



# SPECIAL RELEASE

## IFUGAO CONSUMER PRICE INDEX AS OF OCTOBER 2019

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### Ifugao CPI at 118.4 in October 2019

Survey of Retail Prices of Commodities conducted by Philippine Statistics Authority (PSA) has generated a Consumer Price Index (CPI) of 118.4 for Ifugao as of October 2019, using 2012 as the base year. This indicates that the average cost of a basket of goods and services commonly purchased by a typical Filipino household in the different municipalities of Ifugao increased during the reference month. This is 0.70 index points higher than September 2019 with CPI = 117.5 and 2.2 index points higher a year ago.

**Table 1. Monthly Consumer Price Index for All Income Households by Commodity Group, Ifugao, CAR: October 2019 and September 2019 (2012 = 100)**

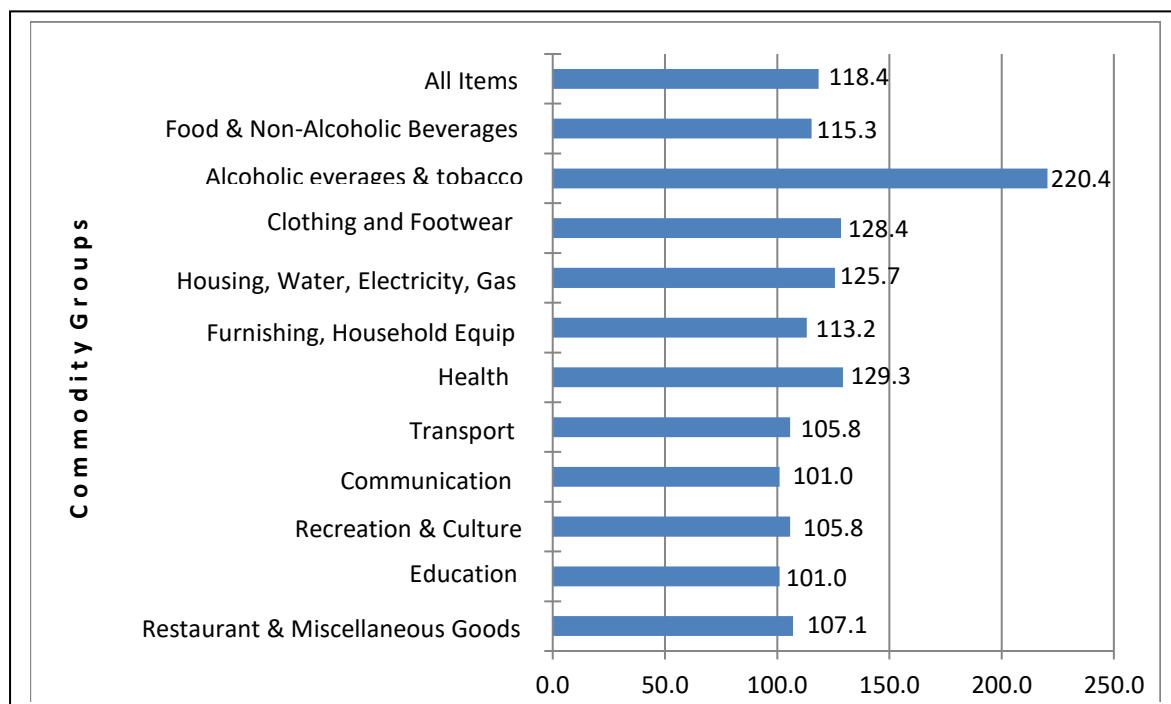
Commodity Group	October 2019	October 2018	Sept 2019	Sept 2018
All Items	<b>118.4</b>	116.2	<b>117.5</b>	113.6
Food and Non Alcoholic Beverages	<b>115.3</b>	117.3	<b>114.3</b>	113.1
Alcoholic Beverages and Tobacco	<b>220.4</b>	183.7	<b>216.4</b>	182.7
Clothing and Footwear	<b>128.4</b>	120.3	<b>128.0</b>	120.1
Housing, Water, Electricity, Gas, and Other Fuels	<b>125.7</b>	122.4	<b>124.2</b>	121.6
Furnishing, Household Equipment and Routine Maintenance of the House	<b>113.2</b>	121.4	<b>113.0</b>	121.4
Health	<b>129.3</b>	106.0	<b>128.3</b>	106.0
Transport	<b>105.8</b>	102.9	<b>105.0</b>	100.8
Communication	<b>101.0</b>	101.0	<b>101.0</b>	101.0
Recreation and Culture	<b>108.3</b>	106.1	<b>108.0</b>	106.1
Education	<b>107.1</b>	100.0	<b>107.1</b>	100.0
Restaurant and Miscellaneous Goods and Services	<b>115.9</b>	112.4	<b>115.8</b>	111.3

Source of data: Philippine Statistics Author

Figure 1 shows that commodity under the groups of the Alcoholic beverages and tobacco, Health, Clothing & footwear and Housing, water, electricity, gas and other fuel had the highest corresponding CPI's of 220.4, 129.3, 128.4 and 127.7 in October 2019, respectively. These four commodity groups have CPI's higher than the total average CPI of all items in the province.

