

Summary Inflation Report Consumer Price Index (2018=100)

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**Table 1. Year-on-Year Inflation Rates, All Items
In percent
(2018=100)**

Area	May 2021	April 2022	May 2022	Year-to-date
Philippines	4.1	4.9	5.4	4.1
CAR	2.8	6.3	6.9	5.4
Ifugao	4.1	5.4	5.6	4.3
Abra	2.4	3.6	4.5	3.2
Apayao	2.5	5.2	6.9	3.8
Benguet	2.5	9.4	9.6	8.3
Baguio City	2.3	5.2	5.9	4.5
Mt. Province	5.1	5.9	7.0	4.6
Kalinga	3.7	6.0	6.7	4.5

1. Philippines

Headline inflation in the Philippines rose further from 4.9 percent in April 2022 to 5.4 percent in May 2022. This was the highest recorded inflation since December 2018. In May of the previous year, inflation was lower at 4.1 percent.

2. Cordillera Administrative Region (CAR)

Following the trend at the national level, inflation in CAR rose to 6.9 percent in May 2022, from 6.3 percent in the previous month. In May 2021, inflation in the region was observed at 2.8 percent. The higher inflation in the area was mainly due to the higher annual increase in the food and non-alcoholic beverages index at 6.4 percent in May 2022.

Also, contributing largely to the uptrend of inflation in the region was transport with an inflation rate of 24 percent in May 2022, from 22.4 percent in the previous month and 7.4 percent in the month of the previous year.

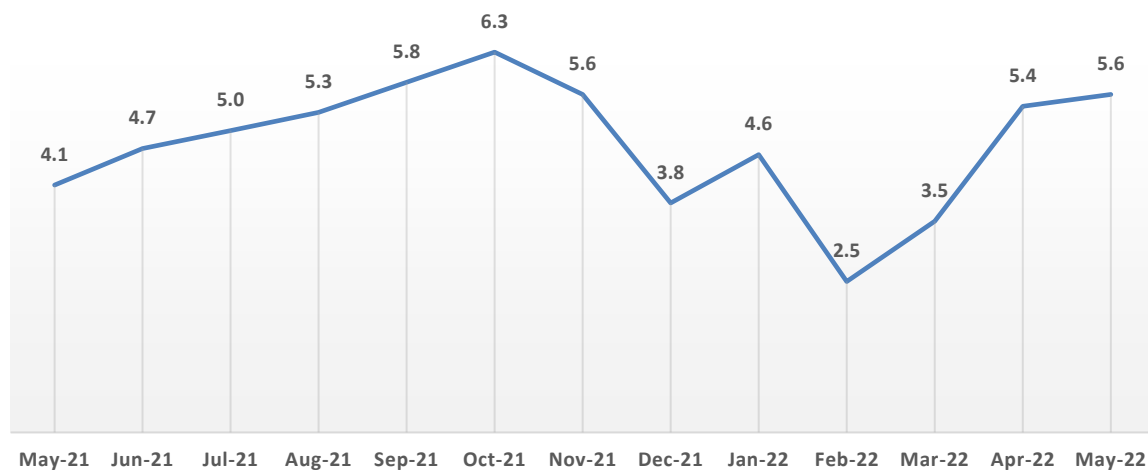
Annual hikes were likewise higher in the indices of the following commodity groups:

- a) Alcoholic beverages and tobacco, 6.9 percent;
- b) Housing, water, electricity, gas and other fuels, 6.5 percent
- c) Restaurants and accommodation services, 6.4 percent; and
- d) Personal care, and miscellaneous goods and services, 3.1 percent.
- e) Clothing and footwear, 2.9 percent;
- f) Recreation, sport and culture, 2.3 percent;
- g) Health, 2.0 percent;

3. Ifugao

Inflation in Ifugao escalated to 5.6 percent in May 2022 from 5.4 percent in April 2022. The May 2022 inflation was the highest monthly rate recorded for the province since January 2022. In addition, May 2022 inflation was higher by 1.5 percentage points from 4.1 percent in May 2021 and 0.2 percentage points higher from 5.4 percent in April 2022. (Figure 1)

Figure 1. Inflation Rates, Ifugao, All Items (2018=100)



Transport services posted the highest inflation rate among the commodity groups at 20.0 percent. It was followed by Housing, Water, Electricity, Gas, and Other Fuels at 12.1 percent inflation rate and Restaurants and Accommodation Services at 10.6 percent.

Food and Non-Alcoholic Beverages deflated at 1.0 from 1.3 in April 2022 while Housing, Water, Electricity, Gas, and Other Fuels also deflated at 12.1 from 12.2 in April 2022.

In addition, contributing to the uptrend in the overall inflation during the period were the higher annual average growth in the indices of the following commodity groups: Clothing and Footwear, 5.4 percent;

- a) Furnishing, Household Equipment and Routine Household Maintenance, 3.1 percent;
- b) Health, 2.6 percent;
- c) Recreation, sport and culture, 1.9 percent;
- d) Restaurants and Accommodation Services, 10.6 percent;
- e) Personal Care, and Miscellaneous Goods and Services, 1.7 percent.

