

# SPECIAL RELEASE

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## Consumer Price Index recorded at 136.5 in Q3 2016



The Consumer Price Index (CPI) of Region I for the 3rd quarter of 2016 was pegged at 136.5. This figure has increased by 0.3 percentage point compared to the last quarter's index (136.2) and also by 2 percentage points over the same period last year (134.5). The commodity groups which recorded high price indices were alcoholic beverages and tobacco (196.5), food and non-alcoholic beverages (150.6), and health (145.5). On the other hand, the commodity groups which showed lower on price indices were communication (89.4), recreation and culture (109.1), and restaurant and miscellaneous goods and services (118.0).

By province, La Union posted the highest consumer price index in 3rd quarter 2016 at 142.6, followed by Ilocos Sur (141.6) and Ilocos Norte (136.7). On the other hand, Pangasinan recorded the lowest price index at 133.5.

Table 1. Consumer Price Index by Commodity and by Province, Region I: 3<sup>rd</sup> Quarter 2016 (2006=100)

Region/ Prov	ALL ITEMS	Commodity Group										
		1	2	3	4	5	6	7	8	9	10	11
Region I	136.5	150.6	196.5	127.0	121.1	128.7	145.5	124.5	89.4	109.1	138.9	118.0
Ilocos Norte	136.7	153.5	215.5	116.8	118.2	114.0	133.1	121.9	89.0	113.9	133.5	122.0
Ilocos Sur	141.6	157.7	178.6	126.8	123.3	130.9	160.2	131.8	85.7	112.2	172.7	111.4
La Union	142.6	161.5	230.9	153.9	121.3	135.4	136.0	134.5	94.5	104.2	122.0	118.0
Pangasinan	133.5	145.3	186.5	122.0	121.1	128.5	144.4	121.1	88.7	108.9	139.8	118.6

*Commodity Group:*

01 – Food & Non-Alcoholic Beverages

02 – Alcoholic Beverages & Tobacco

03 – Clothing & Footwear

04 – Housing, Water, Electricity, Gas & Other Fuel

05 – Furnishings, Household Equipment & Routine  
Maintenance of the House

06 – Health

07 – Transport

08 – Communication

09 – Recreation & Culture

10 – Education

11 – Restaurant & Miscellaneous Goods  
& Services

### ***Inflation Rate in Region I posted at 1.5 in Q3 2016***

The 3rd quarter 2016 inflation rate in Region I decelerated to 1.5 from 1.8 percent in 2<sup>nd</sup> quarter of 2016 but accelerated from 0.6 percent over the same period a year ago. The negative movement of price index of housing, water, electricity gas and other fuel as indicated by the computed inflation rates, which was recorded at -0.3 percentage point and combined with the stagnant price of commodities under communication contributed to the sluggish movement of the region's inflation rate.

Among the provinces in the region, Ilocos Norte obtained the highest inflation rate for the quarter at 4.9 percent. This figure was higher by 0.2 percentage point compared to the province's inflation rate in the previous quarter and also higher by 4.5 percentage points a year ago.

The high inflation rate of Ilocos Norte in 3<sup>rd</sup> quarter 2016 was caused by the commodity groups alcoholic beverages and tobacco (19.0 percent), health (8.2 percent), food and non-alcoholic beverages (5.1 percent).

The province of Ilocos Sur recorded an inflation rate of 1.2 percent for the 3<sup>rd</sup> quarter of 2016. Said figure was lower by 0.8 percentage point as compared to the previous quarter.

The commodity groups which recorded high inflation rates in Ilocos Sur were furnishing, household equipment and routine maintenance of the house (3.3 percent), alcoholic beverages and tobacco (3.3 percent) and clothing and footwear (2.7 percent).

