

Philippines

A: Identification

Title of the CPI: The Consumer Price Index for all income households in the Philippines

Organisation responsible: National Statistics Office (NSO)

Periodicity: Monthly

Price reference period: 2006

Index reference period: 2006

Weights reference period: 2006

Main uses of CPI: Indexation of wages, pensions and/or social security payment, indexation of rents, contracts and/or other payments, main inflation indicator used for monetary policy, deflate household expenditures in national accounts, computation of purchasing power of households, macroeconomic modelling and other analytic uses.

B: CPI Coverage

Geographical Coverage

Weights: Nation-wide

Price collection: Nation-wide

Population coverage: Resident households of nationals.

Population groups excluded: Institutional households.

Consumption expenditure includes:

- Foods produced for own final consumption;
- Other goods produced for own final consumption;
- Services produced for own final consumption;
- Food consumed away from home;
- In-kind goods received as gifts;
- In-kind services received as gifts;
- Housing maintenance, minor repairs;
- Luxury goods

Consumption expenditure excludes:

- Purchase of owner-occupied housing;
- Mortgage repayments;

- Mortgage interest;
- Major repairs, conversions and extensions to owner occupied housing;
- Purchase of gifts of goods and services given to others outside the household;
- Financial services (including fees for financial advice, brokerage fees);
- Interest payments (excluding mortgage interest payments);
- Non-life insurance premiums (e.g. vehicle, housing, other property, medical), gross of claims;
- Life insurance premiums;
- Licences and fees (e.g. driver's licence, hunting licence, vehicle registration);
- Gambling expenditure, gross of winnings;
- Investment-related expenditures (e.g. purchase of shares/stocks);
- Occupational expenditures;
- Other business-related expenditures;
- Social transfers in-kind of goods and services from government and No-profit institutions serving households;
- Second hand goods purchased;
- Expenditures abroad

C: Concepts, definitions, classifications and weights

Definition of the CPI and its objectives: CPI measures change in the average retail prices of a fixed basket of goods and services commonly purchased by households relative to a base year. It serves as a basis for determining inflation rate and as a measure of change in the value of money or of the purchasing power of the currency.

Definition of consumption expenditures: It is the total value of expenditures of commodities, in cash/credit or in-kind, purchased or acquired or services paid for during the specified period, even though not all of such commodities were consumed during the said period. For food items, expenditures are only those consumed during the reference period.

Classification: PCOICOP which is aligned to COICOP. Levels are sub-class (SC), class (C), group (G), division (D)

Weights include value of consumption from own production: Yes

Sources of weights: Household expenditure surveys.

Frequency of weight updates: Every 3-5 years

Price updating of weight reference period to the index reference period: The weights reference period corresponds to the index base period, there is therefore no need to price update weights.

Weights for different population groups or regions: Weights are compiled by region and by province/selected city

D: Sample design

Sampling methods:

Localities: Cut-off sampling (the elements with the highest sales or value of other auxiliary variable are included into the sample)

Outlets: Cut-off sampling (the elements with the highest sales or value of other auxiliary variable are included into the sample), The Commodity and Outlet Survey (COS) is a nationwide survey of households undertaken by the NSO. This is conducted for the purpose of gathering data on commodities/services that a family purchased/consumed/availed of most of the time and the type of outlets where these commodities/services were purchased/availed of within the country. The results of the survey provide the basis for the identification of the market basket which is used in the computation of the CPI. It also serves as the basis for the identification of the type of outlets for the regular monthly price survey.

Products: Cut-off sampling (the elements with the highest sales or value of other auxiliary variable are included into the sample), The Commodity and Outlet (COS) is a nationwide survey of households undertaken by the NSO. This is conducted for the purpose of gathering data on commodities/services that a family purchased/consumed/availed of most of the time and the type of outlets where these commodities/services were purchased/availed of within the country. The results of the survey provide the basis for the identification of the market basket which is used in the computation of the CPI. It also serves as the basis for the identification of type of outlets for the regular monthly price survey.

Frequency of sample updates:

Localities: At the time of updating the basket of goods and services, or as the need arises.

Outlets: At the time of updating the basket of goods and services, or as the need arises. For those outlets that were not in operation or closed, replacements are chosen using the criteria for replacing outlets.

