SPECIAL RELEASE

Central Luzon's Consumer Price Index (CPI) for Bottom 30% Income Households December 2024

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Table 1. Year-on-Year Inflation Rates
for the Bottom 30% Income Households, All Items
In Percent (2018=100)

Area	December 2023	November 2024	December 2024
Central Luzon	**5.9**	**3.0**	**3.2**
Aurora	7.4	3.0	3.2
Bataan	9.7	3.0	3.0
Bulacan	6.2	2.4	2.4
Nueva Ecija	1.0	4.5	4.5
Pampanga	6.8	1.8	1.6
Tarlac	6.4	1.9	1.5
Zambales	0.4	-1.2	1.0
City of Angeles	1.2	0.3	0.3
City of Olongapo	9.9	5.1	4.3

Source: Survey of Retail Prices of Commodities for the Generation of CPI, PSA
*Year-on-year change of average CPI for January to December 2024 vs 2023*

1. Overall Inflation

Central Luzon's inflation rate for the bottom 30 percent income households increased to 3.2 percent in December 2024 from 3.0 percent in November 2024. This marks a 0.2 percentage point increase from November 2024 and 2.7 percentage points decrease from the inflation rate recorded in December 2023. (Table 1 and Figure 1)

Figure 1. Year-on-Year Inflation Rates for Bottom 30% Income Households in Central Luzon, All Items
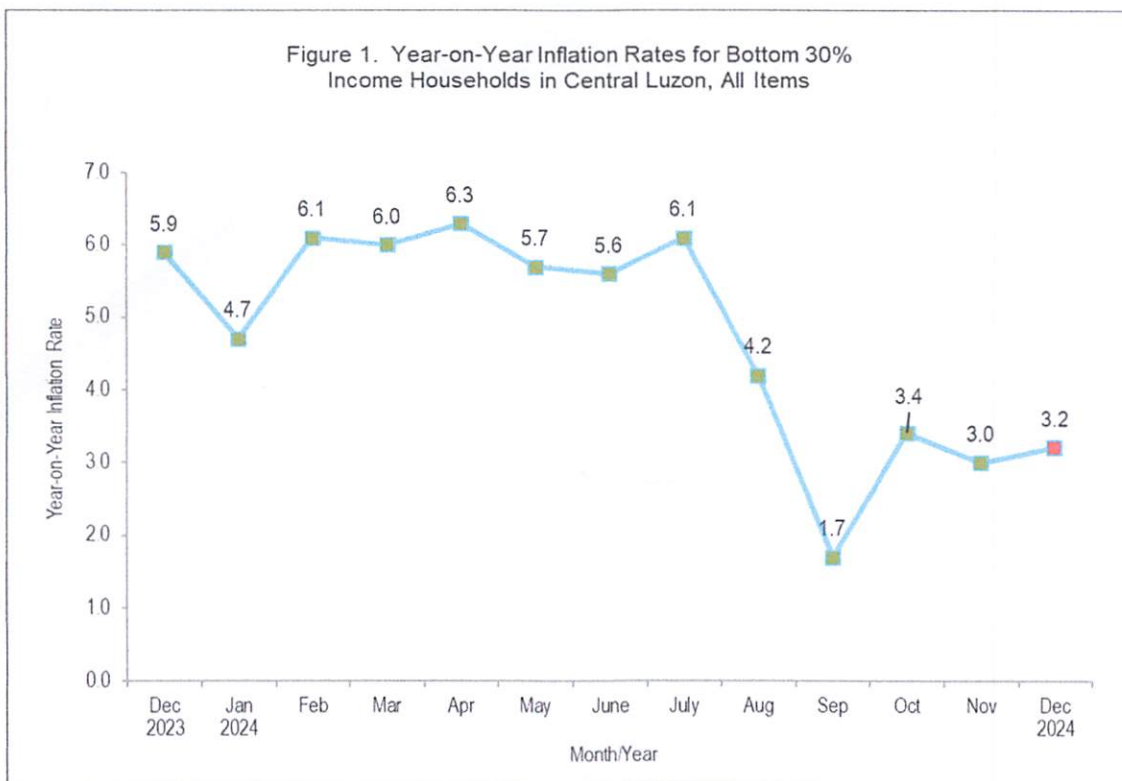
Source: Survey of Retail Prices of Commodities for the Generation of CPI, PSA

