



# SPECIAL RELEASE

## Consumer Price Index (CPI), Inflation Rate and Purchasing Power of Peso (PPP) of Davao Oriental in July 2020

Date of Release : 30 August 2020  
Reference No. : 2020-008

### Davao Oriental's CPI is at 126.3 in July 2020

Price indices are used for economic analysis and as a monitoring indicator of government's economic policy. The **Consumer Price Index (CPI)** is most widely used in the calculation of the inflation rate and purchasing power of peso. The CPI is an indicator of the changes in the average retail prices of a fixed basket of goods and services commonly purchased by households relative to a base year.

Survey of Retail Prices of Commodities conducted by Philippine Statistics Authority (PSA) has generated a CPI of 126.3 as of July 2020, using 2012 as the base year. This means that for a typical Filipino household in Davao Oriental to afford same values of goods and services purchased or availed in July 2012 at PhP100.00, needs an additional PhP26.30 in July 2020. The CPI in June 2020 was lower at 126.0. In July 2019, the CPI was at 123.2.

TABLE 1. CONSUMER PRICE INDEX (CPI) BY COMMODITY GROUP:  
DAVAO ORIENTAL (2012=100)

COMMODITY GROUP	Jul 2020	Jun 2020	Jul 2020
Consumer Price Index (CPI) - All Items (2012=100)	126.3	126.0	123.2
Food and Non-Alcoholic Beverages	124.6	127.3	124.2
Alcoholic Beverages and Tobacco	189.8	188.6	168.6
Clothing and Footwear	166.0	165.4	163.6
Housing, Water, Electricity, Gas and Other Fuels	119.2	119.1	117.7
Furnishings, Household Equipt. & Maint. of the House	138.7	138.4	137.2
Health	131.6	131.6	128.4
Transport	103.7	102.4	103.7
Communication	101.5	101.5	101.4
Recreation and Culture	128.3	127.7	124.6
Education	95.7	95.7	95.7
Restaurant and Miscellaneous Goods & Services	144.3	130.9	125.8

## Consumer Price Index (CPI) of Davao Oriental in July 2020

In July 2020, the CPI of the following commodity groups increased compared with its previous month's CPI: Restaurant and Miscellaneous Goods and Services (144.3), Transport (103.7), Alcoholic Beverages and Tobacco (189.8), Recreation and Culture (128.3), Clothing and Footwear (166.0), Furnishings, Household Equipment and Maintenance of the House (138.7) and Housing, Water, Electricity, Gas and Other Fuels (119.2).

The computed CPI of Food and Non-Alcoholic Beverages decreased during the month at 124.6. On the other hand, the computed CPIs of the following commodity groups remained: Health (131.6), Communication (101.5) and Education (95.7).

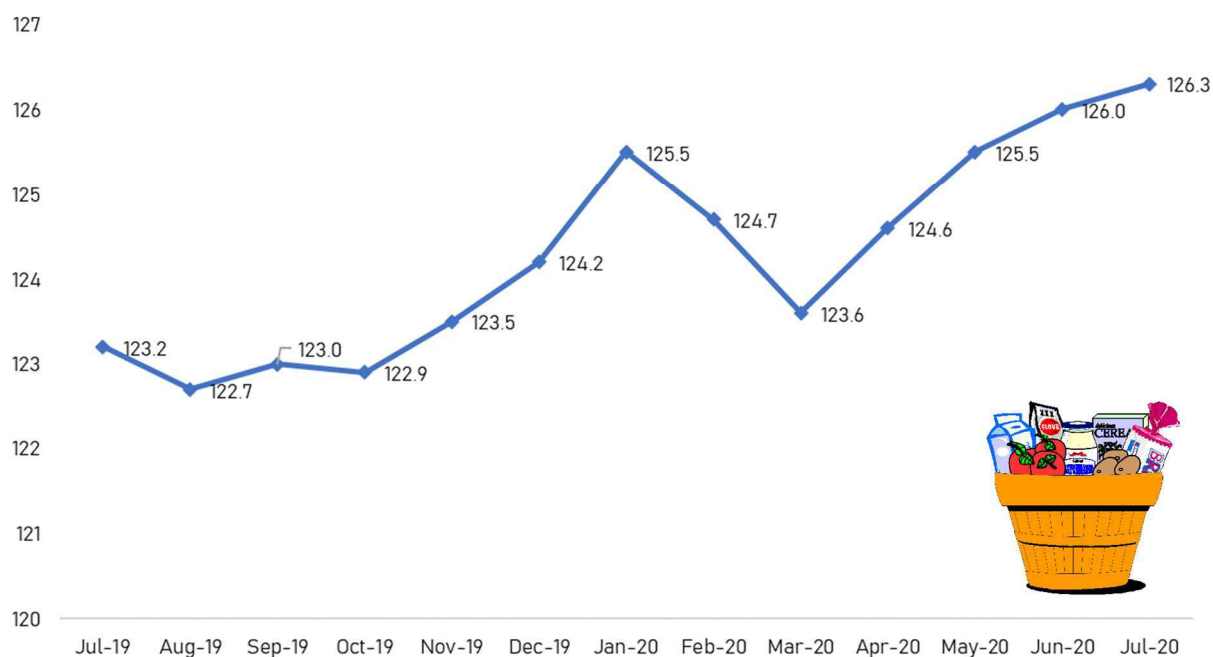


FIGURE 1. CONSUMER PRICE INDEX (CPI) FOR ALL ITEMS: DAVAO ORIENTAL, JULY 2019 TO JULY 2020

### Davao Oriental's inflation rate rise to 2.5 percent in July 2020

Inflation Rate is the annual rate of change or the year change of the CPI expressed in percent. Inflation is interpreted in terms of declining purchasing power of money.

