



CAMARINES SUR

SPECIAL RELEASE

Camarines Sur Consumer Price Index

SR No. 2017-53

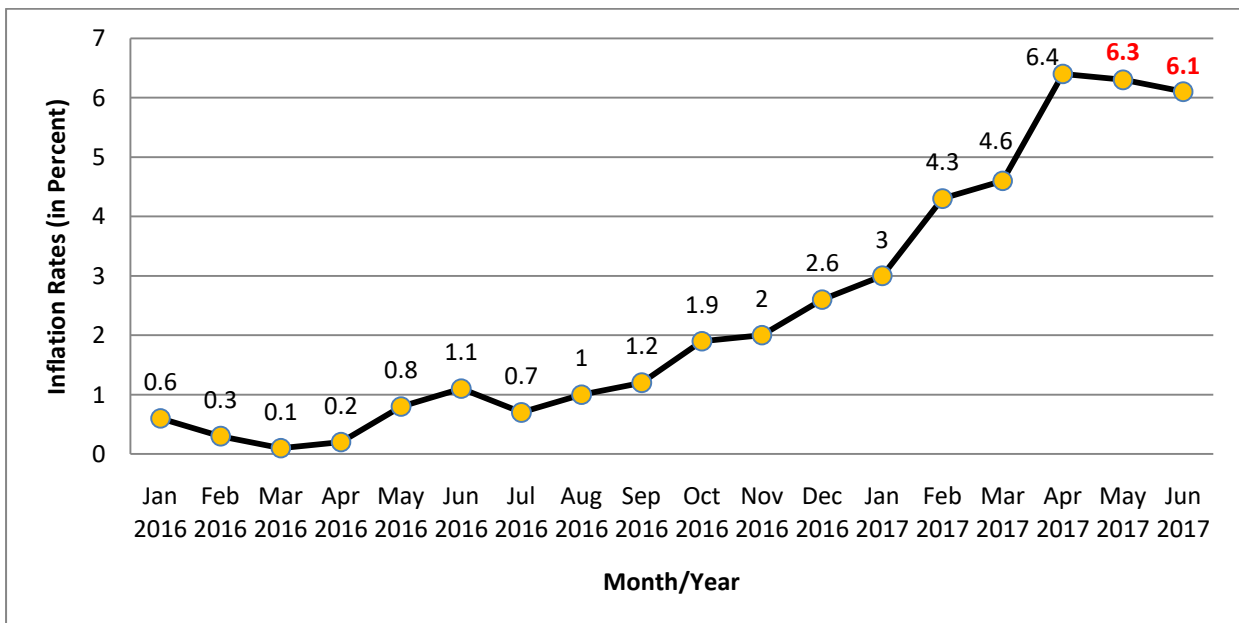
JULY 2017



Inflation rate in Camarines Sur decreases to 6.1 percent in June 2017

The provincial headline inflation rate in Camarines Sur decreased to 6.3 percent and 6.1 percent in May 2017 and June 2017, respectively, as compared to the same periods in 2016. As shown in Figure 1, inflation rate eases in May 2017 and June 2017 since it posted the highest rate in April 2017 (6.4 percent), the highest since January 2016.

Figure 1. Year-on-Year Headline Inflation Rates in Camarines Sur, All Items: January 2016 - June 2017 (2006=100)



Source: Survey of Retail Prices of Commodities for the Generation of CPI, Philippine Statistics Authority (PSA)

Price Situation: Year- on-Year

On a year on year comparison, commodity groups under Transport, Food and Non-Alcoholic Beverages, Alcoholic Beverages and Tobacco, Housing, Water, Electricity, Gas and other Fuels, and Restaurant, Miscellaneous Goods and Services, posted higher inflation rates in May 2017 and June

2017 as shown in Table 1. Moreover, prices of commodities for Furnishings, Household Equipment and Routine Maintenance of the House tend to increase at a slower rate than other commodity groups every year.

Price Situation: Month-on-Month

Food and Non-Alcoholic Beverages posted negative inflation rate between April and May 2017. Alcoholic Beverages and Tobacco did not reflect any changes in June 2017.

Across Non-Food Groups, Transport posted negative inflation in May 2017 and June 2017. Education registered an increase of 1.38 percent in June 2017. Slight increase was noted in Clothing and Footwear, Restaurant, Miscellaneous Goods and Services, Recreation and Culture, Health, and Furnishings, Household Equipment and Routine Maintenance of the House commodity groups. Housing, Water, Electricity, Gas and other Fuels posted negative inflation in June 2017. The rest of the commodity groups did not show significant changes in June 2017.