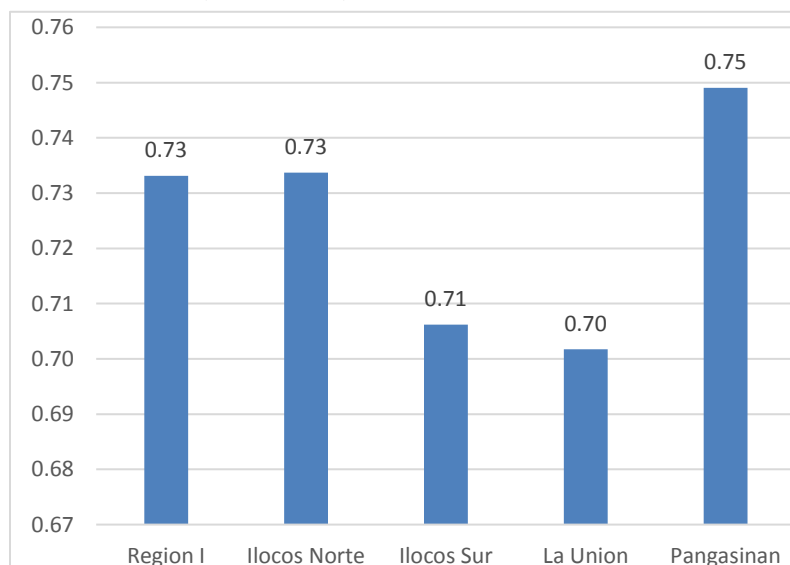
For La Union and Pangasinan, the inflation rates for 3<sup>rd</sup> quarter 2016 were 1.8 percent and 0.7 percent respectively, La Union was 0.1 percentage point lower than the previous quarter and Pangasinan was 1.5 percentage points higher than the previous quarter

The commodity groups with high inflation rates in 3<sup>rd</sup> quarter 2016 for La Union were clothing and footwear (30.2 percent), alcoholic beverages and tobacco (24.2 percent), transport (10.8 percent) and furnishing, household equipment and routine maintenance of the house (8.6 percent). Meanwhile, the low inflation rate of Pangasinan in 3<sup>rd</sup> quarter 2016 was mainly attributed to the stagnant movement prices of commodities under transportation, communication and education.

### ***Purchasing Power of the Peso in Region I stood at 0.73 in Q3 2016***

In terms of the purchasing power of the peso (PPP), Pangasinan recorded the highest in the region at 0.75, which typically means that the value of peso in 2006 was equivalent to 75 centavos in 3<sup>rd</sup> quarter 2016. This was followed by Ilocos Norte with a purchasing power of 0.73. The lowest was recorded La Union at 0.70. Over-all for Region I, the value of a peso in 2006 is only equivalent to 73 centavos in 3<sup>rd</sup> quarter 2016.

Figure 1. Purchasing Power of the Peso, by Province, Region I: 3<sup>rd</sup> Quarter 2016. (2006 = 100)



## Statistical Tables

Table 2. CPI for All Income Households, Region I: Q2 2014 – Q3 2016 (2006=100)

COMMODITY GROUP	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
ALL ITEMS	131.5	133.6	134.1	133.7	133.8	134.5	135.3	136.3	136.2	136.5
I. FOOD AND NON-ALCOHOLIC BEVERAGES	141.3	146.3	148.3	146.7	145.7	147.8	149.8	150.8	150.0	150.6
II. ALCOHOLIC BEVERAGES AND TOBACCO	175.0	175.8	177.4	183.5	184.2	184.9	185.9	194.1	195.7	196.5
III. CLOTHING AND FOOTWEAR	120.0	120.7	121.1	122.0	122.4	122.8	124.0	126.2	126.6	127.0
IV. HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	124.3	122.9	121.2	121.0	123.2	121.5	120.2	120.4	121.2	121.1
V. FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE	121.8	122.5	122.8	124.1	124.3	124.6	125.3	127.9	128.5	128.7
VI. HEALTH	135.5	136.1	136.1	139.1	139.2	140.6	141.5	143.8	144.7	145.5
VII. TRANSPORT	125.9	125.7	124.4	123.7	124.7	124.4	124.1	124.6	125.0	124.5
VIII. COMMUNICATION	89.2	89.2	89.3	89.3	89.3	89.3	89.3	89.4	89.4	89.4
IX. RECREATION AND CULTURE	107.1	107.3	107.4	107.6	107.9	108.1	108.5	108.9	109.1	109.1
X. EDUCATION	132.5	136.4	136.4	136.4	136.9	137.8	137.8	137.8	138.2	138.9
XI. RESTAURANT AND MISCELLANEOUS GOODS AND SERVICES	115.4	115.5	115.7	115.9	115.9	116.7	117.0	117.6	117.9	118.0

Table 3. CPI for All Income Households, Ilocos Norte: Q2 2014 – Q3 2016 (2006=100)

