# SPECIAL RELEASE

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

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Central Luzon's Inflation Continued to Slow Down to 5.2 Percent

Central Luzon's annual inflation further decelerated to 5.2 percent in July 2023 which was 0.7 percentage point lower from 5.9 percent in June 2023 and 2.7 percentage points lower from 7.9 percent in July 2022. (Refer to Figure 1)
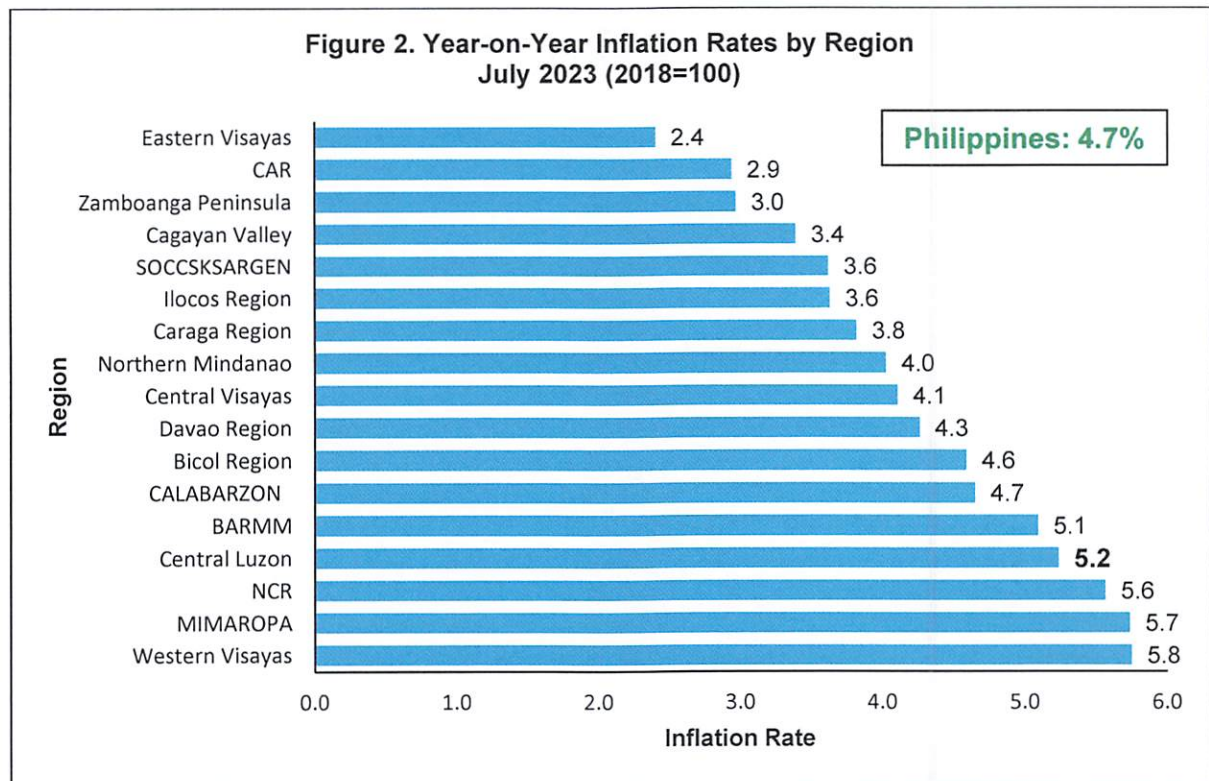

Figure 1. Year-on-Year Inflation Rates by Month, Central Luzon July 2022 to July 2023 (2018=100)
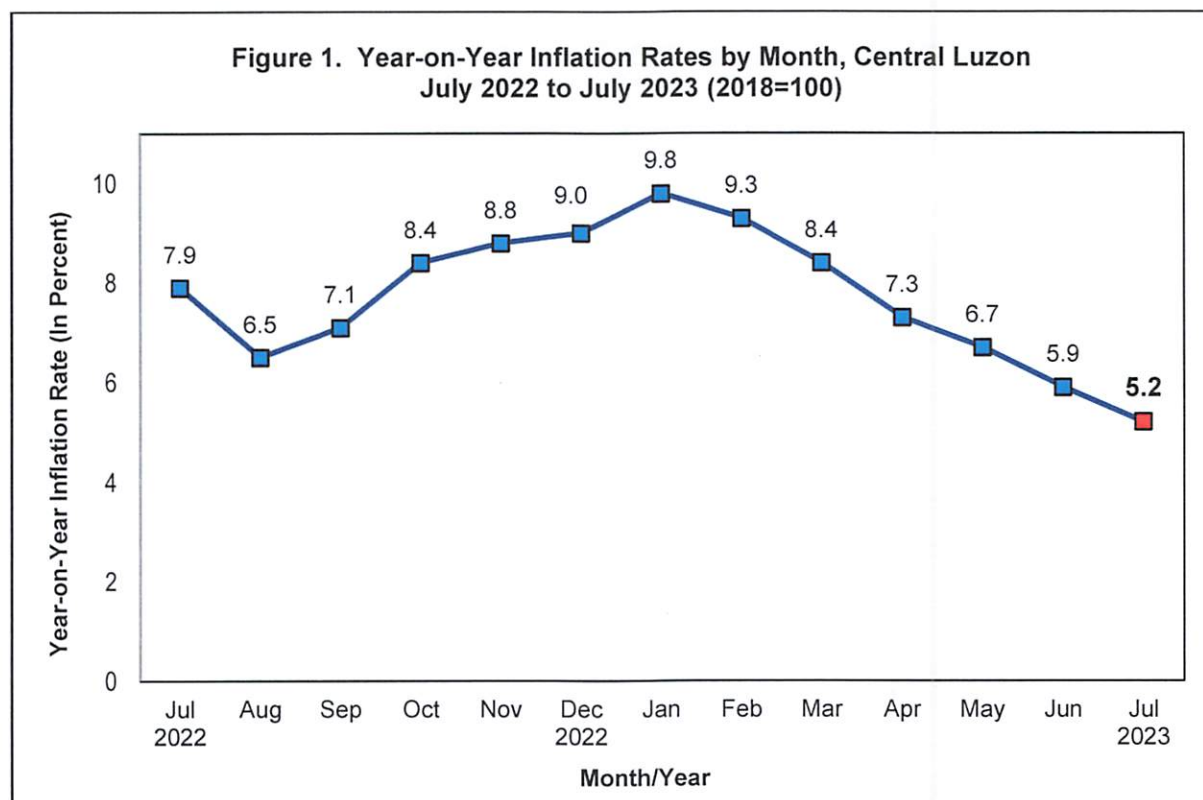
Source: Survey of Retail Prices of Commodities for the Generation of CPI, PSA