**Table 2. Year-on-Year Inflation Rates by Commodity Group:
Ifugao (2018 = 100) (In Percent)**

Area	May 2021	April 2022	May 2022
ALL ITEMS	4.1	5.4	5.6
Food and Non-Alcoholic Beverages	5.6	1.3	1.0
Alcoholic Beverages and Tobacco	9.0	2.2	2.8
Clothing and Footwear	2.2	4.5	5.4
Housing, Water, Electricity, Gas, and Other Fuels	0.3	12.2	12.1
Furnishing, Household Equipment and Routine Household Maintenance	2.7	2.6	3.1
Health	2.1	2.2	2.6
Transport	6.7	18.0	20.0
Information and Communication	0.0	0.0	0.0
Recreation, Sport and Culture	0.4	1.5	1.9
Education Services	0.4	0.0	0.0
Restaurants and Accommodation Services	9.9	9.6	10.6
Financial Services	0.0	0.0	0.0
Personal Care, and Miscellaneous Goods and Services	1.7	1.2	1.7

In the base year 2018=100, there was an increase of 15.2 index points in the average retail price by a fixed basket of goods and services commonly purchased by the households.

Survey of Retail Prices of Commodities conducted by Philippine Statistics Authority (PSA) has generated a Consumer Price Index (CPI) of 115.2 in Ifugao as of May 2022, using 2018 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.

Table 3. Year-on-Year Inflation Rates, All Items
In percent
(2018=100)

Area	May 2021	April 2022	May 2022
Philippines	108.1	113.4	113.9
CAR	106.7	113.6	114.1
Ifugao	109.1	114.8	115.2

In Table 4, all the Commodity Groups increased in Consumer Price Index except Food and Non-Alcoholic Beverages, Housing, Water, Electricity, Gas, and Other Fuels, Information and Communication, Education Services and Financial Services.

Table 4. Year-on-Year Consumer Price Index for
All Income Households by Commodity Group,
Ifugao (2018=100)

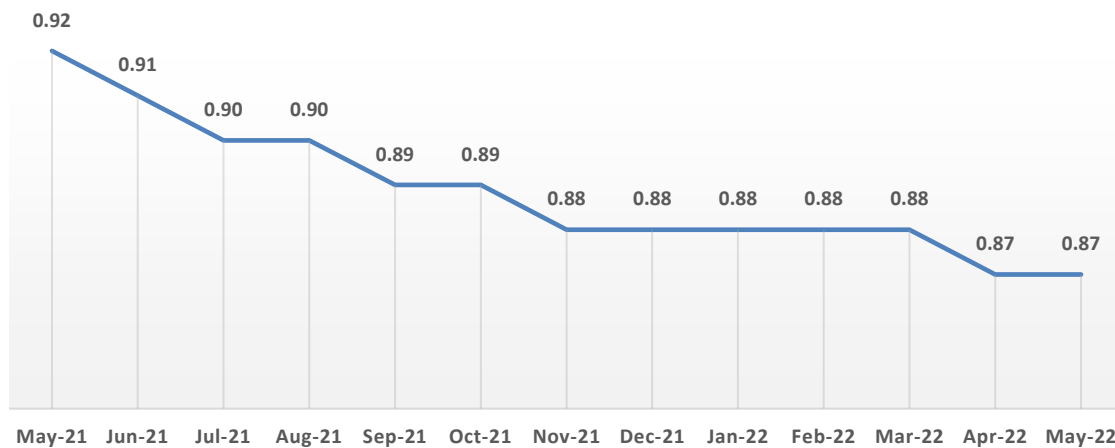
Area	May 2021	April 2022	May 2022
ALL ITEMS	109.1	114.8	115.2
Food and Non-Alcoholic Beverages	109.0	110.2	110.1
Alcoholic Beverages and Tobacco	120.9	123.8	124.3
Clothing and Footwear	113.8	119.0	120.0
Housing, Water, Electricity, Gas, and Other Fuels	106.5	119.4	119.4
Furnishing, Household Equipment and Routine Household Maintenance	106.7	109.5	110.0
Health	115.4	117.9	118.4
Transport	107.8	126.1	129.4

Information and Communication	100.0	100.0	100.0
Recreation, Sport and Culture	112.8	114.4	114.9
Education Services	107.1	107.1	107.1
Restaurants and Accommodation Services	117.4	128.7	129.8
Financial Services	100.0	100.0	100.0
Personal Care, and Miscellaneous Goods and Services	107.8	109.1	109.6

The Purchasing Power of the Peso (PPP) is inversely related to Inflation Rate. Thus, as the Inflation Rate increases, the PPP declines.

The average PPP in Ifugao in May 2022 is at Php 0.87, or you need Php 1.15 $[(1/0.87) * 100]$ to buy the same product in 2018. Also, a basket of goods and services that can be bought with 100 pesos in 2018 is worth 115 pesos in May 2022.

Figure 2. Monthly Purchasing Power of Peso in Ifugao: May 2022 (2018 = 100)





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. Base 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.

DELANO C. BOLISLIS JR.

Chief Statistical Specialist