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REPUBLIC OF THE PHILIPPINES

PHILIPPINE STATISTICS AUTHORITY

AUTONOMOUS REGION IN MUSLIM MINDANAO

SPECIAL RELEASE

ARMM CONSUMER PRICE INDEX (AS OF OCTOBER 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 126.3 as of October 2018, using 2012 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 Php126.3 as of October 2018. This is 0.4 percent lower than the September 2018 with CPI = 126.8.

Table 1. Monthly Consumer Price Index for All Income Households in ARMM, by Commodity Group: October and September, 2018 and 2017 (2012 = 100)

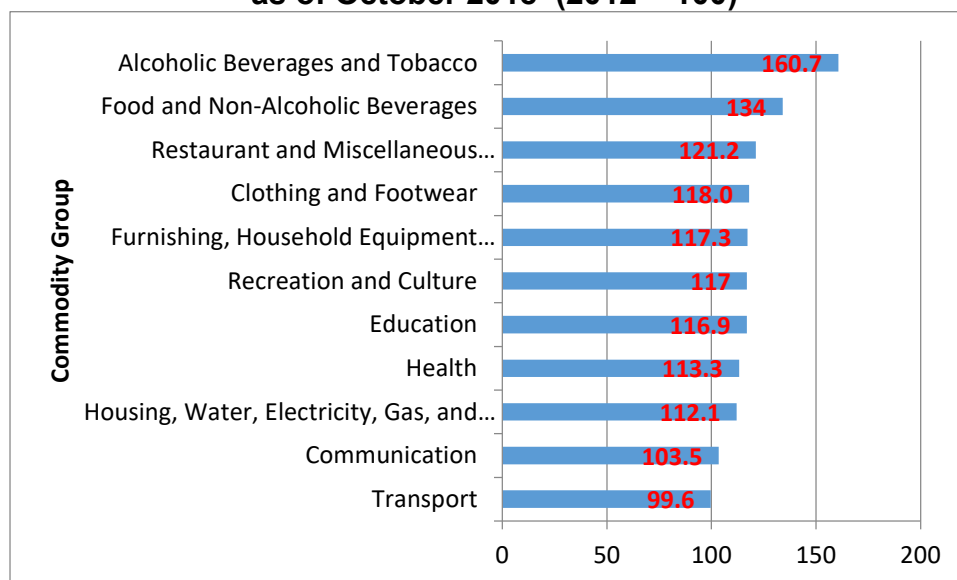
Commodity Group	October 2018	October 2017	September 2018	September 2017
All Items	126.3	116.6	126.8	116.3
Food and Non-Alcoholic Beverages	134.0	122.4	134.7	122.0
Alcoholic Beverages and Tobacco	160.7	135.5	160.6	135.4
Clothing and Footwear	118.0	111.7	117.9	111.5
Housing, Water, Electricity, Gas, and Other Fuels	112.1	106.1	111.4	105.9
Furnishing, Household Equipment and Routine Maintenance of the House	117.3	110.9	117.4	110.8
Health	113.3	107.4	113.2	107.3
Transport	99.6	96.3	103.0	96.3
Communication	103.5	100.7	103.5	100.7
Recreation and Culture	117.0	111.0	116.8	110.0
Education	116.9	121.9	116.9	121.9
Restaurant and Miscellaneous Goods and Services	121.2	110.6	120.6	110.4

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 160.7 and 134.0 in October 2018, respectively. These two commodity groups have CPIs higher than the total average CPI of all items in the region.

On the other hand, Transport with CPI = 99.6 have the lowest CPI, drops by 3.3 percent from the previous 103.0, during the same period

Figure 1. Consumer Price Index in ARMM, All Items, by Commodity Group: as of October 2018 (2012 = 100)



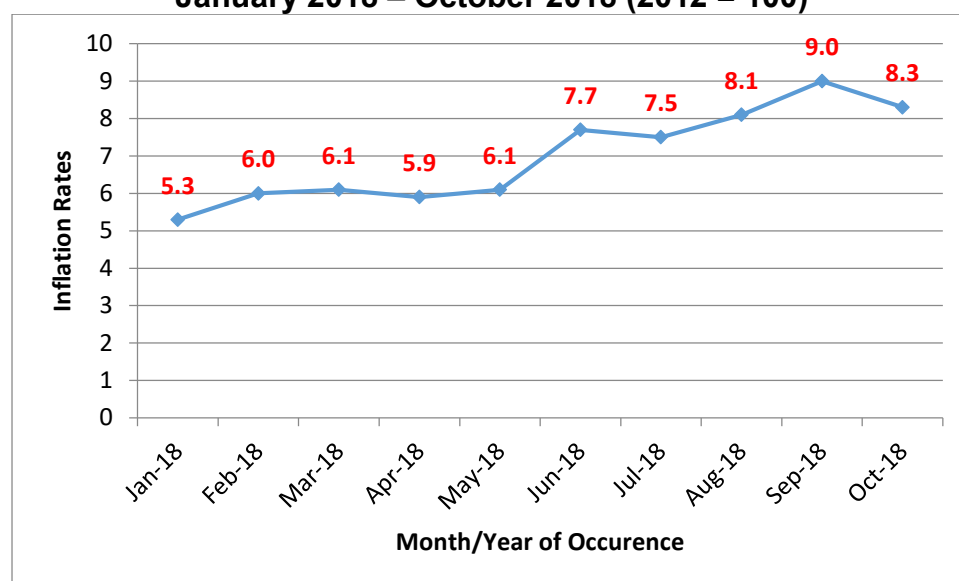
Source of Basic Data: Philippine Statistics Authority,
Survey of Retail Prices of Commodities for the Generation of CPI

