SPECIAL RELEASE

Summary Inflation Report in Central Visayas
Consumer Price Index
(2018=100)

March 2023

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Starting February 2022, the Philippine Statistics Authority (PSA) released the rebased Consumer Price Index (CPI) for all income households to base year 2018, from base year 2012 as announced in the press release number 2022-01 dated 04 January 2022. The CPI series for all income households for January 2022 onwards will be 2018-based.

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

Area	March 2022	February 2023	March 2023	Year-to-date*
Philippines	4.0	8.6	7.6	8.3
Central Visayas	5.0	7.4	6.6	7.1
Bohol	5.0	9.4	7.8	9.2
Cebu	7.1	7.5	8.1	7.8
Negros Oriental	6.1	8.4	6.3	7.3
Siquijor	4.4	12.1	10.1	10.7
City of Cebu	1.9	5.7	4.3	4.8
City of Lapu-Lapu	0.9	5.7	4.5	5.3
City of Mandaue	3.5	4.4	3.1	3.7

Source: Philippine Statistics Authority

*Year-on-year change of CPI for January to March 2023 vs. 2022

Figure 1. Inflation Rates in Central Visayas, All Items (2018=100)
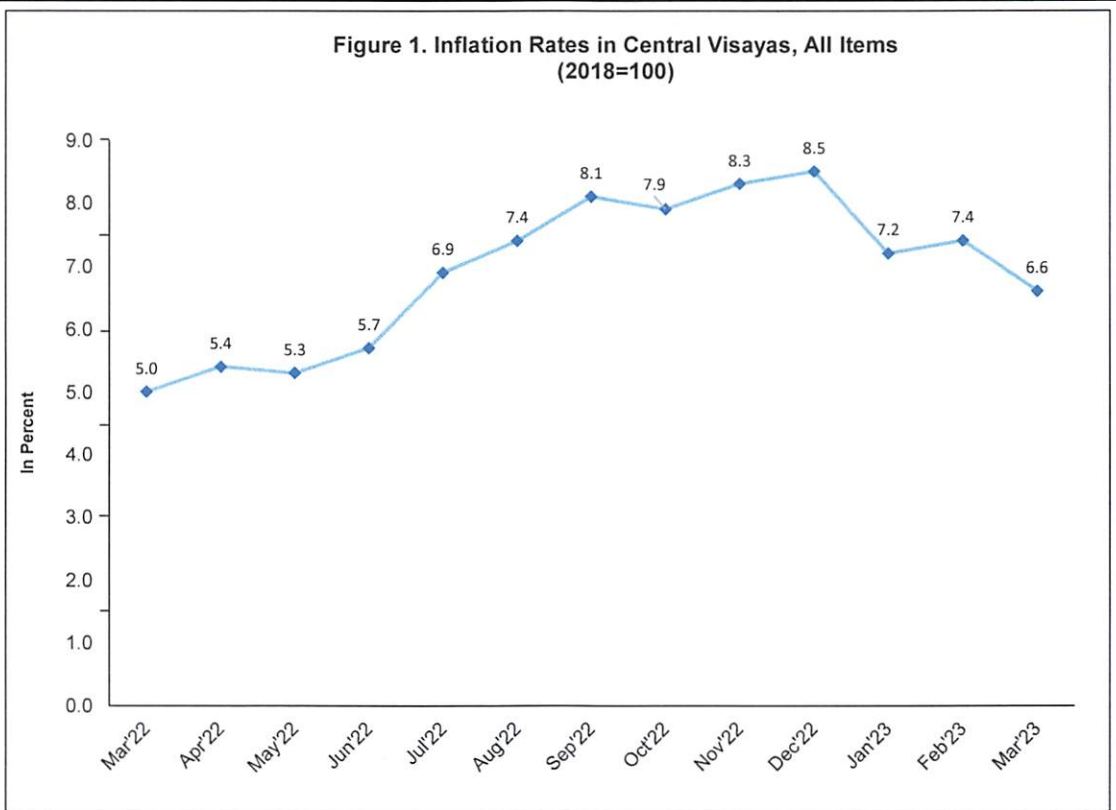
1. The Philippines

Headline inflation or the overall inflation in the Philippines slowed down further to 7.6 percent in March 2023 from 8.6 percent in February 2023. Inflation rate in March 2022 was lower at 4.0 percent. The average inflation for the first quarter of 2023 stood at 8.3 percent. (Table A)

2. Central Visayas

Following the trend at the national level, inflation rate in Central Visayas also decelerated to 6.6 percent in March 2023 from 7.4 percent in February 2023. In March of the previous year, inflation rate in the region was recorded at 5.0 percent. (Table A, B and Figure 1)

