SPECIAL RELEASE

SUMMARY INFLATION REPORT
CONSUMER PRICE INDEX
(2018=100)

NATIONAL CAPITAL REGION: JANUARY 2023

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This special release presents data on Consumer Price Index (CPI) for all income households in the National Capital Region (NCR). The CPI is an indicator of the change in the average prices of goods and services commonly purchased by consumers relative to a base year. It is most widely used in the calculation of the Inflation Rate and Purchasing Power of the Peso (PPP). The Inflation Rate is defined as the annual rate of change or the year-on-year change in the CPI. On the other hand, the PPP is a measure of the real value of the peso in a given period relative to a chosen reference period. The PSA releases data on CPI five days after the reference month which is posted on the PSA website (www.psa.gov.ph). Data series are also available at the OpenSTAT database portal of the PSA website.

Consumer Price Index in NCR advances by 1.6 percentage points

The CPI in NCR advanced by 1.6 percentage points to reach 118.2 percent in January 2023 from 116.6 percent in December 2022. On yearly basis, the CPI increased by 9.4 percentage points during the month from 108.8 percent in January 2022. The CPI in NCR consistently remained below the Philippines' record which registered a higher increase of 2.0 percentage points from 119.4 percent in the previous month to 121.4 percent in January 2023. Across all regions, the CPI in NCR remained the second lowest among the 17 regions with Central Visayas registering the lowest at 116.9 percent. On the other hand, MIMAROPA Region remained the region with the highest CPI at 126.2 percent in January 2023. Meanwhile, Region IX (Zamboanga Peninsula) registered the highest increase in CPI this month with 2.8 percentage points as it reached 120.0 percent during the month from 117.2 percent in December 2022.

The CPI of 118.2 in January 2023 indicated that consumer prices, on average, had increased by 18.2 percent from the base year 2018. This can also be interpreted that a basket of commodities that can be purchased at PhP100.00 by an average Filipino household in NCR in 2018 can be bought at PhP118.2 in January 2023. (Figure 1)

Figure 1. Consumer Price Index, All Items: NCR
January 2022 - January 2023
(2018=100)
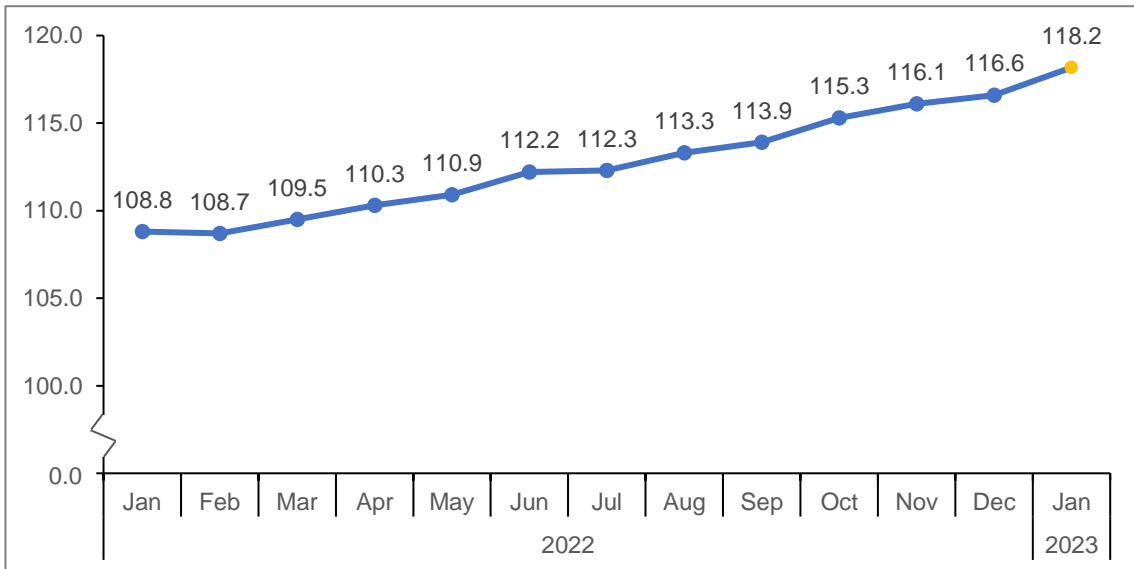
Inflation rate in NCR accelerates to 8.6 percent

