



SPECIAL RELEASE

May 2018 Consumer Price Index (CPI), Inflation Rate (IR), Purchasing Power of Peso (PPP) of Central Visayas

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Starting March 2018, the Philippine Statistics Authority (PSA) released the rebased CPI series as announced in the press release number 2018-031 dated 22 February 2018. Data users can expect two sets of the CPI as the new series shall be issued simultaneously with the 2006-based series until June 2018. The CPI series for July 2018 onwards shall be 2012-based.

Year on Year Inflation rate in Central Visayas was recorded at 6.0 percent

- The region's annual inflation further accelerated to 6.0 percent in May 2018 compared to last year of the same period at 2.0 percent. Inflation in the previous month was pegged at 5.8 percent. (*Table A*). Inflation during the month was highest since January 2014 (*Table C*).

Area	May	April	May
	2018	2018	2017
Central Visayas	6.0	5.8	2.0

- Higher annual increases were noted in the indices of the following commodity groups:
 - Alcoholic Beverages and Tobacco (20.5%);
 - Clothing and Footwear (1.3%);
 - Transport (7.1%)
 - Recreation and Culture (0.8%)
- A slower annual rate was, however, recorded in Food and Non-Alcoholic Beverages (7.8%) and Housing, Water, Electricity, Gas, and Other Fuels (5.1%) and Communication (0.1%).
- The rest of the commodity groups retained their previous month's growth with the index 7.6 percent for Furnishing, Household Equipment and Routine Maintenance of the House, 3.0 percent for Health, 1.6 percent for Education and 2.2 percent for Restaurant and Miscellaneous Goods and Services (*Table B*).

Table B. Year-on-Year Inflation Rates in Central Visayas by Commodity Group, May 2018 and April 2018 (2012 = 100)

Commodity Group	Current	Previous
All Items	6.0	5.8
Food and Non-Alcoholic Beverages	7.8	7.9
Alcoholic Beverages and Tobacco	20.5	18.9
Clothing and Footwear	1.3	1.2
Housing, Water, Electricity, Gas, and Other Fuels	5.1	5.6
Furnishing, Household Equipment and Routine Maintenance of the House	7.6	7.6
Health	3.0	3.0
Transport	7.1	4.3
Communication	0.1	0.2
Recreation and Culture	0.8	0.6
Education	1.6	1.6
Restaurant and Miscellaneous Goods and Services	2.2	2.2

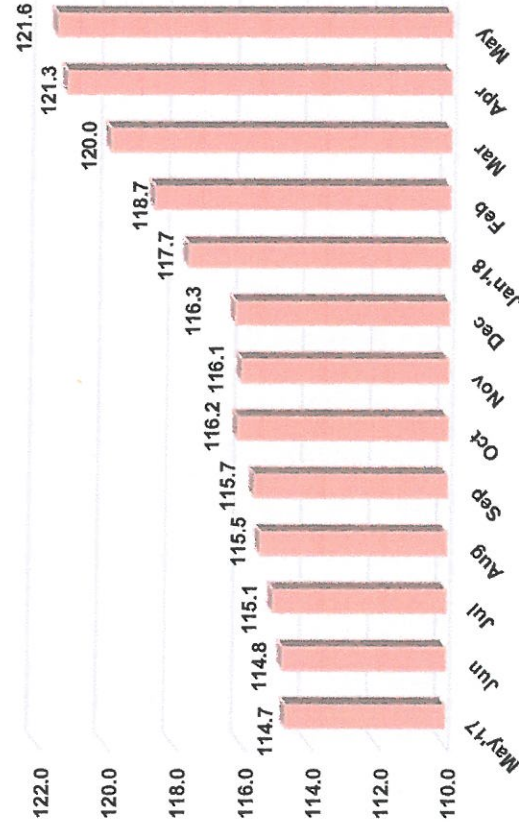
Table C. Year-on-Year Inflation Rates in Central Visayas, All Items January 2014 – May 2018 (2012=100)

MONTH	YEAR				
	2014	2015	2016	2017	2018
January	4.8	2.9	1.1	2.5	3.0
February	4.2	2.6	1.1	2.8	3.8
March	4.4	2.5	1.2	2.2	5.2
April	4.8	1.9	1.5	2.3	5.8
May	5.2	1.6	1.8	2.0	6.0
June	5.0	1.1	2.1	2.0	
July	5.1	0.6	2.1	2.2	
August	4.7	0.1	2.5	2.6	
September	4.6	0.4	1.8	3.1	
October	4.9	0.0	2.1	3.1	
November	4.6	0.0	2.1	2.7	
December	3.6	0.9	2.0	2.4	
Average	4.7	1.2	1.8	2.5	

Central Visayas CPI's recorded an increase of 121.6 compared to the previous month

- The consumer price index in Central Visayas was recorded at 121.6 in May 2018. An increment was noted from previous month which was at 121.3. In May 2017, it was at 114.7 and steadily increased until October 2017. A decrease was recorded from October 2017 to November 2017 and then steadily increased in the succeeding month

Figure 1. Consumer Price Index Central Visayas, All Income Households: May 2017 - May 2018 (2012=100)



- Higher annual rate was noted in the indices of all items by commodity groups from April 2017 to May 2018 (Table D).

