



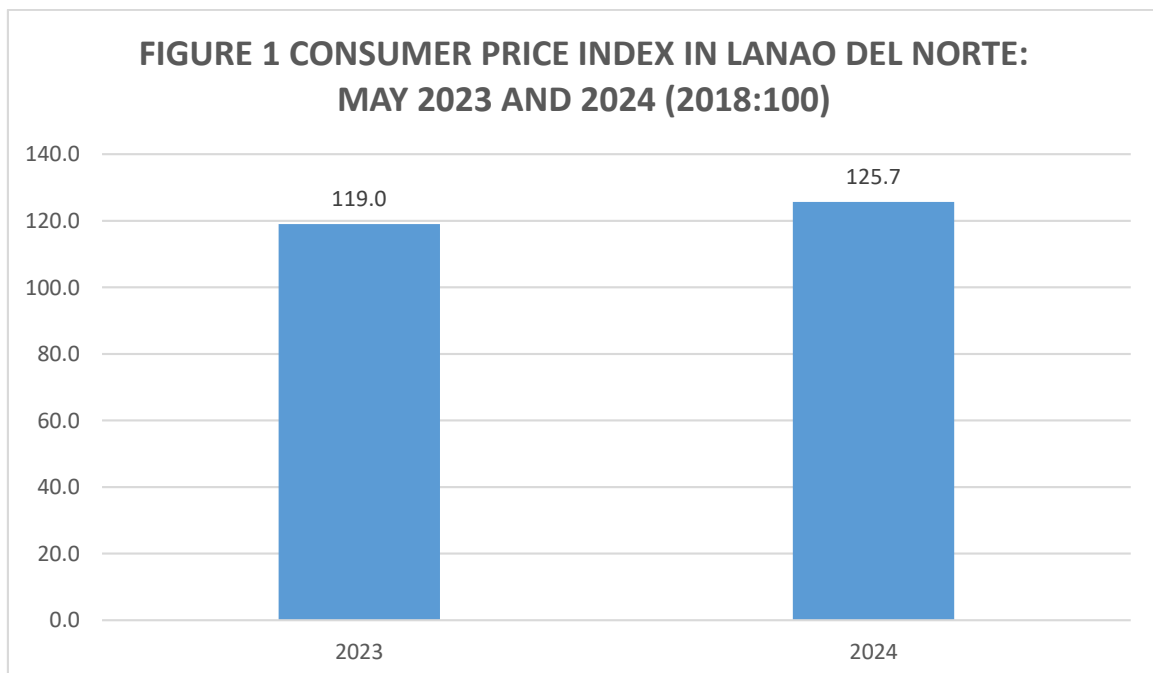
SPECIAL RELEASE

HIGHLIGHTS OF THE CONSUMER PRICE INDEX IN LANA DEL NORTE FOR THE MONTH OF MAY 2024 (2018=100)

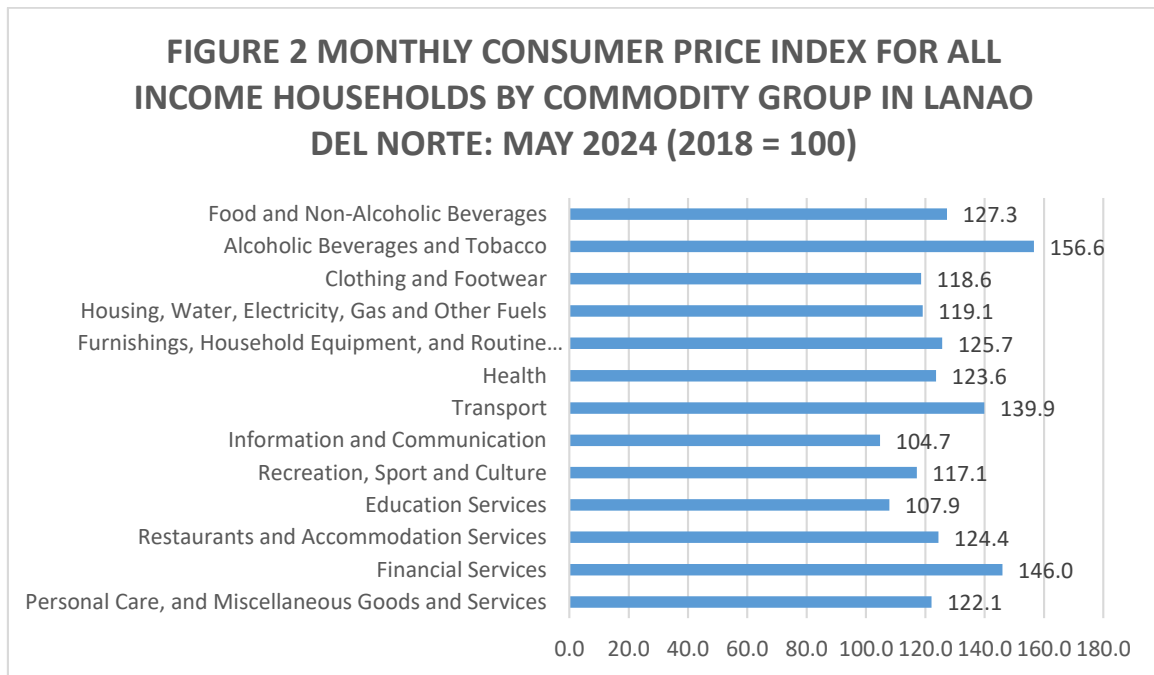
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Lanao del Norte's Consumer Price Index posted 125.7 for the month of May, which implies that the price of one basket of goods was 25.7 higher than the price of goods in 2018.

