SPECIAL RELEASE

**Summary Inflation Report of the Consumer Price Index
La Union: June 2024
(2018=100)**

Date of Release: 30 July 2024
Reference No. 2024-42

### *La Union's CPI posted at 118.1 in June 2024*

The Consumer Price Index (CPI) in La Union was recorded at 118.1 in June 2024. This means that on the average, prices of goods and services in the province have increased by 18.1 percent from the base year 2018. The province's CPI was recorded at 117.8 in May 2024 and at 113.3 in June 2023.

Meanwhile, Ilocos Region's CPI was recorded at 119.8 and 123.2 in June 2023 and June 2024, respectively, higher than La Union's CPI in the said periods.

La Union's inflation climbs to 4.2 percent in June 2024

La Union's headline inflation accelerated further to 4.2 percent in June 2024. This was the highest recorded inflation in the province since October 2023. This brings the provincial average inflation from January to June 2024 at 3.6 percent. In June 2023, inflation rate was posted at 3.0 percent. (Figure 1)

**Figure 1. Headline Inflation Rates in La Union, All Items
June 2023 – June 2024
(2018=100)**
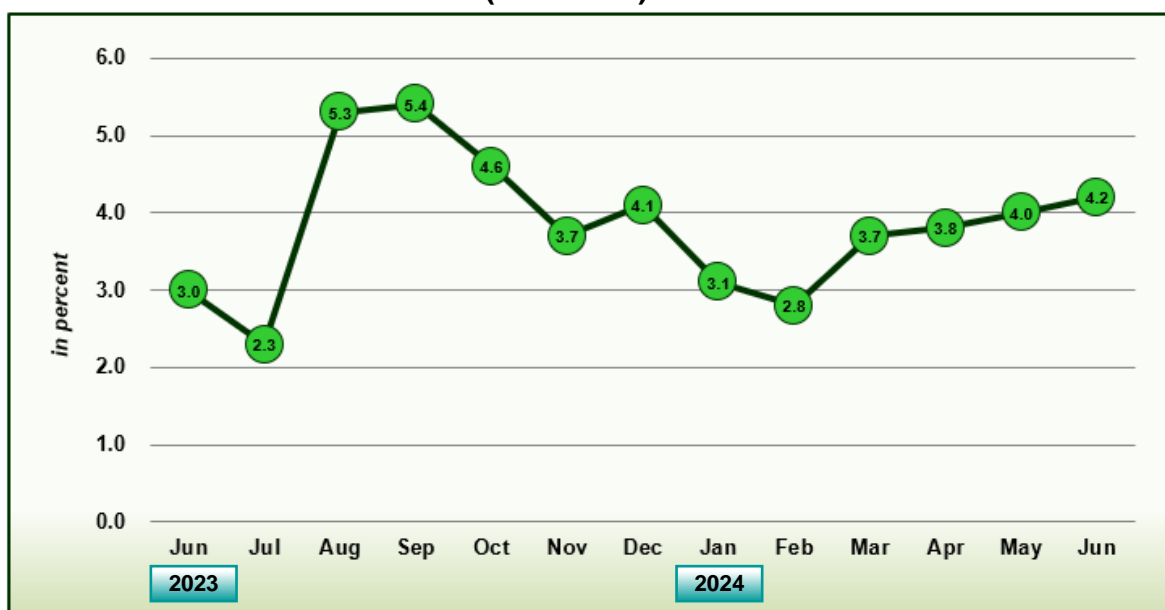
Source: Philippine Statistics Authority
Retail Price Survey of Commodities for the Generation of Consumer Price Index

In January 2023, inflation in the province was posted at 6.7 percent. It slowed down in February at 6.2 percent. Inflation in the province continued to exhibit a downtrend from March 2023 to July 2023. In August 2023, inflation in the province jumped to 5.3 percent and rose further to 5.4 percent in September 2023. The inflation in the province slowed down to 4.6 percent and 3.7 percent in October 2023 and November 2023, respectively. However, it picked up to 4.1 percent in December 2023.

