

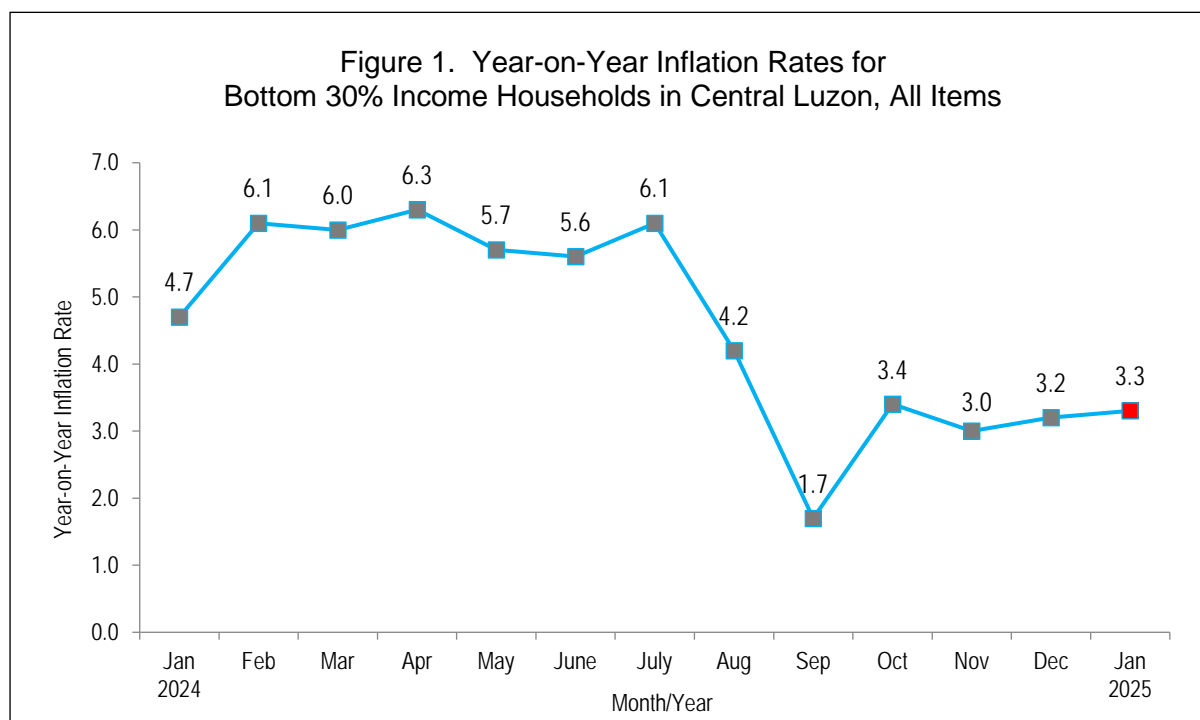
SPECIAL RELEASE

Central Luzon’s Consumer Price Index (CPI) for Bottom 30% Income Households January 2025

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Inflation Rate for Central Luzon’s Bottom 30 Percent Income Households Increased to 3.3 Percent

Central Luzon’s inflation rate for the bottom 30 percent income households increased to 3.3 percent in January 2025 from 3.2 percent in December 2024. This marks a 0.1 percentage point increase from December 2024 and 1.4 percentage points decrease compared to the inflation rate recorded in January 2024. (Figure 1)