Main Drivers to the Downward Trend of the Regional Inflation

Among the 13 commodity groups, the downtrend of the overall inflation in March 2023 was mainly brought about by Housing, Water, Electricity, Gas, and Other Fuels, which recorded a lower inflation rate of 7.3 percent from 8.8 percent in the previous month. This was followed by Food and Non-alcoholic Beverages with an inflation rate of 8.2 percent from 8.8 percent in the previous month. The third primary driver of the downtrend of the inflation during the month was Transport, which recorded a 4.0 percent inflation rate from 5.6 percent in February 2023. (Table 3)

Other commodity groups that contributed to the downtrend in the March 2023 inflation were Furnishing, Household Equipment and Routine Household Maintenance at 4.6 percent from 5.1 percent in previous month; and Restaurants and Accommodation Services which registered lower inflation rate during the month at 6.0 percent compared to its previous month's inflation rates at 6.1 percent. (Table 3)

In contrast, higher inflation rates were observed in the following commodity groups: (Table 3)

    a. Alcoholic Beverages and Tobacco, 11.3 percent from 10.4 percent;
    b. Clothing and Footwear, 3.1 percent from 3.0 percent; and
    c. Recreation, Sport and Culture, 2.2 percent from 2.1 percent.

The indices of the following commodity groups retained their corresponding previous month's annual increments: (Table 3)

    a. Health, 3.4 percent;
    b. Information and Communication, 1.2 percent;
    c. Education Services, 5.9 percent;
    d. Financial Services, 0.0 percent; and
    e. Personal Care, and Miscellaneous Goods and Services, 3.9 percent.

Main Contributors to the Regional Inflation

In terms of contribution to the March 2023 regional inflation rate, the top three commodity groups were the following:

    a. Food and Non-alcoholic Beverages with 47.3 percent share or 3.1 percentage points;
    b. Housing, Water, Electricity, Gas and Other Fuels at 26.0 percent share or 1.7 percentage points; and
    c. Restaurants and Accommodation Services at 8.1 percent share or 0.5 percentage point.

Food Inflation

Food inflation at the regional level also continued to move downward at 8.2 percent in March 2023 from 9.0 percent in February 2023. In March 2022, food inflation was lower at 6.7 percent. (Table 7)

Main Drivers to the Downward Trend of Food Inflation

The primary driver of slower food inflation was the lower annual growth in the index of Meat and Other Parts of Slaughtered Land Animals at 3.7 percent from 6.5 percent. This was followed by Fish and Other Seafood 11.0 percent from 12.0 percent, and Sugar, Confectionery and Desserts at 41.9 percent from 44.0 percent. (Table 5)

Lower inflation rates during the month were also noted in the indices of the following food items: (Table 5)

   a. Corn, 3.3 percent from 5.8 percent;
   b. Fruits and Nuts, 12.2 percent from 12.6 percent;
   c. Oils and Fats, 26.0 percent from 26.8 percent; and
   d. Milk, Other Dairy Products and Eggs, 7.7 percent from 7.8 percent.

Meanwhile, compared with their previous month's inflation rates, higher year-on-year growth rates were observed in the indices of the following food groups during the month: (Table 5)

   a. Rice, 1.2 percent from 0.1 percent;
   b. Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals, 11.7 percent from 11.5 percent;
   c. Vegetables, Tubers, Plantains, Cooking Bananas and Pulses, 19.4 percent from 17.7 percent; and
   d. Ready-made Food and Other Food Products not elsewhere classified, 8.3 percent from 7.6 percent.

Main Contributors to the Food Inflation

The top three contributors to the March 2023 regional food inflation were the following:

   a. Fish and other seafood with 23.6 percent share or 1.9 percentage points;
   b. Cereals and Cereal products which includes rice, corn, flour, bread and other bakery products with 17.7 percent share or 1.5 percentage points; and
   c. Vegetables, tubers, plantains, cooking bananas and pulses with 16.2 percent share or 1.3 percentage points.

