

TECHNICAL NOTES

Concepts and Definitions:

Base Period/Base Year – is the period usually a year, at which the index number is set to 100. It is the reference point of the index number series. (PSA uses the base year 2018)

Consumer Price Index (CPI) – is an indicator of the change in the average retail prices of a fixed basket of goods and services commonly purchased by households relative to a base year

Core Inflation – a measure of inflation that aims to capture the permanent component of the inflationary process that can be influenced by monetary policy.

Headline Inflation – measures changes in the cost of living based on the movements in the prices of a specified basket of major commodities. It refers to the annual rate of change or the year-on-year change in the CPI.

Inflation Rate – refers to the annual rate of change or the year-on-year change of the CPI expressed in percent. Inflation is interpreted in terms of the declining purchasing power of money.

Price – the amount or value paid in exchange for the commodity or service rendered

Purchasing Power of Peso (PPP) – shows how much the peso in the base period is worth in the current period. It is computed as the reciprocal of the CPI for the period under review multiplied by 100.

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