In January 2024, inflation in the province decelerated to 3.1 percent. It slowed down further to 2.8 percent in February 2024 but rose to 3.7 percent in March 2024. It accelerated again in April 2024 at 3.8 percent and further climbed in May 2024 and June 2024 at 4.0 percent and 4.2 percent, respectively.

Table 1. Year-on-Year Inflation Rates in La Union, All Items
January 2020 - June 2024
(2018=100)

Month	Year				
	2020	**2021**	**2022**	**2023**	**2024**
January	1.9	3.7	0.9	6.7	3.1
February	1.7	3.0	2.1	6.2	2.8
March	2.0	2.7	3.0	4.9	3.7
April	2.4	2.2	4.4	3.7	3.8 r
May	1.9	2.5	4.2	3.4	4.0
June	2.0	2.4	4.6	3.0	4.2
July	1.8	3.1	4.3	2.3	
August	1.4	3.8	3.3	5.3	
September	1.6	3.9	3.8	5.4	
October	1.5	3.6	4.0	4.6	
November	2.7	3.1	4.4	3.7	
December	3.1	1.9	4.9	4.1	
Average	**2.0**	**3.0**	**3.7**	**4.4**	

r – Revised

Source: Philippine Statistics Authority
        Retail Price Survey of Commodities for the Generation of Consumer Price Index

**Figure 2. Headline Inflation Rates, All Items, La Union and Ilocos Region
June 2023, May 2024, and June 2024
(2018=100)**
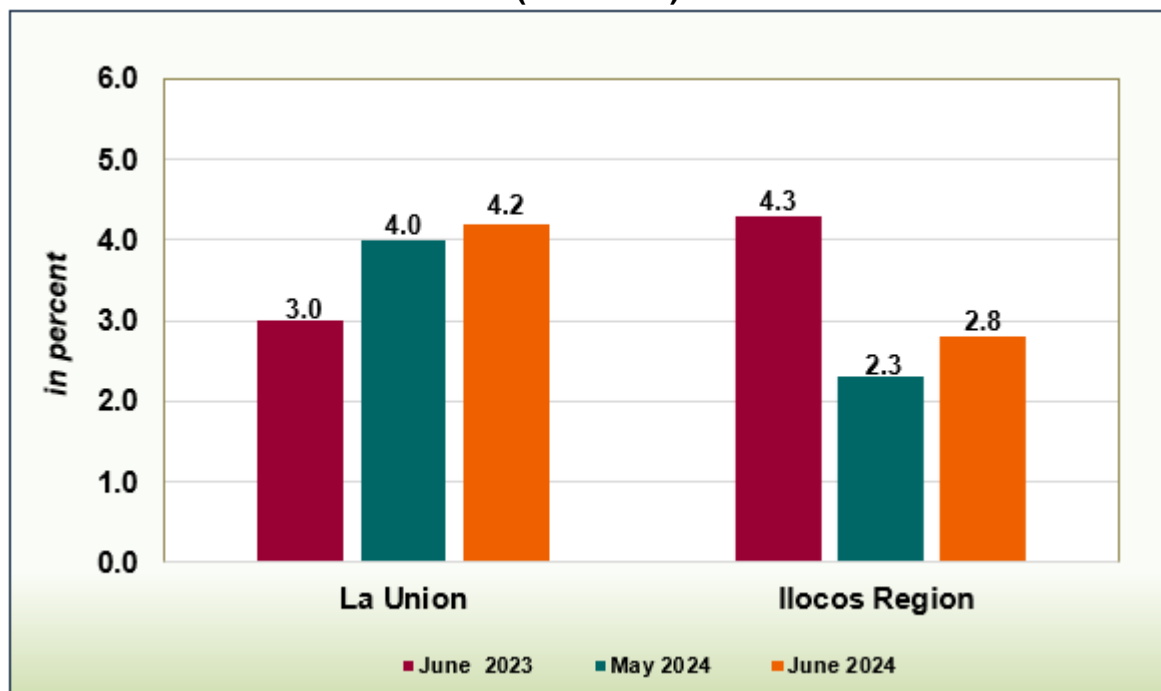
*Source: Philippine Statistics Authority
Retail Price Survey of Commodities for the Generation of Consumer Price Index*