The Consumer Price Index (CPI) is used as an indicator to measure the changes in the average retail price of one basket of goods and services over time that consumers commonly pay. Figure 1 shows the Consumer Price Index in the province for the periods of May 2023 and 2024, with 2018 as the base year.



Among the commodity groups, Alcoholic Beverages and Tobacco registered the highest CPI in May 2024 at 156.0, followed by Financial Services at 146.0 and Transport at 139.9. On the other hand, Recreation, Sport, and Culture at 117.1, Education Services at 107.9, and Information and Communication at 104.7 were the bottom three with the lowest CPI posted in the month of May 2024, as shown in Figure 2.

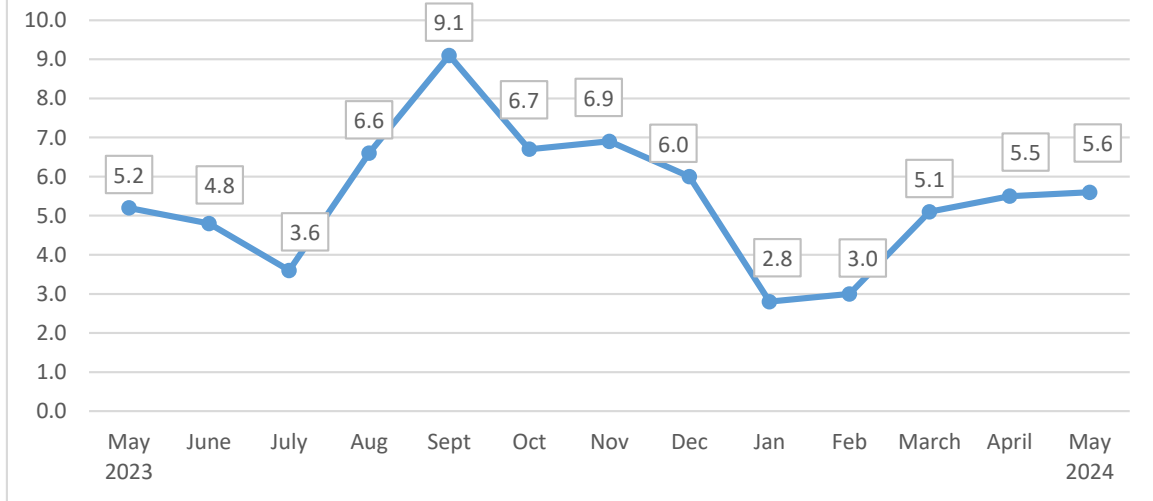


INFLATION RATE

Inflation rate refers to the percent change in the average prices of goods and services, in most cases, purchased by consumers compared to prices a year ago. Figure 3 below displays the inflation rate for all items in Lanao del Norte from May 2023 to May 2024. The inflation rate of Lanao del Norte is 5.6 percent, slightly higher than its average retail price in May 2023.

Inflation occurs mostly when goods and services are in high demand, giving rise to a drop in availability in the market. This may be caused by any reason, like natural phenomena and/or man-made calamities.

