

SPECIAL RELEASE

ARMM CONSUMER PRICE INDEX (AS OF DECEMBER 2017)

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Consumer Price Index

Survey of Retail Prices of Commodities conducted by the Philippine Statistics Authority (PSA) have generated a Consumer Price Index (CPI) of 172.2, as of December 2017 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 Php172.2, as of December 2017. This is 5.32 percent higher than in December 2016 with CPI = 163.5 and 0.29 percent higher than in November 2017 with CPI = 171.2.

Table 1. Monthly Consumer Price Index for All Income Households in ARMM, by Commodity Group: December and November 2017 and 2016 (2006 = 100)

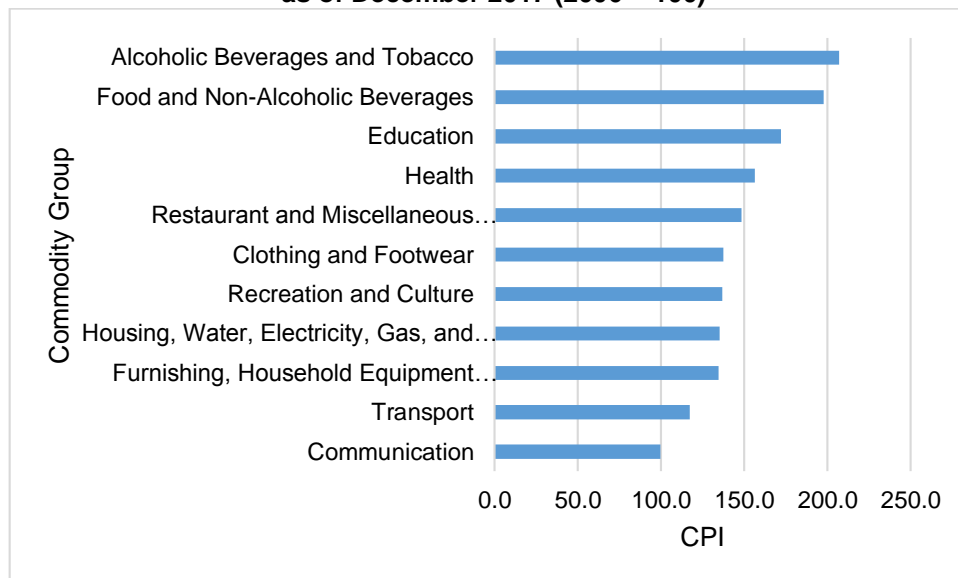
Commodity Group	December		November	
	2017	2016	2017	2016
All Items	172.2	163.5	171.7	162.9
Food and Non-Alcoholic Beverages	197.8	185.0	197.1	184.3
Alcoholic Beverages and Tobacco	207.0	193.4	205.6	192.4
Clothing and Footwear	137.5	134.5	137.3	134.4
Housing, Water, Electricity, Gas, and Other Fuels	135.1	130.6	134.7	130.4
Furnishing, Household Equipment and Routine Maintenance of the House	134.7	132.4	134.5	132.3
Health	156.2	152.0	155.8	151.9
Transport	117.4	119.6	117.6	116.2
Communication	99.7	97.8	99.7	97.7
Recreation and Culture	136.8	134.3	136.6	134.2
Education	172.1	170.6	172.1	170.6
Restaurant and Miscellaneous Goods and Services	148.2	144.5	147.7	144.4

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, Food and Non-Alcoholic Beverages and Education had the highest corresponding CPIs of 207.0, 197.8 and 172.1 in December 2017. These three commodity groups had CPIs higher than the total average CPI of all items in the region.

On the other hand, Communication with CPI = 99.7, Transport with CPI = 117.4 and Housing and Power commodities with CPI = 134.7 had the lowest CPIs during the same period.

Figure 1. Consumer Price Index in ARMM, All Items, by Commodity Group: as of December 2017 (2006 = 100)



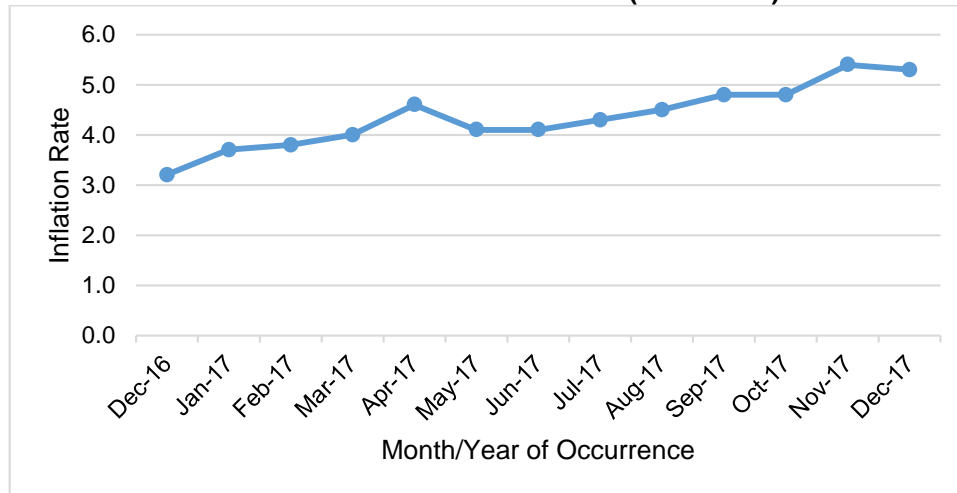
Source of Basic Data: Philippine Statistics Authority,
Survey of Retail Prices of Commodities for the Generation of CPI

