

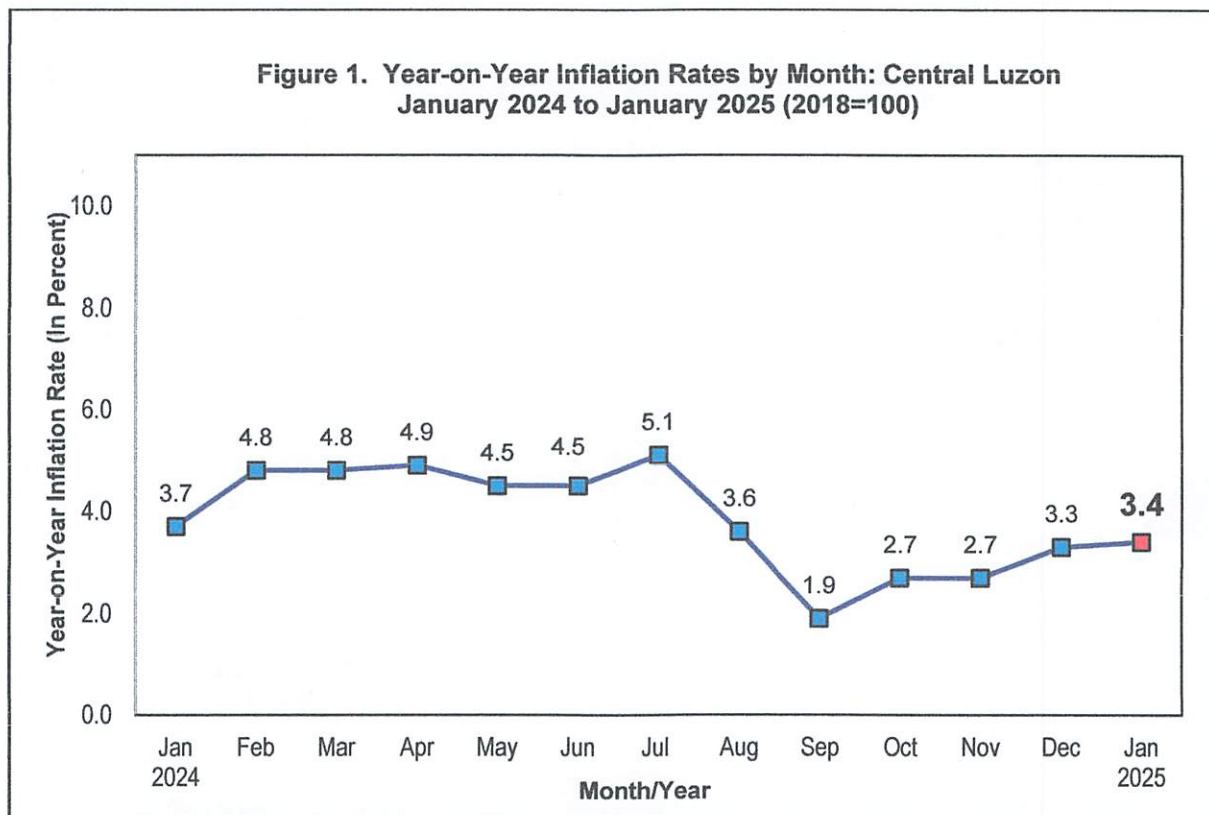
SPECIAL RELEASE

Central Luzon's Inflation and Consumer Price Index (CPI) January 2025

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Central Luzon's Inflation Increases to 3.4 Percent

The annual inflation rate in Central Luzon increased to 3.4 percent in January 2025. In comparison, inflation was higher in January 2024, recorded at 3.7 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 January 2025 Inflation

The upward trend in the overall inflation in Central Luzon in January 2025 was primarily due to the faster increase in the index for food and non-alcoholic beverages, which rose to 4.6 percent from 3.6 percent in the previous month. Alcoholic beverages and tobacco also contributed to the upward trend in inflation, increasing from 3.3 percent in December 2024 to 4.3 percent in January 2025. Additionally, transport contributed to the uptrend, recording a faster annual increase of 0.5 percent in January 2025, from 0.3 percent in December 2024.

