



SPECIAL RELEASE

Consumer Price Index recorded at 141.0 in December 2017

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The Consumer Price Index (CPI) of Region I for December 2017 was recorded at 141.0. This figure has increased by 2.8 percentage points compared to the last year index (138.2), and by 0.3 percentage point over last month index of 140.7. The commodity groups which recorded high price indices were alcoholic beverages and tobacco (205.8), food and non-alcoholic beverages (157.7), and health (147.0). On the other hand, the commodity groups which showed lower price indices were communication (89.9), recreation and culture (109.4), and restaurant and miscellaneous goods and services (118.4).



By province, La Union posted the highest consumer price index in December 2017 at 146.4 and followed by Ilocos Sur with 146.0. Third was Ilocos Norte with a Consumers Price Index of 140.6. On the other hand, Pangasinan recorded the lowest price index at 138.4.

Table 1. Consumer Price Index by Commodity and by Province, Region I: December 2017

Region/Prov	ALL	Commodity Group										
	ITEMS	1	2	3	4	5	6	7	8	9	10	11
Region I	141.0	157.7	205.8	128.5	123.9	131.7	147.0	128.6	89.9	109.4	139.5	118.4
Ilocos Norte	140.6	158.4	227.8	118.3	121.5	115.2	134.6	128.4	91.2	113.9	142.0	122.3
Ilocos Sur	146.0	163.8	182.8	127.6	128.3	133.0	160.4	137.3	85.8	112.7	174.0	111.9
La Union	146.4	167.1	237.4	155.2	123.5	137.1	139.6	140.9	94.8	104.3	122.0	118.7
Pangasinan	138.4	153.6	197.5	123.8	123.4	132.6	145.9	123.9	89.0	109.3	139.8	118.8

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 marked 2.0 in December 2017



The December 2017 inflation rate of 2.0 percent in Region I increased by 0.2 percentage point from 1.8 percent in November 2017. December 2017 inflation rate also increased by 0.2 percentage point from 1.8 percent in December 2016.

Among the provinces in the region, Pangasinan posted the highest inflation rate of 2.5, which was higher by 0.7 percentage point than the inflation rate of November 2017 and 1.0 percentage point higher than that in December 2016.

Ilocos Sur obtained an inflation rate of 2.2 for the month of December 2017. This figure is the same as compared to the province’s inflation rate in the previous month and increased by 1.4 percentage points than the inflation rate last December 2016.

La Union recorded an inflation rate of 1.2 percent, which decreased by 0.2 percentage point with respect to the inflation rate last month and decreased by 0.6 percentage point from December 2016 inflation rate.

Ilocos Norte recorded the lowest inflation rate of 0.6 percent which was lower by 0.7 percentage point as compared to the previous month and lower by 4.5 percentage points if compared to December last year.

Table 2. Inflation Rate December 2017

Region/Prov	ALL ITEMS	Commodity Group										
		1	2	3	4	5	6	7	8	9	10	11
Region I	2.0	2.5	4.5	1.2	2.3	2.3	1.0	1.0	0.4	0.3	0.4	0.3
Ilocos Norte	0.6	-0.6	5.5	1.0	1.4	0.2	1.0	3.8	2.4	0.0	6.4	0.1
Ilocos Sur	2.2	1.7	2.1	0.6	5.9	1.6	0.1	1.9	0.0	0.2	0.8	0.4
La Union	1.2	1.5	2.4	0.8	0.8	1.2	2.3	1.1	0.3	0.1	0.0	0.5
Pangasinan	2.5	3.7	5.8	1.5	2.0	3.1	1.0	0.3	0.2	0.4	0.0	0.1

Purchasing Power of the Peso in Region I stood at 0.71 in December 2017

In terms of the purchasing power of the peso (PPP), Pangasinan recorded the highest in the region at 0.72, which typically means that the value of peso in 2006 was equivalent to 72 centavos in December 2017. This was followed by Ilocos Norte with a purchasing power of 0.71. The lowest was recorded by La Union and Ilocos Sur at 0.68. Over-all in Region I, the value of a peso in 2006 was only equivalent to 71 centavos in December 2017.