COMMODITY GROUP	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
ALL ITEMS	127.5	129.7	129.9	129.2	129.4	130.3	131.9	135.5	135.6	136.7
I. FOOD AND NON-ALCOHOLIC BEVERAGES	136.6	142.0	143.8	143.4	143.3	146.0	150.3	153.2	151.9	153.5
II. ALCOHOLIC BEVERAGES AND TOBACCO	177.4	178.5	179.2	180.1	180.5	180.9	184.9	207.7	212.2	215.5
III. CLOTHING AND FOOTWEAR	109.1	109.2	109.6	110.3	111.0	111.8	113.1	115.4	116.4	116.8
IV. HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	118.8	117.5	115.2	113.5	113.8	112.4	110.3	116.8	118.1	118.2
V. FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE	110.1	111.0	111.5	111.6	111.7	111.7	112.4	113.2	113.5	114.0
VI. HEALTH	121.8	122.4	122.7	122.7	122.8	123.0	124.0	126.6	128.9	133.1
VII. TRANSPORT	125.1	124.8	123.2	121.0	122.4	122.0	121.4	121.3	121.9	121.9
VIII. COMMUNICATION	87.8	88.2	88.9	88.9	88.9	88.9	88.9	89.0	89.0	89.0
IX. RECREATION AND CULTURE	113.1	113.2	113.3	113.3	113.4	113.4	113.5	113.8	113.8	113.9
X. EDUCATION	129.2	131.7	131.7	131.7	131.7	131.7	131.7	131.7	132.3	133.5
XI. RESTAURANT AND MISCELLANEOUS GOODS AND SERVICES	118.0	118.2	118.5	118.5	118.6	118.6	119.6	120.5	121.5	122.0

Table 4. CPI for All Income Households, Ilocos Sur: Q2 2014 – Q3 2016 (2006=100)

COMMODITY GROUP	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
ALL ITEMS	136.9	138.3	139.6	138.6	138.4	139.8	141.2	141.5	141.2	141.6
I. FOOD AND NON-ALCOHOLIC BEVERAGES	145.6	150.3	153.7	152.8	151.0	154.1	157.2	158.1	157.1	157.7
II. ALCOHOLIC BEVERAGES AND TOBACCO	165.4	165.9	166.9	169.5	171.5	172.9	173.7	175.8	177.1	178.6
III. CLOTHING AND FOOTWEAR	122.5	122.9	122.9	123.2	123.2	123.4	124.1	124.7	126.5	126.8
IV. HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	132.5	129.2	127.8	124.8	124.9	126.2	125.5	124.9	123.1	123.3
V. FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE	123.0	124.0	125.1	126.3	126.5	126.6	126.8	128.8	130.7	130.9
VI. HEALTH	152.5	153.3	154.5	155.7	156.3	157.0	158.0	158.1	159.7	160.2
VII. TRANSPORT	136.0	135.7	133.3	130.4	132.4	131.9	131.4	132.1	133.0	131.8
VIII. COMMUNICATION	85.6	85.6	85.6	85.6	85.6	85.6	85.6	85.6	85.7	85.7
IX. RECREATION AND CULTURE	110.3	110.7	110.9	111.1	111.1	111.2	111.3	111.6	112.0	112.2
X. EDUCATION	155.3	155.3	155.3	155.3	160.4	170.6	170.6	170.6	171.3	172.7
XI. RESTAURANT AND MISCELLANEOUS GOODS AND SERVICES	109.9	110.0	110.2	110.5	110.6	110.7	110.9	111.2	111.3	111.4

Table 5. CPI for All Income Households, La Union: Q2 2014 – Q3 2016 (2006=100)

