



Republic of the Philippines

## PHILIPPINE STATISTICS AUTHORITY BOARD

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### PSA Board Resolution No. 08 Series of 2022

#### APPROVING THE UPDATED LIST OF EXCLUDED ITEMS FROM THE OFFICIAL CORE INFLATION USING THE 2018-BASED CPI

**WHEREAS**, 'core inflation' measures the underlying trend or movement in the average consumer prices and is often used as a complimentary indicator to 'headline inflation' or consumer price index (CPI) inflation;

**WHEREAS**, 'headline inflation' measures changes in the cost of living based on movements in the prices of a specified basket of major commodities, and refers to the year-on-year change in the CPI;

**WHEREAS**, the CPI for All Income Households was rebased from year 2012 to 2018 starting in February 2022 for the January 2018 to January 2022 data series, as per PSA Board Resolution No. 15, Series of 2021;

**WHEREAS**, the release of the 2012-based core CPI was discontinued in December 2021, together with the discontinuance of the 2012-based CPI for All Income Households;

**WHEREAS**, the release of the 2018-based CPI by the Philippine Statistics Authority (PSA) on 04 February 2022 necessitated the review of the list of excluded items from the official core inflation measure for the Philippines;

**WHEREAS**, PSA Board Resolution No 01, Series of 2017-096 (Adopting of an Official Definition and Methodology of Core Inflation) mandates the review of the list of excluded items whenever the CPI is rebased;

**WHEREAS**, various meetings of the Interagency Committee on Price Statistics (IACPS) reviewed the list of excluded items in the CPI basket for the computation of 2018-based core CPI;

**WHEREAS**, the IACPS, in its meeting on 05 August 2022 issued IACPS Resolution No. 1 series of 2022, recommends to the PSA Board the list of items to be excluded in the CPI basket for the computation of the 2018-based core CPI series (Annex BR-08-20220812-01);

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**NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED**, that the PSA Board approves the list of excluded items for the 2018-based core CPI as recommended by the IACPS; for and utilization of results by all concerned agencies

**BE IT RESOLVED FURTHER**, that the PSA shall:

1. Release the 2018-based core CPI series, covering the period of January 2018 to August 2022, together with the 2018-based headline CPI, on a monthly basis, starting on 06 September 2022 and every month thereafter; and
2. Complete the spliced 2018-based core CPI series from 1994 to 2017 by December 2022;

**APPROVED** this 12th day of August 2022 in Quezon City.



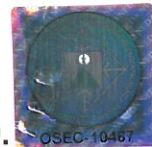
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**ARSENIO M. BALISACAN, Ph.D.**

Secretary

National Economic and Development Authority

Chairperson, PSA Board



Attested by:



Handwritten signature of Dennis S. Mapa in black ink.

**DENNIS S. MAPA, Ph.D.**

Undersecretary

National Statistician and Civil Registrar General

Chairperson, PSA Board Secretariat



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## UPDATED LIST OF EXCLUDED ITEMS FROM THE OFFICIAL CORE INFLATION USING 2018-BASED CPI

### 1. Conceptual Definition

Headline inflation measures changes in the cost of living based on movements in the prices of a specified basket of major commodities. It refers to the annual rate of change or the year-on-year change in the consumer price index (CPI).

Core inflation is a measure of inflation that aims to capture the permanent component of the inflationary process that can be influenced by monetary policy.

### 2. Operational Definition

Pursuant to PSA Board Resolution No. 01 Series of 2017-096, core inflation for the Philippines shall be officially defined as the year-on-year rate of change of the monthly headline CPI after excluding food and energy items. Headline inflation is the rate of change in the CPI currently published by the Philippine Statistics Authority (PSA).

### 3. Determination of Items to Exclude from the Official Core Inflation

The selected food and energy-related items to exclude from the core CPI basket refer to the significantly volatile CPI items at the 5-digit level of disaggregation. The CPI items for exclusion are discussed among the members of the Interagency Committee on Price Statistics (IACPS).

### 4. CPI components to be excluded from core inflation:

The items to be excluded from the official definition of core inflation, based on the list of CPI components at the Sub-class (5-digit) level, are as follows (corresponding CPI weights in parentheses):

- a) Cereals (9.4 percent)
- b) Meat, fresh, chilled and frozen (4.8 percent)
- c) Fish, live, fresh, chilled and frozen (4.2 percent)
- d) Dates, figs and tropical fruits, fresh (1.3 percent)
- e) Other vegetables, fresh and chilled (0.7 percent)
- f) Fruit-bearing vegetables, fresh or chilled (1.0 percent)
- g) Electricity (4.6 percent)
- h) Liquefied hydrocarbons (1.3 percent)
- i) Diesel (0.6 percent)
- j) Gasoline (1.8 percent)

The excluded items account for 29.6 percent of the CPI.

The list of excluded items shall continue to be reviewed by the PSA Board and the IACPS whenever the CPI data is rebased.

