

SPECIAL RELEASE

ARMM CONSUMER PRICE INDEX (AS OF MAY 2018)

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Consumer Price Index

Survey of Retail Prices of Commodities conducted by the Philippine Statistics Authority (PSA) has generated a Consumer Price Index (CPI) of 177.2 as of May 2018 using 2006 as the base year. This implies that the cost of a basket of goods and services commonly purchased by a typical Filipino household in ARMM was at an average of Php177.2 as of May 2018. This is 6.0 percent higher than in May 2017 with CPI = 167.1 and 0.2 percent higher than in April 2018 with CPI = 176.8.

Table 1. Monthly Consumer Price Index for All Income Households in ARMM, by Commodity Group: May and April 2018 and 2017 (2006 = 100)

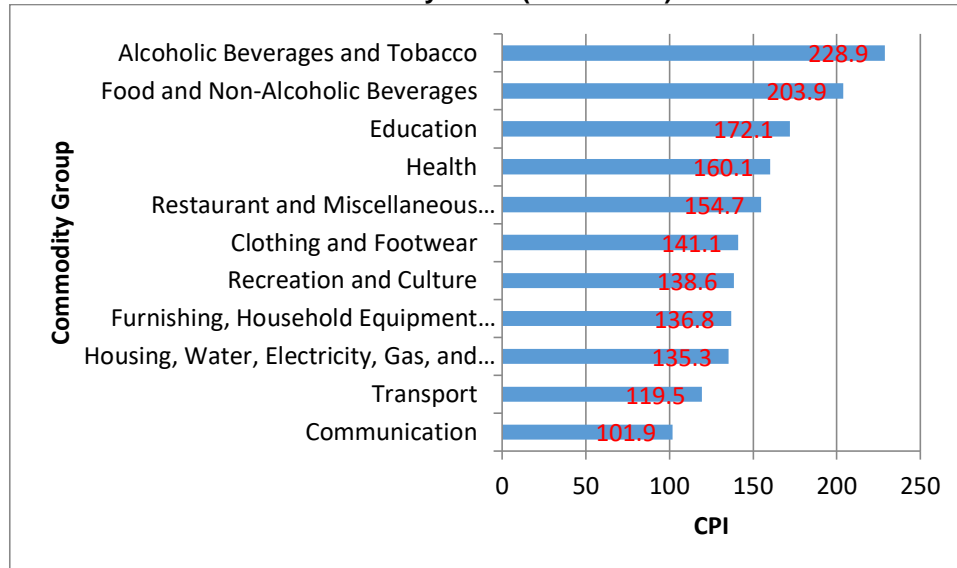
Commodity Group	May		April	
	2018	2017	2018	2017
All Items	177.2	167.1	176.8	166.9
Food and Non-Alcoholic Beverages	203.9	189.9	203.7	189.4
Alcoholic Beverages and Tobacco	228.9	200.6	228.1	197.3
Clothing and Footwear	141.1	135.7	140.5	135.3
Housing, Water, Electricity, Gas, and Other Fuels	135.3	133.4	134.7	134.9
Furnishing, Household Equipment and Routine Maintenance of the House	136.8	133.5	136.7	133.3
Health	160.1	154.7	159.7	154.6
Transport	119.5	118.9	119.3	118.3
Communication	101.9	97.8	100.2	97.8
Recreation and Culture	138.6	135.6	138.5	135.3
Education	172.1	170.6	172.1	170.6
Restaurant and Miscellaneous Goods and Services	154.7	145.8	153.9	145.5

Source of Basic Data: Philippine Statistics Authority, Survey of Retail Prices of Commodities for the Generation of CPI

Commodities under the groups of Alcoholic Beverages and Tobacco and Food and Non-Alcoholic Beverages had the highest corresponding CPIs of 228.9 and 203.9 in May 2018 respectively. These two commodity groups had CPIs higher than the total average CPI of all items in the region.

On the other hand, Communication with CPI 101.9 had the lowest CPI during the same period.