The inflation rate in NCR rose by 1.0 percentage point as it moved faster at 8.6 percent in January 2023 from 7.6 percent in the previous month. In January 2022, the inflation rate was lower at 1.3 percent. (Figure 2)

Figure 2. Inflation Rates in NCR, All Items
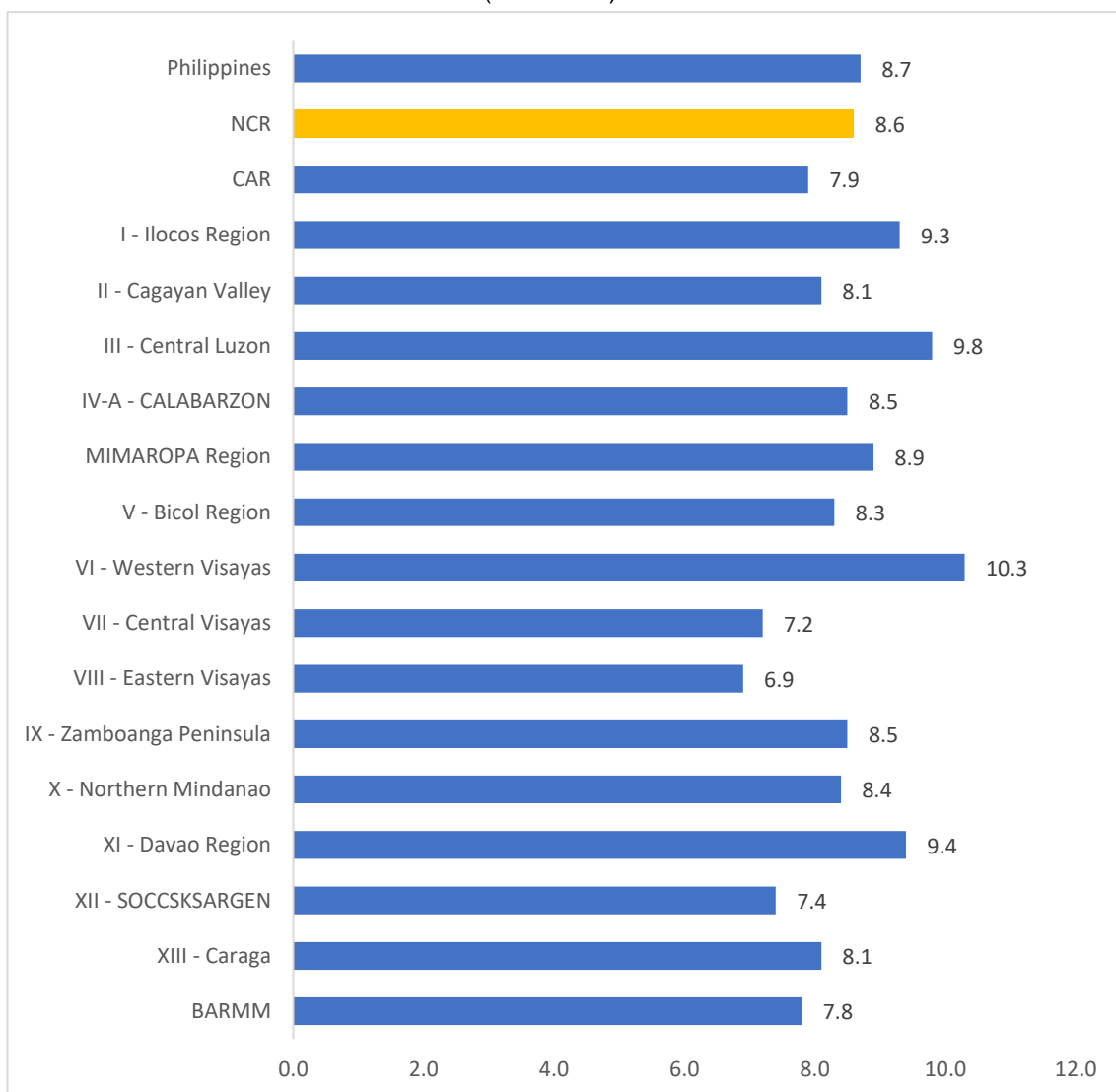January 2022 - January 2023
(2018=100)
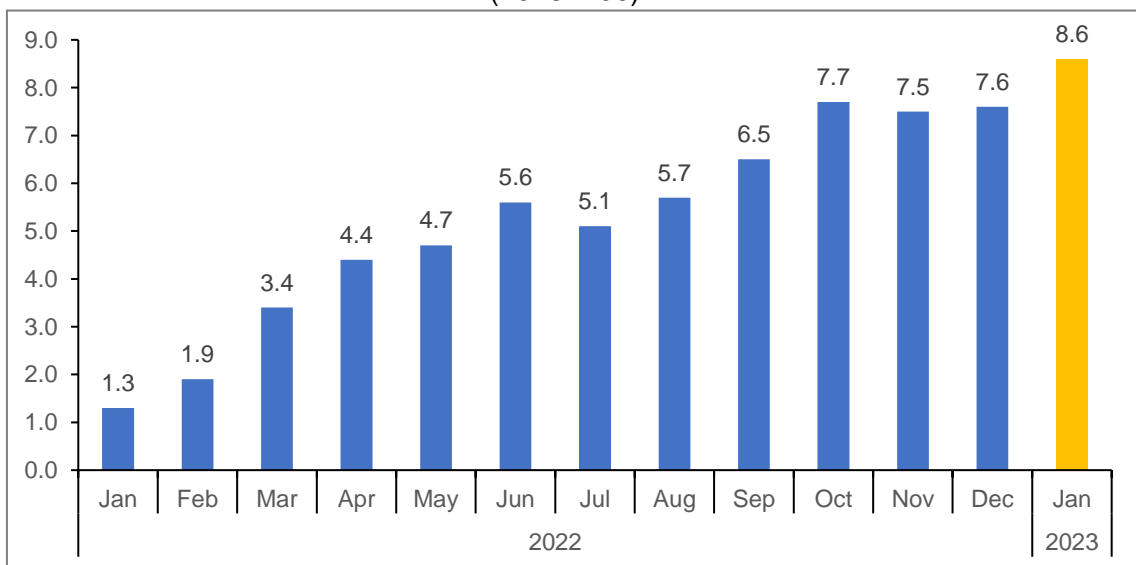
Across all regions, Region VI (Western Visayas) registered the highest inflation rate at 10.3 percent followed by Region III (Central Luzon) at 9.8 percent and Region XI (Davao Region) at 9.4 percent. On the other hand, regions with the lowest inflation rates were Region VIII (Eastern Visayas) at 6.9 percent, Region VII (Central Visayas) at 7.2 percent, and Region XII (SOCCSKSARGEN) at 7.4 percent. (Figure 3)