COMMODITY GROUP	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	2014	2014	2014	2015	2015	2015	2015	2016	2016	2016
ALL ITEMS	137.3	138.8	139.2	138.8	139.7	140.1	141.2	142.6	142.5	142.6
I. FOOD AND NON-ALCOHOLIC BEVERAGES	151.1	154.9	156.1	156.6	157.2	158.9	161.2	162.3	161.2	161.5
II. ALCOHOLIC BEVERAGES AND TOBACCO	194.2	195.4	196.0	184.6	185.0	185.9	185.9	227.8	230.6	230.9
III. CLOTHING AND FOOTWEAR	143.4	145.6	146.3	117.6	117.9	118.2	119.2	153.4	153.8	153.9
IV. HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	127.7	126.5	125.6	121.6	124.5	122.4	121.0	121.2	121.4	121.3
V. FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE	128.8	129.2	129.6	123.9	124.1	124.6	125.2	134.1	135.3	135.4
VI. HEALTH	131.2	131.3	131.6	137.2	137.3	139.5	140.3	133.9	135.4	136.0
VII. TRANSPORT	132.6	132.6	131.4	120.9	121.6	121.3	120.9	134.8	135.0	134.5
VIII. COMMUNICATION	94.2	94.2	94.2	94.2	88.7	88.7	88.7	94.5	94.5	94.5
IX. RECREATION AND CULTURE	103.4	103.4	103.4	107.0	107.5	107.7	108.3	104.1	104.2	104.2
X. EDUCATION	117.9	118.2	118.2	139.8	139.8	139.8	139.8	118.2	119.5	122.0
XI. RESTAURANT AND MISCELLANEOUS GOODS AND SERVICES	115.0	115.3	115.7	116.5	116.5	117.8	117.9	117.6	117.9	118.0

Table 6. CPI for All Income Households, Pangasinan: Q2 2014 – Q3 2016 (2006=100)

COMMODITY GROUP	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	2014	2014	2014	2015	2015	2015	2015	2016	2016	2016
ALL ITEMS	129.4	131.8	132.3	131.9	131.9	132.6	132.9	133.4	133.4	133.5
I. FOOD AND NON-ALCOHOLIC BEVERAGES	138.6	143.8	145.7	143.2	141.7	143.6	144.8	145.5	144.9	145.3
II. ALCOHOLIC BEVERAGES AND TOBACCO	171.5	172.2	174.6	184.6	185.0	185.9	185.9	186.0	186.5	186.5
III. CLOTHING AND FOOTWEAR	115.6	115.9	116.4	117.6	117.9	118.2	119.2	121.4	121.6	122.0
IV. HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	122.6	121.4	119.5	121.6	124.5	122.4	121.0	120.1	121.4	121.1
V. FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE	121.3	121.9	122.0	123.9	124.1	124.6	125.2	128.2	128.5	128.5
VI. HEALTH	132.0	132.6	133.5	137.2	137.3	139.5	140.3	144.0	144.2	144.4
VII. TRANSPORT	122.6	122.4	121.3	120.9	121.6	121.3	120.9	121.2	121.5	121.1
VIII. COMMUNICATION	88.7	88.7	88.7	88.7	88.7	88.7	88.7	88.7	88.7	88.7
IX. RECREATION AND CULTURE	106.5	106.6	106.7	107.0	107.5	107.7	108.3	108.7	108.9	108.9
X. EDUCATION	134.0	139.8	139.8	139.8	139.8	139.8	139.8	139.8	139.8	139.8
XI. RESTAURANT AND MISCELLANEOUS GOODS AND SERVICES	116.1	116.2	116.3	116.5	116.5	117.8	117.9	118.4	118.6	118.6

Table 7. Year-on-Year Inflation Rate: 3<sup>rd</sup> Quarter 2016 (2006 = 100)

Region/ Province	ALL ITEMS	Commodity Group										
		1	2	3	4	5	6	7	8	9	10	11
Region I	1.5	1.8	6.2	3.3	-0.3	3.2	3.4	0.0	0.1	0.9	0.7	1.1
Ilocos Norte	4.9	5.1	19.0	4.4	5.1	2.0	8.2	0.0	0.1	0.4	1.3	2.8
Ilocos Sur	1.2	2.3	3.3	2.7	-1.7	3.3	2.0	0.0	0.1	0.9	1.2	0.6
La Union	1.8	1.6	24.2	30.2	-0.9	8.6	-2.4	10.8	6.5	-3.2	-12.7	0.1
Pangasinan	0.7	1.1	0.3	3.2	-1.0	3.1	3.5	-0.1	0.0	1.1	0.0	0.6



The current series uses 2006 as the base period as per the former National Statistical Coordination Board (NSCB) Resolution Number 2, Series of 2009 approving the synchronized rebasing of the price indices. It was also chosen as the base year because it is the year when the Family Income and Expenditure Survey (FIES) was conducted. The results of the FIES serve as basis in the determination of weights.

The CPI is yet to undergo another rebasing from the current 2006 to the 2012 base period. Thus, since August 2014, additional new items for the 2012-based market basket were simultaneously collected with the regular monitoring of prices.

