**Highlights**

- Using the 2000-based CPI, inflation rate remains stable from August 2011 to September 2011.
- Over the past month, there were slight increases in domestic fuel prices.
- Retail prices of staple and basic commodities decreased in most of the trading centers.
- Increase in the production of paddy rice, corn, cassava and mung bean was observed from January to June 2011.
- The floods and landslides caused by the series of typhoons in the third quarter of 2011 is likely to pose an adverse effect on paddy harvest, livelihood of small farmers and household food security.

**General Inflation**

The general consumer price index was stable from July 2011 to September 2011 (Figure 1). Food price index slightly increased by 0.17 percentage points from August 2011 to September 2011.

**Fuel Prices**

Domestic oil prices continue to fluctuate with increases and small decline over the past months. For the month of September, the retail prices of gasoline and diesel increased by 8.35 percentage points and 0.41 percentage points, respectively (Figure 2).

While the cost of crude oil is the largest factor in determining domestic oil prices. The cost of processing crude oil, marketing and local and state taxes account for the total cost of retail fuel price.

**Main Staple Food Commodity Prices**

- In September, farm gate price of paddy rice is at Php 15.76/kg. It was down by 1.44% from the Php 15.99/kg average price in August.
- The average retail price of regular milled rice in September (Php 31.43/kg) decreased by 0.06% from the August 2011 retail price of Php 31.45/kg.
- Based on the September 2011 report of the Bureau of Agricultural Statistics of the Department of Agriculture, a decrease in the retail prices of brown and refined sugar and cooking oil were reported in most of the trading centers.

*This monthly update is jointly prepared by United Nations World Food Programme (WFP) and Food and Agriculture Organization of the United Nations (FAO). The accuracy of the information contained in this document cannot be guaranteed as the information may come from official as well as from qualitative/anecdotal sources. The monthly update does not replace reporting of more reliable information (e.g., monthly or quarterly bulletins) from COs/RBs of these organizations.*
**Paddy Production**

Paddy rice production for January-June 2011 was 7.577 million MT, 14.4% higher than last year’s 6.621 million MT. This increase was attributed to the expansion in harvest area and improvement in yield following recovery from the adverse effects of the El Niño phenomenon during the first half of 2010 which was significantly noted in Western Visayas and Cagayan Valley. However, the series of typhoons and floods in Luzon and Mindanao from July to October is expected to adversely impact the paddy harvest of October 2011.

**Corn Production**

The January-June 2011 corn output was recorded at 3.309 million MT. This was 37.0 percent more than last year’s level of 2.415 million MT. Harvest area was 1.101 million hectares. It expanded by 13.8 percent. Yield per hectare at 3.01 MT improved by 20.4 percent. These gains were attributed to the recovery from the adverse effects of the El Niño phenomenon during the first half of 2010.

**Sweet Potato (Camote)**

Production in the second quarter of 2011 dropped by 3.26 percent to 140.06 thousand MT from last year’s record of 144.78 thousand MT. Lesser area was planted with sweet potato in Caraga Region due to continuous rainfall as excessive soil moisture is not suitable for planting of this crop. Production in the Bicol Region was adversely affected by typhoon Bebeng.

**Cassava**

Output during the period posted a 5.67 percent growth to 659.37 thousand MT in 2011 from last year’s record. The sustained expansion of contract growing scheme of San Miguel Corporation (SMC) in Bukidnon and Misamis Oriental and the increased harvest area and favorable weather condition during tuber development in Quezon, Antique and Iloilo contributed significantly to the continuous increase of cassava production over the past years.

**Mung Bean (Monggo)**

During the April-June 2011 period, mung bean production was estimated at 21.68 thousand MT or 42.61 percent above last year’s production of 15.21 thousand MT. Support programs from the local government units (LGUs) and early harvest of paddy rice during the first quarter encouraged farmers to increase their area devoted to mung bean farming in Isabela. Lesser aphids infestation in Pangasinan and Ilocos Norte boosted production in the Ilocos Region. Tarlac also reported increase in area harvested.
WFP Price Monitoring in Mindanao

The price monitoring for the month of September 2011 was done in 20 of the 39 target markets in 3 provinces in Mindanao where WFP has ongoing operation.

Prices of the major commodities generally decreased in all of the provinces. Retail price of regular milled rice increased in all of the provinces except in Maguindanao (Table 1). The price of regular milled rice is highest in Lanao del Sur.

When compared with the national average, the prices of staple in these provinces are generally higher.

A downward movement in the price of fish was observed in most of the provinces. Fluctuation in the prices of poultry and meat was observed in Lanao del Norte and Maguindanao while prices remained stable in Lanao del Sur.

These small decreases in the prices of major commodities, if sustained, would positively contribute to the purchasing power of farmers, fisher folks and those working in the informal sector, particularly women. This will also have a positive impact on the household allocation for other basic needs, particularly on food selection and diversity.

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

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Philippines&lt;br&gt;September</th>
<th>August</th>
<th>Change</th>
<th>Lanao del Norte&lt;br&gt;September</th>
<th>August</th>
<th>Change</th>
<th>Lanao del Sur&lt;br&gt;September</th>
<th>August</th>
<th>Change</th>
<th>Maguindanao&lt;br&gt;September</th>
<th>August</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular milled rice</td>
<td>31.43</td>
<td>31.45</td>
<td>↓↓</td>
<td>32.90</td>
<td>32.40</td>
<td>↑↑</td>
<td>37.50</td>
<td>36.71</td>
<td>↑↑</td>
<td>33.25</td>
<td>38.89</td>
<td>↓↓</td>
</tr>
<tr>
<td>Corn grain, white</td>
<td>19.80</td>
<td>19.80</td>
<td>→→</td>
<td>25.00</td>
<td>27.30</td>
<td>↓↓</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25.00</td>
<td>26.33</td>
<td>↓↓</td>
</tr>
<tr>
<td>Potato</td>
<td>45.94</td>
<td>46.68</td>
<td>↓↓</td>
<td>38.75</td>
<td>50.00</td>
<td>↓↓</td>
<td>65.00</td>
<td>55.00</td>
<td>↑↑</td>
<td>68.75</td>
<td>73.75</td>
<td>↓↓</td>
</tr>
<tr>
<td>Fish, (galunggong)</td>
<td>101.18</td>
<td>102.06</td>
<td>↓↓</td>
<td>94.00</td>
<td>84.00</td>
<td>↑↑</td>
<td>97.50</td>
<td>105.00</td>
<td>↓↓</td>
<td>100.00</td>
<td>120.00</td>
<td>↓↓</td>
</tr>
<tr>
<td>Chicken, meat</td>
<td>122.94</td>
<td>124.71</td>
<td>↓↓</td>
<td>128.00</td>
<td>126.00</td>
<td>↑↑</td>
<td>130.00</td>
<td>130.00</td>
<td>→→</td>
<td>120.00</td>
<td>135.00</td>
<td>↓↓</td>
</tr>
<tr>
<td>Beef</td>
<td>240.59</td>
<td>240.59</td>
<td>→→</td>
<td>188.00</td>
<td>204.00</td>
<td>↓↓</td>
<td>230.00</td>
<td>230.00</td>
<td>→→</td>
<td>187.50</td>
<td>180.00</td>
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</tr>
<tr>
<td>Pork</td>
<td>175.88</td>
<td>176.47</td>
<td>↓↓</td>
<td>157.00</td>
<td>164.00</td>
<td>↓↓</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>169.00</td>
<td>166.00</td>
<td>↑↑</td>
</tr>
</tbody>
</table>

*Average retail prices in the 17 trading centers surveyed by DA-BAS.*

References