1.1 Main Drivers to the Upward Trend of the December 2024 Overall Inflation in Central Luzon

The uptrend in the overall inflation in December 2024 was primarily brought about by the higher year-on-year growth rate in the index of transport at 1.0 percent in December 2024 from -1.2 percent in November 2024 and food and non-alcoholic beverages at 3.2 percent in December 2024 from 3.0 percent in November 2024. (Table 2)

On the other hand, slower annual increments were registered in the following indices;
- furnishings, household equipment and routine household maintenance, 1.6 percent from 1.8 percent;
- health, 1.5 percent from 1.9 percent;
- recreation, sports and culture, 4.3 percent from 5.1 percent; and
- restaurants and accommodation services, 4.1 percent from 4.4 percent.

Additionally, the following indices retained their previous month's annual rate:
- alcoholic beverages and tobacco, 3.0 percent;
- clothing and footwear, 2.4 percent;
- housing, water, electricity, gas and other fuels, 4.5 percent;
- information and communication, 0.3 percent;
- education services, 3.0 percent;
- financial services, -0.1 percent; and
- personal care, and miscellaneous goods and services, 3.7 percent.

Table 2. Year-on-Year Changes of the Inflation Rate
for Bottom 30% Income Households by Commodity Group
Central Luzon: December 2023, November, and December 2024 (2018 = 100)

Commodity Group	Dec-23	Nov-24	Dec-24
All Items	5.9	3.0	3.2
Food and Non-Alcoholic Beverages	7.4	3.0	3.2
Alcoholic Beverages and Tobacco	9.7	3.0	3.0
Clothing and Footwear	6.2	2.4	2.4
Housing, Water, Electricity, Gas and Other Fuels	1.0	4.5	4.5
Furnishings, Household Equipment and Routine Household Maintenance	6.8	1.8	1.6
Health	6.4	1.9	1.5
Transport	0.4	-1.2	1.0
Information and Communication	1.2	0.3	0.3
Recreation, Sport and Culture	9.9	5.1	4.3
Education Services	7.2	3.0	3.0
Restaurants and Accommodation Services	6.6	4.4	4.1
Financial Services	0.0	-0.1	-0.1
Personal Care, and Miscellaneous Goods and Services	7.0	3.7	3.7

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

1.2 Main Contributor to the December 2024 Overall Inflation in Central Luzon

The following commodity groups were the top three contributors to the December 2024 overall inflation for the bottom 30% income households:

- food and non-alcoholic beverages with 48.6 percent share or 1.6 percentage points;
- housing, water, electricity, gas and other fuels with 21.0 percent share or 0.7 percentage point; and
- restaurants and accommodation services with 13.9 percent share or 0.4 percentage point.

2. Annual Average Inflation

The annual average inflation rate in 2024 for bottom 30% income group was observed at 4.7 percent, lower than the 2023 annual average inflation rate of 7.7 percent.

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

The downtrend in the 2024 average inflation in Central Luzon for the bottom 30% income households was mainly brought about by the lower annual average increase in the indices of food and non-alcoholic beverages at 5.3 percent in 2024 from 9.5 percent annual average inflation in 2023. Also contributed to the downtrend were the slower increments in the indices of alcoholic beverages and tobacco at 4.6 percent in 2024

from 13.1 percent annual average inflation in 2023 and restaurants and accommodation services at 5.2 percent in 2024 from 7.7 percent in 2023.