The inflation in Ilocos Region, exhibited an increment of 2.8 percent in June 2024 from 2.3 percent in May 2024. In June 2023, inflation in the region was higher at 4.3 percent.

The uptrend in the inflation of the province in June 2024 was primarily influenced by the faster annual increment in the housing, water, electricity, gas and other fuels index at 2.8 percent during the month from 2.1 percent in May 2024.

This was followed by food and non-alcoholic beverages with an annual increase of 8.6 percent in June 2024 from 8.3 percent in May 2024. Information and communication ranked third main contributor to the acceleration of the headline inflation of the province as it recorded a year-on-year increase of 0.3 percent in June 2024 from zero percent inflation in the previous month.

In addition, recreation, sport and culture also recorded an annual increase of 1.0 percent in June 2024 from 0.6 percent in May 2024.

On the contrary, slower annual growths were recorded in the indices of the following commodity groups during the month compared with their respective rates in the previous month:

    a. Furnishings, household equipment and routine household maintenance, 0.8 percent from 0.9 percent;
    b. Health, 0.8 percent from 0.9 percent; and
    c. Transport, 2.8 percent from 2.9 percent.

**Table 2. Year-on-Year Inflation Rates for All Income Households
by Commodity Group, La Union: June 2023, May 2024 and June 2024
(2018=100)**

| Commodity Group	Inflation Rate		
	June 2023	May 2024	June 2024
Food and Non-Alcoholic Beverages	5.8	8.3	8.6
Alcoholic Beverages and Tobacco	4.8	2.0	2.0
Clothing and Footwear	3.8	1.3	1.3
Housing, Water, Electricity, Gas and Other Fuels	3.0	2.1	2.8
Furnishings, Household Equipment and Routine Household Maintenance	2.6	0.9	0.8
Health	2.4	0.9	0.8
Transport	-3.1	2.9	2.8
Information and Communication	1.4	0.0	0.3
Recreation, Sport and Culture	1.7	0.6	1.0
Education Services	-0.4	0.8	0.8
Restaurants and Accommodation Services	0.0	0.0	0.0
Financial Services	0.0	-0.1	-0.1
Personal Care, and Miscellaneous Goods and Services	2.6	0.5	0.5

Source: Philippine Statistics Authority
Retail Price Survey of Commodities for the Generation of Consumer Price Index

Meanwhile, the annual inflation of following commodity groups remained at their respective previous month's rates:

a. Alcoholic beverages and tobacco, at 2.0 percent;
b. Clothing and footwear, at 1.3 percent;
c. Education services, at 0.8 percent; and
d. Personal care and miscellaneous goods and services, at 0.5 percent.

Furthermore, financial services retained an annual decline of 0.1 percent in June 2024. The annual inflation of restaurants and accommodation services also remained at zero percent during the month.

**Figure 3.   Inflation Rates by Commodity Groups, La Union: June 2024
(2018=100)**

Source: Philippine Statistics Authority
Retail Price Survey of Commodities for the Generation of Consumer Price Index