27

Furthermore, higher annual increment was observed in the indices of the following commodity groups:

- Recreation, sport and culture, 2.9 percent from 2.8 percent;
- Furnishings, household equipment and routine household maintenance, 2.7 percent from 2.5 percent; and
- Health, 2.7 percent from 2.6 percent.

Financial services also contributed to the uptrend as it recorded 0.0 percent in January 2025 from the annual decline of 0.3 percent in December 2024.

In contrast, lower inflation in January 2025 were noted in the following commodity groups:

- Restaurants and accommodation services, 5.2 percent from 6.6 percent;
- Personal care, and miscellaneous good and services, 3.4 percent from 3.6 percent;
- Housing, water, electricity, gas and other fuels, 2.8 percent from 3.2 percent;
- Clothing and footwear, 1.9 percent from 2.1 percent; and
- Information and communication, 0.3 percent from 0.4 percent.

Meanwhile, the inflation rate for education services remained at its previous month's annual rate of 2.2 percent. (Table 1)

1.2 Main Contributors to the January 2025 Inflation

The top three commodity groups contributing to the Central Luzon's overall inflation rate in January 2025 were as follows:

- Food and non-alcoholic beverages, 4.6 percent inflation with 49.1 percent share or 1.67 percentage point;
- Housing, water, electricity, gas and other fuels, 2.8 percent inflation with 16.2 percent share or 0.55 percentage point; and
- Restaurants and accommodation services, 5.2 percent inflation with 16.2 percent share or 0.55 percentage point.

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

Commodity Group	January 2024	December 2024	January 2025
All Items	3.7	3.3	3.4
Food and Non-Alcoholic Beverages	4.0	3.6	4.6
Alcoholic Beverages and Tobacco	9.7	3.3	4.3
Clothing and Footwear	6.2	2.1	1.9
Housing, Water, Electricity, Gas, and Other Fuels	1.8	3.2	2.8
Furnishings, Household Equipment and Routine Household Maintenance	4.1	2.5	2.7
Health	4.4	2.6	2.7
Transport	-0.1	0.3	0.5
Information and Communication	0.7	0.4	0.3
Recreation, Sport, and Culture	5.6	2.8	2.9
Education Services	6.3	2.2	2.2
Restaurants and Accommodation Services	6.2	6.6	5.2
Financial Services	-0.3	-0.3	0.0
Personal Care, and Miscellaneous Goods and Services	5.9	3.6	3.4

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

2. Food Inflation

2.1 Main Drivers and Contributors to the Food Inflation

Food inflation in Central Luzon rose at a faster pace, increasing from 3.8 percent in December 2024 to 4.8 percent in January 2025. In comparison, food inflation was notably lower at 3.9 percent in January 2024.

The overall rise in food inflation for January 2025 was primarily driven by a sharp increase in the index for vegetables, tubers, plantains, cooking bananas, and pulses, which surged from 27.6 percent in December 2024 to 35.5 percent in January 2025. Additionally, inflation for meat and other parts of slaughtered land animals rose significantly, reaching 7.0 percent in January 2025. Fish and other seafood also contributed to the upward trend, recording an inflation rate of 5.2 percent in January 2025.

Moreover, the following food groups recorded higher inflation rates in January 2025:

- Fruits and nuts, 6.4 percent from 5.0 percent;
- Ready-made food and other food products n.e.c, 4.2 percent from 4.1 percent; and
- Oils and fats, 3.0 percent from 1.9 percent.

Conversely, lower inflation were observed in the following food groups:

- Corn, 20.2 percent from 23.1 percent; and
- Milk, other dairy products, and eggs, 1.5 percent from 2.0 percent;

Rice, on the other hand, further decline at 6.7 percent from 3.9 percent annual decrease in the previous month. (Table 2)

Table 2 Year-on-Year Changes in the Consumer Price Index, Food
Central Luzon (2018 = 100)
(In Percent)

