

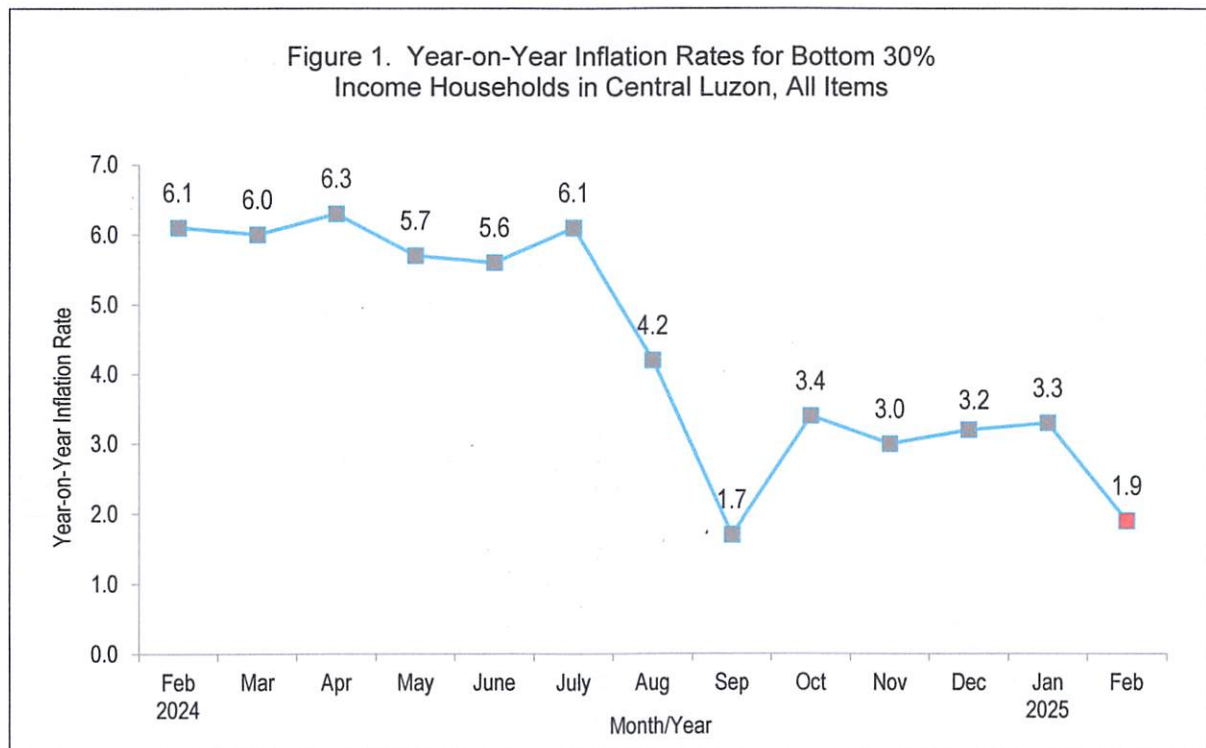
SPECIAL RELEASE

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

Date of Release: 14 March 2025
Reference No. 2025-SRCPIB30-Feb2025-034

Inflation Rate for Central Luzon's Bottom 30 Percent Income Households Decreased to 1.9 Percent

Central Luzon's inflation rate for the bottom 30 percent income households decreased to 1.9 percent in February 2025 from 3.3 percent in January 2025. This marks a 1.4 percentage points decrease from January 2025 and 4.2 percentage points decrease compared to the inflation rate recorded in February 2024. (Figure 1)