4
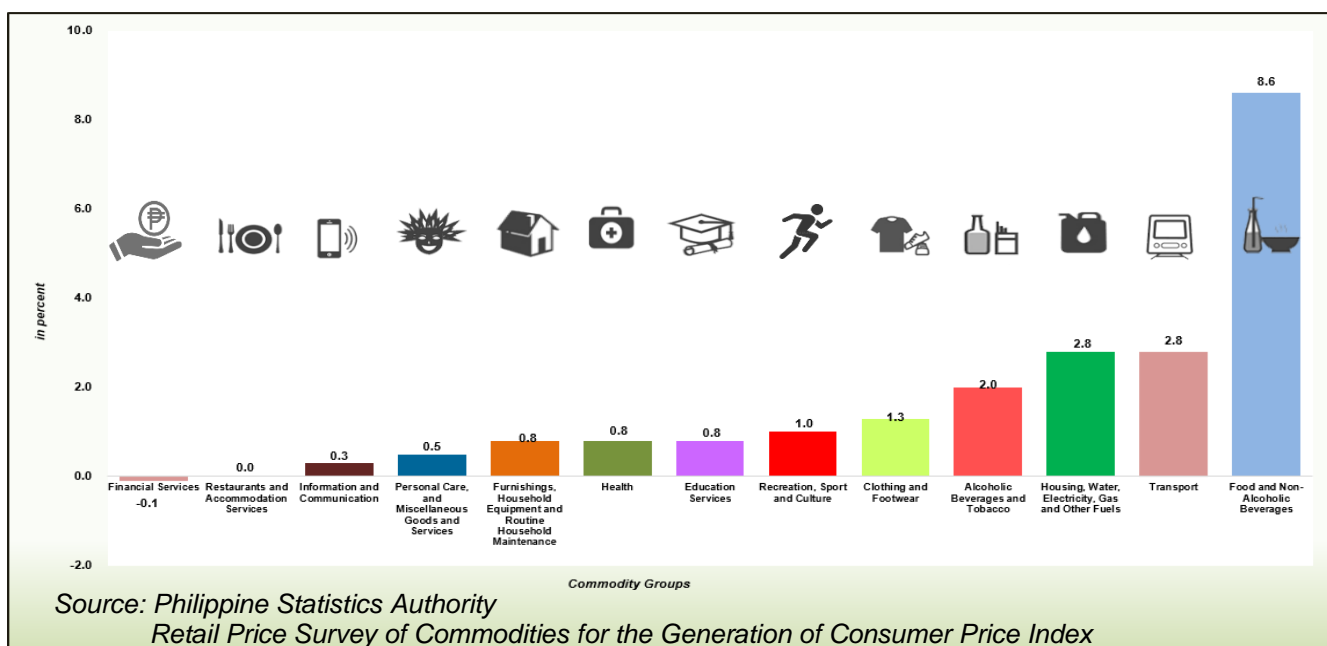
Food inflation at the provincial level also accelerated to 9.2 percent in June 2024 from 8.9 percent in May 2024. This was the highest recorded food inflation in the province since December 2023. In June 2023, food inflation was recorded at 5.9 percent.

The faster acceleration of food inflation in the province in June 2024 was primarily contributed by the faster annual increase in the fruits and nuts index at 23.9 percent during the month from 14.0 percent in May 2024. This was followed by fish and other seafood with an annual growth of 2.1 percent during the month from an annual decline of 0.4 percent in May 2024. The third contributor to the uptrend of food inflation in the province in June 2024 was recorded in the index of meat and other parts of slaughtered land animals with a faster year-on-year mark-up of 4.3 percent during the month from 3.6 percent in May 2024.

Moreover, the index of ready-made food and other food products not elsewhere classified also recorded a faster annual increase of 1.6 percent in June 2024 from 0.9 percent in the previous month.

In contrast, slower annual growth rates were observed in the indices of the following food groups during the month compared with their respective rates in the previous month:

  a. Rice, 33.5 percent from 33.8 percent;
  b. Flour, bread and other bakery products, pasta products, and other cereals, 2.1 percent from 2.5 percent; and
  c. Vegetables, tubers, plantains, cooking bananas and pulses, 0.5 percent from 5.1 percent.

