



SPECIAL RELEASE

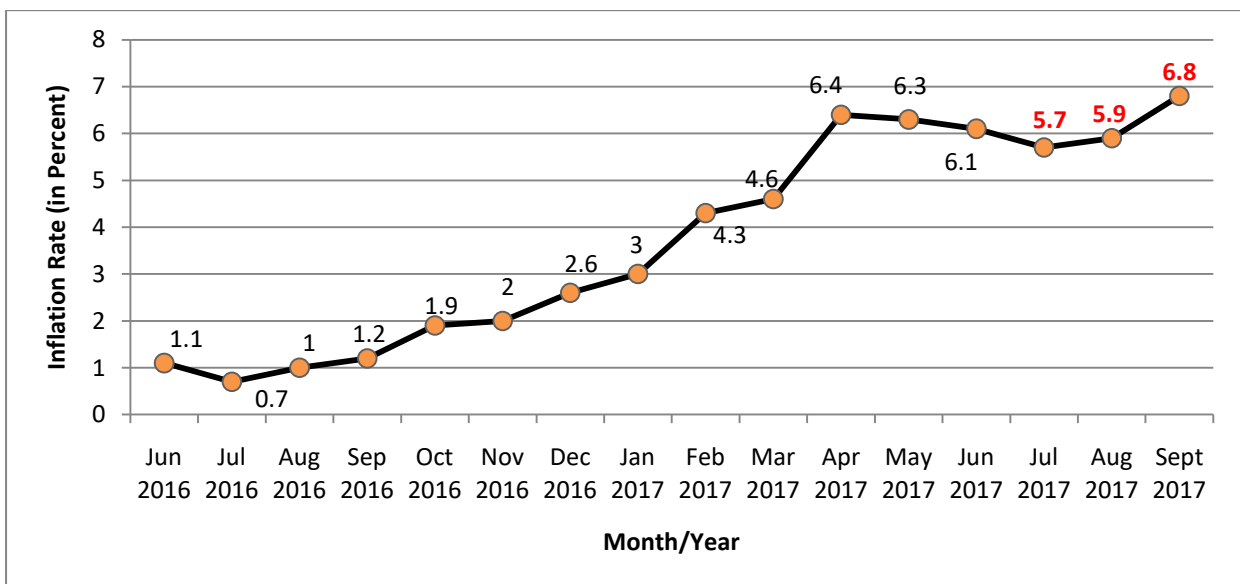
Inflation rate in Camarines Sur increases to 6.8 percent in September 2017

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The provincial headline inflation rate in September 2017 increased to a 16-month high of 6.8 percent. It was increasing since July 2017 at 5.7 percent to August 2017 at 5.9 percent, after it has declined in three previous rounds from 6.4 percent in April to 6.3 percent in May and 6.1 percent in June 2017.

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



Price Situation: Year- on-Year

On a Year-on-Year comparison, commodity groups under Transport reflected the highest inflation rate of 9.67 percent in September 2017 from negative 2.79 percent in July 2017 and negative 1.60 percent in August 2017. Food and Non-Alcoholic Beverages, Alcoholic Beverages and Tobacco, Housing, Water, Electricity, Gas and other Fuels, and Restaurant, Miscellaneous Goods and Services, also posted higher inflation rates in July 2017, August 2017 and September 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 a decrease to 0.11 percent in September 2017 from 0.29 percent in July 2017 and 0.97 percent in August 2017. Alcoholic Beverages and Tobacco did not reflect any changes in September 2017.