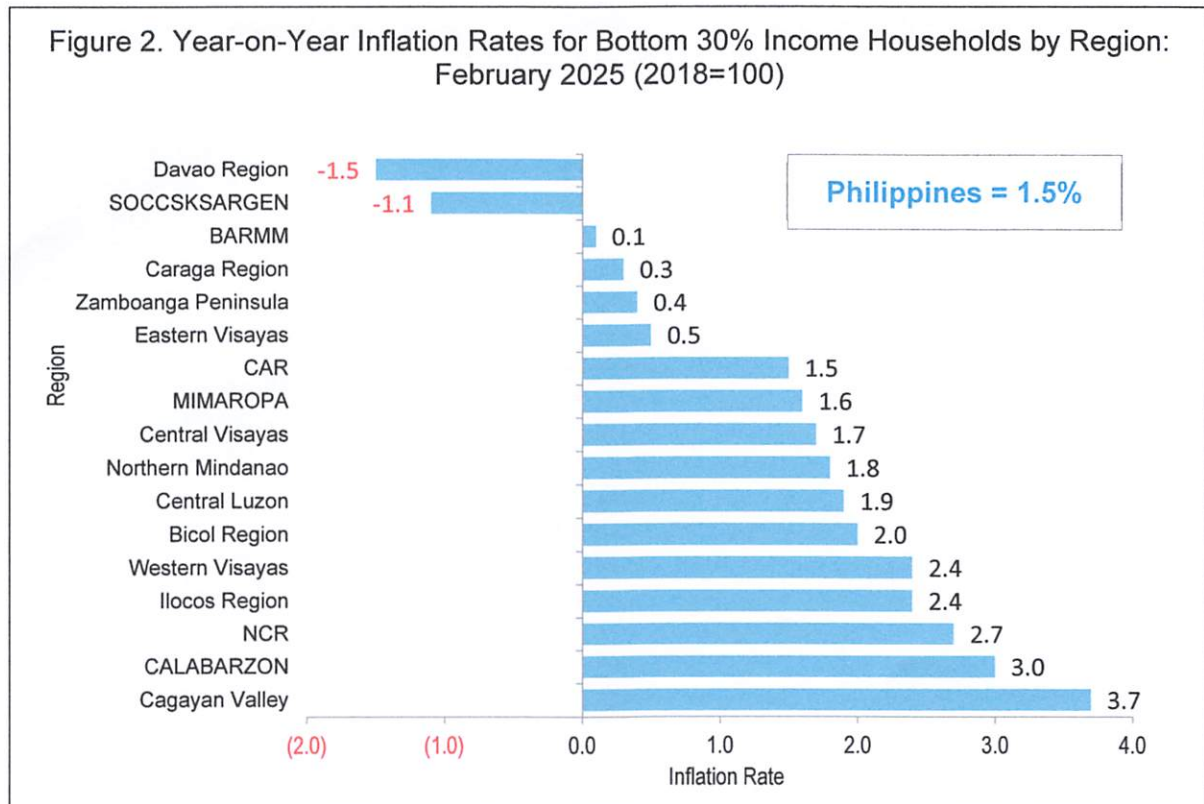


Source: Survey of Retail Prices of Commodities for the Generation of CPI, PSA

Central Luzon ranked seventh among regions with the highest inflation rate for bottom 30 percent income households in February 2025. Cagayan Valley recorded the highest inflation rate at 3.7 percent, followed by CALABARZON and National Capital Region (NCR) at 3.0 percent and 2.7 percent, respectively. Meanwhile, Davao Region recorded the lowest inflation rate at -1.5 percent. (Figure 2)

Furthermore, the headline inflation for bottom 30 percent income households in the Philippines also decreased from 2.4 percent in January 2025 to 1.5 percent in February 2025.

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



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

Main Drivers to the Downward Trend of the February 2025 Overall Inflation in Central Luzon

The decrease in the overall inflation in February 2025 was primarily driven by slower year-on-year growth rates in several key indices. These included food and non-alcoholic beverages, which decreased from 3.6 percent in January 2025 to 1.6 percent in February 2025, and housing, water, electricity, gas and other fuels, which decreased from 3.8 percent to 2.1 percent. Also, what contributed to the downtrend of inflation was the slower decline of transport at 0.1 percent in February 2025 from 0.7 percent in the previous month. (Table 1)

Additionally, slower increments were also recorded in the following indices:

- clothing and footwear at 1.8 percent from 2.3 percent;
- health at 1.7 percent from 2.0 percent;
- information and communication at 0.2 percent from 0.3 percent;
- restaurants and accommodation services at 2.8 percent from 3.1 percent; and
- personal care and miscellaneous goods and services at 3.0 percent from 3.6 percent.