On the other hand, Transportation and Communication with CPI's 105.8 and 101.0, respectively, have no significant changes across the months. These mean that price of Transportation increased by 5.8 percent since 2012 and cost of communication in the province slightly moved from the base year.

**Figure 1. Consumer Price Index of All Income Households in Ifugao, CAR: October 2019 (2012=100)**



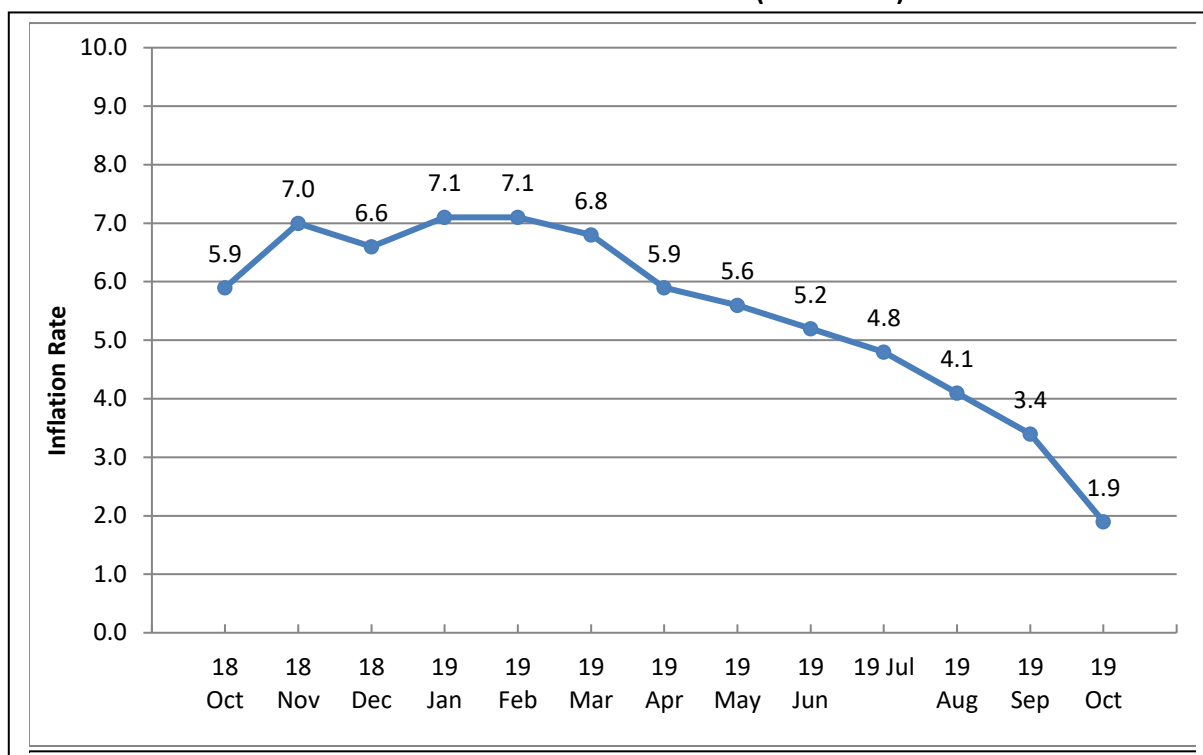
Source of data: Philippine Statistics Authority

## INFLATION RATE

The average headline Inflation Rate in Ifugao decelerated at 1.9 percent as of October 2019 as compared to the same period in the previous year. As shown in Figure 2, the trend has been decreasing and the result for October 2019 posted significant decreased from the previous month.

As shown in Table 2, Health (22.0 percent), Recreation and culture (2.1 percent) and Communication were the commodity groups that posted the higher growth rates in October 2019, respectively. On the other hand, Alcoholic beverages and tobacco had the most rapidly changing average price between the month of October and September 2019 with an increase of 1.8 percentage points.

**Figure 2. Year-on-Year Headline Inflation Rate, All Items by Commodity Group, Ifugao, CAR: October 2018 - October 2019 (2012 = 100)**



Source of data: Philippine Statistics Authority

**Table 2. Month-on- Month Headline Inflation Rate, All items by Commodity Group, Ifugao, CAR: October 2019 and September 2019 (2012=100)**

Commodity Group	October 2019	September 2019
All Items	1.9	4.1
Food and non - alcoholic beverages	-1.7	1.7
Alcoholic beverages and tobacco	20.0	20.3
Clothing and footwear	6.7	6.7
Housing, water, electricity, gas and other fuels	2.7	3.8
Furnishing, household equipment and routine maintenance of the house	-6.8	1.1
Health	22.0	20.3
Transport	2.8	5.1
Communication	0.0	(0.4)
Recreation and culture	2.1	1.6
Education	7.1	7.1
Restaurant and miscellaneous goods and services	3.1	4.6