Commodity Group	January 2024	December 2024	January 2025
Food	3.9	3.8	4.8
Cereals and cereal products	20.6	-1.7	-3.7
Cereals	27.2	-3.4	-6.3
Rice	27.6	-3.9	-6.7
Corn	6.2	23.1	20.2
Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals	6.9	2.4	2.5
Meat and Other Parts of Slaughtered Land Animals	-2.8	5.3	7.0
Fish and Other Seafood	4.7	2.1	5.2
Milk, Other Dairy Products, and Eggs	5.0	2.0	1.5
Oils and Fats	-6.5	1.9	3.0
Fruits and Nuts	11.0	5.0	6.4
Vegetables, Tubers, Plantains, Cooking Bananas, and Pulses	-24.5	27.6	35.5
Sugar, Confectionery and Desserts	2.5	-1.8	-1.3
Ready-Made Food and Other Food Products N.E.C.	5.3	4.1	4.2

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

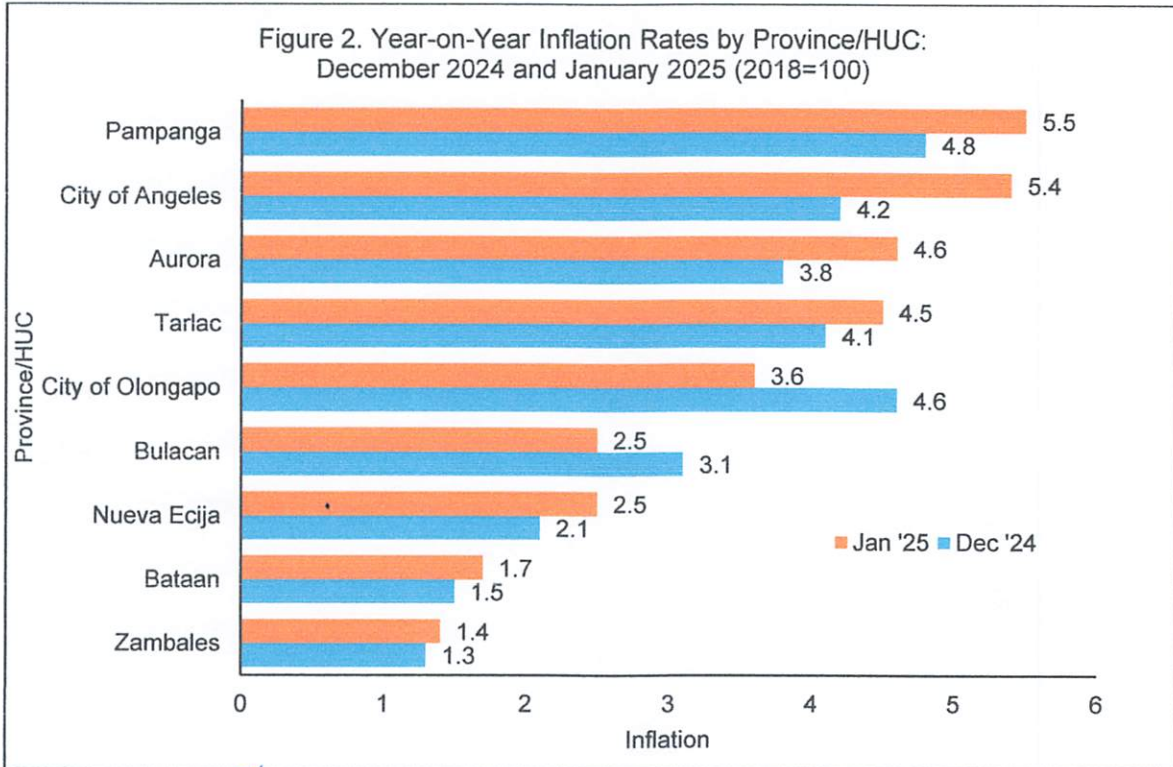
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3. Inflation by Province in Central Luzon

3.1 Main Drivers and Contributors to the Food Inflation

In January 2025, inflation rates increased in six provinces of Central Luzon, along with the City of Angeles, compared to their inflation rates in December 2024. On the other hand, Bulacan and the City of Olongapo recorded a slower increase in inflation rates during the same period.

Among all provinces and highly urbanized cities (HUCs) in Central Luzon, Pampanga recorded the highest inflation at 5.5 percent, followed closely by the City of Angeles at 5.4 percent and Aurora at 4.6 percent. Conversely, Zambales registered the lowest inflation rate at 1.4 percent (Figure 2).



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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 January 2025.

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.