Products: At the time of updating the basket of goods and services, or as the need arises. For those particular brands of items that disappear from the markets, these are immediately replaced by equivalent brands.

If sample up dates are Irregular indicate when last updates were introduced: 2006 or as the need arises.

Criteria used for determining the optimal sample sizes and the coverage of localities, outlets, items and variety samples: Based on the results of the Commodity and Outlet Survey.

Criteria used for selecting an item variety in the outlet in case of loose specifications provided by the central office: Specifications of the items are tightly described in the survey forms as these are specified based on the results of the Commodity and Outlet Survey

E: Data Collection

Approximate number of localities, outlets and price observations: Localities: 418, Outlets: 15,279, Price observations: 300,912

Frequency with which prices are collected: Price collection for food, beverages and tobacco is carried out in 13 markets in the National Capital Region (NCR) on a weekly basis. For the non-food commodities, except petroleum products, 13 markets in NCR on a weekly basis are surveyed and the price collection is carried out on the first five days of the month and during the middle of each month. For the provinces, two price quotations are collected for each of the commodity in the provincial capital, while four other price quotations are collected from the municipalities outside the capital during the first five days of the month. However, only two price quotations are collected from the provincial capital during the middle of each month. For selected cities, six price quotations are collected in each market during the first five days of the month and during the middle of each month.

For petroleum products, six price quotations are collected from each sample market for each commodity in 15 sample areas in the National Capital Region (NCR) on a daily basis. In Areas Outside NCR (AONCR), two price quotations for each commodity are collected in the provincial capital every Friday, while four other price quotations for each commodity are collected once a month from the municipalities outside the capital during the first five days of the month. For selected cities, six price quotations are collected every Friday.

Reference period for data collection: In NCR, all unprocessed food items are priced every Tuesday of the reference week while all processed food items, beverages and tobacco are priced every Friday/Saturday of the reference week. Prices of non-food items are gathered during the first five days of the month and on the 15th day of each month. In the provinces and selected cities, price collection for food and non-food items is done twice a month to effectively monitor price changes. First collection phase is done during the first five days of the month while the second phase is on the 15th to 17th day of the month. Special attention is given to the pricing of highly perishable goods, e.g., fresh fish, vegetables and fruits. Prices of these goods are taken during the time of the day when most housewives do their marketing, i.e., usually before 10:00 a.m., so to attain a reasonable degree of consistency in pricing identical groups of items in the market. Prices of some service items are gathered less frequently. School tuition fees in colleges and universities are taken twice a year, every beginning of the school semester (June or July and October or November as the case may be). College fees accounts for the per semester fees. The entry is carried through the succeeding months until the next semester. Data collection is done every June or July and October or November. Elementary and high school tuition fees account for the monthly/annual fees. The entry is carried all through the succeeding months until the next school year. Data collection is done every June or July. Changes in transportation fares, once implemented, are immediately included in the computation of CPI for NCR using proration method and included in the next survey round in areas outside NCR if the implementation date falls after the survey period.

Methods of Price Collection

- Personal data collection for most of the items.
- Telephone interviews for selected services.
- Internet for airplane fares.
- Official tariffs for land transport fares.

Treatment of:

Discounts and sales prices: They are not taken.

Black market prices: Not collected.

Second hand purchases: Not included.

Missing or faulty prices: For missing prices of unprocessed food items and petroleum products, the method of extrapolation by using the change of the other prices for the same item is used to impute the missing price. Meanwhile, for those items whose prices are not volatile, carrying forward the previous observation method is used if no quotation is available within the sample locality.

Period for allowing imputed missing prices: Three consecutive months. After three months, replacement of sample area for that particular item is recommended. The following are the criteria in selecting the most appropriate substitute commodity specifications; i) Representativeness – The substitute item to be chosen must be of the same quality and of the same price level as the lost item. ii) Significance – The substitute item must be popular with the buying public; iii) Consistency – There must be a steady supply of the substitute item in the market; iv) Availability of price quotation – Prices of the item selected as a substitute can be taken regularly.

Disappearance of a given type or quality from the market: If the item specifications completely disappeared from the market but new specifications are currently available for the same item, the overlap/linking method is used in pricing the item. Prices for this item having new specifications are collected during the current survey period/month as well as their prices in the immediate past month. The price change in the item with the new specifications is then applied in the previous month's prices of the item whose specifications are not already available, that is, the growth in prices of the item with new specifications is taken as the growth in prices of that item with the old specifications.