The rest of the commodity groups recorded downtrend in their annual average inflation rate except for the indices education services and housing, water, electricity, gas and other fuels which recorded an uptrend at 5.9 percent and 4.5 percent, respectively.

2.2 Main Contributors to the 2024 Annual Average Inflation in Central Luzon

The following commodity groups were the top three contributors to the 2024 annual average inflation for the bottom 30% income households:
- food and non-alcoholic beverages with 56.5 percent share or 2.7 percentage points;
- housing, water, electricity, gas and other fuels with 14.8 percent share or 0.7 percentage point; and
- restaurants and accommodation services with 12.4 percent share or 0.6 percentage point.

3. Food Inflation

The food inflation for the bottom 30% income households in Central moved at a faster pace at 3.2 percent in December 2024 from 3.1 percent in November 2024.

3.1 Main Drivers to the Upward Trend of the Food Inflation in Central Luzon

The acceleration of food inflation can be primarily attributed to the faster increments in the index of vegetables, tubers, plantains, cooking bananas and pulses at 27.2 percent in December 2024 from 10.9 percent in November 2024, followed by the index of meat and other parts of slaughtered land animals at 5.3 percent in December 2024 from 4.0 percent in November 2024, and fish and other seafood at 1.6 percent in December 2024 from 0.7 percent in November 2024. (Table 3)

Moreover, faster increments were also recorded in the following indices:
- oils and fats, 1.5 percent from 0.6 percent; and
- fruits and nuts, 5.7 percent from 4.9 percent;

Furthermore, the index of sugar, confectionery and desserts recorded slower annual decline of 2.2 percent in December 2024 from annual decrease of 2.6 percent in November 2024. Meanwhile, ready-made food and other food products not elsewhere classified retained its previous month's inflation rate at 4.6 percent.

In contrast, slower annual increments was recorded in the index of milk, other dairy products and eggs at 2.9 percent in December 2024 from 3.4 percent in November 2024. Additionally, the index of cereals and cereal products recorded an annual decline of 2.4 percent in December 2024 from an annual increase of 2.1 percent in November 2024.

3.2 Main Contributors to the Food Inflation in Central Luzon

Food inflation contributed 47.0 percent or 1.5 percentage points to the December 2024 overall inflation for the bottom 30% income households. Among the food groups, the main contributors to the upward trend in the food inflation for the month of December 2024 for the bottom 30% income households were the following:

- vegetables, tubers, plantains, cooking bananas and pulses with 73.0 percent share or 2.3 percentage points;
- meat and other part of slaughtered land animals with 30.5 percent share or 1.0 percentage point; and
- fish and other seafood with 7.8 percent share or 0.3 percentage point.

Table 3. Year-on-Year Changes of the Inflation Rate
for Bottom 30% Income Households by Food Group
Central Luzon: December 2023, November, and December 2024 (2018 = 100)

Commodity Group	Dec-23	Nov-24	Dec-24
FOOD	7.5	3.1	3.2
Cereals and Cereal Products	21.5	2.1	-2.4
Cereals	26.0	2.3	-3.7
Rice	26.4	2.0	-4.1
Corn	3.3	20.0	22.8
Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals	8.4	1.9	2.0
Meat and Other Parts of Slaughtered Land Animals	-2.0	4.0	5.3
Fish and Other Seafood	6.7	0.7	1.6
Milk, Other Dairy Products, and Eggs	6.0	3.4	2.9
Oils and Fats	0.5	0.6	1.5
Fruits and Nuts	18.6	4.9	5.7
Vegetables, Tubers, Cooking Bananas and Pulses	-13.7	10.9	27.2
Sugar, Confectionery and Desserts	3.6	-2.6	-2.2
Ready-Made Food and Other Food Products N.E.C.	5.0	4.6	4.6

