

# SPECIAL RELEASE

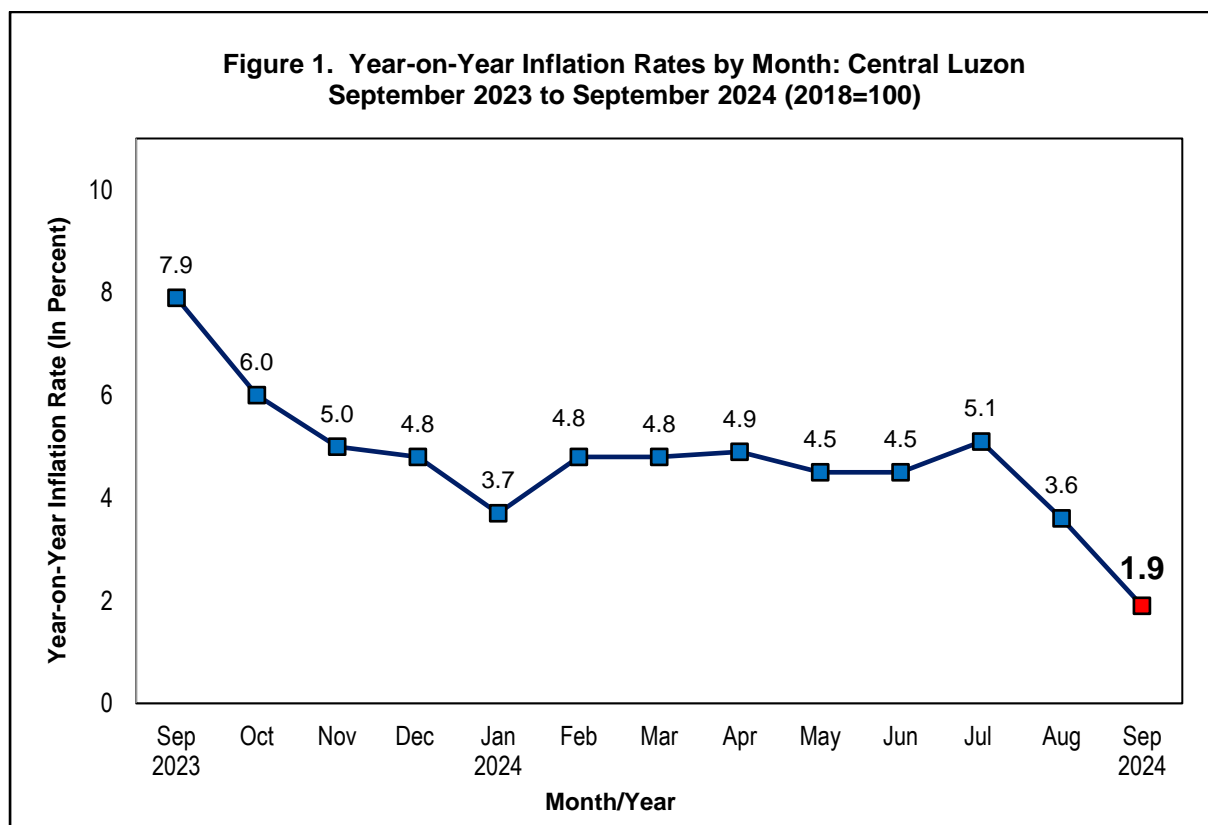
## Central Luzon’s Inflation and Consumer Price Index (CPI) September 2024

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### Central Luzon’s Inflation Further Decelerates to 1.9 Percent

