



REPUBLIC OF THE PHILIPPINES
PHILIPPINE STATISTICS AUTHORITY BOARD

**PSA Board Resolution No. 20
Series of 2019**

**REBASING OF THE CONSUMER PRICE INDEX (CPI) FOR THE BOTTOM 30%
INCOME HOUSEHOLDS FROM BASE YEAR 2000 TO BASE YEAR 2012 AND
WITH SOME REVISIONS IN THE METHODOLOGY**

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

WHEREAS, the rebasing of the Consumer Price Index (CPI) for All Income Households from 2006 to 2012 was approved by the PSA Board on 13 February 2018 through PSA Board Resolution No. 02, Series of 2018;

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 2000 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 2000. However, changes have taken place over a period of 12 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 2012 is also necessary for consistency with the 2012-based CPI for All Income Households;

WHEREAS, the 2012-based CPI for the Bottom 30% Income Households uses the regional market basket;

WHEREAS, the expenditures of the Bottom 30% Income Households from the 2012 Family Income and Expenditure Survey are used as bases in updating the weights of the commodities for this income group;

WHEREAS, similar to the 2012-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 2012-based CPI for the Bottom 30% Income Households.

WHEREAS, the Interagency Committee on Price Statistics in its meeting on 10 December 2019 agreed to recommend to the PSA Board the methodology in rebasing the CPI for the Bottom 30% Income Households to base year 2012 and use 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 (Annex BR 20-20191217-01);

NOW, THEREFORE, BE IT RESOLVED, that the PSA Board approves the rebasing of the CPI for the Bottom 30% Income Households to year 2012 and use 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.

RESOLVED FURTHER, that the PSA shall:

1. Start releasing the 2012-based CPI for the Bottom 30% Income Households in February 2020 covering the period January 2012 to January 2020;
2. Continue releasing the 2000-based CPI for the Bottom 30% Income Households until June 2020 series; and
3. Complete the computation of backcasted values of the 2012-based CPI for the Bottom 30% Income Households series from January 2000 to December 2011 in May 2020.

Approved this 17th day of December 2019 in Pasig City.



ERNESTO M. PERNIA
Secretary of Socioeconomic Planning
National Economic Development Authority
Chairperson, PSA Board

Attested by:

CLAIRE DENNIS S. MAPA
Undersecretary *MS* *AP*
National Statistician and Civil Registrar General
Philippine Statistics Authority
Chairperson, PSA Board Secretariat *AK*

METHODOLOGY IN REBASING THE CONSUMER PRICE INDEX (CPI) FOR THE BOTTOM 30% INCOME HOUSEHOLDS FROM BASE YEAR 2000 TO BASE YEAR 2012 AND WITH SOME REVISIONS IN THE METHODOLOGY

1. Identification of the Base Year

The base period is the year at which the index number is set to 100. It is the reference point of the index number series. The CPI for the Bottom 30% Income Households is rebased to 2012 base year from the current 2000 base year.

The year 2012 was chosen as the next base year to be consistent with the current base year of the CPI for All Income Households. The CPI for All Income Households was rebased from 2006 to 2012 in accordance with the PSA Board Resolution No.1, Series of 2017-146, which approved the synchronized rebasing of the price indices to base year 2006 and every six (6) years thereafter.

2. Determination of the Market Basket

Market basket is a term used to refer to a sample of goods and services commonly purchased and bought by an average Filipino household.

The 2012-based CPI for the Bottom 30% Income Households market basket is determined based on the following:

1) Determination of Provincial Market Basket (P)

$$P = A - B + C$$

A = Commodities in 2000-based CPI for the bottom 30% income households market basket by province

B = Commodities in the 2000-based CPI for the bottom 30% income households market basket which are no longer available in the market by province

C = New commodities in the 2012-based CPI for all income households based on the results of the 2013 Survey of Key Informants

2) Determination of Regional Market Basket (R)

The regional market basket is consist of commodities/specifications in the provincial market basket which are common/available in two or more provinces of the region.

3) The market basket for the 2012-based CPI for the Bottom 30% Income Households is the regional market basket instead of the provincial market basket due to the limitation in the sampling design of the 2012 Family Income and Expenditure Survey (FIES). The 2012 FIES, which covered around 52,000 sample households nationwide, considered region as its domain.

Similar to the 2012-based CPI for all income households, classification of commodities for the CPI for the Bottom 30% Income Households is based on 2010 Philippine Classification of Individual Consumption According to Purpose (PCOICOP), which was patterned after the 1999 COICOP issued by the United Nations Statistics Division (UNSD).