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

- alcoholic beverages and tobacco at 4.5 percent from 4.2 percent; and
- education services at 3.3 percent from 2.8 percent.

Meanwhile, the indices of furnishings, household equipment and routine household maintenance and recreation, sports and culture, and financial services maintained their previous month's inflation rate of 1.9 percent, 4.2 percent, and 0.0 percent, respectively.

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

| Commodity Group | Feb-24 | Jan-25 | Feb-25 |
|--------------------------------------------------------------------|---------------|---------------|---------------|
| All Items | 6.1 | 3.3 | 1.9 |
| Food and Non-Alcoholic Beverages | 8.0 | 3.6 | 1.6 |
| Alcoholic Beverages and Tobacco | 9.1 | 4.2 | 4.5 |
| Clothing and Footwear | 5.6 | 2.3 | 1.8 |
| Housing, Water, Electricity, Gas and Other Fuels | 1.9 | 3.8 | 2.1 |
| Furnishings, Household Equipment and Routine Household Maintenance | 4.8 | 1.9 | 1.9 |
| Health | 5.1 | 2.0 | 1.7 |
| Transport | 2.0 | 0.7 | - 0.1 |
| Information and Communication | 0.7 | 0.3 | 0.2 |
| Recreation, Sport and Culture | 8.3 | 4.2 | 4.2 |
| Education Services | 7.0 | 2.8 | 3.3 |
| Restaurants and Accommodation Services | 5.4 | 3.1 | 2.8 |
| Financial Services | - 0.1 | 0.0 | 0.0 |
| Personal Care, and Miscellaneous Goods and Services | 5.8 | 3.6 | 3.0 |

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

Main Contributor to the February 2025 Overall Inflation in Central Luzon

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

- food and non-alcoholic beverages with 41.9 percent share or 0.8 percentage point;
- housing, water, electricity, gas and other fuels with 16.9 percent share or 0.32 percentage point; and
- restaurants and accommodation services with 16.4 percent share or 0.31 percentage point.

Food Inflation

The inflation rate in the regional food index decelerated to 1.5 percent in February 2025 from 3.7 percent in January 2025.

Main Drivers to the Downward Trend of the February 2025 Food Inflation in Central Luzon

The deceleration of food inflation can be mainly attributed to the slower increment in the index of vegetables, tubers, plantains, cooking bananas and pulses at 9.4 percent in February 2025 from 36.2 percent in January 2025, ready-made food and other food products n.e.c. at 4.1 percent in February 2025 from 4.6 percent in January 2025, and fruits and nuts at 6.5 percent in February 2025 from 6.7 percent in January 2025.

In addition, faster deceleration was recorded in the index of cereals and cereal products at a faster annual decline of 7.1 percent in February 2025 from 5.0 percent annual decline in January 2025.

On the other hand, faster annual increments were registered in the following indices:

- meat and other parts of slaughtered land animals at 10.3 percent from 7.0 percent;
- fish and other seafood at 5.4 percent from 4.8 percent;
- milk, other dairy products and eggs at 2.6 percent from 1.6 percent; and
- oils and fats at 8.8 percent from 4.4 percent;

Meanwhile, slower deceleration was recorded in the index of sugar, confectionery and desserts at 0.9 percent in February 2025 from 1.6 percent annual decline in January 2025. (Table 2)