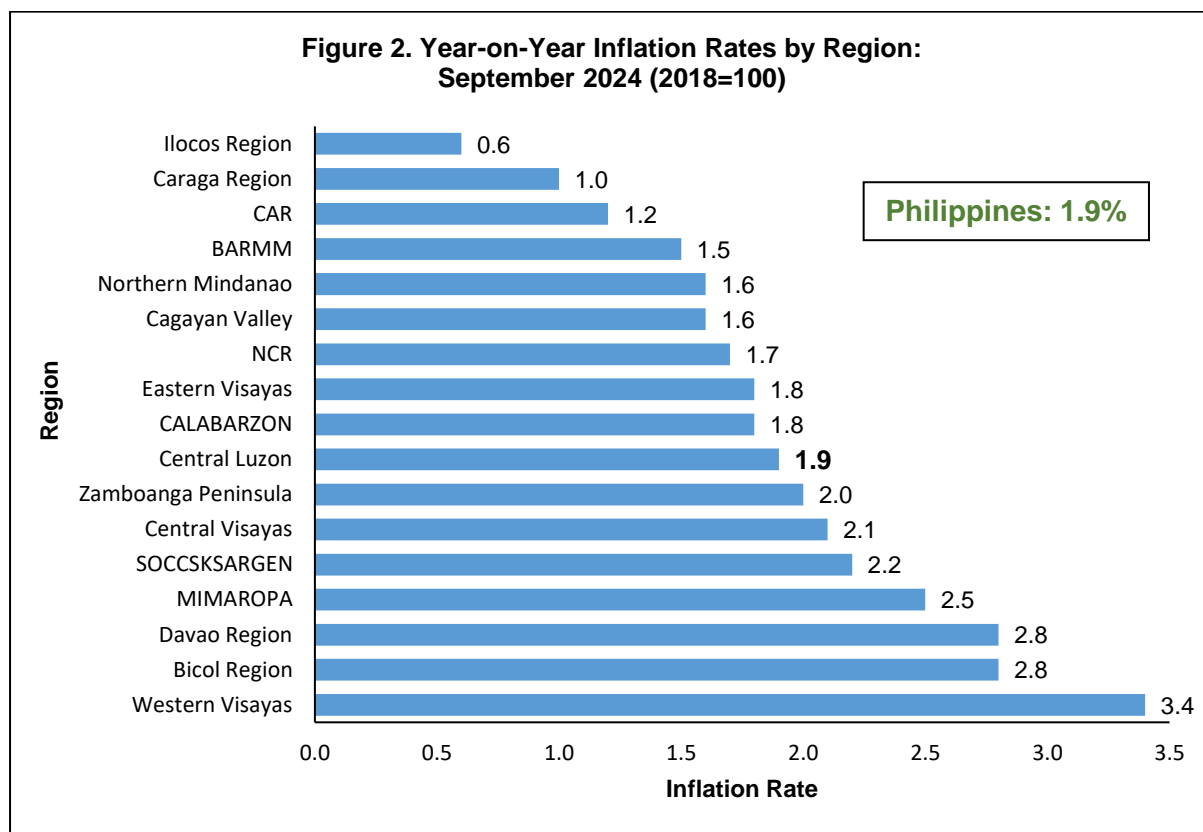
The annual inflation rate in Central Luzon further slowed down to 1.9 percent in September 2024 from 3.6 percent in August 2024. This brings the regional average inflation from January to September 2024 to 4.2 percent. In September 2023, inflation was significantly higher at 7.9 percent (Figure 1).



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

Among the 17 regions, Western Visayas recorded the highest inflation rate at 3.4 percent in September 2024. It was followed by Bicol and Davao region both recording 2.8 percent inflation. MIMAROPA ranked third during September 2024 with an inflation rate of 2.5 percent. Meanwhile, Central Luzon ranked seven and Ilocos Region continued to have the lowest inflation at 0.6 percent (Figure 2).

Meanwhile, the country's inflation rate decelerated from 3.3 percent in August 2024 to 1.9 percent in September 2024. Figure 2 shows the annual inflation rates of the different regions in the Philippines in September 2024.



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

The downward trend in the overall inflation in September 2024 in the region was primarily influenced by the year-on-year decrease in heavily weighted food and non-alcoholic beverages, which dropped to -0.1 percent in September 2024 from 2.6 percent in August 2024. The slower annual growth rates of housing, water, electricity, gas and other fuels (4.4% from 6.1%) and decrease in transport (-2.1% from 0.5%) also contributed to the overall downward trend in inflation in Central Luzon.

Consequently, slower increments were also observed in the following commodity groups:

- Clothing and footwear, 2.7 percent from 3.0 percent;
- Furnishings, household equipment and routine household maintenance, 2.5 percent from 2.6 percent;
- Recreation, sport and culture, 3.1 percent from 3.7 percent;
- Education services, 2.2 percent from 5.0 percent;
- Restaurants and accommodation services, 6.5 percent from 6.8 percent; and
- Personal care, and miscellaneous goods and services, 3.7 percent from 3.8 percent.

Conversely, faster increment was observed in the index of health with the inflation rate rising from 2.4 percent in August 2024 to 2.6 percent in September 2024. Meanwhile, the following commodity groups remained to have constant inflation rates:

- Alcoholic beverages and tobacco, 3.2 percent;
- Information and communication, 0.7 percent; and
- Financial services, -0.3 percent (Table 1).

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

Commodity Group	September 2023	August 2024	September 2024
All Items	7.9	3.6	1.9
Food and Non-Alcoholic Beverages	12.0	2.6	-0.1
Alcoholic Beverages and Tobacco	10.9	3.2	3.2
Clothing and Footwear	8.6	3.0	2.7
Housing, Water, Electricity, Gas, and Other Fuels	3.4	6.1	4.4
Furnishings, Household Equipment and Routine Household Maintenance	7.2	2.6	2.5
Health	7.0	2.4	2.6
Transport	2.9	0.5	-2.1
Information and Communication	0.7	0.7	0.7
Recreation, Sport, and Culture	8.8	3.7	3.1
Education Services	6.3	5.0	2.2
Restaurants and Accommodation Services	8.8	6.8	6.5
Financial Services	0.0	-0.3	-0.3
Personal Care, and Miscellaneous Goods and Services	8.9	3.8	3.7
	12.0	2.6	-0.1

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

Food inflation in Central Luzon also dropped further significantly from 2.8 percent in August 2024 to -0.2 percent in September 2024. In September 2023, food inflation was significantly higher at 12.4 percent.