FIGURE 3 YEAR-ON-YEAR, INFLATION RATE, ALL ITEMS IN LANAOS DEL NORTE: MAY 2023 AND MAY 2024

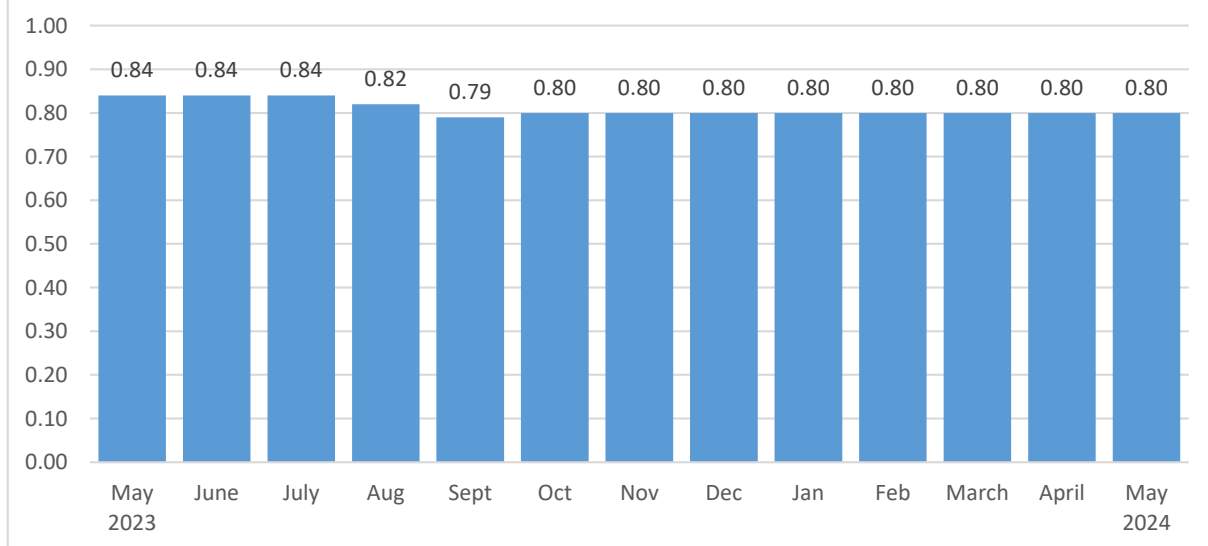


PURCHASING POWER OF PESO (PPP)

The Purchasing Power of Peso (PPP) shows how much the currency of the peso is worth in the current period, based on the year 2018. The PPP in Lanao del Norte is at P0.80 for the month of May 2024. This value means that the goods and services that are worth one peso (P1.00) in the year 2018 will have a current value of eighty centavos (P0.80).

Figure 4 below shows the year-on-year purchasing power of the peso in the province from May 2023 to 2024.

**FIGURE 4 YEAR-ON-YEAR PURCHASING POWER OF PESO IN
LANAO DEL NORTE: MAY 2023 AND MAY 2024**



Lanao del Norte's purchasing power of peso declined to 0.80 centavos for the month of May 2024. This also implies that the consumers in the province had to increase their usual costs in order to attain the same quality of living in 2018.

Purchasing power has a great impact on different aspects of the economy. A massive decrease in purchasing power caused by excessive inflation may lead to an economic crisis.


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TECHNICAL NOTES

Consumer Price Index (CPI) – The CPI is an indicator of the changes in the average retail prices of a fixed basket of goods and services commonly purchased by households relative to a base year.

Used of CPI – CPI is most widely used in the calculation of the inflation rate and purchasing power of peso. It is a major statistical series used for economic analysis and as a monitoring indicator of government economic policy.

Computation of CPI – The computation of the CPI involves consideration of the following important points:

- a. **Base Period** – The reference data or base period is the benchmark or reference date or period at which the index is taken as equal to 100.
- b. **Market Basket** – A sample of the thousands of varieties of goods purchased for consumption and services availed by the households in the country selected to represent the composite price behavior of all goods and services purchased by consumers.
- c. **Weighing System** – The weighing pattern uses the expenditures on various consumer items purchased by households as a proportion to total expenditure.
- d. **Formula** – The formula used in computing the CPI is the weighted arithmetic mean of price relatives, the Laspeyre's formula with a fixed base year period (2012) weight.
- e. **Geographic Coverage** – CPI values are computed at the national, regional, and provincial levels, and for selected cities.

Inflation Rate (IR) – is the rate of change of the CPI expressed in percent. Inflation is interpreted in terms of declining purchasing power of peso.

Purchasing Power of Peso (PPP) – shows how much the peso in the base period is worth in the current period. It is computed as the reciprocal of the CPI for the period under review multiplied by 100.

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