Source of data: Philippine Statistics Authority

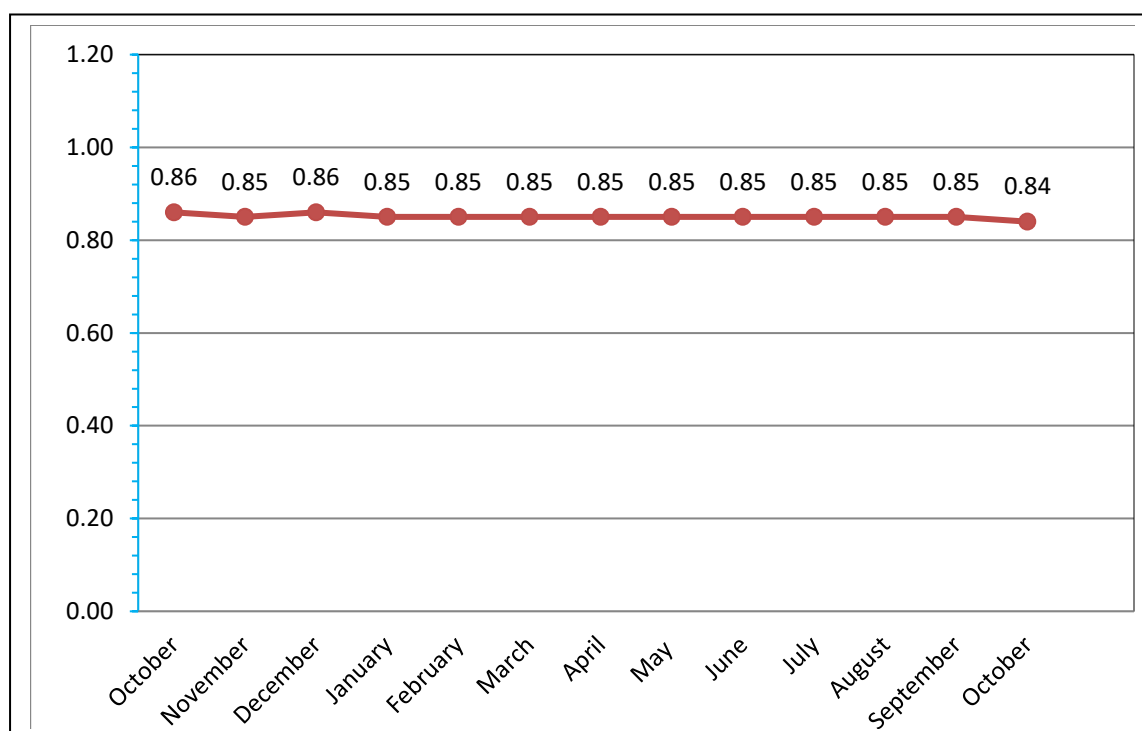
### PURCHASING POWER OF PESO (PPP)

Purchasing Power of Peso (PPP) is inversely related to inflation rate. Thus, as the inflation rate increases, PPP declines. In Ifugao, PPP decreased by 4.6 percent in 2018 and has been decreasing at an average rate of 0.60 percent monthly in the year 2018.

The average PPP in Ifugao in 2018 is at 0.88. This implies that the Php 1.00 in 2012, as the base year, values only Php 0.88 in 2018.

As a result of the prices changes reflected in the CPI, the provincial Purchasing Power of the Peso slightly declined at 0.84 as shown in figure 3.

**Figure 3. Monthly Purchasing Power of Peso in Ifugao:  
October 2018 – October 2019 (2012=100)**



Source of data: Philippine Statistics Authority

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# 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 that most people buy for their day to day consumption relative to a base year.

### Uses of CPI

The CPI is most widely used to calculate inflation rate and the purchasing power of peso. It is a major statistical series used for economic analysis and as monitoring indicator of government economic policy. It is also used to adjust other economic series for price changes. For example, CPI components are used as deflators for most personal consumption expenditures (PCE) in the calculation in the gross national product (GNP). Another major importance of the CPI is its use as basis to adjust wages in labor management contracts as well as pensions and retirement benefits. Increases in wages through collective bargaining agreements used the CPI as one of their bases.

### Computation of the CPI

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

#### a. Based Period.

The reference date or 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 was 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 item purchased by households as 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 (2012) weights.

#### e. Geographic Coverage

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

### Inflation Rate (IR)

The Inflation Rate is the rate of change or the year-on-year change of the CPI. Inflation is interpreted in terms of declining purchasing power of peso.

#### a. Headline Inflation

Headline inflation refers to the rate of change in CPI. It captures the changes in the cost of living based on the movements of prices of items in the basket of commodities and services consumed by the typical Filipino households.

#### b. Core Inflation

Core inflation measures the change in average consumer prices after excluding from the CPI certain items with volatile price movements. By stripping out the volatile components of the CPI, core inflation allows us to see the broad underlying trend in consumer prices. Core inflation is often used as an indicator of the long-term inflation trend and as indicator of future inflation. It is usually affected by the amount of money in the economy relative to production, or by monetary policy.

### Purchasing Power of the Peso (PPP)

The purchasing power of the peso (PPP) shows how much 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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