### **Market Basket**

Since it is impossible to monitor the movement of prices of all the thousands of goods and services purchased and ultimately consumed by households in the county, a sample of these items, known as the “CPI market basket”, was selected to represent the composite price behavior of all goods and services purchased by the consumers. Said market baskets were composed of the goods and services commonly consumed/purchased/availed by households within a geographically bound area, which include food and beverages, alcoholic beverages and cigarettes, clothing, housing and utilities, furnishings and routine maintenance of household, health, transport, communication, recreation, education, restaurant and miscellaneous household expenditures.



The market basket used in the 2006-based CPI for all income households was derived from goods and services usually consumed by 70% of the upper household and the bottom 30% income group households drawn from the results of the 2007-2008 Commodity and Outlet Survey (COS). The COS is a nationwide survey undertaken by the former National Statistics Office (NSO), now part of the newly organized PSA. It aims to gather data on commodities and services that a family purchased, consumed or availed of most of the times and the outlet/s where said commodities and services were purchased/availed of within the country.

There are 80 provincial market baskets in our country including the market basket for the National Capital Region (NCR), Isabela City and Cotabato City. In our region, there are four market baskets, one for each province. The number of commodities and the comparisons with the 2000-based market baskets are presented in Table 9.

Table 9. Number of Commodities Included in the 2000 and 2006 CPI Market Baskets, Region I

Province	Old Basket (2000=100)	New Basket (2006=100)	Percent Change	No. of Common Items	Percent of Common Items	No. of New Items	Percent of New Items
Ilocos Norte	566	490	-13.43	76	15.51	414	84.49
Ilocos Sur	519	434	-16.38	114	26.27	320	73.73
La Union	571	467	-18.21	146	31.26	321	68.74
Pangasinan	624	523	-16.19	240	45.89	283	54.11

### **Weighting System**

To have a sound and meaningful system, the relevance of each component of the index should be considered, thus proper weighting pattern is a must. For the CPI, the weighting pattern uses the expenditures on various consumer items purchased by households as a proportion to the total expenditure based on the results of the 2006 FIES. Table 10 shows the weights of the eleven United Nations Classification of the Individual Consumption According to Purpose (COICOP) divisions used in the computation of the CPI.

Table 10. Weights by Commodity Group for CPI (2006=100)

Division	Philippines	NCR	Area Outside NCR
<b>00. All Items</b>	100.00	23.79	76.21
<b>01. Food and Non-Alcoholic Beverages</b>	38.98	6.78	32.20
<b>02. Alcoholic Beverages and Tobacco</b>	1.99	0.33	1.66
<b>03. Clothing and Footwear</b>	2.96	0.74	2.22
<b>04. Housing, Water, Electricity, Gas and Other Fuels</b>	22.46	6.97	15.49
<b>05. Furnishing, Household Equipment and Routine Maintenance of the House</b>	3.22	0.84	2.38
<b>06. Health</b>	2.99	0.64	2.35
<b>07. Transport</b>	7.81	1.86	5.95
<b>08. Communication</b>	2.26	0.71	1.55
<b>09. Recreation and Culture</b>	1.93	0.50	1.43
<b>10. Education</b>	3.37	0.76	2.61
<b>11. Restaurant and Miscellaneous Goods and Services</b>	12.03	3.66	8.37

### **Formula**

The PSA employed the weighted arithmetic mean of price relatives and the Laspeyre’s formula with a fixed base period weights.

### **Geographic Coverage**

To effectively monitor the changes in price of basic commodities, the monitoring activity should be geographically bounded. The CPI values are computed at the national, regional and provincial levels, and for some selected cities. Separate computations are done for the National Capital Region.

### **Uses of CPI**

One of the main uses of the CPI is the generation of the inflation rate. Inflation rate is the annual rate of change or the year-on-year change of the CPI expressed in percent. The formula is:

$$\text{Inflation Rate} = \frac{CPI_2 - CPI_1}{CPI_1} (100)$$

where:

CPI<sub>2</sub> – is the CPI in the second period

CPI<sub>1</sub> – is the CPI in the previous period

Another important economic indicator derived from the CPI is the Purchasing Power of the Peso (PPP). This indicator measures the real value of the peso in a given period relative to a chosen reference period. It is computed by getting the reciprocal of the CPI and multiplying the result by 100.


$$PPP = \frac{1}{CPI}(100)$$

*For more information and queries, contact or visit:*



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