The year-on-year inflation rate in Davao Oriental rose to 2.5 percent in July 2020 from 1.8 percent in the previous month. This is the province's highest inflation recorded since February 2019. In July 2019, inflation rate was lower at 1.1 percent.

This implies that if you paid PhP15.00 for a can of sardines in July 2019 and if on the average, prices went up by 2.5 percent after a year's time, you will need PhP15.38 to buy same brand of a can of sardines in July 2020. See Table 2.

## Consumer Price Index (CPI) of Davao Oriental in July 2020

**TABLE 2. YEAR-ON-YEAR INFLATION RATE (ALL ITEMS)  
AND PURCHASING POWER OF PESO (PPP)  
(2012=100)**

Reference Period	Inflation Rate (%)	Purchasing Power of Peso (PPP)
July 2020	2.5	0.79
June 2020	1.8	0.79
July 2019	1.1	0.81

The increase in the inflation rate during the month was mainly driven by the higher annual rate in the indices of Restaurant and Miscellaneous Goods and Services (14.7%); Alcoholic Beverages and Tobacco (12.6%); Recreation and Culture (3.0%) and Health (2.5%). Clothing and Footwear (1.5%), Housing, Water, Electricity, gas and Other Fuels (1.3%) also increased during the period.

Meanwhile, slower annual mark-ups were seen in the indices of the heavily weighted commodity group of Food and Non-Alcoholic Beverages (0.3%); Communication (0.1%) and Furnishings, Household Equipment and Maintenance of the House (1.1%). The year-on-year inflation rate of Education and Transport was 0 percent.

**TABLE 3. YEAR-ON-YEAR INFLATION RATES BY COMMODITY GROUP:  
DAVAO ORIENTAL: (2012=100), JULY AND JUNE 2020**

Commodity Group	Inflation Rate	
	July 2020	June 2020
All Items (2012=100)	2.5	1.8
Food and Non-Alcoholic Beverages	0.3	1.4
Alcoholic Beverages and Tobacco	12.6	12.0
Clothing and Footwear	1.5	1.1
Housing, Water, Electricity, Gas and Other Fuels	1.3	1.1
Furnishings, Household Equipment & Maintenance of the House	1.1	1.2
Health	2.5	3.7
Transport	0.0	-0.9
Communication	0.1	0.1
Recreation and Culture	3.0	2.5
Education	0.0	0.0
Restaurant and Miscellaneous Goods & Services	14.7	4.1

## Consumer Price Index (CPI) of Davao Oriental in July 2020

On food index, the annual rate at the provincial level went down to 0.2 percent in July 2020, from 1.4 percent in the previous month. The increase was mainly due to the decrease in the annual rates of Fruit (6.9%), Rice (1.9%), Other Cereals, Flour, Cereal Preparation, Bread, Pasta and Other Bakery Products (-0.1%), Milk, Cheese and Eggs (-1.1%), and Food Products N.E.C (-0.1%).

The annual growth rates, however, went up in the indices of Fish (5.6%), Vegetables (0.9%), and Corn (7.5%). Sugar, Jam, Honey, Chocolate and Confectionery and Oils and Fats had 0 inflation. See Table 4.

**TABLE 4. YEAR-ON-YEAR INFLATION RATES OF SELECTED FOOD ITEMS:  
DAVAO ORIENTAL: (2012=100), JULY AND JUNE 2020**

Commodity Group	Inflation Rate	
	July 2020	June 2020
Rice	1.9	2.5
Corn	7.5	-7.7
Other Cereals, Flour, Cereal Preparation, Bread, Pasta and Other Bakery Products	-0.1	1.4
Meat	-1.8	-2.7
Fish	5.6	2.7
Milk, Cheese and Eggs	-1.1	3.7
Oils and Fats	0.0	-0.1
Fruit	6.9	22.2
Vegetables	0.9	0.3
Sugar, Jam, Honey, Chocolate and Confectionery	0.0	2.4
Food Products N.E.C.	-0.1	5.2

Davao Oriental's inflation rate is the highest in Davao Region. Lowest inflation was noted in the province of Davao del Norte at 1.0 percent, followed by Davao del Sur at 1.1 percent and Davao de Oro at 1.6 percent.

### **Purchasing Power of Peso (PPP) remains at 79 centavos**

**Purchasing Power of Peso (PPP)** shows how much the 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. The PPP is inversely related to inflation rate. Thus, as the inflation rate increases, PPP declines.

## **Consumer Price Index (CPI) of Davao Oriental in July 2020**

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The PPP in July 2020 remained at 79 centavos. This implies that Php1.0 in July 2012, as the base year, values only Php0.79 in July 2020. In July 2019, the PPP was at 81 centavos.

Approved for Release:

  
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## **TECHNICAL NOTES**

### **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.

### **Computation of CPI**

The computation of the CPI involves consideration of the following important points:

- 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 behavior 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 a 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.