Table B. Year-on-Year Inflation Rates in Central Visayas, All Items
In Percent
January 2019 – March 2023
(2018=100)

Month	Year				
	2019	2020	2021	2022	2023
January	4.0	2.0	0.9	5.0	7.2
February	3.1	1.8	1.1	5.1	7.4
March	2.2	1.6	1.5	5.0	6.6
April	1.8	0.9	2.3	5.4	
May	1.5	0.7	2.3	5.3	
June	0.6	2.3	1.5	5.7	
July	0.4	2.1	1.5	6.9	
August	0.4	1.5	1.9	7.4	
September	-0.5	1.3	2.2	8.1	
October	-0.6	1.4	2.4	7.9	
November	0.1	1.4	2.6	8.3	
December	1.4	1.4	2.2	8.5	
Average	1.2	1.5	1.9	6.6	7.1

Source: Philippine Statistics Authority

3. By Province

Comparing with the respective previous month's annual rates of the provinces and Highly Urbanized Cities (HUCs) of Central Visayas, three provinces and all HUCs exhibited lower inflation in March 2023. (Figure 2)

Among the provinces, Negros Oriental posted the lowest inflation rate during the month at 6.3 percent while Siquijor had the highest inflation rate at 10.1 percent. Moreover, only Cebu Province exhibited higher inflation rate with 8.1 percent. (Figure 2)

Further, all HUCs posted a lower inflation in March 2023. The City of Mandaue posted the lowest inflation rate at 3.1 percent, followed by the City of Cebu at 4.3 percent. The highest inflation rate was noted in the City of Lapu-Lapu at 4.5 percent. (Figure 2)
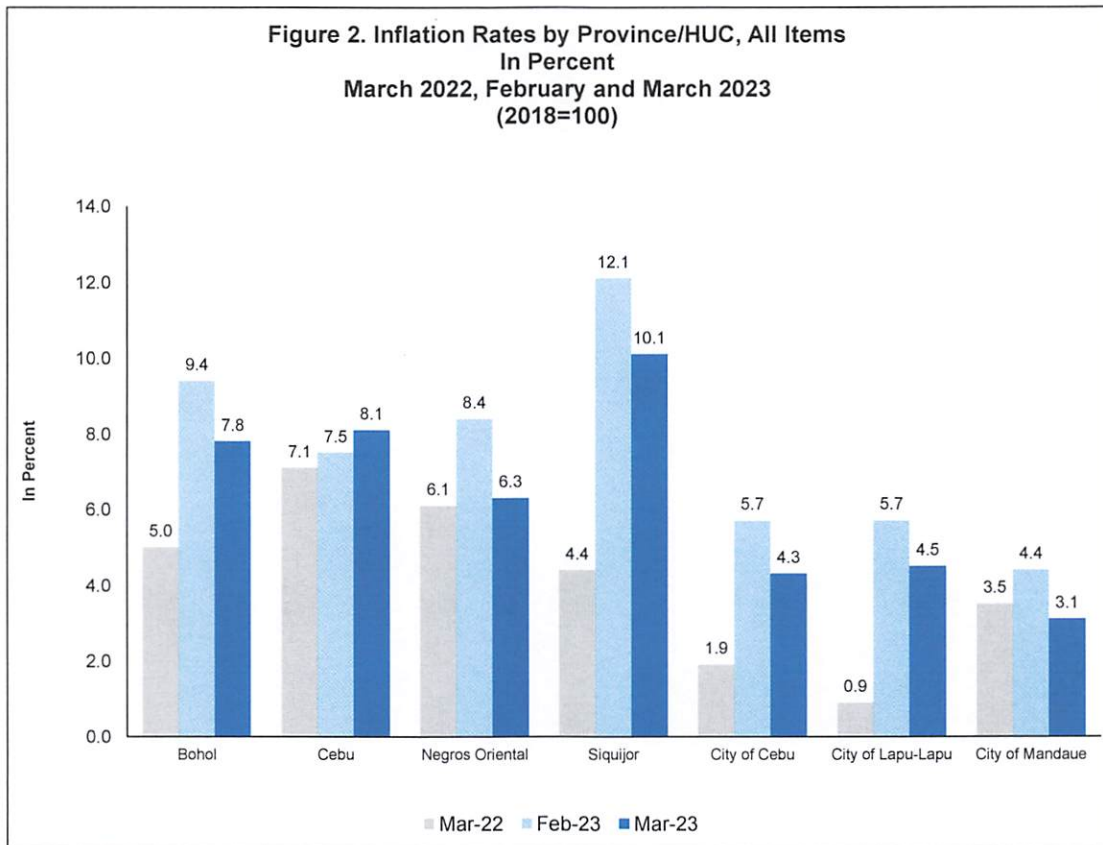
Figure 2. Inflation Rates by Province/HUC, All Items
In Percent
March 2022, February and March 2023
(2018=100)

Source: Philippine Statistics Authority

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 ground 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,

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

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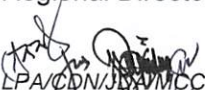
$$PPP = \frac{1}{CPI} * 100$$

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

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