

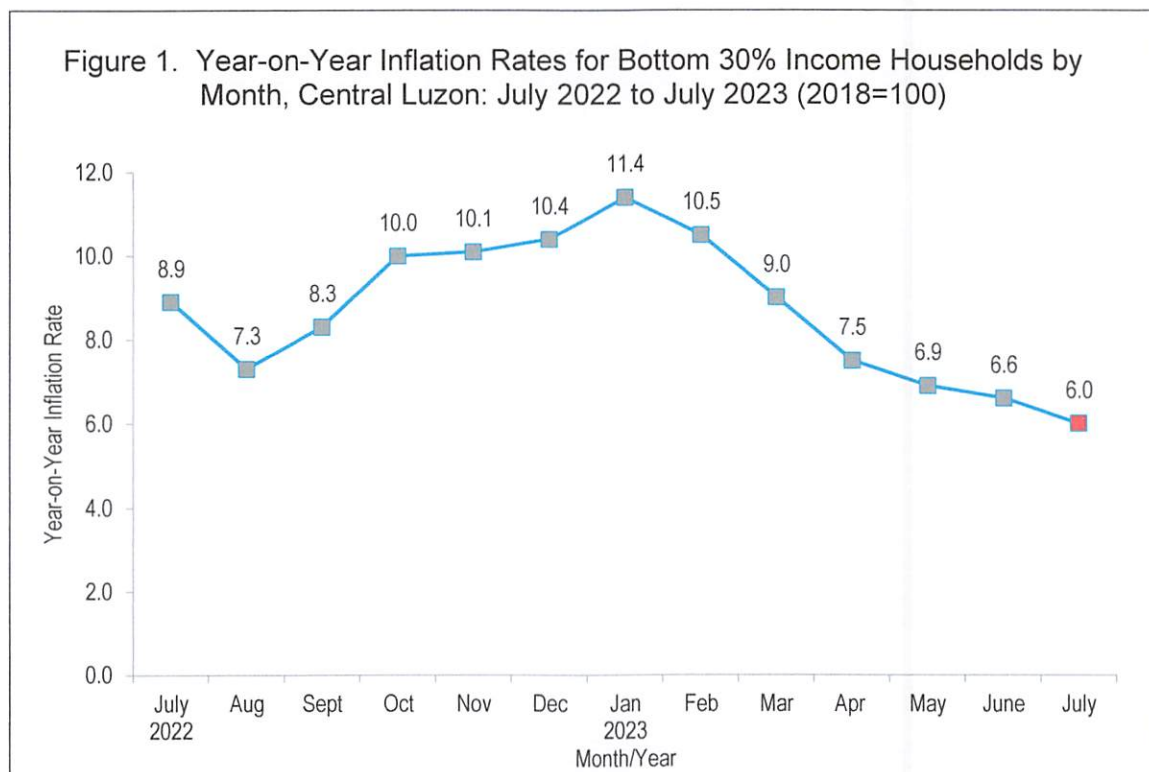
# SPECIAL RELEASE

## Central Luzon's Consumer Price Index (CPI) for Bottom 30% Income Households July 2023

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### Inflation Rate for Central Luzon's Bottom 30 Percent Income Households Decelerated at 6.0 Percent

Central Luzon's inflation rate for bottom 30 percent income households continued to decelerate for the sixth consecutive month at 6.0 percent in July 2023. In June 2023, inflation was recorded at 6.6 percent while it was 8.9 percent in July 2022. (Refer to Figure 1)