A faster annual decline of 2.3 percent in June 2024 from an annual drop of 2.0 percent in May 2024 was observed in the index of milk, other dairy products and eggs. Similarly, a faster annual decrease of 4.7 percent during the month from an annual decline of 4.5 percent in the previous month was recorded in the index of sugar, confectionery, and desserts.

Meanwhile, the annual increase of 17.9 percent in the index of corn and the annual decrease of 1.8 percent in the index of oils and fats remained in June 2024.

Main Contributors to the Food Inflation

Food inflation contributed 76.1 percent or 3.2 percentage points to the overall inflation in June 2024. The top three food groups in terms of contribution to the food inflation during the month were the following:

  a. Cereal and cereal products, which includes rice, corn, flour, bread and other bakery products, pasta products, and other cereals with 81.5 percent share or 7.5 percentage points;
  b. Fruits and nuts, with 9.6 percent share or 0.9 percentage point; and
  c. Meat and other parts of slaughtered land animals with 8.6 percent share or 0.8 percentage point.

PPP in La Union remains at PhP0.85 in June 2024

The Purchasing Power of the Peso (PPP) in La Union was recorded at PhP0.85 in June 2024. The PPP of PhP0.85 means that the purchasing capability of PhP1.00 in 2018 decreased by 15 centavos in June 2024. In June 2023, the PPP in the province was pegged at PhP0.88.
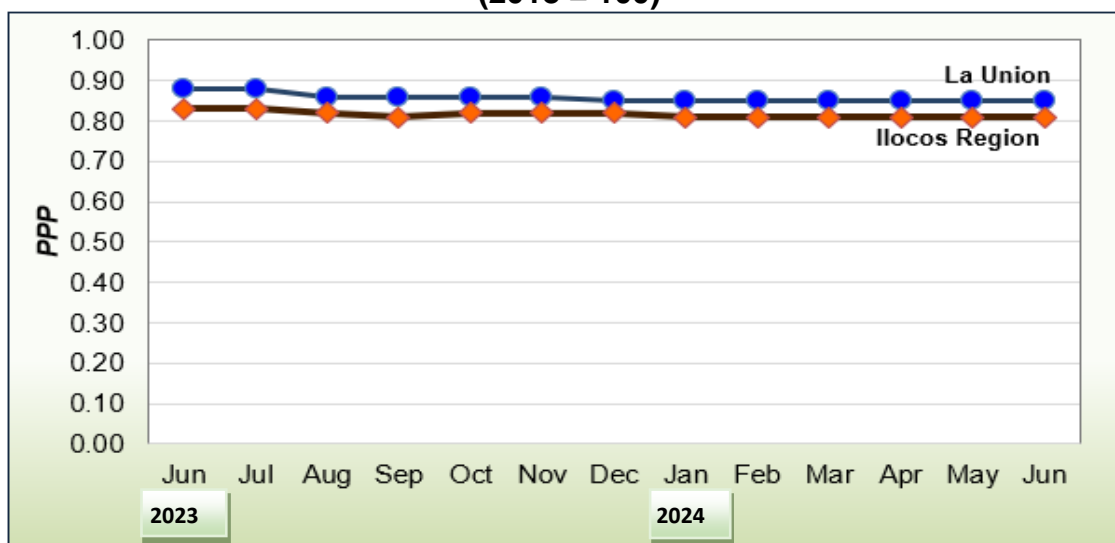
Figure 4. Purchasing Power of the Peso in La Union
June 2023 – June 2024
(2018 = 100)
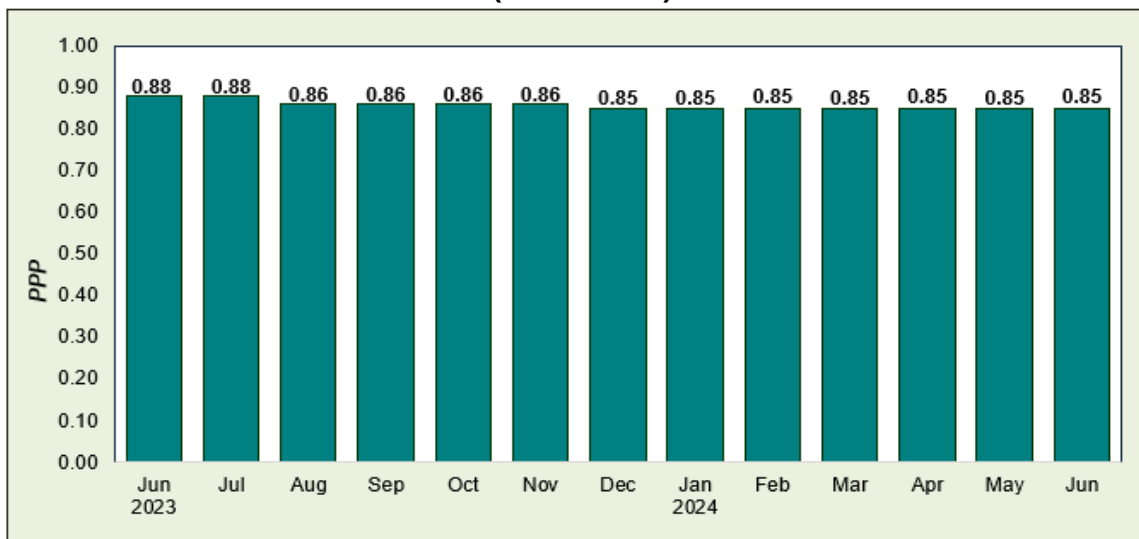
Source: Philippine Statistics Authority
Retail Price Survey of Commodities for the Generation of Consumer Price Index