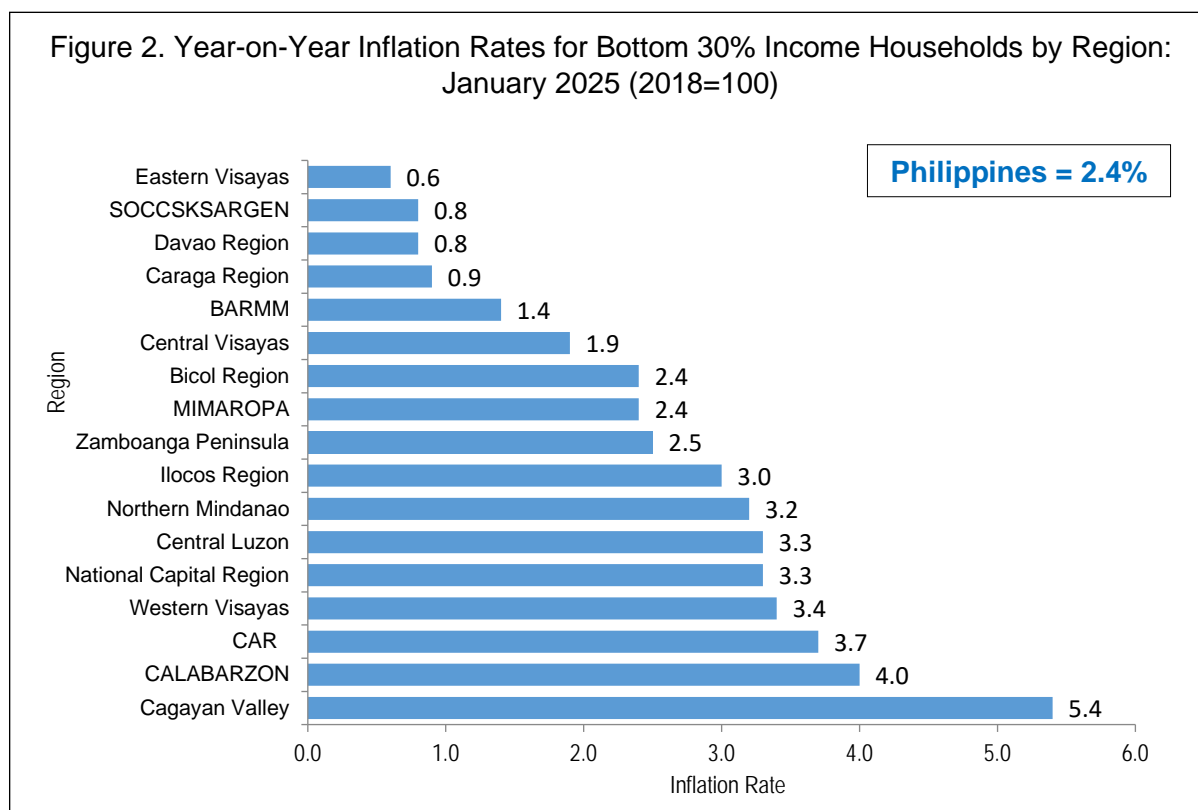
Source: Survey of Retail Prices of Commodities for the Generation of CPI, PSA

Central Luzon ranked fifth among regions with the highest inflation rate for bottom 30 percent income households along with National Capital Region (NCR) in January 2025. Cagayan Valley recorded the highest inflation rate at 5.4 percent, followed by CALABARZON and Cordillera Administrative Region (CAR) at 4.0 percent and 3.7 percent, respectively. Meanwhile, Eastern Visayas recorded the lowest inflation rate at 0.6 percent. (Figure 2)

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Furthermore, the headline inflation for bottom 30 percent income households in the Philippines also decreased from 2.5 percent in December 2024 to 2.4 percent in January 2025.

Figure 2 shows the annual inflation rates of the different regions in the Philippines in January 2025.



Main Drivers to the Upward Trend of the January 2025 Overall Inflation in Central Luzon

The increase in the overall inflation in January 2025 was primarily driven by higher year-on-year growth rates in several key indices. These included food and non-alcoholic beverages, which rose to 3.6 percent from 3.2 percent in December 2024; alcoholic beverages and tobacco, which increased to 4.2 percent from 3.0 percent; and furnishings, household equipment, and routine household maintenance, which grew to 1.9 percent from 1.6 percent. Additionally, health also recorded a faster annual increase, rising to 2.0 percent from 1.5 percent. (Table 1)

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

- Clothing and footwear at 2.3 percent from 2.4 percent;
- Housing, water, electricity, gas, and other fuels at 3.8 percent from 4.5 percent;
- Transport at 0.7 percent from 1.0 percent;
- Recreation, sports, and culture at 4.2 percent from 4.3 percent;
- Education services at 2.8 percent from 3.0 percent;
- Restaurants and accommodation services at 3.1 percent from 4.1 percent; and
- Personal care and miscellaneous goods and services at 3.6 percent from 3.7 percent.

