

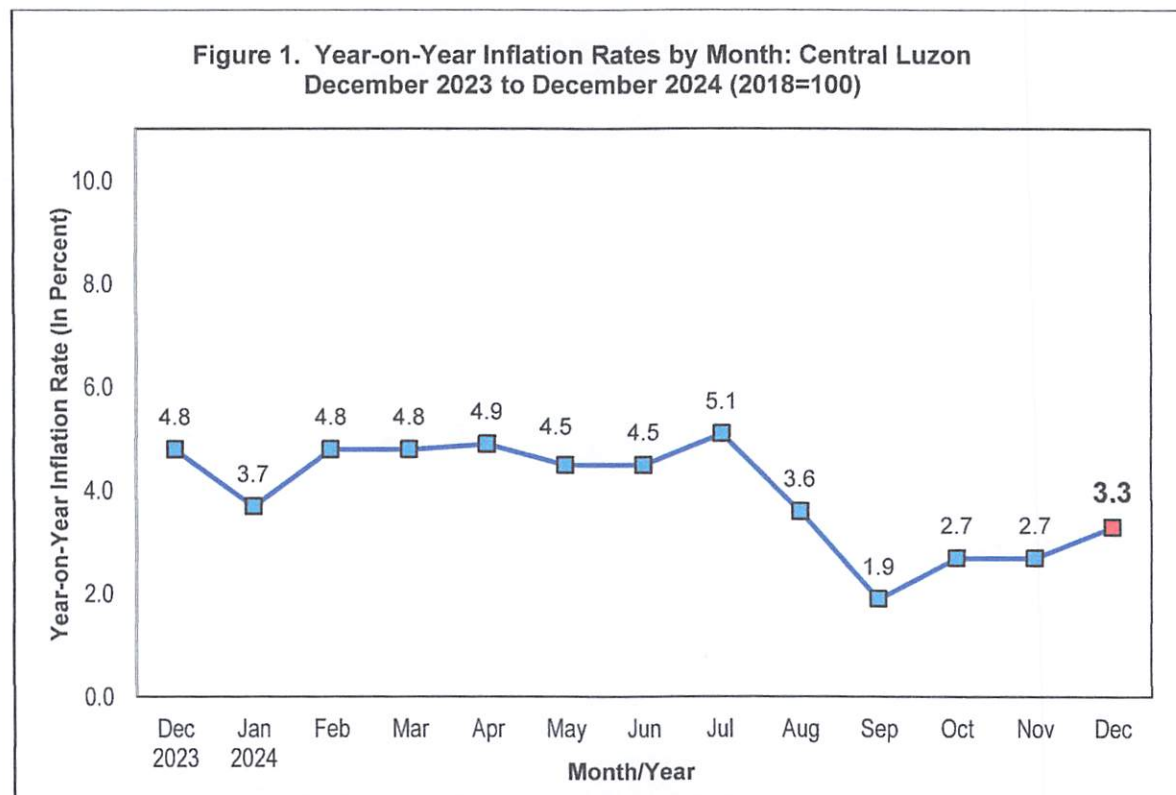
SPECIAL RELEASE

Central Luzon's Inflation and Consumer Price Index (CPI) December 2024

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Central Luzon's Inflation Accelerates to 3.3 Percent

The annual inflation rate of Central Luzon accelerated to 3.3 percent in December 2024. This results to the region's average inflation rate of 3.9 percent from January to December 2024. Meanwhile, inflation was higher in December 2023 at 4.8 percent. (Figure 1)



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

1. Headline Inflation

1.1 Main Drivers to the Upward Trend of the December 2024 Inflation

The upward trend in overall inflation in Central Luzon in December 2024 was primarily due to the faster increase in the index for food and non-alcoholic beverages, which rose to 3.6 percent from 2.8 percent in the previous month. Transport also contributed to the upward trend in inflation, shifting from an annual decline of 1.3 percent in November 2024 to an annual increase of 0.3 percent in December 2024. Additionally, housing, water, electricity, and other fuels contributed

to the uptrend, as it recorded a faster annual increase of 3.2 percent in December 2024 from 2.7 percent in November 2024.

Furthermore, higher annual increment was observed in the index of personal care and miscellaneous goods at 3.6 percent from 3.5 percent and furnishings, household equipment and routine household maintenance at 2.5 percent from 2.4 percent. Additionally, transport also recorded an increase from -1.3 in November 2024 to 0.3 percent.

In contrast, lower annual increment was observed in following commodity groups:

- Recreation, sport and culture, 2.8 percent from 3.0 percent;
- Health, 2.6 percent from 2.7 percent;
- Clothing and footwear, 2.1 percent from 2.2 percent; and
- Information and communication, 0.4 percent from 0.5 percent.