Figure 1. Consumer Price Index in ARMM, All Items, by Commodity Group: as of May 2018 (2006 = 100)



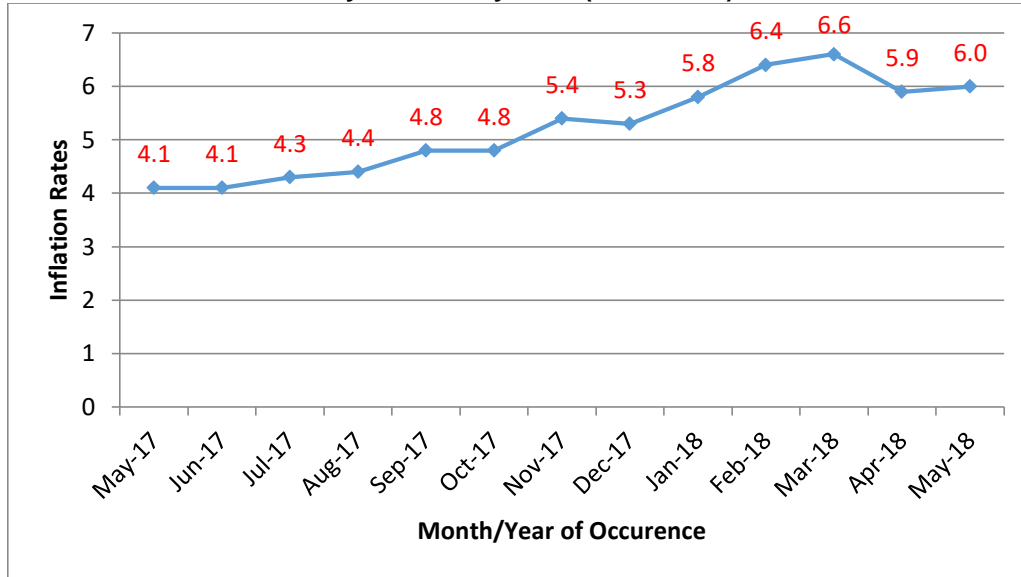
Source of Basic Data: Philippine Statistics Authority,
Survey of Retail Prices of Commodities for the Generation of CPI

Inflation Rate

The year-on-year headline inflation rate in ARMM was at 6.0 percent in May 2018 (2006=100). This implies that the average price of basket of goods and services in ARMM increased by 6.0 percent between May 2017 and May 2018. Moreover, average price of basket of goods and services in the region increased by approximately 0.1 percent in May 2018 compared to the average price in the previous month.

Commodity groups of Alcoholic Beverages and Tobacco and Food and Non-Alcoholic Beverages have shown the most volatile annual prices in May 2018 with the inflation rates of 14.1 percent and 7.4 percent respectively. The Communication and Restaurant and Miscellaneous Goods and Services had the most rapidly changing average prices between May 2018 and April 2018 with an increase of 1.7 percent and 0.5 percent, respectively.

**Figure 3. Year-on-Year Headline Inflation Rate in ARMM, All Items:
May 2017 – May 2018 (2006 = 100)**



Source of Basic Data: Philippine Statistics Authority,
Survey of Retail Prices of Commodities for the Generation of CPI

**Table 3. Year-on-Year Headline Inflation Rate in ARMM, All Items by Commodity Group:
May 2018 – May 2017 (2006 = 100)**

Commodity Group	Year-on-Year	
	May 2018	May 2017
All Items	6.0	4.1
Food and Non-Alcoholic Beverages	7.4	5.0
Alcoholic Beverages and Tobacco	14.1	7.2
Clothing and Footwear	4.0	1.5
Housing, Water, Electricity, Gas, and Other Fuels	1.4	3.5
Furnishing, Household Equipment and Routine Maintenance of the House	2.5	1.4
Health	3.5	2.4
Transport	0.5	1.5
Communication	4.2	0.1
Recreation and Culture	2.2	1.8
Education	0.9	0.9
Restaurant and Miscellaneous Goods and Services	6.1	1.7