At the national level, the headline inflation rate for the Philippines continued its uptrend as it accelerated further to 8.7 percent in January 2023, from 8.1 percent in December 2022. The inflation rate reported in January 2023 was the highest inflation rate recorded since November 2008 at the national level.

Figure 3. Year-on Year Inflation Rates by Region, All Items: January 2023
(2018=100)

Source: Philippine Statistics Authority

Index of housing, water, electricity, gas and other fuels propels inflation in NCR

The acceleration of the inflation rate in NCR in January 2023 was primarily propelled by a higher year-on-year increase in the index of housing, water, electricity, gas and other fuels at 6.9 percent from 4.0 percent in the previous month. This was followed by food and non-alcoholic beverages with an inflation rate of 12.1 percent during the month from 11.2 percent in December 2022. The index of restaurants and accommodation services with a year-on-year growth rate of 10.4 percent in January 2023 from 9.5 percent in December 2022 also propelled faster inflation in NCR.

Higher year-on-year mark-ups were also noted in the following commodity groups during the month:

　　a. Clothing and footwear, 2.7 percent;
　　b. Health, 1.6 percent;
　　c. Recreation, sport and culture, 3.5 percent; and
　　d. Personal care, and miscellaneous goods and services, 2.9 percent.

In contrast, slower annual increments in January 2023 were observed in the indices of alcoholic beverages and tobacco at 6.6 percent; transport at 12.8 percent; and information and communication at 0.3 percent. The indices for the rest of the commodity groups continued to move at their respective rates in December 2022. (Table 1)

Table 1. Year-on-Year Inflation Rates by Commodity Group: NCR
(2018=100)

Commodity Group	Jan 2022	Dec 2022	Jan 2023
All Items	1.3	7.6	8.6
Food and Non-Alcoholic Beverages	-3.0	11.2	12.1
Alcoholic Beverages and Tobacco	4.7	7.2	6.6
Clothing and Footwear	0.8	2.6	2.7
Housing, Water, Electricity, Gas, and Other Fuels	3.7	4.0	6.9
Furnishings, Household Equipment and Routine Household Maintenance	2.1	4.5	4.5
Health	1.9	1.4	1.6
Transport	6.5	14.0	12.8
Information and Communication	0.5	0.4	0.3
Recreation, Sport and Culture	0.3	3.2	3.5
Education Services	-0.1	8.1	8.1
Restaurants and Accommodation Services	3.4	9.5	10.4
Financial Services	46.0	0.0	0.0
Personal Care, and Miscellaneous Goods and Services	1.2	2.7	2.9

Source: Philippine Statistics Authority

Inflation of food climbs to 12.7 percent

The inflation of the food index climbed to 12.7 percent in January 2023 from 11.8 percent in the two preceding months. The higher food inflation was mainly brought by a faster year-on-year growth rate in the index of meat and other parts of slaughtered land animals at 6.8 percent, vegetables, tubers, plantains, cooking bananas and pulses at 51.9 percent, and fruits and nuts at 16.5 percent. Other food commodity groups that showed faster inflation were the following:

a) Corn, 27.2 percent;
b) Fish and other seafood, 8.0 percent;
c) Milk, other dairy products and eggs, 14.1 percent; and
d) Sugar, confectionery and desserts, 27.5 percent.

On the other hand, lower annual hikes were noted in the indices of the following food commodity groups during the month:

a) Rice, 0.7 percent;
b) Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals, 12.5 percent;
c) Oils and fats, 20.8 percent; and
d) Ready-made food and other food products n.e.c., 12.8 percent. (Table 2)

Table 2. Year-on-Year Inflation Rates by Selected Food Commodity Group: NCR
(2018=100)

| Commodity Group	Jan 2022	Dec 2022	Jan 2023
FOOD	-3.3	11.8	12.7
Cereals and cereal products	1.0	5.7	5.1
Cereals	-0.2	1.3	1.0
Rice	0.1	1.1	0.7
Corn	-27.2	21.2	27.2
Flour, Bread and Other Bakery Products, Pasta Products, and Other Cereals	3.4	13.2	12.5
Meat and other parts of slaughtered land animals	-1.4	4.9	6.8
Fish and other seafood	1.2	7.3	8.0
Milk, other dairy products and eggs	0.3	13.5	14.1
Oils and fats	6.4	22.4	20.8
Fruits and nuts	-16.2	13.3	16.5
Vegetables, tubers, plantains, cooking bananas and pulses	-24.9	49.6	51.9
Sugar, confectionery and desserts	1.7	26.9	27.5
Ready-made food and other food products n.e.c.	1.6	12.9	12.8

Source: Philippine Statistics Authority

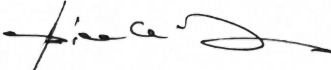## Purchasing Power of the Peso (PPP) slides to 0.85

The PPP is a measure of the real value of the peso in a given period relative to a chosen reference and is computed by getting the reciprocal of the CPI and multiplying the result by 100. The PPP is inversely related to the CPI thus an increase in the CPI will result in a decrease in the PPP.