Meanwhile, the indices of the following commodity group remained at their respective previous month's annual rates:

- Alcoholic and Beverages, 3.3 percent;
- Education Services, 2.2 percent; and
- Financial Services, -0.3 percent. (Table 1)

1.2 Main Contributors to the December 2024 Inflation

The top three commodity groups contributing to the Central Luzon's overall inflation rate in December 2024 were as follows:

- Food and non-alcoholic beverages, 3.6 percent inflation with 40.5 percent share or 1.34 percentages point;
- Restaurants and accommodation services, 6.6 percent inflation with 21.7 percent share or 0.72 percentage point; and
- Housing, water, electricity, gas and other fuels, 3.2 percent inflation with 19.6 percent share or 0.65 percentage point.

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

Commodity Group	December 2023	November 2024	December 2024
All Items	4.8	2.7	3.3
Food and Non-Alcoholic Beverages	5.5	2.8	3.6
Alcoholic Beverages and Tobacco	10.8	3.3	3.3
Clothing and Footwear	7.1	2.2	2.1
Housing, Water, Electricity, Gas, and Other Fuels	3.2	2.7	3.2
Furnishings, Household Equipment and Routine Household Maintenance	5.9	2.4	2.5
Health	6.2	2.7	2.6
Transport	-0.1	-1.3	0.3
Information and Communication	0.9	0.5	0.4
Recreation, Sport, and Culture	6.6	3.0	2.8
Education Services	6.3	2.2	2.2
Restaurants and Accommodation Services	6.6	6.9	6.6
Financial Services	0.0	-0.3	-0.3
Personal Care, and Miscellaneous Goods and Services	7.3	3.5	3.6

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

2. Annual Average Inflation

Central Luzon's annual average inflation for the year 2024 is at 3.9 percent which is significantly lower than the 2023 annual average inflation of 6.9 percent. (Table 2.1)

Table 2.1. Year-on-Year Inflation Rates in Central Luzon, All Items
January 2019 to December 2024
In Percent
(2018=100)

Month	YEAR					
	2019	2020	2021	2022	2023	2024
January	3.4	3.6	4.9	2.5	9.8	3.7
February	3.2	3.1	4.8	3.0	9.3	4.8
March	3.1	2.8	4.3	4.6	8.4	4.8
April	3.2	2.3	4.3	6.1	7.3	4.9
May	3.3	1.9	4.4	6.7	6.7	4.5
June	3.1	2.2	4.0	7.5	5.9	4.5
July	2.8	3.0	3.8	7.9	5.2	5.1
August	2.5	2.3	5.4	6.5	7.0	3.6
September	1.8	1.8	5.4	7.1	7.9	1.9
October	2.1	1.8	5.1	8.4	6.0	2.7
November	2.2	3.1	4.2	8.8	5.0	2.7
December	3.1	3.9	3.2	9.0	4.8	3.3
AVERAGE	2.8	2.7	4.5	6.5	6.9	3.9

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

2.1 Main Drivers to the Downward Trend of the 2024 Annual Average Inflation

The annual average inflation decreased from 6.9 percent in 2023 to 3.9 percent in 2024. The top three major contributors to this downtrend were the following:

- Food and non-alcoholic beverages, 4.3 percent from 8.5 percent;
- Housing, water, electricity, gas and other fuels, 3.2 percent from 4.8 percent; and
- Alcoholic Beverages and Tobacco, 4.8 percent from 13.8 percent.

Apart from education services, the annual average inflation indices of the other commodity groups also showed a downtrend in 2024 compared to 2023.

In contrast, education services recorded a higher annual average increase, rising to 4.8 percent in 2024 from 3.5 percent in 2023. (Table 2.2)

2.2 Main Contributors to the 2024 Annual Average Inflation

The top three commodity groups contributing to the 2024 annual average inflation were the following:

- Food and Non-Alcoholic Beverages, with 40.9 percent share or 1.59 percentage point;
- Restaurants and Accommodations Services, with 19.2 percent share or 0.75 percentage point; and
- Housing, Water, Electricity, Gas and Other Fuels, with 16.5 percent share or 0.62 percentage point.

Table 2.2. Annual Average Inflation by Commodity Group:
Central Luzon (2018 = 100)
(In Percent)

Commodity Group	2022	2023	2024
All Items	6.5	6.9	3.9
Food and Non-Alcoholic Beverages	5.4	8.5	4.3
Alcoholic Beverages and Tobacco	10.5	13.8	4.8
Clothing and Footwear	3.2	7.8	3.9
Housing, Water, Electricity, Gas, and Other Fuels	10.1	4.8	3.2
Furnishings, Household Equipment and Routine Household Maintenance	2.8	7.1	3.0
Health	2.5	6.5	3.4
Transport	13.8	3.2	1.1
Information and Communication	0.6	0.8	0.6
Recreation, Sport, and Culture	3.1	7.8	4.2
Education Services	0.7	3.5	4.8
Restaurants and Accommodation Services	2.8	7.9	6.9
Financial Services	8.6	0.0	-0.3
Personal Care, and Miscellaneous Goods and Services	3.7	8.4	4.2

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

3. Food Inflation

3.1 Main Drivers and Contributors to the Food Inflation

Food inflation in Central Luzon also moved at a faster pace from 3.0 percent in November 2024 to 3.8 percent in December 2024. In December 2023, food inflation was significantly higher at 5.5 percent.

