Highlights

• Using 2000 based data, annual inflation rate decreased from September 2011 (5.3%) to November 2011 (4.7%).

• However, increases in the prices of basic commodities were still observed. Fuel prices slightly increased in November.

• There were also increases in the prices of paddy and milled rice. But, prices of other basic commodities such as sugar and oil remained stable.

• Production of palay and cassava increased in the third quarter of the year while production of corn, sweet potato, and mung beans declined on the same period.

• Natural calamities such as floods and landslides caused by tropical typhoons continue to pose unfavorable effect on the production of agricultural crops.

General Inflation

In November, the Consumer Price Index (CPI) increased by 0.34 percent, after it increased by 0.5 percent from September to October 2011 (Figure 1). The increase in CPI was mainly driven by higher food, clothing and services rates.

Food Price Index (FPI) increased by 0.34 percent. Peak increase in FPI of 1 percent was observed from September to October 2011.

Fuel Prices

Gasoline prices have decreased by 7.07 percentage points in November 2011 (Figure 2). This was brought about by an average rollback of Php 1.50 per liter due to huge decline in global oil prices.

Domestic prices of diesel continue to fluctuate. An increase of 3.38 percentage point was observed over the past month.

Main Staple Food Commodity Prices

• Data from the November 2011 update of the Bureau of Agricultural Statistics of the Department of Agriculture shows an increase of 1.90 percent in farm gate price of paddy, from Php 15.25/kg in October to Php 15.54/kg in November.

• The average retail price of regular milled rice is at Php 31.39/kg. There was an increase of 0.06% from the Php 31.37 /kg average price in October.

• The retail prices of cooking oil, brown sugar and refined sugar was generally stable in most of the trading centers in the country.

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Food Production

Palay Production

The July-September 2011 production was 3.17 million MT, 19.7% higher than the 2010 level of 2.65 million MT. Area harvested expanded by 23.4%, from 706 thousand hectares in 2010 to 871 thousand hectares this year. Significant increases in production and area harvested were noted in Western Visayas, MIMAROPA, and Zamboanga Peninsula. Sufficient rainfall enabled more plantings in both rain-fed and irrigated areas. On the other hand, yield per hectare decreased from 3.75 MT to 3.64 MT due to the adverse effects of typhoons Juaning and Mina.

Sweet Potato

Production in the third quarter of 2011 at 145.17 thousand MT dropped by 6.50 percent from last year’s record of 155.26 thousand MT. In addition to the occurrence of weevils or “bukbuk” in Davao Oriental, production was affected by rainfall during the previous quarter in Albay, Catanduanes, Sorsogon, and the Caraga provinces. Rat infestation was also reported in Benguet and Zamboanga Sibugay.

Cassava

Production at 454.80 thousand MT during the third quarter of 2011 was 5.64 percent higher. It was 430.51 thousand MT last year. This was due to the increasing contract growing scheme of San Miguel Corporation (SMC) in Bukidnon, Leyte and Isabela. The high market demand for cassava for industrial use encouraged farmers in SOCCSKSARGEN provinces to increase their area.

Corn Production

The July-September 2011 corn production was 2.18 million MT, 6.0% below the 2010 level of 2.32 million MT. Harvest area contracted by 4.9%, from 900 thousand hectares in 2010 to 856 thousand hectares this year. Yield per hectare decreased from 2.58 MT last year to 2.55 MT this year. ARMM reported significant drop in production, harvest area and yield due to damages caused by flashfloods. Reduced outputs were also noted in SOCCSKSARGEN, Northern Mindanao and Zamboanga Peninsula due to early cropping, shifting to sugarcane, cassava, pineapple and papaya, and excessive rains.

Monggo

During the July-September 2011 period, total mongo production was 1.22 thousand MT. This was 4.93 percent below the 2010 output of 1.28 thousand MT. Production was affected by frequent rains in Western Visayas provinces, Cebu and Davao Norte. There were also reported crop shifting to squash and watermelon in Davao Sur and to palm oil in Maguindanao.
In November 2011, regular milled rice ranges from Php 31 - Php 37 per kg (Table 1). An increase in the retail price of rice was observed in most of the markets except in Lanao del Norte and North Cotabato.

An upward movement in the retail prices of fish, chicken, beef and pork was reported in majority of the markets covered in the provinces.

The average wage of unskilled and agricultural workers in the provinces for the month of November is Php 121/day, 15 percent higher than the October 2011 rate.

Terms of trade (ToT), defined as the ratio of the daily wage rate to the price of rice, was calculated using the wage rates of unskilled and agricultural workers. ToT is used to calculate household food purchasing power.

The terms of trade for the provinces in November 2011 was 3.8, 15 percent higher than the October ratio of 3.2. Wage increase is the primary driver of the improvement in ToT.

### Table 1. Average retail prices of selected commodities in the Philippines and Mindanao, November 2011.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Philippines</th>
<th>Lanao del Norte</th>
<th>Lanao del Sur</th>
<th>Maguindanao</th>
<th>North Cotabato</th>
<th>Cotabato City</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular milled rice</td>
<td>31.39↑ 31.37↑</td>
<td>33.00↑ 34.00↑</td>
<td>37.00↑ 35.00↑</td>
<td>34.00↑ 29.00↑</td>
<td>32.00↑ 32.00↑</td>
<td>32.00↑ 31.00↑</td>
</tr>
<tr>
<td>Corn grain, white</td>
<td>19.48↑ 19.53↑</td>
<td>- 25.00 -</td>
<td>- - - -</td>
<td>- - - -</td>
<td>- - - -</td>
<td>- - - -</td>
</tr>
<tr>
<td>Potato</td>
<td>60.00↑ 60.00↑</td>
<td>43.00↑ 60.00↑</td>
<td>77.00↑ 71.00↑</td>
<td>90.00↑ 85.00↑</td>
<td>73.00↑ 63.00↑</td>
<td>85.00↑ 80.00↑</td>
</tr>
<tr>
<td>Fish, (galunggong)</td>
<td>120.00↑ 120.00↑</td>
<td>100.00↑ 78.00↑</td>
<td>106.00↑ 113.00↑</td>
<td>120.00↑ 97.00↑</td>
<td>125.00↑ 90.00↑</td>
<td>110.00↑ 70.00↑</td>
</tr>
<tr>
<td>Chicken, meat</td>
<td>130.00↑ 130.00↑</td>
<td>100.00↑ 128.00↑</td>
<td>131.00↑ 126.00↑</td>
<td>140.00↑ 129.00↑</td>
<td>- 130.00↑ -</td>
<td>120.00↑ 120.00↑</td>
</tr>
<tr>
<td>Beef</td>
<td>260.00↑ 260.00↑</td>
<td>220.00↑ 212.00↑</td>
<td>230.00↑ 223.00↑</td>
<td>- 202.00↑ -</td>
<td>185.00↑ 183.00↑</td>
<td>190.00↑ 180.00↑</td>
</tr>
<tr>
<td>Pork</td>
<td>180.00↑ 180.00↑</td>
<td>166.00↑ 163.00↑</td>
<td>- - - -</td>
<td>170.00↑ 157.00↑</td>
<td>- 143↑ -</td>
<td>155.00↑ 150.00↑</td>
</tr>
</tbody>
</table>

1 DA-BAS. Updates on Palay, Rice and Corn Prices  
2 Average retail prices in the 17 trading centers surveyed by DA-BAS.

### References