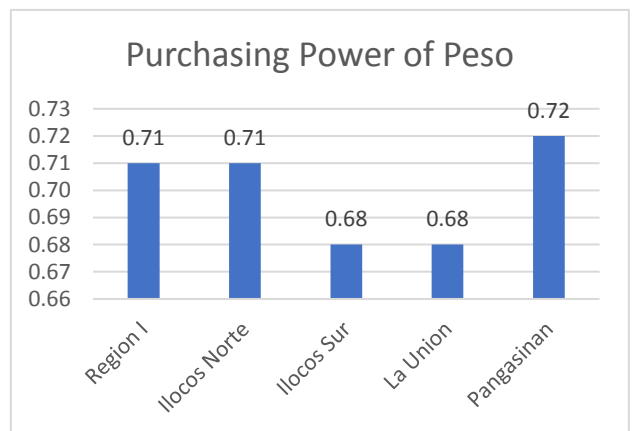


Figure 1. Purchasing Power of the Peso, by Province, Region I: December 2017. (2006 = 100)

Table 3. Consumer Price Index by Commodity and by Province, Region I: December 2016

Region/Prov	ALL ITEMS	Commodity Group										
		1	2	3	4	5	6	7	8	9	10	11
Region I	138.2	153.8	196.9	127.0	121.1	128.8	145.6	127.3	89.5	109.1	138.9	118.1
Ilocos Norte	139.8	159.3	216.0	117.1	119.8	115.0	133.3	123.7	89.1	113.9	133.5	122.2
Ilocos Sur	142.8	161.0	179.1	126.9	121.2	130.9	160.3	134.8	85.8	112.5	172.7	111.5
La Union	144.6	164.6	231.9	153.9	122.5	135.5	136.4	139.3	94.5	104.2	122.0	118.1
Pangasinan	135.0	148.1	186.6	122.0	121.0	128.6	144.5	123.5	88.8	108.9	139.8	118.7

Table 4. Consumer Price Index by Commodity and by Province, Region I: November 2017

Region/Prov	ALL ITEMS	Commodity Group										
		1	2	3	4	5	6	7	8	9	10	11
Region I	140.7	157.1	201.8	128.5	124.1	131.6	147.0	128.2	89.9	109.4	139.5	118.4
Ilocos Norte	140.7	158.5	227.5	118.3	122.0	115.2	134.6	127.8	91.2	113.9	142.0	122.3
Ilocos Sur	146.2	164.4	182.8	127.6	128.1	133.0	160.4	136.8	85.8	112.7	174.0	111.9
La Union	146.3	167.1	237.2	155.1	123.5	137.1	139.6	140.3	94.8	104.3	122.0	118.7
Pangasinan	137.7	152.3	189.9	123.7	123.7	132.5	145.9	123.6	89.0	109.2	139.8	118.8

Table 5. Inflation Rate December 2016

Region/Prov	ALL ITEMS	Commodity Group										
		1	2	3	4	5	6	7	8	9	10	11
Region I	1.8	2.1	5.5	2.2	0.7	2.5	2.6	2.7	0.2	0.4	0.8	0.8
Ilocos Norte	5.1	4.7	15.6	3.1	7.8	2.1	7.0	2.1	0.2	0.2	1.4	1.7
Ilocos Sur	0.8	1.6	2.7	2.1	-3.0	3.2	1.5	2.9	0.2	1.1	1.2	0.5
La Union	1.8	1.0	14.9	1.7	0.9	2.6	2.2	4.6	0.2	0.2	3.2	0.7
Pangasinan	1.5	2.1	0.4	2.3	0.1	2.5	2.6	2.2	0.1	0.4	0.0	0.7

Base Period/Base year



The base period, also coined as the base year, is a reference date at which the index is taken as equal to 100. Since CPI aims to measure the average movement of retail prices of a fixed basket of goods and services, it is necessary to compare the changes in prices in the current year to movements in previous years back to a reference date. This reference date or base period is simply a convenient benchmark to which a continuous series of index can be related and has no numerical significance.

Base period refers to a year. Specific month is deemed unwise to use as a base period because it often reflects accidental or seasonal influences to prices of goods and services. Thus, base year is often defined as a synonymous term with base period.

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 7.

Table 7. 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 8 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 8. Weights by Commodity Group for CPI (2006=100)

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

CPI₂ – is the CPI in the second period
 CPI₁ – 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.

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




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