PRICES

Consumer Price Index (CPI) – a general measure of average monthly and annual changes in the retail prices of commodities commonly purchased by households relative to a base year and weighted by the consumption pattern of the people in the Philippines.

The index has 2006 as the base year, replacing the 2000-based CPI series. The weights for the 2006-based CPI were derived from the expenditure data of the 2006 Family Income and Expenditures Survey (FIES) conducted by the Philippine Statistics Authority (PSA), formerly the National Statistics Office (NSO), and updated to 2006 levels through the use of relative price movements. The formula used in computing the CPI is the weighted arithmetic mean of price relatives, a variant of the Laspeyre's formula with fixed base year period. In computing the CPI, the formula used is:

$$CPI = \frac{\text{sum } [(Pn/Po)W)]}{\text{sum}(W)} \times 100$$

where:
Pn = current price
Po = base period price
Qo = base period quantity
W = PoQo = weights

The CPI series are computed for the Philippines by region which are then grouped under Metro Manila and Areas Outside Metro Manila. Data collection and computations are undertaken by the PSA (Prior to the creation of the PSA, data collection was jointly conducted by the NSO and the Bureau of Agriculture Statistics (BAS), while the NSO solely performed the index computations).

2006 CPI WEIGHTS FOR ALL INCOME HOUSEHOLDS

	Philippines	**Metro Manila**	**Areas Outside Metro Manila**
All Items	**100.0**	**23.8**	**76.2**
Food and Non-Alcoholic Beverages	39.0	6.8	32.2
Alcoholic Beverages and Tobacco	2.0	0.3	1.7
Clothing and Footwear	3.0	0.7	2.2
Housing, Water, Electricity, Gas, and other Fuels	22.5	7.0	15.5
Furnishing, Household Equipment and Routine Maintenance of the House	3.2	0.8	2.4
Health	3.0	0.6	2.3
Transport	7.8	1.9	6.0
Communication	2.3	0.7	1.5
Recreation and Culture	1.9	0.5	1.4
Education	3.4	0.8	2.6
Restaurants and Miscellaneous Goods and Services	12.0	3.7	8.4

Inflation Rate – the percentage annual rate of change or the year-on-year change in the CPI. It indicates how fast or slow the CPI increases or decreases.

Purchasing Power of the Peso (PPP) – indicates what fraction of the peso in the base period is the value of the peso in the current period or the period under review. It is computed as the reciprocal of the CPI (all items) for the period under review.

Retail Price Index (RPI) – measures monthly changes of the prices at which retailers dispose of their goods to consumers and end-users.

The term "retail price" refers to the price at which sellers accept orders for spot or earlier delivery, usually in small quantities, consisting of transactions on cash basis in the open market. Retail comes only at the stage of distribution from retailer to end-user or consumer.

The latest RPI series has 2000 as the base year, replacing the 1978-based series. The index computation follows the Laspeyre's formula. The weights utilized are derived from the values of expenditures of goods and services of consumers for the retail sector as obtained from the 2000 Input-Output table. The component price indices of the RPI are classified under the trade grouping based on the Philippine Standard Commodity Classification whereas the BSP series is presented under expenditure groupings.

Price data used in the RPI, to a large extent, come from the same sources of data used for the construction of the Metro Manila CPI. These are collected from various retail outlets across Metro Manila. The RPI market basket contains the same food and non-food commodities included in the CPI with an expanded list of construction materials but excludes light, water, rentals, wages and other service items.

Wholesale Price Index (WPI) – measures monthly changes in the general price level of commodities that flow into the wholesale trade intermediaries in Metro Manila; hence, it measures price changes during trade turnover.

The WPI series of Metro Manila has 1998 as the base year, replacing the 1985-based series. The formula used in computing the index is the weighted arithmetic mean of the price relatives, a variant of the Laspeyre's formula with fixed base and utilizing as weights the value of sales of commodities traded in the wholesale market in 1998 as derived from the 1994 Input-Output table. The current series consists of 8 major groups, 47 subgroups and 425 commodities classified according to the Philippine Standard Commodity Classification (PSCC).

Producers' Price Index (PPI) – Producers' price index (PPI) for manufacturing is a composite figure of producers' prices of representative commodities included in the market basket. The PPI serves various purposes, the most important of which are the following:

a) measures monthly or yearly changes in the producers' prices of key commodities in the manufacturing sector;

b) serves as deflator to Value of Production Index (VAPI) in the estimation of volume of production; and

c) serves as deflator in the estimation of manufacturing production in real terms (at constant prices) in the system of national accounts.

Philippine Stock Exchange Index (PSEi) – is the main index of the Philippine Stock Exchange (PSE). It is composed of a fixed basket of 30 companies, whose selection is based on a specific criteria. The PSEi provides a snapshot of the market's overall condition by gauging changes in the stock prices of select listed companies. There are six other sub-indices that provide a useful measurement of the sectoral performance, namely: Financial Index, Industrial Index, Holding Firms Index, Property Index, Services Index, and Mining & Oil Index.