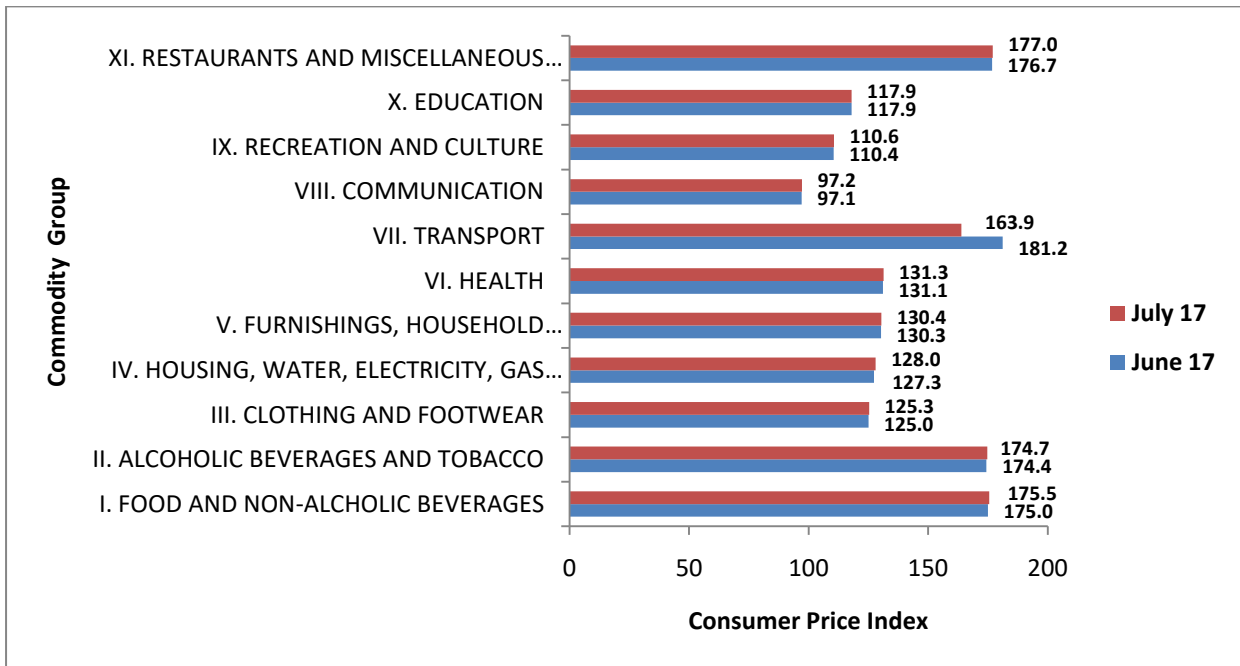
Across Non-Food Groups, Transport commodities posted the highest increase in September 2017 with 11.59 percent inflation compared with its July 2017 posted points of negative 9.55 percent and 1.04 percent in August 2017. Slight increase was noted in Housing, Water, Electricity, Gas and other Fuels with 0.47 percent inflation in September 2017 from 0.31 percent in August 2017; however this commodity group posted higher inflation in July 2017 (0.55 percent). Health commodities decreased from 0.23 percent in August 2017 to 0.08 percent in September 2017, for the month of July 2017 this group posted an inflation of 0.15 percent. Restaurant, Miscellaneous Goods and Services commodities also decreased from 0.28 percent in August 2017 to 0.11 percent in September 2017, this group reflected 0.17 percent inflation in July 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): July 2017 – September 2017 (2006=100)

Commodity Group	Year-on-Year			Month-on-Month		
	July 2017	August 2017	Sept 2017	July 2017	August 2017	Sept 2017
Food and Non-Alcoholic Beverages	9.01	9.05	8.63	0.29	0.97	0.11
Alcoholic Beverages and Tobacco	5.56	3.67	3.30	0.17	0.34	0.00
Clothing and Footwear	1.05	1.13	1.29	0.24	0.16	0.16
Housing, Water, Electricity, Gas and other Fuels	4.49	5.42	6.09	0.55	0.31	0.47
Furnishing, Household Equipment and Routine Maintenance of the House	0.46	0.54	0.54	0.08	0.08	0.00
Health	1.16	1.31	1.31	0.15	0.23	0.08
Transport	-2.79	-1.60	9.67	-9.55	1.04	11.59
Communication	1.36	1.77	1.77	0.10	0.41	0.00
Recreation and Culture	0.55	0.55	0.55	0.18	0.00	0.00
Education	1.38	1.38	1.38	0.00	0.00	0.00
Restaurant, Miscellaneous Goods and Services	3.09	3.38	3.49	0.17	0.28	0.11
Inflation Rate	-	-	-	5.7	5.9	6.8
Purchasing Power of Peso	-	-	-	0.64	0.63	0.63
Consumer Price Index (All Items)	-	-	-	157.0	158.8	159.6

