



SPECIAL RELEASE

Consumer Price Index soared to 119.9 in October 2018

Date of Release: December 29, 2018

Reference No. 2018 - 35

The Consumer Price Index (CPI) of Region I for October 2018 (2012 base) was recorded at 119.9. This figure has increased by 9.5 percentage points compared to the last year index (110.4) and by 0.2 percentage point over last month index of 119.7. The commodity groups, which recorded high price indices, were alcoholic beverages and tobacco (181.3), Food & Non-Alcoholic Beverages & Tobacco (130.0), and Furnishings, Household Equipment & Routine Maintenance of the House (122.3). On the other hand, the commodity groups, which showed lower price indices, were communication (101.6), education (102.0), and transport (105.4).



By province, Ilocos Norte posted the highest price index in October 2018 at 122.5 and followed by Pangasinan with 121.9 and La Union with a CPI of 115.0. On the other hand, Ilocos Sur recorded the lowest price index at 114.8.

Table 1. Consumer Price Index by Commodity and by Province, Region I: October 2018 (2012 = 100)

Region/Prov	ALL	Commodity Group										
	ITEMS	1	2	3	4	5	6	7	8	9	10	11
Region I	119.9	130.0	181.3	111.8	110.2	122.3	118.7	105.4	101.6	111.2	102.0	112.4
Ilocos Norte	122.5	133.3	180.4	120.0	116.7	110.8	126.6	104.3	101.3	105.7	91.9	115.0
Ilocos Sur	114.8	127.6	161.0	112.8	101.9	113.7	110.4	103.0	100.9	107.9	73.2	104.1
La Union	115.0	126.3	180.7	113.4	102.3	108.7	105.6	109.3	103.1	107.5	101.2	107.1
Pangasinan	121.9	130.8	186.8	109.1	112.9	130.8	123.7	105.0	101.4	115.3	108.4	114.9

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 at 5.8 in October 2018



The October 2018 inflation rate of 8.6 percent in Region I is the same with the inflation of September 2018. It is higher by 6.3 percentage points from 2.3 percent in October 2017.

Among the provinces in the region, Ilocos Norte recorded the highest inflation rate of 11.4 percent which was higher by 0.5 percentage point as compared to the previous month and increased by 10.5 percentage points if compared to October last year.

Pangasinan posted the second highest inflation rate of 9.7, which was lower by 0.4 percentage point than the inflation rate of September 2018 and 7.4 percentage points higher than that in October 2017.

The province of La Union recorded an inflation rate of 6.7 percent, which is higher by 0.4 percentage point from the inflation rate last month and still higher by 4.5 percentage points from October 2017 inflation rate.

Ilocos Sur obtained an inflation rate of 3.6 for the month of October 2018. This figure is higher by 0.8 percentage point as compared to the province’s inflation rate in the previous month but lower by 0.2 percentage point than the inflation rate in October 2017.

Table 2. Inflation Rate October 2018 (2012 = 100)

Region/Prov	ALL	Commodity Group										
	ITEMS	1	2	3	4	5	6	7	8	9	10	11
Region I	8.6	13.6	29.1	2.7	6.6	0.9	3.3	9.2	0.2	1.9	-12.1	2.0
Ilocos Norte	11.4	15.5	23.8	5.9	12.4	1.6	12.1	11.1	0.5	1.7	-18.5	4.5
Ilocos Sur	3.6	7.3	19.5	0.5	-2.9	0.4	4.2	9.3	0.0	1.6	-37.4	0.8
La Union	6.7	10.0	27.3	3.3	7.2	1.5	1.5	6.7	0.6	1.9	-13.2	0.9
Pangasinan	9.7	15.8	33.5	2.2	7.2	0.8	1.6	9.6	0.0	2.1	-6.9	1.9

Purchasing Power of the Peso in Region I stood at 0.86 in October 2018

In terms of the purchasing power of the peso (PPP), both La Union and Ilocos Sur recorded a PPP of 0.87. While Pangasinan and Ilocos Norte recorded a lower PPP at 0.82, which typically means that the value of peso in 2012 was equivalent to 82 centavos in October 2018. Over-all in Region I, the value of a peso in 2012 was only equivalent to 83 centavos in October 2018.

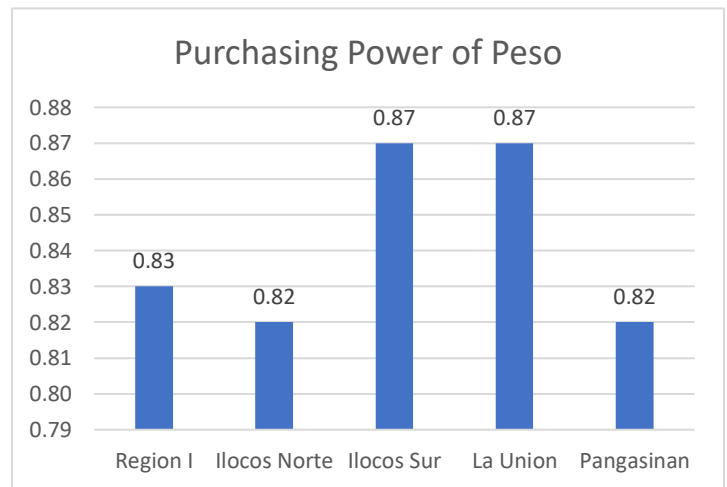


Figure 1. Purchasing Power of the Peso, by Province, Region I: October 2018. (2012 = 100)

Table 3. Consumer Price Index by Commodity and by Province, Region I: October 2017 (2012 = 100)