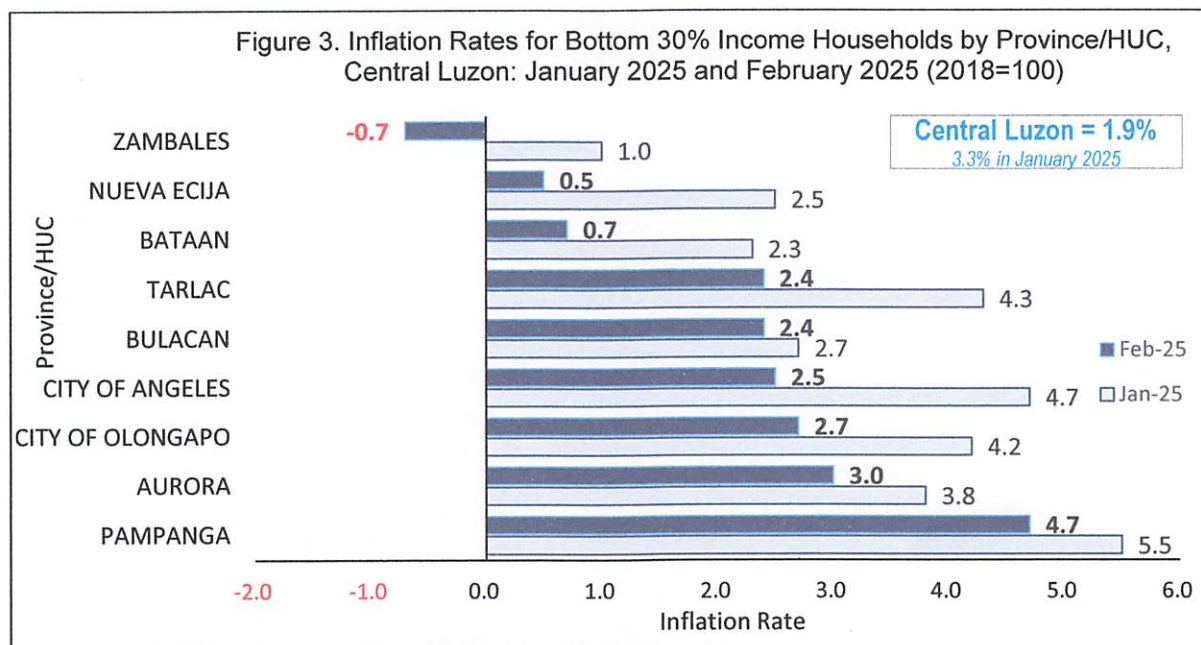
Table 2 Year-on-Year Changes of the Inflation Rate
for Bottom 30% Income Households by Food Group
Central Luzon: January 2024, December 2024, and January 2025 (2018 = 100)

| Commodity Group | Feb-24 | Jan-25 | Feb-25 |
|---------------------------------------------------------------------------|--------|--------|--------|
| FOOD | 8.4 | 3.7 | 1.5 |
| Cereals and Cereal Products | 24.6 | -5.0 | -7.1 |
| Cereals | 31.4 | -7.0 | -9.7 |
| Rice | 31.8 | -7.4 | -10.0 |
| Corn | 1.8 | 17.5 | 10.9 |
| Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals | 6.5 | 2.1 | 1.4 |
| Meat and Other Parts of Slaughtered Land Animals | -0.3 | 7.0 | 10.3 |
| Fish and Other Seafood | 2.9 | 4.8 | 5.4 |
| Milk, Other Dairy Products, and Eggs | 0.2 | 1.6 | 2.6 |
| Oils and Fats | -8.3 | 4.4 | 8.8 |
| Fruits and Nuts | 12.0 | 6.7 | 6.5 |
| Vegetables, Tubers, Cooking Bananas and Pulses | -4.3 | 36.2 | 9.4 |
| Sugar, Confectionery and Desserts | -0.4 | -1.6 | -0.9 |
| Ready-Made Food and Other Food Products N.E.C. | 5.1 | 4.6 | 4.1 |

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

Relative to the January 2025 inflation rates for bottom 30 percent income households, all provinces including HUCs in the region exhibited lower inflation rates in February 2025 as compared to their respective previous month's inflation.

Among the provinces and HUCs in the region, Pampanga recorded the highest inflation rate for bottom 30 percent income households at 4.7 percent, followed by the province of Aurora at 3.0 percent. Meanwhile, the inflation for bottom 30 percent income household in the province of Zambales registered faster deceleration at 0.7 percent in February 2025 from 1.0 percent in January 2025. (Figure 3)



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 February 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.