



Price and Food Security Update Philippines

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Main Price Trends

Highlights

- National annual headline inflation rate was reported at 3.0 percent in April.
- Consumer price index was recorded at 129.4. The movement was attributed to the increase observed for all commodity groups.
- Slow decline in fuel prices was observed over the past month.
- Above normal fluctuation was observed in the average retail prices of major commodities in North Cotabato.
- Production forecast for paddy and corn are estimated to be higher than last year's level by 3.4 percent and 4 percent, respectively.

General Inflation

The country's annual headline inflation rate which is a measure of the changes in people's cost of living based on the movement of a specified basket of commodities and services, was reported at 3.0 percent in April from 2.6 percent in March. The increase was attributed to the reported higher annual increments in all commodities except in the transport, communication and education indices.

Consumer price index (CPI) was at 129.4 in April, with a recorded increase of 0.77 percent month-on-month (Figure 1). Increase in inflation was observed for all the commodity groups. Food price inflation increased from 137.7 in March to 138.6 in April.

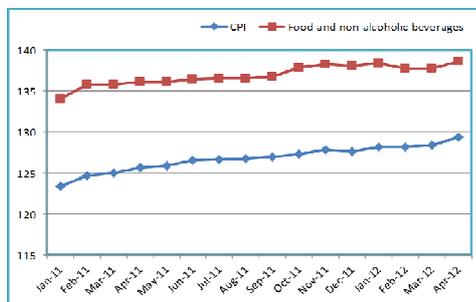


Figure 1. Consumer Price Index and Food Price Index (2006=100), Philippines, January 2011-April 2012

Fuel Prices

Decline in fuel prices have been observed over the past month. The average retail price of gasoline has decreased by 2.9 percentage points in April from the average retail price of Php 58.45 per liter in March (Figure 2). The average retail price of diesel decreased by 3.53 percentage points from Php 48.70 per liter in March to Php 47.04 in April.

Based on the oil monitor report of the Department of Energy, the movements in fuel prices were partly driven by revived talks between Iran and major powers about Tehran's nuclear programme.

Minimum jeepney fare cut of 50 centavos was implemented on May 15 following the decline in prices.

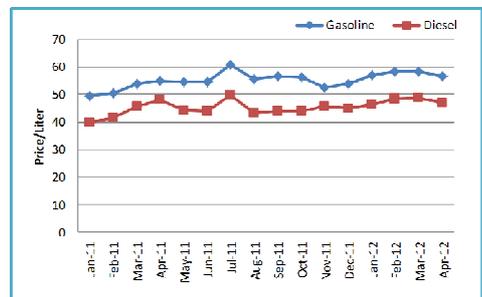


Figure 2. Average monthly prices of gasoline and diesel, January 2011-April 2012



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New FAO and DA Japan-funded Project on Climate Change Adaptation and Food Security

The three-year FAO-DA project, entitled “Assessments of Climate Change Impacts and Mapping of Vulnerability to Food Insecurity under Climate Change to Strengthen Household Food Security with Livelihoods’ Adaptation Approaches (AMICAF)”, funded by the Government of Japan, will help facilitate comprehensive climate change adaptation planning through impact assessments, development of an information and mapping system for food security and climate change, and promotion of resilient livelihoods.

AMICAF will be implemented via a four-step approach, which will attempt to better link climate change impact assessment and adaptation.

Step 1 will analyze impacts of climate change on agriculture through a nationwide study at sub-national resolution (e.g. regional and provincial levels) using FAO’s MOSAICC (Modeling System for Agricultural Impacts of Climate Change).

Step 2 will involve the analysis and mapping of vulnerability to food insecurity under climate change. It will be built upon past work on analysis and mapping of food security and will incorporate climate change-related factors.

Step 3 will focus on community-based adaptation to climate change in vulnerable agricultural communities and will involve the identification, validation, field-testing, and evaluation of good adaptation practices through participatory processes and capacity development. This step will use information from steps 1 and 2.

Step 4 will promote enhanced awareness on impacts and vulnerability and improved institutional mechanisms to conduct/use assessments through knowledge management and integration of assessments and adaptation approaches into policy and planning frameworks.

AMICAF will also build on the experiences from FAO’s projects on Climate Change Adaptation and Disaster Risk Reduction/Climate Risk Management. A Lead Technical Unit based at FAO’s headquarters in Rome provides management and technical backstopping. FAO is currently finalizing Letters of Agreements with the different institutions to be involved in Steps 1 to 3. Steps 1 and 2 will be nationwide studies while Step 3 will be conducted in selected municipalities in Camarines Sur, in partnership with DA Regional Field Unit V. Surigao del Norte is also being explored as a site for Step 3 field activities in close coordination with the DA in Caraga. Other major project activities are expected to be in full swing by June 2012.