Region/Prov	ALL ITEMS	Commodity Group										
		1	2	3	4	5	6	7	8	9	10	11
Region I	110.4	114.4	140.4	108.9	103.4	121.2	114.9	96.5	101.4	109.1	116.1	110.2
Ilocos Norte	110.0	115.4	145.7	113.3	103.8	109.1	112.9	93.9	100.8	103.9	112.7	110.1
Ilocos Sur	110.8	118.9	134.7	112.2	104.9	113.2	106.0	94.2	100.9	106.2	117.0	103.3
La Union	107.8	114.8	141.9	109.8	95.4	107.1	104.0	102.4	102.5	105.5	116.6	106.1
Pangasinan	111.1	113.0	139.9	106.7	105.3	129.8	121.8	95.8	101.4	112.9	116.4	112.8

Table 4. Consumer Price Index by Commodity and by Province, Region I: September 2018 (2012 = 100)

Region/ Prov	ALL ITEMS	Commodity Group										
		1	2	3	4	5	6	7	8	9	10	11
Region I	119.7	129.9	181.2	111.8	109.9	122.3	118.7	104.3	101.6	111.2	102.0	112.4
Ilocos Norte	122.3	133.1	180.1	120.0	116.6	110.8	126.6	103.0	101.3	105.7	91.9	115.0
Ilocos Sur	113.7	126.4	161.0	112.7	99.6	113.7	110.4	101.7	100.9	107.9	73.2	104.1
La Union	114.6	126.0	180.7	113.4	101.1	108.7	105.6	108.5	103.1	107.5	101.2	107.1
Pangasinan	122.0	131.0	186.8	109.1	113.2	130.8	123.7	103.9	101.4	115.3	108.4	114.9

Table 5. Inflation Rate October 2017 (2012 = 100)

Region/Prov	ALL ITEMS	Commodity Group										
		1	2	3	4	5	6	7	8	9	10	11
Region I	2.3	2.4	2.4	0.9	2.4	4.6	0.6	4.0	0.4	0.9	2.3	1.8
Ilocos Norte	0.9	0.7	0.7	0.9	0.7	-0.2	0.0	3.4	0.1	0.1	4.5	1.0
Ilocos Sur	3.8	4.2	2.7	0.9	7.6	2.8	1.2	3.6	0.1	0.1	2.6	0.3
La Union	2.2	4.3	2.6	0.1	-0.2	0.8	0.2	4.6	0.0	0.1	0.3	0.4
Pangasinan	2.3	1.8	2.9	1.2	2.3	6.8	0.7	4.1	0.7	1.7	2.6	2.8

price indices to base year 2006 and every six (6) years thereafter.

To determine the commodities that will form the market basket for the 2012-based CPI, the updating of the 2006 basket through the Survey of Key Informants was conducted from 07 October to 15 November 2013. The survey was conducted nationwide to store managers, sellers or proprietors and were asked of the most commonly purchased items or commodities. The commodities are grouped according to the 2010 Philippine Classification of Individual Consumption According to Purpose (COICOP) which is based on the United Nations COICOP.

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 weights for the 2012-based CPI were derived from the expenditure data of the 2012 FIES, a survey that covered around 50,000 sample households nationwide. The weight for each item of expenditure is a proportion of that expenditure item to the total national expenditure. The total (all items) national expenditure weights is equal to 100.

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 2012 FIES.



The 2012 FIES expenditure data were used to directly estimate the 2012 CPI weights at the national and regional levels. However, the 2012 FIES estimates for the expenditure data at the provincial level were not directly utilized in estimating the CPI expenditure weights as the data at the provincial/city level may not be reliable with the use of the households' master sample (MS) that was utilized in selecting the 2012 FIES

sample households. The MS was drawn using regions as domains in generating estimates in all the household surveys of the PSA starting July 2003.

The provincial/city expenditure data were derived using the model-based method in small area estimation procedures using the regional expenditure data as the control total for all the expenditure data within the specific region. Using these estimates, the weight for each item of expenditure is computed as a proportion of that item of expenditure to the total national expenditure. A raking procedure was done to adjust the weights of the provinces so that the provincial weights when added up will equal to the regional weights.

Monitoring of Prices of Items in the Market Basket

This involves establishing baseline information for prices of the items in the base year and monitoring the prices of the items on a regular basis. Collection of data for the CPI is done by the provincial staff of the PSA. Except for food, beverage and tobacco (FBT) in NCR and petroleum products which are monitored on a weekly basis, price collection is generally done twice a month. First collection phase is done in the first five days of the month while the second phase is on the 15th to 17th day of the month. Data are collected from the sample outlets (outlets or establishments where prices of commodities/services are collected or quoted) which were chosen using the following criteria:

- a. Popularity of an establishment along the line of goods to be priced - this means the sample outlet is publicly noted in the locality for selling goods included in the CPI market basket and the outlet is patronized by a large segment of the population.

b. Consistency and completeness of stock

Consistency of stock - the outlet has a constant, steady or regular stock of commodities listed in the CPI price collection forms as well as of those commodities of the same kind and belonging to the same commodity group.

Completeness of stock- the sample outlet carries in its stock many if not all of the items included in the CPI price collection forms relative to the other outlets in the area.

- c. Permanency of outlet - the outlet is an established store or stall in the market area. It should not be an ambulant or transient vendor in order that the collection of data can be done for the succeeding survey rounds.
- d. Geographical location- the outlet is conveniently located and is accessible to the majority of consumers in the area.

Formula

The PSA employed the weighted arithmetic mean of price relatives and the “Chain” method to provide timely indicators since this method allows the inclusion or exclusion of commodities in the market basket to address the changing consumer taste and preferences and technological changes.

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_2 – is the CPI in the second period
 CPI_1 – 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.

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



ATTY. SHEILA O. DE GUZMAN
(Chief Administrative Officer)
Officer-in-Charge