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Meanwhile, the information and communication maintained its previous month's annual rate of 0.3 percent, while the financial services showed a slight change from a decline of 0.1 percent in December 2024 to 0.0 percent in January 2025.

Table 1. Year-on-Year Changes of the Inflation Rate
for Bottom 30% Income Households by Commodity Group
Central Luzon: January 2024, December 2024, and January 2025 (2018 = 100)

Commodity Group	Jan-24	Dec-24	Jan-25
All Items	4.7	3.2	3.3
Food and Non-Alcoholic Beverages	5.5	3.2	3.6
Alcoholic Beverages and Tobacco	9.0	3.0	4.2
Clothing and Footwear	5.6	2.4	2.3
Housing, Water, Electricity, Gas and Other Fuels	0.9	4.5	3.8
Furnishings, Household Equipment and Routine Household Maintenance	5.1	1.6	1.9
Health	5.2	1.5	2.0
Transport	0.6	1.0	0.7
Information and Communication	0.8	0.3	0.3
Recreation, Sport and Culture	9.2	4.3	4.2
Education Services	7.5	3.0	2.8
Restaurants and Accommodation Services	6.0	4.1	3.1
Financial Services	(0.1)	(0.1)	0.0
Personal Care, and Miscellaneous Goods and Services	5.8	3.7	3.6

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

Main Contributor to the January 2025 Overall Inflation in Central Luzon

The following commodity groups were the top three contributors to the January 2025 overall inflation for the bottom 30% income households:

- food and non-alcoholic beverages with 54.6 percent share or 1.8 percentage points;
- housing, water, electricity, gas and other fuels with 17.7 percent share or 0.6 percentage point; and
- restaurants and accommodation services with 10.5 percent share or 0.4 percentage point.

Food Inflation

The annual growth rate in the regional food index accelerated to 3.7 percent in January 2025 from 3.2 percent in December 2024.

Main Drivers to the Upward Trend of the January 2025 Food Inflation in Central Luzon

The acceleration of food inflation can be mainly attributed to the faster increment in the index of vegetables, tubers, plantains, cooking bananas and pulses at 36.2 percent in January 2025 from 27.2 percent in December 2024,

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fish and other seafood at 4.8 percent in January 2025 from 1.6 percent in December 2024, and meat and other parts of slaughtered land animals at 7.0 percent in January 2025 from 5.3 percent in December 2024.

In addition, faster acceleration was also recorded in the following indices:

- flour, bread, and other bakery products, pasta products at 2.1 percent from 2.0 percent;
- oils and fats at 4.4 percent from 1.5 percent; and
- fruits and nuts at 6.7 percent from 5.7 percent;

On the other hand, slower annual increments were registered in milk, other dairy products and eggs at 1.6 percent in January 2025 from 2.9 percent in December 2024 and in the index of corn at 17.5 percent from 22.8 percent.

Meanwhile, faster deceleration was recorded in the index of rice with an annual decline of 7.4 percent from an annual decrease of 4.1 percent. Sugar, confectionery and desserts recorded an annual decline of 1.6 percent from an annual decrease of 2.2 percent in December 2024.

The index of ready-made food and other food products not elsewhere classified, retained its previous month's inflation rate of 4.6 percent. (Table 2)

Table 2 Year-on-Year Changes of the Inflation Rate
for Bottom 30% Income Households by Food Group
Central Luzon: January 2024, December 2024, and January 2025 (2018 = 100)