In NCR, the PPP slid to 0.85 in January 2023 from 0.86 in previous month. This means that a peso in 2018 was worth 85 centavos in January 2023. The PPP in January 2022 was higher at 0.92. (Figure 4)

Figure 4. Purchasing Power of the Peso: NCR
January 2022 - January 2023
(2018=100)
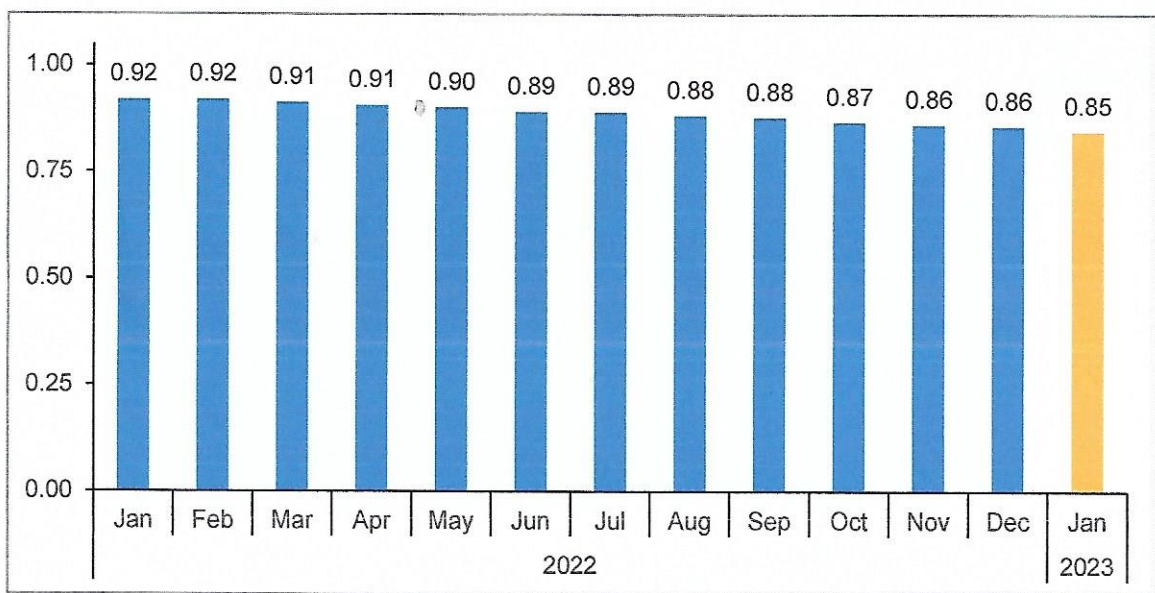
Source: Philippine Statistics Authority

PACIANO B. DIZON
Regional Director

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TECHNICAL NOTES

Consumer Price Index

The Consumer Price Index (CPI) is an indicator of the change in the average retail prices of a fixed basket of goods and services commonly purchased by households for their day-to-day consumption relative to a base year.

Components of the CPI

a. Base Period

This is a reference date or simply a convenient benchmark to which a continuous series of index numbers can be related. Since the CPI measures the average changes in the retail prices of a fixed basket of goods, it is necessary to compare the movement in previous years back to a reference date at which the index is taken as equal to 100. The present series of CPI uses 2018 as the base period or base year.

b. Market Basket

Market basket refers to a sample of goods and services commonly purchased by the households.

The commodities included in the 2018-based CPI market basket are the modal commodities which were considered as the most commonly purchased/availed of commodities by the households. The composition of the market basket was determined based on updating the 2012 basket using the results of the 2021 Survey of Key Informants (SKI). In NCR, a total of 760 commodities are included in the market basket.

c. Weighting System

The weights for the 2018-based CPI were derived from the expenditure data of the 2018 Family Income and Expenditure Survey (FIES). The weight for each commodity/group of commodities is the proportion of the expenditure of the expenditure of commodity/group of commodities to the total national expenditure. The sum of the weights of the commodity groups at the national level is equal to 100.

Inflation Rate

The inflation rate is the annual rate of change or the year-on-year change in the Consumer Price Index.

Purchasing Power of the Peso

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.