



REPUBLIC OF THE PHILIPPINES
PHILIPPINE STATISTICS AUTHORITY BOARD

**PSA Board Resolution No. 08
Series of 2018**

**APPROVING THE UPDATED LIST OF EXCLUDED ITEMS FOR THE OFFICIAL
CORE INFLATION USING THE 2012-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 the 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 core CPI is still based on 2006 prices;

WHEREAS, the release of the 2012-based CPI by the Philippine Statistics Authority (PSA) on 06 March 2018 necessitates a review of the list of excluded items for the official core inflation measure for the Philippines;

WHEREAS, PSA Board Resolution No 01, Series of 2017–096 (Adoption 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 2012-based core CPI;

WHEREAS, the IACPS in its meeting on 30 April 2018 and in its referendum on 07 May 2018 agreed to recommend to the PSA Board the list of items to be excluded in the CPI basket for the computation of the 2012-based core CPI series (Annex BR-08-20180509-01);

NOW, THEREFORE, BE IT RESOLVED, that the PSA Board approve the list of excluded items for the 2012-based core CPI.

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RESOLVED FURTHER, that the PSA:

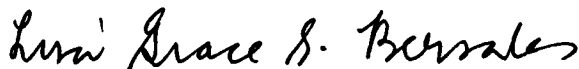
1. start releasing the 2012-based core CPI series on 05 June 2018 covering the period January 2012 to May 2018, simultaneously with the 2012-based CPI;
2. continue releasing the 2006-based core CPI until June 2018; and
3. complete the splicing of 2012-based core CPI series from 1994 to 2011 by September 2018.

Approved this 9th day of May 2018, in Pasig City.



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

Attested by:



LISA GRACE S. BERSALES
Undersecretary
National Statistician and Civil Registrar General
Chairperson, PSA Board Secretariat



UPDATED LIST OF EXCLUDED ITEMS FROM THE OFFICIAL CORE INFLATION USING 2012-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) Rice (9.6 percent)
- (b) Corn (0.6 percent)
- (c) Meat, fresh, chilled or frozen (4.8 percent)
- (d) Fish, fresh, chilled or frozen (4.3 percent)
- (e) Fresh, chilled, frozen or dried vegetables cultivated for their fruit (0.9 percent)
- (f) Fresh, chilled, frozen or dried vegetables cultivated for their roots (0.6 percent)
- (g) Petroleum and fuels for personal transport equipment (2.0 percent)

The excluded items account for 22.8 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.

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