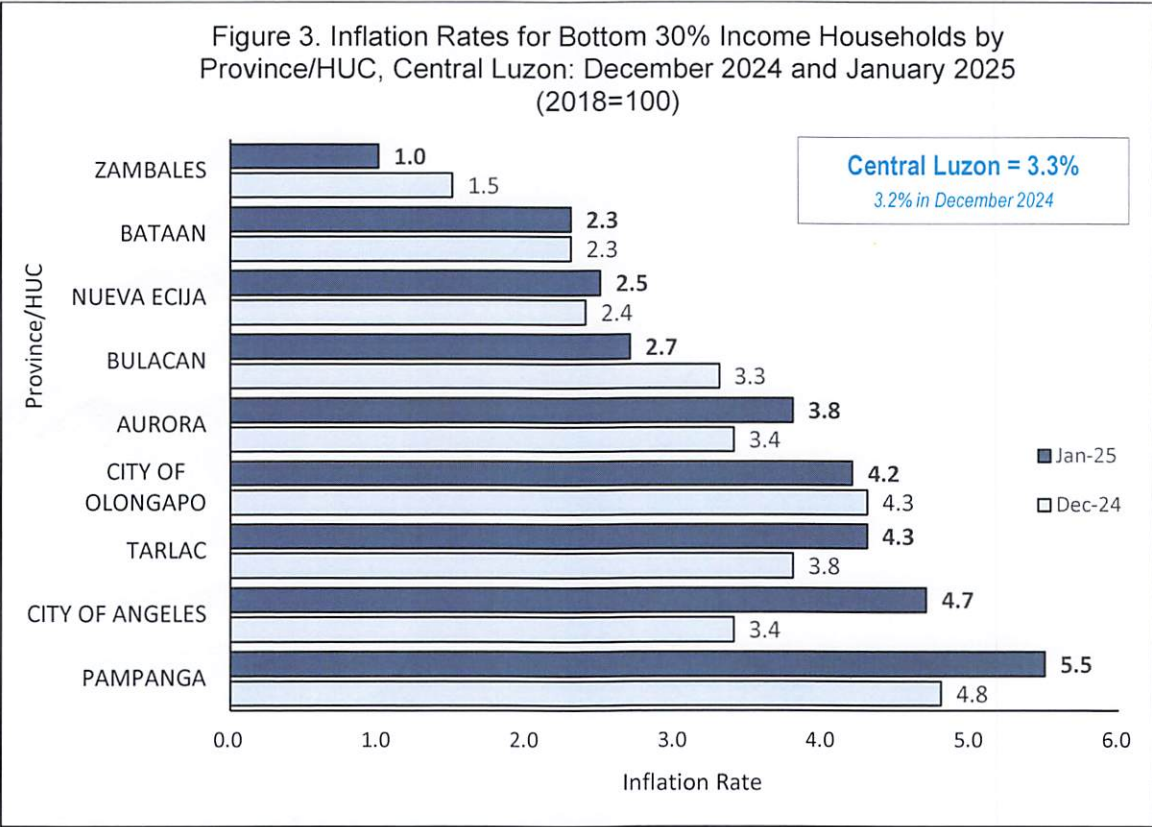
Commodity Group	Jan-24	Dec-24	Jan-25
FOOD	5.6	3.2	3.7
Cereals and Cereal Products	24.4	(2.4)	(5.0)
Cereals	30.7	(3.7)	(7.0)
Rice	31.1	(4.1)	(7.4)
Corn	6.7	22.8	17.5
Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals	6.6	2.0	2.1
Meat and Other Parts of Slaughtered Land Animals	(2.5)	5.3	7.0
Fish and Other Seafood	3.9	1.6	4.8
Milk, Other Dairy Products, and Eggs	4.2	2.9	1.6
Oils and Fats	(6.9)	1.5	4.4
Fruits and Nuts	10.4	5.7	6.7
Vegetables, Tubers, Cooking Bananas and Pulses	(25.3)	27.2	36.2
Sugar, Confectionery and Desserts	1.2	(2.2)	(1.6)
Ready-Made Food and Other Food Products N.E.C.	4.7	4.6	4.6

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

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Relative to the December 2024 inflation rates for bottom 30 percent income households, two provinces (Bulacan and Zambales) and one Highly Urbanized City (HUC) (City of Olongapo) in the region exhibited lower inflation rates in January 2025 as compared to their respective previous month's inflation. In contrast, Pampanga, Tarlac, Aurora, Nueva Ecija, and City of Angeles exhibited higher inflation rates while Bataan maintained the same rate as the previous month. Bulacan registered the largest decrease in inflation with a difference of 0.6 percentage point.

Among the provinces and HUCs in the region, Pampanga recorded the highest inflation rate for bottom 30 percent income households at 5.5 percent, followed by City of Angeles at 4.7 percent. Meanwhile, Zambales registered the lowest inflation rate for the bottom 30 percent income households at 1.0 percent, followed by Bataan and Nueva Ecija at 2.3 percent and 2.5 percent, respectively. (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 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 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.