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

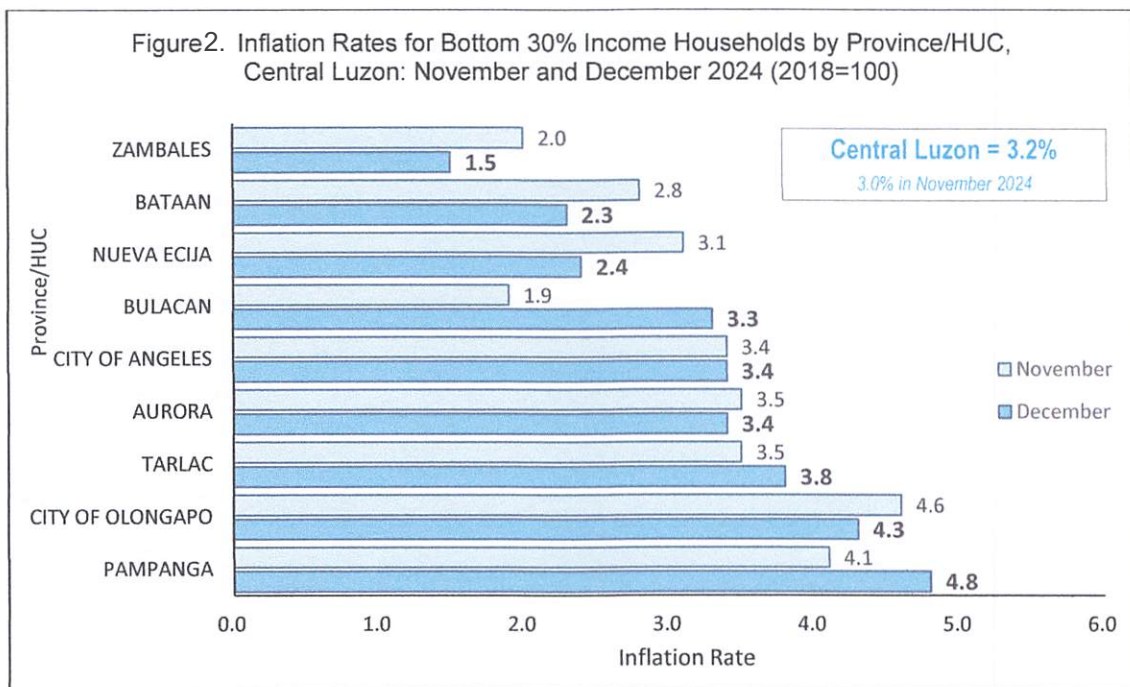## 3.3 Annual Average Food Inflation in Central Luzon

In 2024, the annual average food inflation rate for the bottom 30% income households in Central Luzon was observed at 5.6 percent, lower than the recorded annual average food inflation rate of 9.6 percent in 2023.

4. Inflation by Province

Relative to the November 2024 inflation rates for bottom 30 percent income households, three provinces (Pampanga, Tarlac, and Bulacan) in the region exhibited higher inflation rates in December 2024. In contrast, Bataan, Nueva Ecija, Zambales, Aurora, and City of Olongapo exhibited lower inflation rates. Meanwhile, City of Angeles recorded the same inflation rate as the previous month at 3.4 percent. Nueva Ecija registered the largest decrease in inflation with a difference of 0.7 percentage point.

Among the provinces and HUCs in the region, the province of Pampanga recorded the highest inflation rate for bottom 30 percent income households at 4.8 percent, followed by City of Olongapo at 4.3 percent. Meanwhile, Zambales registered the lowest inflation rate for the bottom 30 percent income households at 1.5 percent, followed by Bataan and Nueva Ecija at 2.3 percent and 2.4 percent, respectively. (Figure 2)

Figure 2. Inflation Rates for Bottom 30% Income Households by Province/HUC, Central Luzon: November and December 2024 (2018=100)

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

ARLENE M. DIVINO
Regional Director
PSA RSSO 03

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 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.