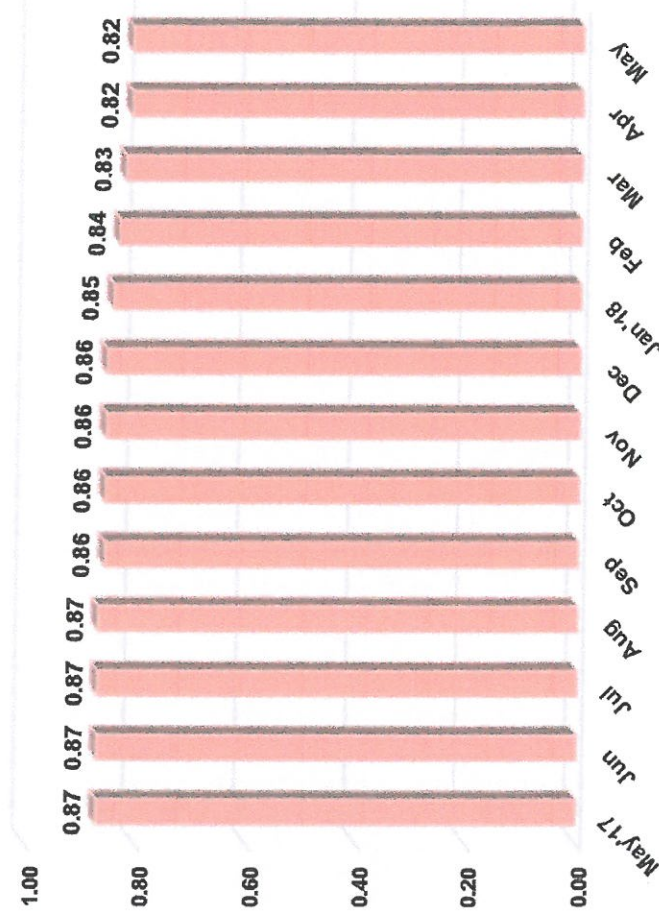
Table D. Monthly Consumer Price Index for All Income Households in Central Visayas, by Commodity Group May and April 2018 and 2017 (2012 = 100)

COMMODITY GROUP	MAY		APRIL	
	2018	2017	2018	2017
All items	121.6	114.7	121.3	114.6
Food and Non-Alcoholic Beverages	127.0	117.8	126.8	117.5
Alcoholic Beverages and Tobacco	183.1	152.0	180.8	152.0
Clothing and Footwear	120.6	119.0	120.4	119.0
Housing, Water, Electricity, Gas, and Other Fuels	122.8	116.8	122.7	116.2
Furnishing, Household Equipment and Routine Maintenance of the House	122.8	114.1	122.8	114.1
Health	108.5	105.3	108.4	105.2
Transport	111.5	104.1	109.8	105.3
Communication	101.6	101.5	101.6	101.4
Recreation and Culture	104.2	103.4	103.9	103.3
Education	129.7	127.6	129.7	127.6
Restaurant and Miscellaneous Goods and Services	107.4	105.1	107.4	105.1

Purchasing Power of Peso (PPP) was recorded at 0.82 in May 2018

- At the start of May 2017, the PPP of Central Visayas was recorded at 0.87 and remained constant until August of the same year. From September 2017, it was constant at 0.86 until December 2017 and dropped to 0.85 in January 2018. From January 2018, the PPP steadily decreased until April 2018 and remain to 0.82 until May 2018 (Figure 2).

**Figure 2. Purchasing Power of Peso in Central Visayas:
May 2017 - May 2018**



TECHNICAL NOTES

The Philippine Statistics Authority generates and announces the monthly Consumer Price Index (CPI) based on a nationwide survey of prices for a given basket of goods and services. Two important indicators, the inflation rate and purchasing power of the peso (PPP), are derived from the CPI which are important in monitoring price stability and the value of the country's currency.

The **CPI** is an indicator of the change in the average retail prices of a fixed basket of goods and services commonly purchased by households relative to a base year.

Retail Price is the price at which a commodity is sold for spot in small quantities for consumption.

Base Period/Base Year is the period, usually a year, at which the index number is set to 100. It is the reference point of the index number series.

Market Basket is a term used to refer to a sample of goods and services that are commonly purchased and bought by an average Filipino household.

Weight is a value attached to a commodity or group of commodities to indicate the relative importance of that commodity or group of commodities in the market basket.

Inflation Rate is equivalent to a decline in the purchasing power of the peso. It is the change in the CPI over a specific period of time (usually a month or a year). That is,

$$\text{Inflation Rate} = \frac{CPI_2 - CPI_1}{CPI_1} * 100$$

where:

CPI_1 - is the CPI in the previous period

CPI_2 - is the CPI in the current period

The **Purchasing Power of the Peso (PPP)** is a measure of the real value of the peso in a given period relative to a chosen reference period. It is computed by getting the reciprocal of the CPI and multiplying the result by 100. That is,

$$PPP = \frac{1}{CPI} * 100$$

Headline Inflation is the rate of change in the weighted average prices of all goods and services in the CPI basket.

Prepared by:


ERAH M. QUIÑONES
Assistant Statistician

Approved by:


ARIEL E. FLORENDO
Regional Director


LPAYAMC/GDN/JDA