In June 2023, the PPP in the province was posted at PhP0.88 and remained until July 2023. In August 2023, the PPP in the province decreased to PhP0.86 and remained until November 2023. The PPP in the province went down in December 2023 at PhP0.85 and remained stable until June 2024.

Figure 5. Purchasing Power of the Peso in La Union and Ilocos Region
June 2023 – June 2024
(2018 = 100)

Source: Philippine Statistics Authority
Retail Price Survey of Commodities for the Generation of Consumer Price Index

La Union's PPP in June 2024 was higher than Ilocos Region's PPP of PhP0.81. The region's PPP was posted at PhP0.83 in June 2023 and at PhP 0.81 in May 2024.

The Philippine Statistics Authority (PSA) generates and announces the monthly Consumer Price Index (CPI) based on a nationwide survey of prices for a given basket of goods and services.

The CPI is an indicator of the change in the average prices of goods and services commonly purchased by consumers relative to a base year. It is most widely used in the calculation of inflation rate purchasing power of the peso (PPP). The CPI series also serve as basis for economic analysis, collective bargaining agreements, wage adjustments, and for monitoring the effects of government economic policy on households.

Inflation rate is defined as the annual rate of change or the year-on-year change in the CPI. On the other hand, the PPP is a measure of the real value of the peso in a given period relative to a chosen reference period.

Rebasing of CPI to Base Year 2018 and Adopting the Chained Laspeyres Formula in Index Computation

The PSA has rebased the CPI for all income households to base year 2018, from base year 2012. The methodology of rebasing the CPI to base year 2018 was approved by the PSA Board through the PSA Board Resolution No. 15 Series of 2021.

The PSA has started releasing the 2018-based CPI for All Income Households on 04 February 2022. The rebasing to 2018 is the 12th base period and the 11th rebasing for CPI. This was announced in Press Release Number 2022-01 dated 04 January 2022. The CPI series for all income households for January 2022 onwards shall be 2018-based.

1. Identification of the Base Year

Base period is a reference period, usually a year, at which the index number is set to 100. It is the reference point of the index number series. The CPI is rebased from base year 2012 to base year 2018.

