8.7	2.6	4.1	X ₀	3.2	6	4.8	5
		0.1985	8.7	3.6	5.1	X ₀	1.1	9	1.3	8

SHARE TO YEAR-ON-YEAR INFLATION TREND FOR AUGUST 2023
ALL INCOME HOUSEHOLDS, CENTRAL LUZON

COMMODITY GROUP		Weight: % to Philippines	INFLATION			DIVISION	
			AUG '22	JUL '23	AUG '23	SHARE TO INFLATION TREND	RANK
0	ALL ITEMS	12.8244	6.5	5.2	7.0	100.0	
01	FOOD AND NON-ALCOHOLIC BEVERAGES	4.6913	4.9	6.8	10.7	70.0	1
02	ALCOHOLIC BEVERAGES AND TOBACCO	0.3542	13.1	14.1	11.6		
03	CLOTHING AND FOOTWEAR	0.3883	3.3	8.4	8.5	0.1	6
04	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	2.5463	9.7	2.9	1.6		
05	FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE	0.4077	2.9	7.5	7.3		
06	HEALTH	0.4129	2.4	6.6	7.0	0.6	6
07	TRANSPORT	1.2813	15.1	(3.6)	1.5	25.5	2
08	INFORMATION AND COMMUNICATION	0.4558	0.5	0.8	0.8		
09	RECREATION, SPORT AND CULTURE	0.1266	3.2	8.3	8.6	0.1	7
10	EDUCATION SERVICES	0.1936	1.2	2.1	4.1	1.5	4
11	RESTAURANTS AND ACCOMMODATION SERVICES	1.3706	2.6	8.3	8.7	2.1	3
12	FINANCIAL SERVICES	0.0024	0.0	0.0	0.0		
13	PERSONAL CARE, AND MISCELLANEOUS GOODS AND SERVICES	0.6029	4.1	8.9	8.5		