Table 1. Headline Inflation Rates in Camarines Sur, by Commodity Group (Year-on-Year and Month-on-Month): May 2017 – June 2017 (2006=100)

Commodity Group	Year on Year		Month on Month	
	May 2017	June 2017	May 2017	June 2017
Food and Non-Alcoholic Beverages	8.24	8.63	-0.34	0.92
Alcoholic Beverages and Tobacco	5.38	5.38	0.23	0
Clothing and Footwear	0.81	0.81	0	0.08
Housing, Water, Electricity, Gas and other Fuels	4.08	3.75	0.24	-0.08
Furnishing, Household Equipment and Routine Maintenance of the House	0.31	0.39	0	0.15
Health	1.00	1.00	0	0.15
Transport	10.68	7.09	-0.11	-2.32
Communication	1.25	1.25	0	0
Recreation and Culture	0.36	0.36	0	0.09
Education	1.39	1.38	0	1.38
Restaurant, Miscellaneous Goods and Services	3.64	3.64	0.12	1.61
Inflation Rate	-	-	6.3	6.1
Purchasing Power of Peso	-	-	0.64	0.63
Consumer Price Index (All Items)	-	-	157.0	157.7

Source: Survey of Retail Prices of Commodities for the Generation of CPI, Philippine Statistics Authority (PSA)

As a result of the price trends cited above, the Purchasing Power of Peso (PPP) of the province of Camarines Sur decreased to 0.63 .

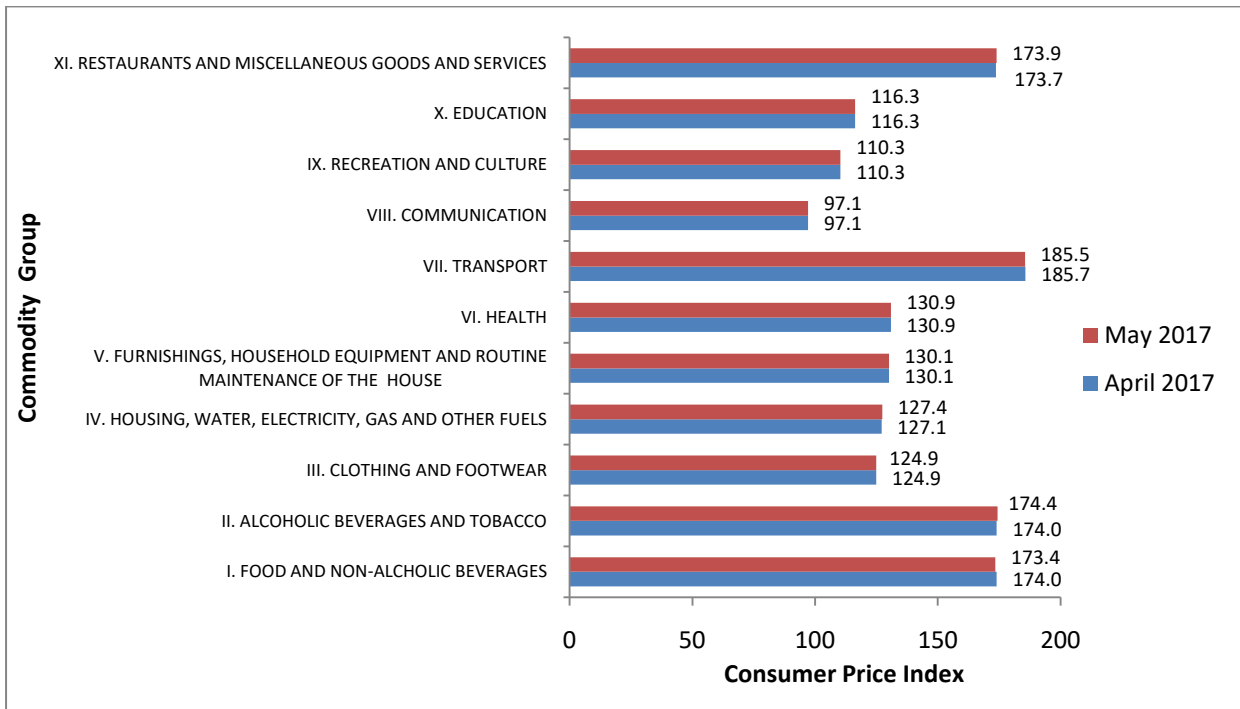
In Camarines Sur, Purchasing Power of Peso for June 2017