The rebasing of the CPI is done periodically by the PSA due to the following: 1) to ensure that the CPI market basket continues to capture goods and services commonly purchased by households over time; 2) to update expenditure patterns of households; and 3) to synchronize its base year with 2018 base year of the Gross Domestic Product and other indices produced by PSA such as the Producer Price Index (PPI) for Agriculture; PPI for Manufacturing; and Value of Production Index (VaPI), Volume of Production Index (VoPI), and Value of Net Sales Index (VaNSI) for Manufacturing.

The year 2018 was chosen as the next base year because it was the latest year when the Family Income and Expenditure Survey (FIES) results were made available. It is also in accordance with PSA Board Resolution No. 1, Series of 2017-146, which approved the synchronized rebasing of the price indices to base year 2006 and every six (6) years thereafter.

2. Determination of the Market Basket

Market basket refers to a sample of goods and services commonly purchased by the households.

Determining the right market basket is crucial because inadequate representation of the typical basket will give wrong signals as to the behavior of prices, a very important factor in economic planning.

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 store managers, sellers, or proprietors in order to obtain information on the most commonly purchased goods and availed of services by the households.

The commodities in the 2018-based CPI market basket are grouped according to the 2020 Philippine Classification of Individual Consumption According to Purpose (PCOICOP) which is based on the United Nations COICOP.

3. Determination of the Household Consumption Patterns (Weights)

This activity involves assigning weights to the commodity groups/sub-groups. This reflects the consumption priorities of households and the way they allocate resources to meet their needs. Weight is a value attached to a commodity or group of commodities to indicate the relative importance of that commodity or group of commodities in the market basket.

The weights for the 2018-based CPI were derived from the expenditure data of the 2018 FIES. The weight for each item of expenditure is the proportion 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.

The table below shows the comparison of the expenditure weights between the 2012 and 2018-based CPI for the Philippines.

CPI Weights for All Income Households by PCOICOP Division

2020 PCOICOP Division	Philippines			
	2012=100	Rank	2018=100	Rank
All items	100.00		100.00	
01 – Food and non-alcoholic beverages	38.34	1	37.75	1
02 – Alcoholic beverages and tobacco	1.58	11	2.6	10
03 – Clothing and Footwear	2.93	9	3.14	8
04 – Housing, water, electricity, gas and other fuels	22.04	2	21.38	2
05 – Furnishing, household equipment and routine maintenance of the house	2.95	8	3.22	7
06 – Health	3.89	6	2.89	9
07 – Transport	8.06	3	9.03	4
08 – Information and communication	2.93	9	3.41	6
09 – Recreation, sport and culture	1.41	12	0.96	12
10 – Education services	3.28	7	1.96	11
11 – Restaurants and accommodation services	8.05	4	9.62	3
12 – Financial services			0.03	13
13 – Personal care and miscellaneous goods and services	4.54	5	4.46	5

4. 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 the National Capital Region (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.

5. Index Computation

The 2018-based CPI series uses the same method of computation as the 2012-based CPI series, which is the chained Laspeyres 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. Below are the steps in the computation of CPI using the 2018 as the base year:

Step 1: Compute the monthly average price for each commodity.

$$\text{Monthly Average Price of Commodity} = \frac{\begin{array}{l}\text{Outlet 1 (1}^{st}\text{ Phase) Price + Outlet 1 (2}^{nd}\text{ Phase) Price +} \\ \text{Outlet 2 (1}^{st}\text{ Phase) Price + Outlet 2 (2}^{nd}\text{ Phase) Price +} \\ \text{Outlet 3 Price + Outlet 4 Price + Outlet 5 Price + Outlet 6}\end{array}}{8}$$

Step 2: Compute the price relative (PR) for each commodity.

$$PR = \frac{\text{Current Month Average Price}}{\text{Previous Month Average Price}}$$

Step 3: Compute the index for the 5-digit group (Sub-Class).