Central Luzon remained to be the fourth region with the highest inflation rate in July 2023. Western Visayas recorded the highest inflation at 5.8 percent followed by MIMAROPA at 5.7 percent. Meanwhile, Eastern Visayas had the lowest inflation at 2.4 percent.

The headline inflation in the country also further decelerated from 5.4 percent in June 2023 to 4.7 percent in July 2023.

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

Figure 2. Year-on-Year Inflation Rates by Region July 2023 (2018=100)

Region	Inflation Rate
Eastern Visayas	2.4
CAR	2.9
Zamboanga Peninsula	3.0
Cagayan Valley	3.4
SOCCSKSARGEN	3.6
Ilocos Region	3.6
Caraga Region	3.8
Northern Mindanao	4.0
Central Visayas	4.1
Davao Region	4.3
Bicol Region	4.6
CALABARZON	4.7
BARMM	5.1
Central Luzon	5.2
NCR	5.6
MIMAROPA	5.7
Western Visayas	5.8

Philippines: 4.7%

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

The slowdown in inflation could be mainly attributed to lower increments posted by the index of transport at -3.6 percent from -1.2 percent in June 2023. This was followed by the indices of housing, water, electricity, gas and other fuels at 2.9 percent and food and non-alcoholic beverages at 6.8 percent. (Refer to Table 1)

The downtrend could also be attributed to the decrease in the following indices:
- Alcoholic beverages and tobacco (14.1%);
- Furnishing, household equipment and routine household maintenance (7.5%);
- Health (6.6%);
- Information and communication (0.8%); and
- Personal care, and miscellaneous goods and services (8.9%).

On the other hand, higher annual increments were recorded in the following indices:
- Clothing and footwear (8.4%);
- Recreation, sports, and culture (8.3%);
- Education services (2.1%); and
- Restaurants and accommodation services (8.3%).

Furthermore, financial services recorded zero inflation.

Table 1. Year-on-Year Inflation Rates by Commodity Group
Central Luzon: July 2022, June and July 2023 (2018 = 100)
(In Percent)

Commodity Group	July 2022	June 2023	July 2023
All Items	7.9	5.9	5.2
Food and Non-Alcoholic Beverages	7.3	7.1	6.8
Alcoholic Beverages and Tobacco	11.2	15.3	14.1
Clothing and Footwear	3.1	8.2	8.4
Housing, Water, Electricity, Gas, and Other Fuels	10.5	3.9	2.9
Furnishings, Household Equipment and Routine Household Maintenance	2.9	7.6	7.5
Health	2.6	6.7	6.6
Transport	19.3	-1.2	-3.6
Information and Communication	0.7	1.0	0.8
Recreation, Sport, and Culture	3.2	7.8	8.3
Education Services	0.1	1.7	2.1
Restaurants and Accommodation Services	3.1	8.2	8.3
Financial Services	0.0	0.0	0.0
Personal Care, and Miscellaneous Goods and Services	3.9	9.1	8.9

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

The annual growth rate in the regional food index also further decelerated from 7.0 percent in June 2023 to 6.7 percent in July 2023. The downtrend in the food index was primarily brought about by lower increments in the indices of meat and other parts of slaughtered land animals (-4.4%), milk, other dairy products, and eggs (12.7%), and fish and other seafood (4.4%). (Refer to Table 1a)

