

# SPECIAL RELEASE

## ARMM CONSUMER PRICE INDEX (AS OF JANUARY 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 174.2, as of January 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 Php174.2, as of January 2018. This is 18.83 percent higher than in January 2017 with CPI = 146.6 and 1.16 percent higher than in December 2017 with CPI = 172.2.

**Table 1. Monthly Consumer Price Index for All Income Households in ARMM, by Commodity Group: January 2018 and 2017 and December 2017 and 2016 (2006 = 100)**

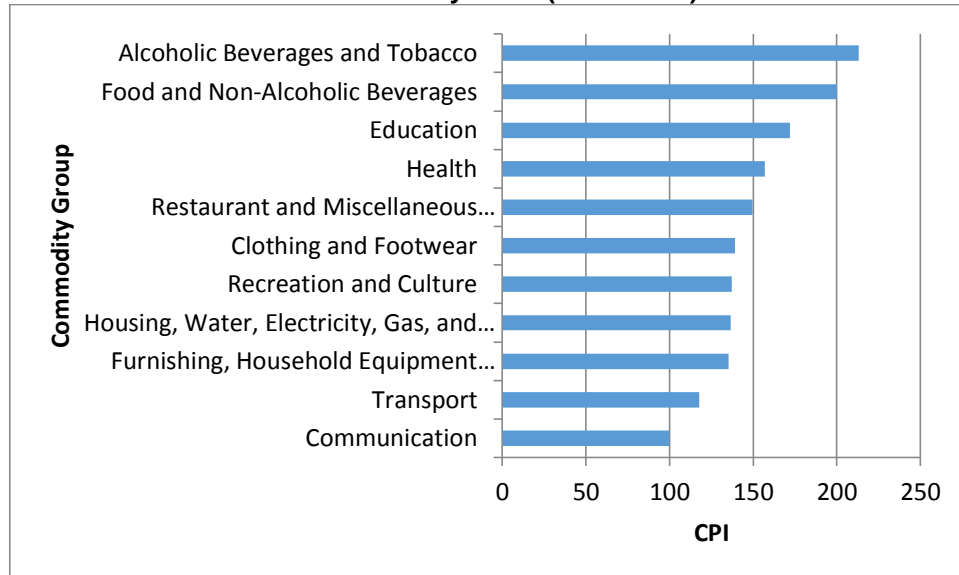
Commodity Group	January		December	
	2018	2017	2017	2016
All Items	174.2	146.6	172.2	163.5
Food and Non-Alcoholic Beverages	200.2	186.4	197.8	185.0
Alcoholic Beverages and Tobacco	213.0	194.4	207.0	193.4
Clothing and Footwear	139.0	134.6	137.5	134.5
Housing, Water, Electricity, Gas, and Other Fuels	136.5	132.2	135.1	130.6
Furnishing, Household Equipment and Routine Maintenance of the House	135.4	132.6	134.7	132.4
Health	157.0	152.9	156.2	152.0
Transport	117.8	118.3	117.4	119.6
Communication	100.0	97.8	99.7	97.8
Recreation and Culture	137.2	134.7	136.8	134.3
Education	172.1	170.6	172.1	170.6
Restaurant and Miscellaneous Goods and Services	149.6	144.7	148.2	144.5

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 200.2 and 213.0 in January 2018 respectively. These two commodity groups had CPIs higher than the total average CPI of all items in the region.

On the other hand, Transport with CPI 117.8, and Communication with CPI 100.0 had the lowest CPIs during the same period.

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



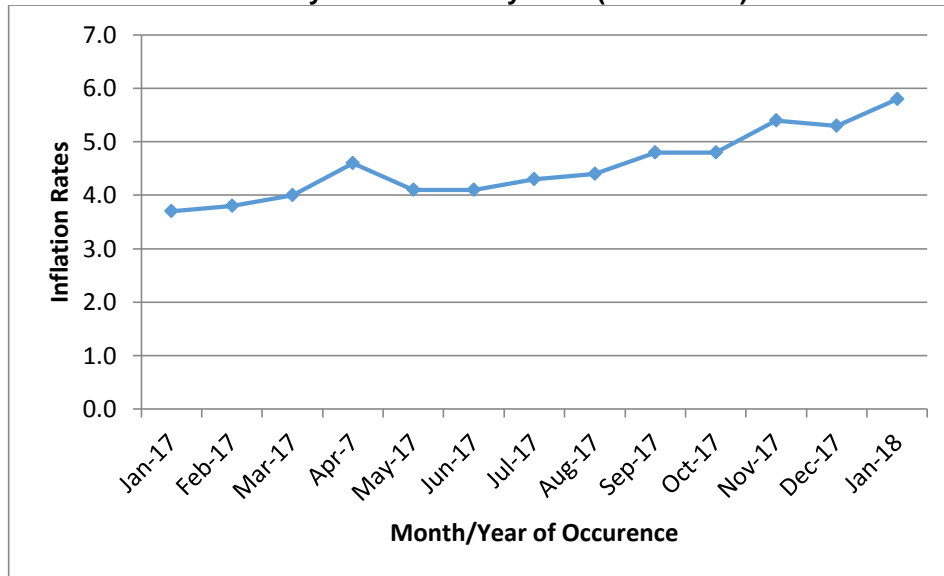
Source of Basic Data: Philippine Statistics Authority,  
Survey of Retail Prices of Commodities for the Generation of CPI