Inflation Rate

The year-on-year headline inflation rate in ARMM is at 8.3 percent as of October 2018 (2012=100). This implies that the prices of commodities and prices in the region on the average increased by 8.3 percent compared to the same period in the previous year.

Commodity groups of Alcoholic Beverages and Tobacco, Restaurant and Miscellaneous Goods and Services and Food and Non-Alcoholic Beverages, have shown the most volatile annual prices in October 2018 with the inflation rates of 18.6 percent, 9.6 percent and 9.5 percent, respectively. These three commodity groups have inflation rates higher than the total average inflation rate of all items in the region. On the other hand, the Transport has the most rapidly changing average price between October 2018 and September 2018 with a decrease of 3.3 percent.

**Figure 3. Year-on-Year Headline Inflation Rate in ARMM, All Items:
January 2018 – October 2018 (2012 = 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: October 2018 – September 2018 (2012 = 100)**

Commodity Group	September 2018	September 2018
All Items	8.3	9.0
Food and Non-Alcoholic Beverages	9.5	10.4
Alcoholic Beverages and Tobacco	18.6	18.6
Clothing and Footwear	5.6	5.7
Housing, Water, Electricity, Gas, and Other Fuels	5.7	5.2
Furnishing, Household Equipment and Routine Maintenance of the House	5.8	6.0
Health	5.5	5.5
Transport	3.4	7.0
Communication	2.8	2.8
Recreation and Culture	5.4	6.2
Education	-4.1	-4.1
Restaurant and Miscellaneous Goods and Services	9.6	9.2

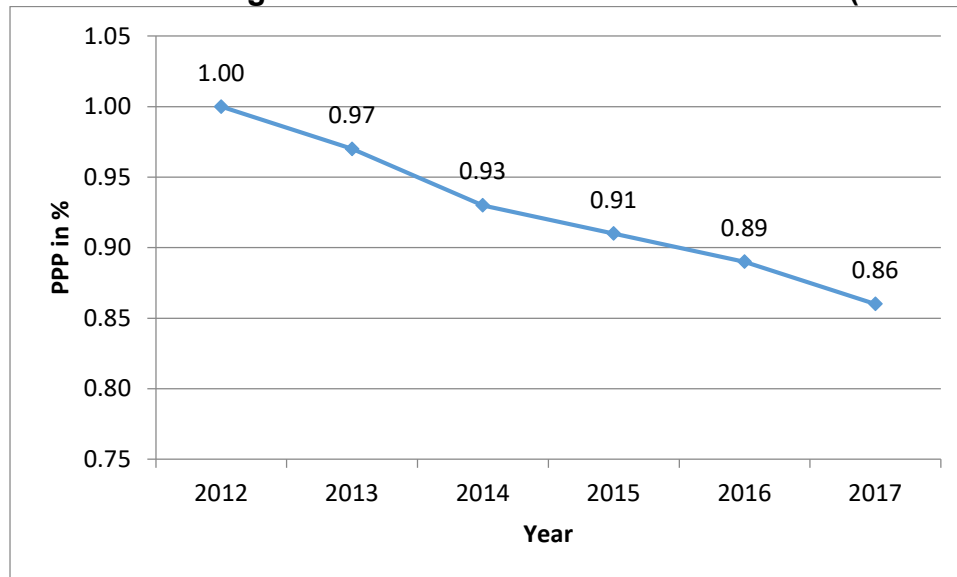
Source of Basic Data: Philippine Statistics Authority, Survey of Retail Prices of Commodities for the Generation of CPI

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 3.4 percent in 2017 and has been decreasing at an average rate of 2.97 percent annually between 2012 and 2017.

The PPP in 2017 is 0.86. This implies that the Php1.0 in 2012, as the base year, values only Php 0.86 in 2017.

Figure 4. Purchasing Power of Peso in ARMM: 2012 – 2017 (2012 = 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 Laspeyre's 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.



RAZULDEN A. MANGELEN, MPA, MDM
(Chief Statistical Specialist)
Officer-in-Charge