Quality differences: The same procedure above is followed.

Appearance of new items: New items can be included when rebasing of the CPI.

Treatment of seasonal items and seasonality

Items that have a seasonal character and their treatment: Insignificant number of seasonal items is included in the market basket. For these items, the last observed price quotation of the seasonal selected food items is carried unchanged until it becomes available again in the market.

Seasonal food items: Seasonal food items are included in the CPI using fixed weights but disappearance not to exceed three months to six months.

Seasonal Clothing: Seasonal clothing items are included in the CPI using fixed weights approach: the weights are kept constant over the year, while prices of out-of season products are estimated or imputed.

Method to impute the price of seasonal items: The method used to impute price development in out-of season periods is carrying forward the last observed price.

Treatment of housing

Treatment of owner-occupied housing: Imputed rents for owner occupied housing are not included in the CPI. Rental under housing, water, electricity, gas and other fuels is represented by a measure of actual rental rates.

Types of dwellings covered by the rent data: Apartment-type, single house and room are the sample dwelling units being covered by the rent data. Collection is done once a month in the provincial capital and in the sample municipalities in the areas outside the National Capital Region and in selected sample areas in the National Capital Region.

F: Computation

Formula used for calculation of elementary indices: The arithmetic average of the price ratios (Carli index) (Direct form)

Formula to aggregate elementary indices to higher level indices: Weighted arithmetic mean average or Laspeyre's formula.

$$IL_t = \frac{\sum P_t Q_0}{\sum P_0 Q_0} \times 100$$

Formula of aggregating regional/population group indices into national index: For the regional index, the weighted average of provincial indexes is computed. Meanwhile, the national index is the weighted average of all the regional indexes.

Monthly and annual average prices: Simple arithmetic mean is used to compute the monthly or the annual average prices of the commodities at the provincial and selected city level.

Seasonally adjusted indices: X11 for selected commodity groups.

Software used for calculating the CPI: An in-house Windows-based software/system developed by the NSO staff.

G: Editing and validation procedures

Control procedures used to ensure the quality of data collected: i) Careful examination of price survey forms; ii) Comparison of item prices in different outlets (i.e. if there is an unusual price change either very high or very low e.g. 10 percent from the others in the group); and iii) Review of the reasonableness and completeness of price data and the accuracy in the computation of current average prices. It is done by comparing the current outlet price of a commodity with its previous month's price in the same outlet and comparing current average price with the previous month's average price. If there is a big difference in the two outlet's price data or in the two average prices, field offices are required to verify or

submit justifications; iv) Checking of outliers is also included in the routine of the CPI processing system.

Control procedures used to ensure the quality of data processed: Comparison of the month-on-month/year-on-year percent changes of the commodity groups are done for the province, across provinces within the region and across regions of the country.

H: Documentation and dissemination

Timeliness of dissemination of the CPI data: Release of the CPI to the public is done every 5th day after the reference month at 9:00 am. It is posted at the NSO website (www.census.gov.ph) at 10:00 A.M. on the same day. When the 5th day falls on Saturday, the CPI is released on the 4th day of the month. However, when the 5th day falls on Sunday, the CPI is released on the 7th day of the month. An advance release calendar of release dates of the CPI for the following year is posted at NSO website every December of the current year. The NSO CPI is a subscriber of the IMF Special Data Dissemination Standard.

Level of detailed CPI published

Paper publication: All items CPI, Division-level (12 Divisions), Group-level app. 40 groups

Online: All items CPI, Division-level (12 Divisions), Group-level app. 40 groups

Restricted Access: Class-level (100 classes), Basic items, Average prices

Separate indices published for specific population groups: 2000-based CPI for the bottom 30% income households

Type of products for which average prices are calculated and disseminated: All items

Documentation

Publications and websites where indices can be found: “Summary Inflation Report Consumer Price Index (2006=100) for MM, YY” is posted at the NSO website (www.census.gov.ph) / Monthly Bulletin of Statistics

Publications and websites where methodological information can be found: “The 2006-based Consumer Price Index” available at <http://www.census.gov.ph/data/sectordata/CPI2006basetx.html> and The Consumer Price Index User’s Manual

I: Other Information

Reported by the country in 2012.