Inflation Rate

The year-on-year headline inflation rate in ARMM was at 5.32 percent in December 2017. This implies that the average price of basket of goods and services in ARMM increased by 5.32 percent between December 2016 and December 2017. Moreover, average price of basket of goods and services in the region increased by 0.29 percent in December 2017 compared to the average price in the previous month.

Commodity groups of Alcoholic Beverages and Tobacco, Food and Non-Alcoholic Beverages and Housing and Power Commodities have shown the most volatile annual prices in December 2017 with the inflation rates of 7.03 percent, 6.92 percent and 3.45 percent, respectively. The Food and Non-Alcoholic Beverages, Alcoholic Beverages and Tobacco, and Miscellaneous had the most rapidly changing average prices between December 2017 and November 2017 with inflation rates of 0.68 percent, 0.36 percent and 0.34 percent, respectively.

**Figure 3. Year-on-Year Headline Inflation Rate in ARMM, All Items:
December 2016 – December 2017 (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 and Month-on-Month Headline Inflation Rate in ARMM, All Items by
Commodity Group: November-December 2017 (2006 = 100)**

Commodity Group	Year-on-Year		Month-on-Month	
	December	November	December	November
All Items	5.32	5.40	0.29	0.88
Food and Non-Alcoholic Beverages	6.92	6.95	0.36	1.23
Alcoholic Beverages and Tobacco	7.03	6.86	0.68	0.73
Clothing and Footwear	2.23	2.16	0.15	0.29
Housing, Water, Electricity, Gas, and Other Fuels	3.45	3.30	0.30	0.22
Furnishing, Household Equipment and Routine Maintenance of the House	1.74	1.66	0.15	0.07
Health	2.76	2.57	0.26	0.00
Transport	-1.84	1.20	-0.17	0.34
Communication	1.94	2.05	0.00	0.00
Recreation and Culture	1.86	1.79	0.15	0.07
Education	0.88	0.88	0.00	0.00
Restaurant and Miscellaneous Goods and Services	2.56	2.29	0.34	0.14

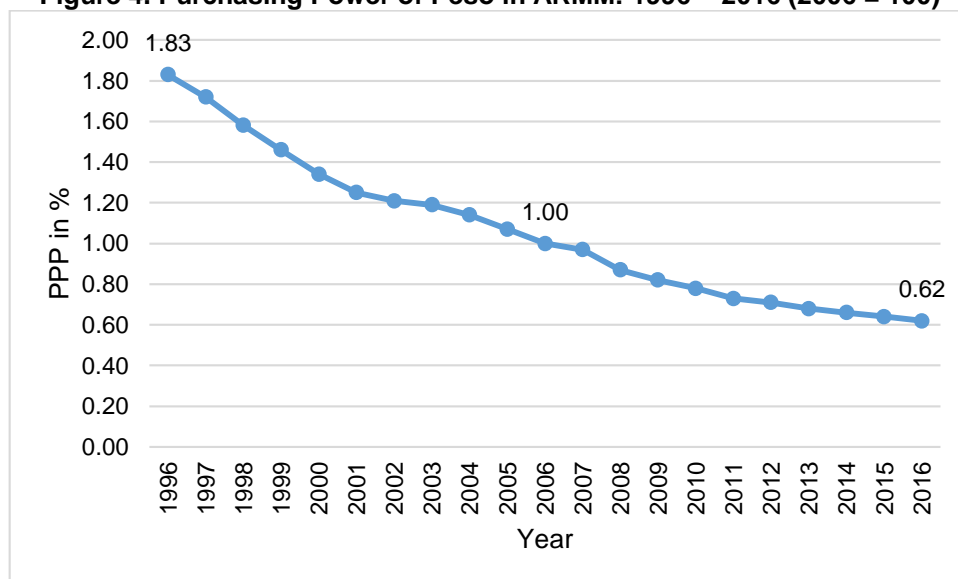
Source of Basic Data: Philippine Statistics Authority, Survey of Retail Prices of Commodities for the Generation of CPI

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 3.13 percent in 2016 and has been decreasing at an average rate of 5.24 percent annually between 1996 and 2016.

The PPP in 2016 was 0.62. This implies that the Php1.00 in 2006, as the base year, values only Php0.62 in 2016 and was worth Php1.83 in 1996.

Figure 4. Purchasing Power of Peso in ARMM: 1996 – 2016 (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.

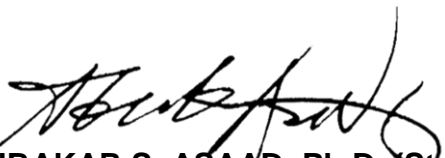
e. Geographic Coverage

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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