$$= (1/157.70)*100$$

$$= 0.63$$

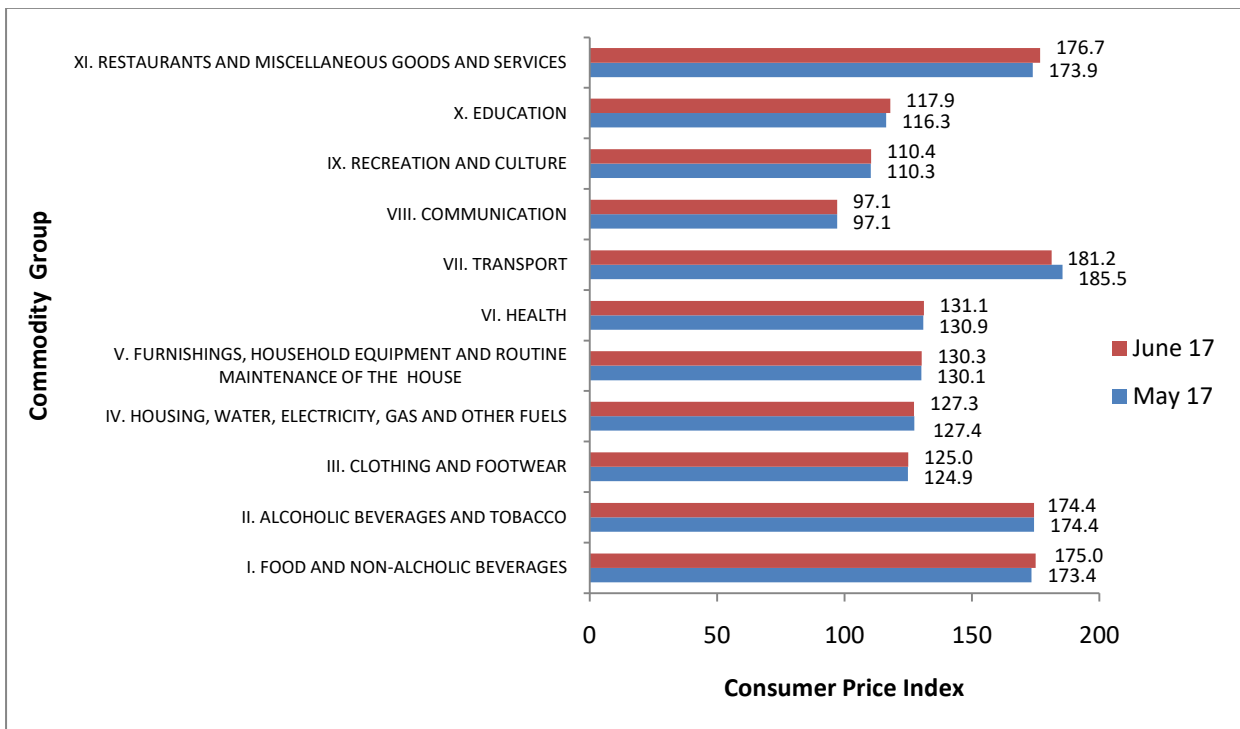
This means that a peso in 2006 is only worth 63 centavos in June 2017, or you may need PhP157.70 to purchase the same volume of goods and services worth P100.00 in 2006.

**Figure 2. Consumer Price Index for All Income Households in Camarines Sur:
April 2017 – May 2017 (2006 = 100)**



Source: Survey of Retail Prices of Commodities for the Generation of CPI, Philippine Statistics Authority (PSA)