Table 1a. Year-on-Year Changes in the Consumer Price Index, Food
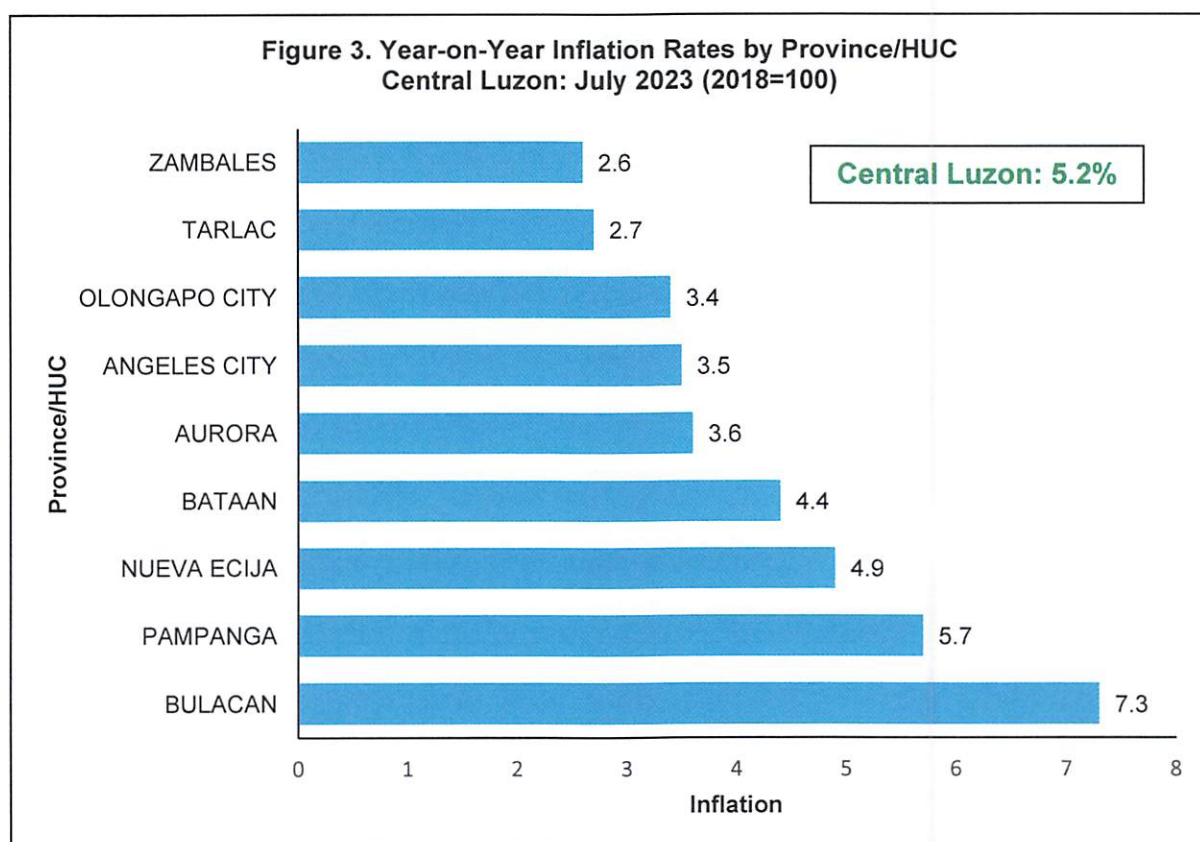### Central Luzon: July 2022, June and July 2023 (2018 = 100)
(In Percent)

Commodity Group	July 2022	June 2023	July 2023
Food	7.7	7.0	6.7
Cereals and cereal products	4.5	7.2	7.5
Cereals	3.2	4.0	4.9
Rice	3.1	3.7	4.8
Corn	12.3	20.8	11.4
Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals	7.5	14.1	13.3
Meat and Other Parts of Slaughtered Land Animals	8.3	-2.7	-4.4
Fish and Other Seafood	10.8	6.2	4.4
Milk, Other Dairy Products, and Eggs	7.2	16.1	12.7
Oils and Fats	24.9	5.4	0.9
Fruits and Nuts	0.0	18.8	13.5
Vegetables, Tubers, Plantains, Cooking Bananas, and Pulses	8.6	10.8	28.2
Sugar, Confectionery and Desserts	17.4	26.4	19.2
Ready-Made Food and Other Food Products N.E.C.	6.2	12.5	11.0

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

Inflation rate also declined across provinces in Central Luzon including Angeles City and Olongapo City except Aurora and Nueva Ecija recording 3.6 percent and 4.9 percent, respectively, in July 2023.

Among the provinces and HUCs in the region, Bulacan still recorded the highest inflation at 7.3 percent in July 2023. On the other hand, Zambales still registered the lowest inflation at 2.6 percent. (Refer to Figure 3)

Figure 3. Year-on-Year Inflation Rates by Province/HUC Central Luzon: July 2023 (2018=100)

Central Luzon: 5.2%

Province/HUC	Inflation
ZAMBALES	2.6
TARLAC	2.7
OLONGAPO CITY	3.4
ANGELES CITY	3.5
AURORA	3.6
BATAAN	4.4
NUEVA ECIJA	4.9
PAMPANGA	5.7
BULACAN	7.3

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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 July 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 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.