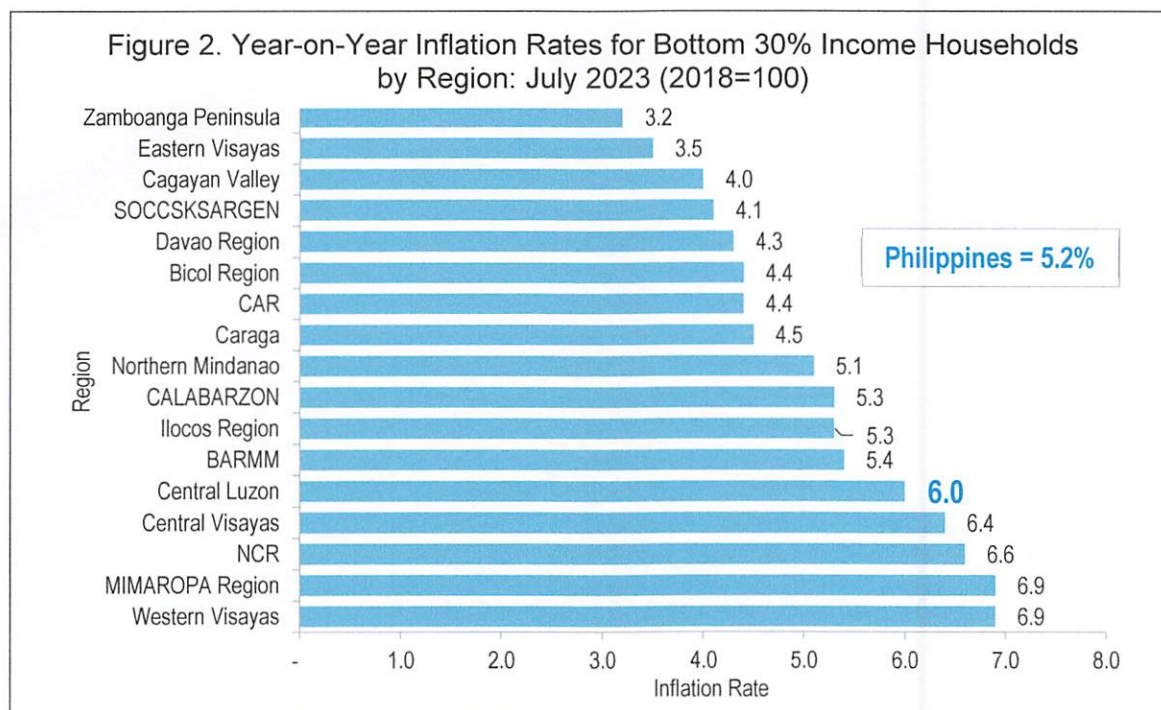


Source: Survey of Retail Prices of Commodities for the Generation of CPI, PSA

Central Luzon was fifth among regions in the country with the highest inflation rate for bottom 30 percent income households in July 2023. Both MIMAROPA and Western Visayas Region recorded the highest inflation at 6.9 percent followed by NCR at 6.6 percent. On the other hand, Zamboanga Peninsula posted the lowest inflation at 3.2 percent. (Refer to Figure 2)

Meanwhile, the headline inflation for bottom 30 percent income households in the Philippines decreased from 6.1 percent in June 2023 to 5.2 percent in July 2023.

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



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

The decrease in inflation for bottom 30 percent of income households could be attributed to the faster deceleration in the indices of housing, water, electricity, gas and other fuels at -1.2 percent in July 2023 from 0.6 percent and transport at -1.9 percent from 0.7 percent. Further, lower annual increments were recorded in the following indices:

- food and non-alcoholic beverages at 7.8 percent;
- alcoholic beverages and tobacco, 13.0 percent; and
- personal care, and miscellaneous goods and services, 8.9 percent.

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

- clothing and footwear, 8.3 percent;
- furnishings, household equipment and routine household maintenance, 9.0 percent;
- health, 6.5 percent;
- recreation, sport and culture, 10.9 percent;
- education services, 1.5 percent; and
- restaurants and accommodation services, 8.2 percent.

Moreover, information and communication recorded the same inflation from the previous month at 1.2 percent while financial services recorded zero inflation in July 2023. (Refer to Table 1)

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**Table 1 Year-on-Year Changes of the Inflation Rate  
for Bottom 30% Income Households by Commodity Group  
Central Luzon: July 2022, June and July 2023 (2018 = 100)**

<b>Commodity Group</b>	<b>July 2022</b>	<b>June 2023</b>	<b>July 2023</b>
<b>All Items</b>	8.9	6.6	6.0
Food and Non-Alcoholic Beverages	7.4	7.9	7.8
Alcoholic Beverages and Tobacco	13.5	14.3	13.0
Clothing and Footwear	3.7	8.1	8.3
Housing, Water, Electricity, Gas and Other Fuels	15.8	0.6	-1.2
Furnishings, Household Equipment and Routine Household Maintenance	3.9	8.8	9.0
Health	2.0	5.9	6.5
Transport	19.5	0.7	-1.9
Information and Communication	0.5	1.2	1.2
Recreation, Sport and Culture	5.2	9.1	10.9
Education Services	0.2	1.3	1.5
Restaurants and Accommodation Services	3.7	7.8	8.2
Financial Services	0.0	0.0	0.0
Personal Care, and Miscellaneous Goods and Services	4.7	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 decreased to 7.8 percent in July 2023 from 7.9 percent in June 2023. The downward trend could be primarily attributed to the lower increments in milk, other daily products, and eggs at 10.7 percent from 15.3 percent in June 2023, followed by sugar, confectionery and desserts at 19.7 percent from 28.0 percent in June 2023, and fish and other seafood at 6.2 percent from 8.1 percent. (Refer to Table 2)

Moreover, meat and other parts of slaughtered land animals continuously declined at -3.6 percent from -2.0 percent in June 2023.