Step 3.1: Compute the geometric mean of PRs for each 5-digit group.

$$GM_{PR} = \left(\prod_{i=1}^{n} PR_i \right)^{1/n}$$

Where:

GM_{PR} = Geometric mean of price relatives

PR_i = Price relative of each commodity

n = number of commodities under the 5-digit group

Step 3.2: Compute the index for 5-digit group.

$$I_{5\text{-digit,current month}} = (GM_{PR}) * (I_{5\text{-digit,previous month}})$$

Where:

$I_{5\text{-digit,current month}}$ = Index of the 5-digit group (sub-class) for the current month

GM_{PR} = Geometric mean of price relatives

$I_{5\text{-digit,previous month}}$ = Index of the 5-digit group (sub-class) for the previous month

Step 4: Compute the index for the 4-digit group (Class).

$$I_{4\text{-digit}} = \frac{\sum_{i=1}^{n} (W_{(5\text{-digit})i})(I_{(5\text{-digit})i})}{\sum_{i=1}^{n} (W_{(5\text{-digit})i})}$$

Where:

$I_{(4\text{-digit})}$ = index of the 4-digit group

$W_{(5\text{-digit})i}$ = weight of 5-digit group

$I_{(5\text{-digit})i}$ = index of the 5-digit group

Step 5: Compute the index for the 3-digit group (Group).

$$I_{3\text{-digit}} = \frac{\sum_{i=1}^{n} (W_{(4\text{-digit})i})(I_{(4\text{-digit})i})}{\sum_{i=1}^{n} (W_{(4\text{-digit})i})}$$

Where:

$I_{(3\text{-digit})}$ = index of the 3-digit group

$W_{(4\text{-digit})i}$ = weight of the 4-digit group

$I_{(4\text{-digit})I}$ = index of the 4-digit group

Step 6: Compute the index for the 2-digit group (Division).

$$I_{2\text{-digit}} = \frac{\sum_{i=1}^{n} (W_{(3\text{-digit})i})(I_{(3\text{-digit})i})}{\sum_{i=1}^{n} (W_{(3\text{-digit})i})}$$

Where:

$I_{(2\text{-digit})}$ = index of the 2-digit group

$W_{(3\text{-digit})i}$ = weight of the 3-digit group

$I_{(3\text{-digit})I}$ = index of the 3-digit group

Step 7: Compute the index for All Items.

$$I_{\text{all items}} = \frac{\sum_{i=1}^{n} (W_{(2\text{-digit})i})(I_{(2\text{-digit})i})}{\sum_{i=1}^{n} (W_{(2\text{-digit})i})}$$

Where:

$I_{\text{all items}}$ = index for All Items

$W_{(2\text{-digit})i}$ = weight of the 2-digit group (Division)

$I_{(2\text{-digit})I}$ = index of 2-digit group (Division)

6. Dissemination of Reports

Data are available five days after the reference month which are posted at the PSA website (www.psa.gov.ph). Data series are also uploaded at the OpenSTAT database portal of the PSA website.

Economic Indicators Derived from the CPI

Two important indicators, the inflation rate and PPP, are derived from the CPI which are important in monitoring price stability and the value of the country's currency.

Inflation Rate is the annual rate of change or the year-on-year change of the CPI expressed in percent. The formula is:

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

Where: CPI_2 – is the CPI in the second period
CPI_1 – is the CPI in the previous period

Headline Inflation is the rate of change in the weighted average prices of all goods and services in the CPI basket while **Core Inflation** refers to the rate of change in the CPI that excludes the following item/commodity groups: rice, corn, fruits and vegetables, and fuel items

The **PPP** 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.

$$PPP = \frac{1}{CPI} \times 100$$

DANITES E. TEÑIDO, PhD
Chief Statistical Specialist
La Union Provincial Statistical Office

/MMAAA