The deceleration of food inflation was mainly driven by the year-on-year decrease in the inflation rate of cereals and cereal products at 1.6 percent followed by Vegetables, tubers, plantains, cooking bananas and pulses at -20.0 percent, and sugar, confectionery and desserts at -2.0 percent.

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

Commodity Group	September 2023	August 2024	September 2024
Food	12.4	2.8	-0.2
Cereals and cereal products	19.0	9.4	1.6
Cereals	22.1	12.3	1.0
Rice	22.2	12.4	0.9
Corn	18.8	7.4	7.8
Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals	12.1	3.0	2.8
Meat and Other Parts of Slaughtered Land Animals	-0.3	3.7	4.4
Fish and Other Seafood	8.6	-3.6	-2.0
Milk, Other Dairy Products, and Eggs	6.7	1.6	3.2
Oils and Fats	-1.5	-3.2	-1.6
Fruits and Nuts	18.9	7.2	8.5
Vegetables, Tubers, Plantains, Cooking Bananas, and Pulses	46.1	-5.6	-20.0
Sugar, Confectionery and Desserts	11.5	-1.4	-2.0
Ready-Made Food and Other Food Products N.E.C.	9.6	4.9	4.8

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

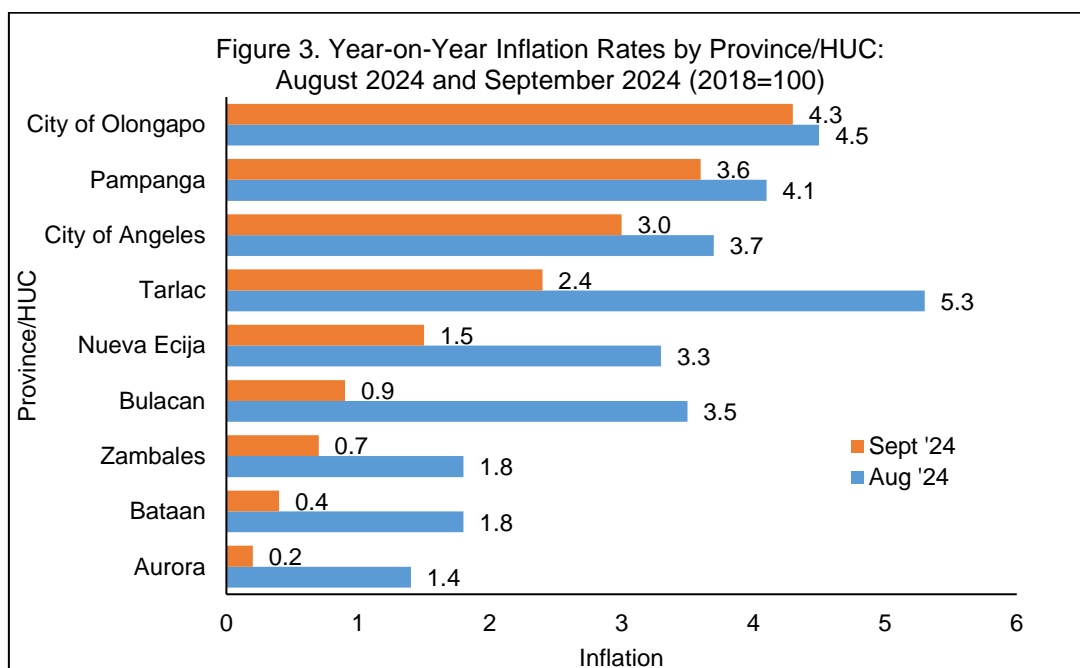
Additionally, ready-made food and other food products n.e.c., contributed to the downward trend from 4.9 percent to 4.8 percent. Meanwhile, the indices of fish and other seafood (-2.0% from -3.6%) and oils and fats (-1.6% from -3.2%) posted slow decrements in September 2024:

Lastly, the following food indices posted increments for the month of September 2024;

- Meat and other parts of slaughtered land animals, 4.4 percent from 3.7 percent;
- Milk, other dairy products and eggs, 3.2 percent from 1.6 percent; and
- Fruits and nuts, 8.5 percent from 7.2 percent (Table 1a).

Relative to August 2024 inflation rates, all provinces and the cities of Olongapo and Angeles, exhibited lower inflation rates in September 2024. Tarlac registered the largest decrease in inflation with a difference of 2.9 percentage points.

Across all provinces and HUCs, City of Olongapo exhibited the highest inflation at 4.3 percent in September 2024 followed by Pampanga at 3.6 percent and City of Angeles at 3.0 percent. On the other hand, Aurora recorded the lowest inflation at 0.2 percent (Figure 3).



Source: Survey of Retail Prices of Commodities for the Generation of 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 September 2024.

### 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 April 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.