**Figure 3. Consumer Price Index for All Income Households in Camarines Sur:
May 2017 – June 2017 (2006 = 100)**

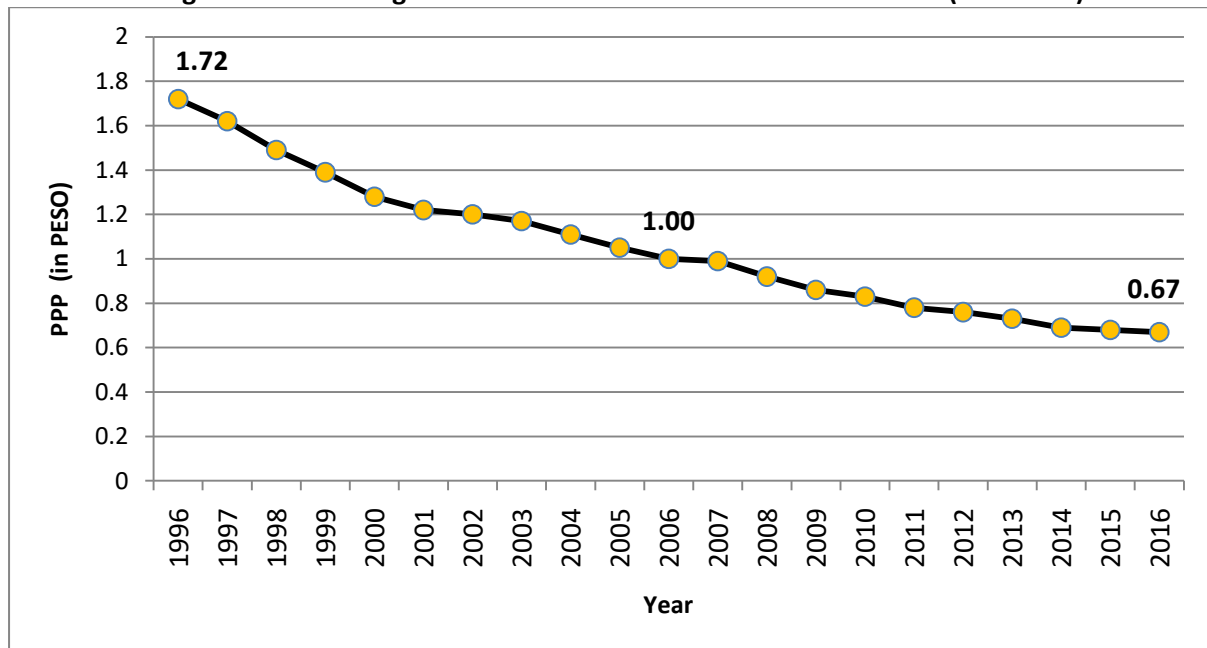


Source: Survey of Retail Prices of Commodities for the Generation of CPI, Philippine Statistics Authority (PSA)

Purchasing Power of Peso drops to PhP 0.67 in 2016

Purchasing Power of Peso (PPP) is inversely related to inflation rate. Thus, as the inflation rate increases, PPP declines. Figure 4, shows that in Camarines Sur, PPP has been decreasing on the average of 0.0525 annually from 1996 to 2016. The PPP in 2016 was 0.67. This implies that the PhP 1.00 in 2006 as the base year, values only PhP 0.67 in 2016 and was worth PhP 1.72 in 1996.

Figure 4. Purchasing Power of Peso in Camarines Sur: 1996-2016 (2006=100)



Source: Survey of Retail Prices of Commodities for the Generation of CPI, Philippine Statistics Authority (PSA)

TECHNICAL NOTES

CONSUMER PRICE INDEX (CPI)

The CPI is a measure of the changes in the average price level of goods and services that most people buy for their day-to-day consumption. It measures the composite change in the consumer prices of various commodities over time.

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.

The CPI 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 of 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 use the CPI as one of their bases.

COMPONENTS OF CPI:

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 behaviour 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 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 (2006) weights.

E. Geographic Coverage

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

F. Classification Standards

The 2006 series is the first in the CPI series that used the 1999 United Nations Classification of the Individual Consumption According to Purpose (COICOP) in determining the

commodity groupings of the items and services included in the market basket.

Inflation rate

The inflation rate is the annual or monthly rate of change of the CPI expressed in percent. Inflation is interpreted in terms of declining purchasing power of money.

Year-On-Year Inflation Rate

Year-On-Year Inflation Rate is the annual percentage change of CPI. For example, the percentage change of CPI between April 2016 and April 2017.

Month-On-Month Inflation Rate

Month-On-Month Inflation Rate is the monthly percentage change of CPI. For example, the percentage change of CPI between May 2017 and June 2017.

Purchasing Power of Peso (PPP)

The purchasing power of 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. For example, the PhP 1.00 in 2006 is valued only at PhP 0.63 in June 2017.

