



REPUBLIC OF THE PHILIPPINES
PHILIPPINE STATISTICS AUTHORITY BOARD

PSA Board Resolution No. 11
Series of 2022

**APPROVING THE REBASING OF THE CONSUMER PRICE INDEX (CPI)
FOR THE BOTTOM 30% INCOME HOUSEHOLDS
FROM BASE YEAR 2012 TO BASE YEAR 2018**

WHEREAS, PSA Board Resolution No 01, Series of 2017-146 (Approving the Synchronized Rebasing of Price Indices to Base Year 2006), mandates the rebasing of the price indices every six (6) years;

WHEREAS, the rebasing of the Consumer Price Index (CPI) for All Income Households from 2012 to 2018 was approved by the PSA Board on 09 November 2021 through PSA Board Resolution No. 15, Series of 2021;

WHEREAS, CPI for the Bottom 30% Income Households, one of the most important economic indicators designed to measure changes in the average consumer prices of selected goods and services commonly purchased by the Bottom 30% Income Households, is still based on 2012 prices;

WHEREAS, the current commodities in the market basket of the CPI for the Bottom 30% Income Households are the prevailing commodities in the market in 2012. However, changes have taken place over a period of six (6) years affecting the relevance of the commodities in the market basket;

WHEREAS, rebasing the CPI for the Bottom 30% Income Households periodically is necessary to ensure that the market basket captures goods and services commonly purchased by bottom 30% income households and to update expenditure patterns of households belonging to this income group;

WHEREAS, rebasing the CPI for the Bottom 30% Income Households to 2018 is also necessary for consistency with the 2018-based CPI for All Income Households;

WHEREAS, the 2018-based CPI for the Bottom 30% Income Households uses the market basket by province and selected cities;

WHEREAS, the market basket for the 2018-based CPI for the Bottom 30% Income Households uses the results of the 2022 Commodity and Outlet Survey (COS);

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WHEREAS, the expenditures of the Bottom 30% Income Households from the 2018 Family Income and Expenditure Survey (FIES) are used as basis in updating the weights of the commodities for this income group;

WHEREAS, the sample households of the 2022 COS are the successfully interviewed sample households of the 2018 FIES;

WHEREAS, for the rebasing of the CPI for the Bottom 30% Income Households to 2024 base year, COS should be conducted in 2025 and every six (6) years thereafter to update the CPI market basket for the Bottom 30% Income Households;

WHEREAS, similar with the 2018-based CPI for All Income Households, straightforward computation of monthly average prices of commodities, short-term relative update method in computing the price relatives of the commodities, geometric mean for the aggregation of price relatives at the sub-class level, and weighted arithmetic mean for the aggregation of price indexes at higher commodity levels are applied in the 2018-based CPI for the Bottom 30% Income Households;

WHEREAS, the Interagency Committee on Price Statistics in its meeting on 07 November 2022 agreed to recommend to the PSA Board the methodology (Annex BR-12-20221202-01) in rebasing the CPI for the Bottom 30% Income Households with the following details:

1. The base year is 2018;
2. The 2018 FIES is the source of data on expenditure weights;
3. The weights for the 2018-based CPI for the Bottom 30% Income Households are computed as the proportion of expenditure for commodity/group of commodities to the total expenditure for the Philippines during the base year;
4. The commodities included in the market basket are the modal commodities that appeared to be the most commonly purchased by households based on the results of the 2022 COS;
5. The 2020 Philippine Classification of Individual Consumption According to Purpose is adopted partially in the classification of commodities; and
6. The index computation uses the same methodology as that of the 2018-based CPI for All Income Households as follows:
 - a. Arithmetic mean of prices from sample outlets for the average price of commodity;
 - b. Short-term relative update method in computing the price relatives of the commodities;
 - c. Geometric mean for the aggregation of price relatives at the item level; and
 - d. Weighted arithmetic mean for the aggregation of price indices at higher commodity levels.

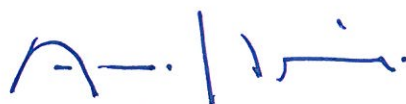


NOW, THEREFORE, BE IT RESOLVED, that the PSA Board approves the rebasing of the CPI for the Bottom 30% Income Households with the details mentioned above.

RESOLVED FURTHER, that the PSA shall:

1. Start releasing the 2018-based CPI for the Bottom 30% Income Households in February 2023, covering the period January 2018 to January 2023;
2. Continue releasing the 2012-based CPI for the Bottom 30% Income Households until the December 2022 reference month; and
3. Complete the computation of backcasted values of the 2018-based CPI for the Bottom 30% Income Households series, for the period January 2000 to December 2017, in April 2023.

Approved this 2nd day of December 2022 in Quezon City.



ARSENIO M. BALISACAN, Ph.D.

Secretary

National Economic and Development Authority
Chairperson, PSA Board



Attested by:



DENNIS S. MAPA, Ph.D.

Undersecretary

National Statistician and Civil Registrar General

Philippine Statistics Authority

Chairperson, PSA Board Secretariat