The upward trend as well as the overall food inflation in Central Luzon in December 2024 was largely driven by the increase in the index for vegetables, tubers, plantains, cooking bananas, and pulses, which surged to 27.6 percent from 10.3 percent in November 2024. Another contributing factor was the inflation for meat and other parts of slaughtered land animals, which climbed from 3.7 percent in November 2024 to 5.3 percent in December 2024. Furthermore, fish and other seafood also added to the upward trend, recording an inflation of 2.1 percent in December 2024.

Moreover, the following food indices posted higher inflation rates in December 2024:

- Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals, 2.4 percent from 2.3 percent; and
- Oils and fats, 1.9 percent from 0.7 percent.

On the other hand, a decline in inflation was observed in the index of rice at -3.9 percent from 1.2 percent, and in fruits and nuts at 5.0 percent from 5.4 percent in the previous month.

Meanwhile, the following food groups remained constant for the current month:

- Ready-made food and other food products n.e.c, 4.1 percent;
- Milk, other dairy products and eggs, 2.0 percent; and
- Sugar, confectionery and desserts, 1.8 percent. (Table 3)

71

Table 3.1 Year-on-Year Changes in the Consumer Price Index, Food
Central Luzon (2018 = 100)
(In Percent)

Commodity Group	December 2023	November 2024	December 2024
Food	5.5	3.0	3.8
Cereals and cereal products	18.2	1.7	-1.7
Cereals	22.4	1.4	-3.4
Rice	22.8	1.2	-3.9
Corn	1.4	17.4	23.1
Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals	9.4	2.3	2.4
Meat and Other Parts of Slaughtered Land Animals	-2.8	3.7	5.3
Fish and Other Seafood	5.3	0.9	2.1
Milk, Other Dairy Products, and Eggs	7.8	2.0	2.0
Oils and Fats	-3.2	0.7	1.9
Fruits and Nuts	18.0	5.4	5.0
Vegetables, Tubers, Plantains, Cooking Bananas, and Pulses	-14.4	10.3	27.6
Sugar, Confectionery and Desserts	4.7	-1.8	-1.8
Ready-Made Food and Other Food Products N.E.C.	5.9	4.1	4.1

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

4. Annual Average Food Inflation

4.1 Main Drivers to the Downward Trend of the 2024 Annual Average Food Inflation

In 2024, the annual average food inflation rate was observed at 4.5 percent, lower than the recorded annual average food inflation rate of 8.5 percent in 2023. The downward trend in annual average food inflation in Central Luzon in 2024 was primarily influenced by the following indices:

- Vegetables, tubers, plantains, cooking bananas and pulses, 0.1 percent inflation from 17.9 percent inflation in 2023;
- Milk, other dairy products and eggs, 1.2 percent inflation from 13.2 percent inflation in 2023; and
- Fish and other seafood, 0.6 percent inflation from 6.6 percent inflation in 2023.

4.2 Main Contributors to the 2024 Annual Average Food Inflation

The top three commodity groups contributing to the Central Luzon's annual average food inflation in 2024 were as follows:

- Cereals and cereal products, 11.8 percent inflation with 75.0 percent share or 3.37 percentages point;
- Meat and other parts of slaughtered land animals, 2.5 percent inflation with 11.2 percent share or 0.50 percentage point; and
- Fruits and nuts, 7.6 percent inflation with 6.4 percent share or 0.29 percentage point.

Moreover, other commodity groups aside from the things mentioned above recorded a lower inflation rate in 2024 compared in 2023. (Table 3.2)

Table 3.2 Annual Average Food Inflation
 Central Luzon (2018 = 100)
 (In Percent)

Commodity Group	2022	2023	2024
Food	5.6	8.5	4.5
Cereals and cereal products	4.5	10.2	11.8
Cereals	3.5	9.0	15.4
Rice	3.3	8.9	15.5
Corn	12.4	12.8	9.1
Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals	7.0	13.1	4.1
Meat and Other Parts of Slaughtered Land Animals	4.1	(0.2)	2.5
Fish and Other Seafood	6.9	6.6	0.6
Milk, Other Dairy Products, and Eggs	6.5	13.2	1.2
Oils and Fats	19.4	6.0	(3.9)
Fruits and Nuts	-2.6	16.6	7.6
Vegetables, Tubers, Plantains, Cooking Bananas, and Pulses	6.1	17.9	0.1
Sugar, Confectionery and Desserts	16.8	19.1	(0.7)
Ready-Made Food and Other Food Products N.E.C.	6.1	10.6	4.8

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 December 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.