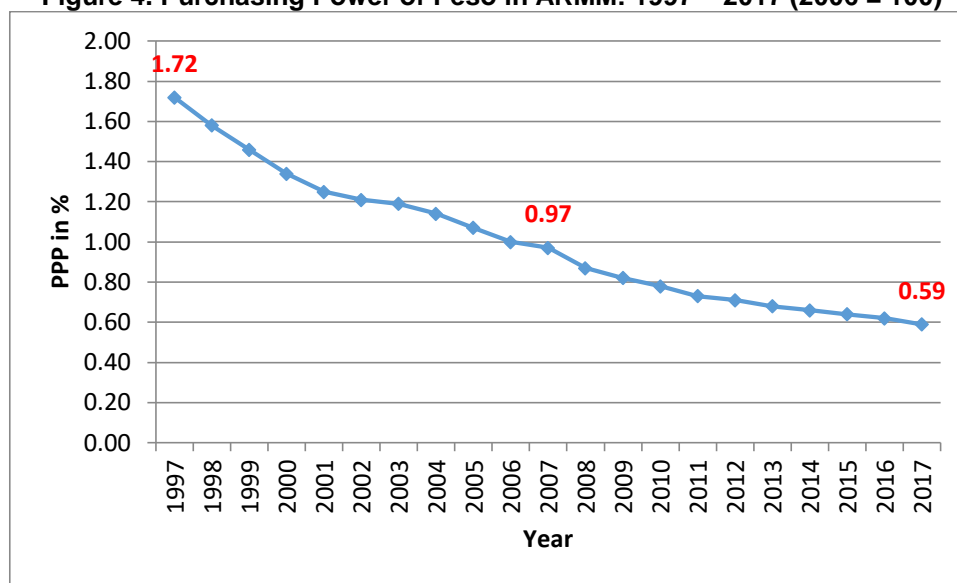
Source of Basic Data: Philippine Statistics Authority, Survey of Retail Prices of Commodities for the Generation of CPI

Purchasing Power of Peso

Purchasing Power of Peso (PPP) is inversely related to inflation rate. Thus, as the inflation rate increases, PPP declines. In ARMM, PPP decreased by 4.84 percent in 2017 and has been decreasing at an average rate of 5.18 percent annually between 1997 and 2017.

The PPP in 2017 was 0.59. This implies that the Php1.00 in 2006, as the base year, values only Php 0.59 in 2017 and was worth Php 1.72 in 1997.

Figure 4. Purchasing Power of Peso in ARMM: 1997 – 2017 (2006 = 100)



Source of Basic Data: Philippine Statistics Authority,
Survey of Retail Prices of Commodities for the Generation of CPI



Technical Notes

Consumer Price Index (CPI)

The CPI is an indicator of the changes in the average retail prices of a fixed basket of goods and services commonly purchased by households relative to a base year.

Uses of CPI

The CPI is most widely used in the calculation of the inflation rate and purchasing power of peso. It is a major statistical series used for economic analysis and as a monitoring indicator of government economic policy.

Computation of CPI

The computation of the CPI involves consideration of the following important points:

a. Base Period

The reference date or base period is the benchmark or reference date or period at which the index is taken as equal to 100.

b. Market Basket

A sample of the thousands of varieties of goods purchased for consumption and services availed by the households in the country selected to represent the composite price behavior of all goods and services purchased by consumers.

c. Weighting System

The weighting pattern uses the expenditures on various consumer items purchased by households as a proportion to total expenditure.

d. Formula

The formula used in computing the CPI is the weighted arithmetic mean of price relatives, the Laspeyres formula with a fixed base year period (2006) weights.

e. Geographic Coverage

CPI values are computed at the national, regional, and provincial levels, and for selected cities.

Inflation Rate is the rate of change of the CPI expressed in percent. Inflation is interpreted in terms of declining purchasing power of peso.

Headline Inflation refers to the rate of change in the CPI, a measure of the average standard "basket" of goods and services consumed by a typical family.

Purchasing Power of Peso 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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