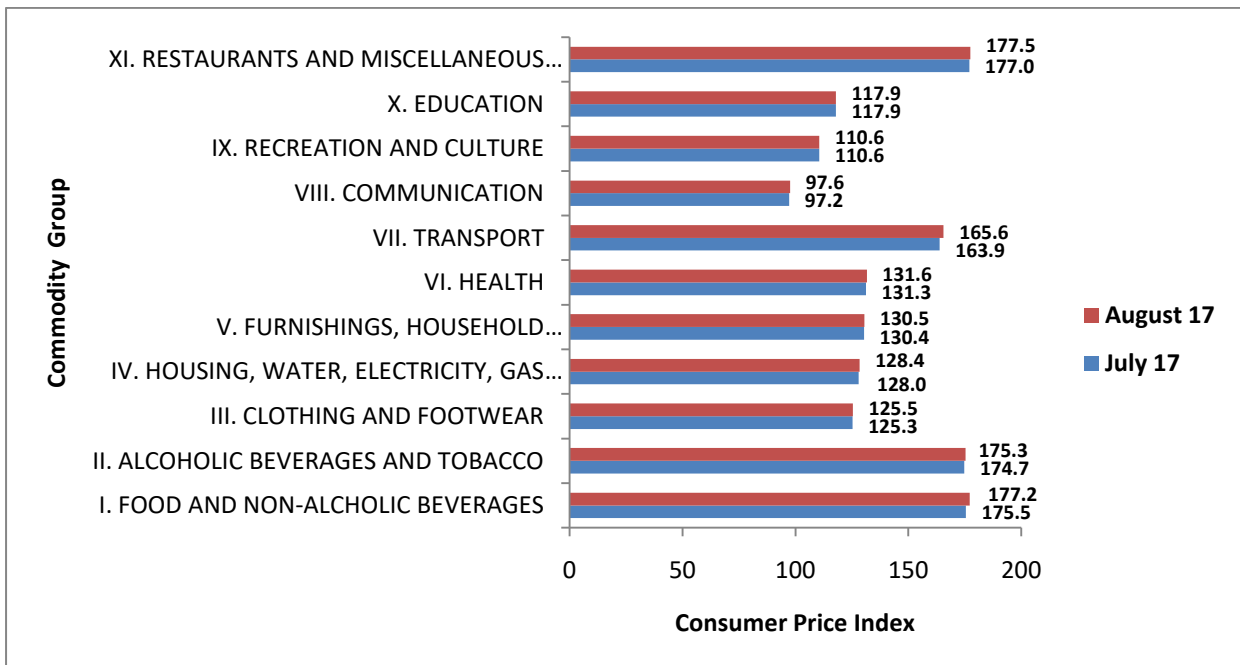
Source: Survey of Retail Prices of Commodities for the Generation of CPI, Philippine Statistics Authority (PSA)

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



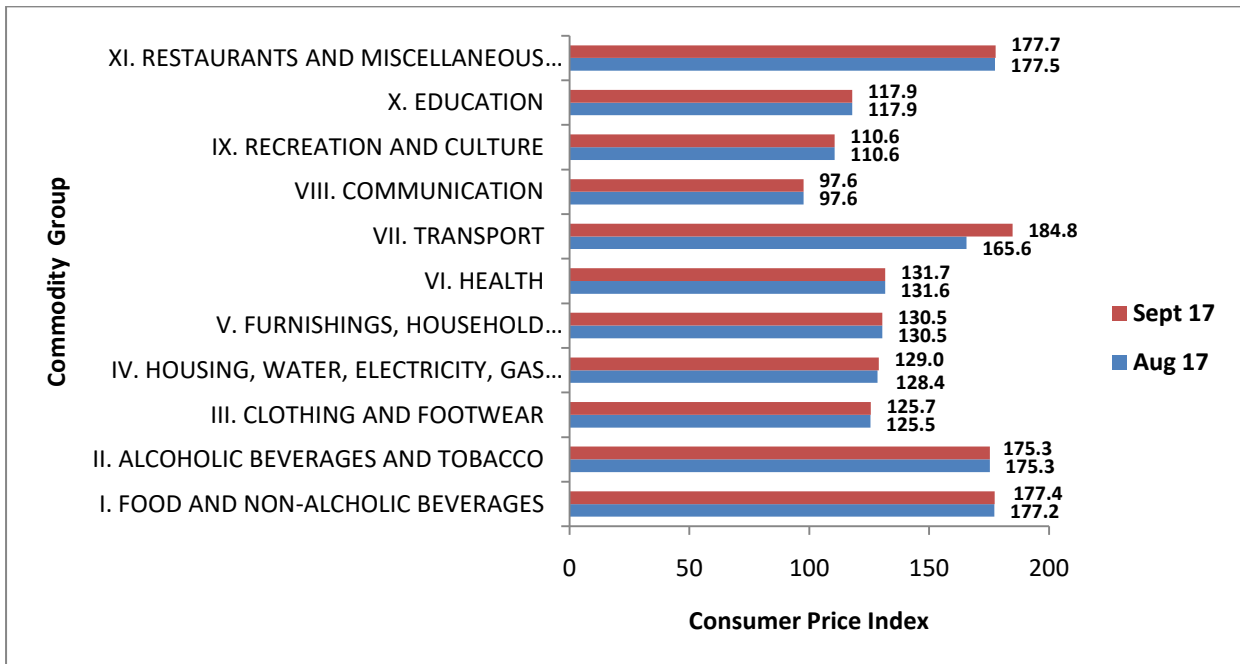
Source: Survey of Retail Prices of Commodities for the Generation of CPI, Philippine Statistics Authority (PSA)