## Inflation Rate

The year-on-year headline inflation rate in ARMM was at 5.8 percent in January 2018. This implies that the average price of basket of goods and services in ARMM increased by 5.8 percent between January 2017 and January 2018. Moreover, average price of basket of goods and services in the region increased by approximately 0.9 percent in January 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 January 2018 with the inflation rates of 9.6 percent and 7.4 percent respectively. The Food and Non-Alcoholic Beverages, Alcoholic Beverages and Tobacco, and Clothing and Footwear had the most rapidly changing average prices between January 2018 and December 2017 with inflation rates of 1.2 percent, 2.9 percent and 1.1 percent, respectively.

**Figure 3. Year-on-Year Headline Inflation Rate in ARMM, All Items:  
January 2017 – January 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 and Month-on-Month Headline Inflation Rate in ARMM, All Items by  
Commodity Group: December 2017 - January 2018 (2006 = 100)**

Commodity Group	Year-on-Year		Month-on-Month	
	January 2018	January 2017	January 2017	December 2017
All Items	5.8	3.7	1.2	0.3
Food and Non-Alcoholic Beverages	7.4	4.3	1.2	0.4
Alcoholic Beverages and Tobacco	9.6	5.3	2.9	0.7
Clothing and Footwear	3.3	1.1	1.1	0.1
Housing, Water, Electricity, Gas, and Other Fuels	3.3	3.8	1.0	0.3
Furnishing, Household Equipment and Routine Maintenance of the House	2.1	1.1	0.5	0.1
Health	2.7	2.0	0.5	0.3
Transport	-0.4	1.7	0.3	-0.2
Communication	2.2	0.2	0.3	0.0
Recreation and Culture	1.9	1.7	0.3	0.1
Education	0.9	0.9	0.0	0.0
Restaurant and Miscellaneous Goods and Services	3.4	1.3	0.9	0.3

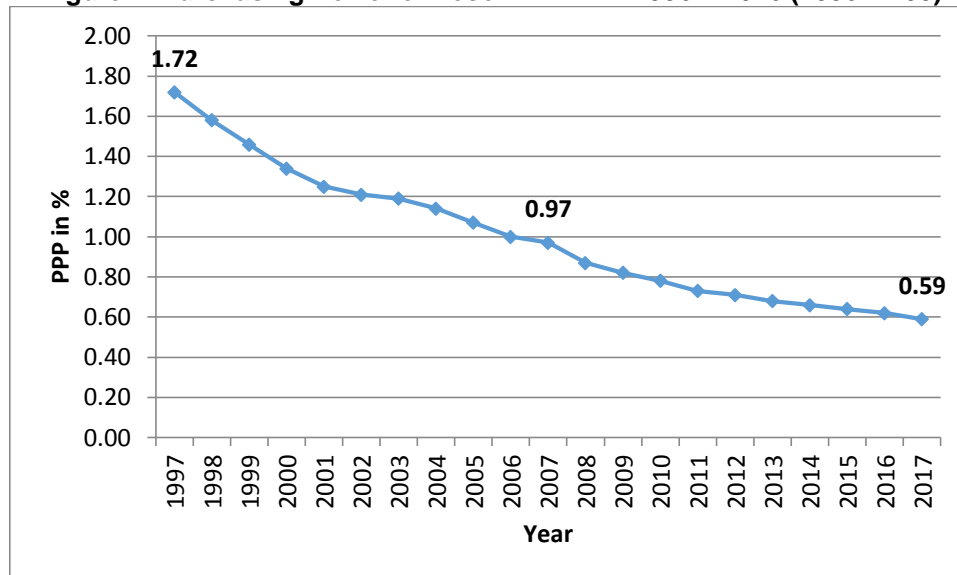
Source of Basic Data: Philippine Statistics Authority, Survey of Retail Prices of Commodities for the Generation of CPI

## 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: 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.

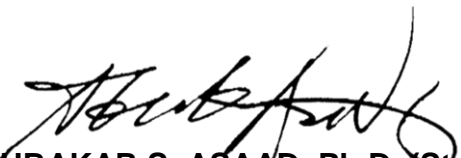
#### e. Geographic Coverage

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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