Meanwhile, lower increments in the following food indices were recorded:

- corn, 7.5 percent;
- flour, bread, and other bakery products, 12.9 percent;
- oils and fats, 4.8 percent;
- fruits and nuts, 14.7 percent; and
- ready-made food and other food products n.e.c., 9.6 percent.

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**Table 2 Year-on-Year Changes of the Inflation Rate  
for Bottom 30% Income Households by Food Group  
Central Luzon: June 2022, June and July 2023 (2018 = 100)**

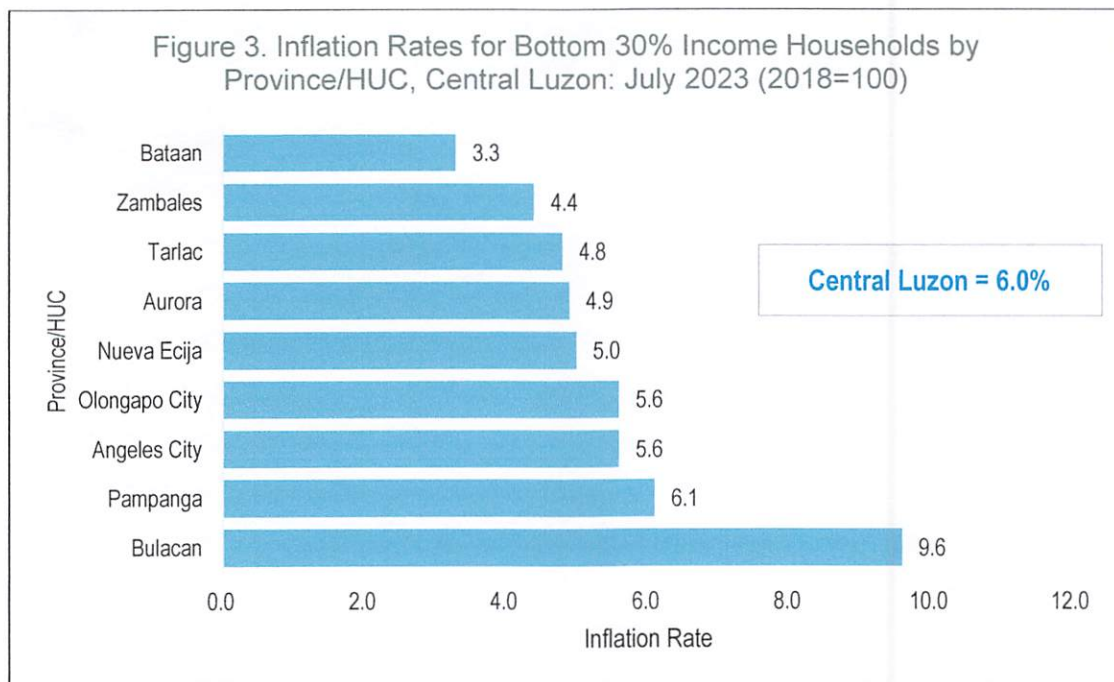
<b>Commodity Group</b>	<b>July 2022</b>	<b>June 2023</b>	<b>July 2023</b>
<b>I. FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>7.4</b>	<b>7.9</b>	<b>7.8</b>
* Food	7.6	7.9	7.8
Cereals and Cereal Products	4.1	7.4	8.0
Cereals	2.7	5.2	6.4
Rice	2.6	5.0	6.4
Corn	13.9	21.4	7.5
Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals	8.5	13.8	12.9
Meat and Other Parts of Slaughtered Land Animals	8.0	-2.0	-3.6
Fish and Other Seafood	10.9	8.1	6.2
Milk, Other Dairy Products, and Eggs	9.5	15.3	10.7
Oils and Fats	32.8	10.0	4.8
Fruits and Nuts	-2.9	20.1	14.7
Vegetables, Tubers, Cooking Bananas and Pulses	9.1	12.3	29.2
Sugar, Confectionery and Desserts	19.7	28.0	19.7
Ready-Made Food and Other Food Products	6.6	11.2	9.6
N.E.C.			

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

Following the regional trend, inflation rate for the bottom 30% income households in all provinces and Highly Urbanized Cities (HUCs) in the region posted lower annual increments in July 2023, except Nueva Ecija which registered higher annual increments at 5.0 percent in July 2023 from 4.8 percent in June 2023.

Bulacan had the highest inflation rate at 9.6 percent among the provinces and HUCs in the region, followed by Pampanga at 6.1 percent, while both Angeles City and Olongapo City recorded the same inflation rate at 5.6 percent. On the other hand, Bataan had the lowest inflation rate at 3.3 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 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, 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 A 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 A. 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.