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



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

Figure 4. Consumer Price Index for All Income Households in Camarines Sur: August 2017 – September 2017 (2006 = 100)



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 remained at 0.63.

In Camarines Sur, Purchasing Power of Peso for September 2017

$$= (1/159.6) * 100$$

$$= 0.63$$

This means that a peso in 2006 is only worth 63 centavos in September 2017, or you may need PhP159.6 to purchase the same volume of goods and services worth P100.00 in 2006.

in Camarines Sur



100 pesos in 2006

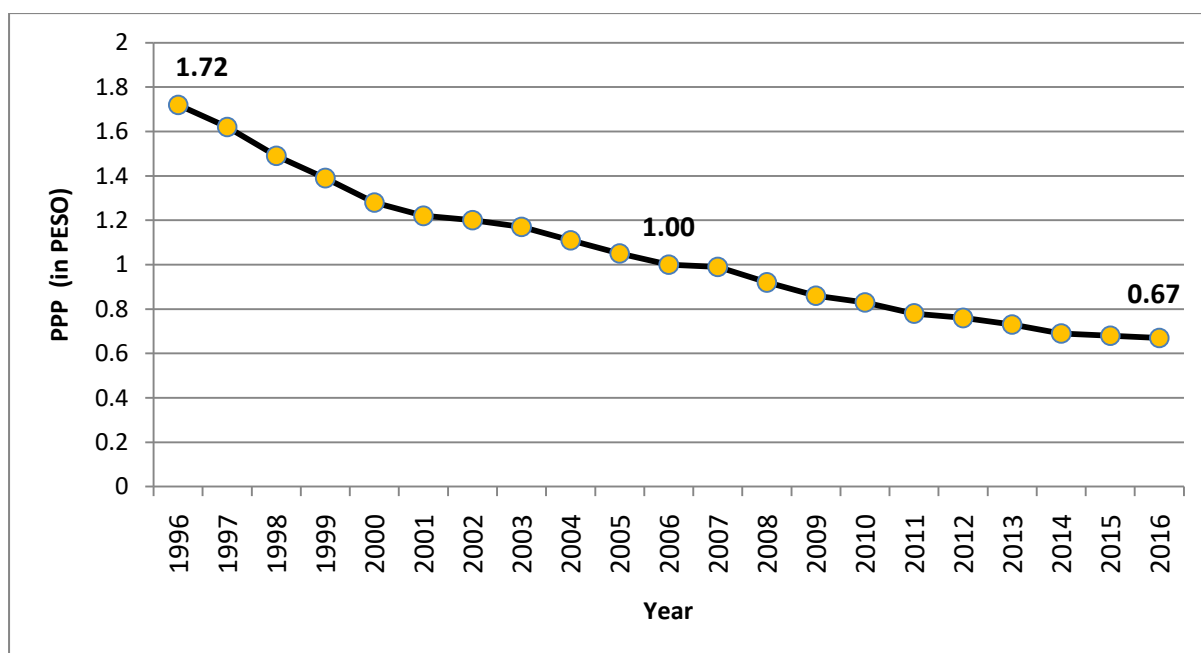


159.6 pesos in September 2017

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 5. 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.

Headline Inflation rate

The headline inflation rate refers to the rate of change in the CPI, a measure of the average standard "basket" of goods and services consumed by a typical family.

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 September 2016 and September 2017.

Month-On-Month Inflation Rate

Month-On-Month Inflation Rate is the monthly percentage change of CPI. For example, the percentage changes of CPI between August 2017 and September 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 September 2017.