Main Staple Food Commodity Prices

- Based on to the price updates on palay, rice and corn of the Bureau of Agricultural Statistics, average farmgate price of paddy was 0.55 percentage points above the March price of Php 16.37 per kg.
- Average retail price of regular milled rice was at Php 31.99 per kg in April, 0.38 percentage points higher than last month’s price (Figure 3).
- The country is reducing its rice imports in line with its goal of self-sufficiency in the staple after 2013. The Philippine government is set to import only 500,000 MT of rice to cover its buffer needs for 2012.
- Retail prices of meat and poultry remain stable. Prices of commonly consumed vegetables decreased in majority of the trading centers. The retail prices of refined and brown sugar was higher than the reported prices in March. Average retail price of cooking oil decreased in 7 of the 17 trading centers surveyed monthly by BAS.

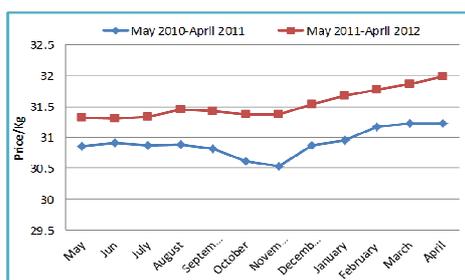


Figure 3. Average monthly retail price regular milled rice, Philippines, May 2010 - April 2012

Food Production

Paddy

The January-June 2012 palay production may reach 7.84 million MT, 3.4 percent higher than last year's level of 7.58 million MT. Harvest area may expand to 2.04 million hectares, or by 2.4 percent from last year's record of 1.99 million hectares. Yield per hectare may improve from 3.80 MT in 2011 to 3.84 MT this year.

Corn

The January-June 2012 corn production is expected to reach 3.44 million MT, 4 percent above last year's level of 3.31 million MT. Harvest area may expand by 1 percent, from 1.10 million hectares in 2011 to 1.11 million hectares this year. The forecast yield per hectare at 3.10 MT is 3 percent higher than last year's 3.01 MT.



WFP Price Monitoring in Central Mindanao

Retail prices of local food commodities were gathered on a monthly basis in selected cities and provinces in Central Mindanao. For the national price estimates, data from the Bureau of Agricultural Statistics were used.

Average retail prices of commodities in April when compared against data from the previous month and past 3 months, shows that price fluctuation in North Cotabato was above normal (Table 1). Price fluctuation in the past three months was generally stable for the rest of the provinces.

Terms of trade (ToT) measures a household's food purchasing power. In Central Mindanao, the terms of trade for April 2012 was 4.2. This is 14 percentage points lower than the March ratio (Figure 3). Increase in the price of rice is the primary driver of the drop in ToT.

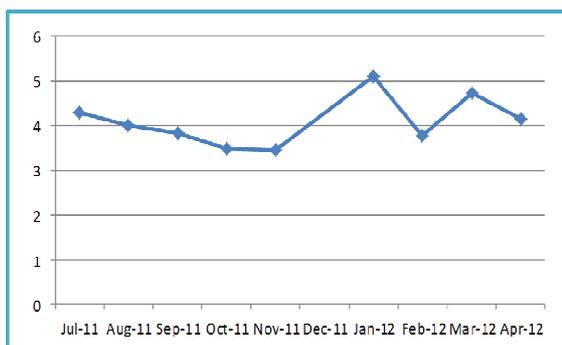


Figure 3. Terms of Trade for unskilled labor and rice, June 2011—April 2012

Food item	Country/Province	April	March	January	Direction of change	
					1 month	3 months
Rice, regular milled	Philippines	31.99	31.87	31.67	↔	↔
	Lanao del Norte	34.4	-	-	-	-
	Maguindanao	34	30.5	34	↑	↔
	North Cotabato	34.75	33.5	-	-	↔
	Cotabato City	35.75	-	33	-	↔
Potato	Philippines	52.35	51.32	57.06	↔	↔
	Lanao del Norte	40	-	-	-	-
	Maguindanao	80	72.5	-	↓	-
	North Cotabato	65	61.67	-	↓	-
	Cotabato City	65	-	60	-	↔
Fish, galunggong	Philippines	111.47	108.12	111.56	↔	↔
	Lanao del Norte	88	-	-	-	-
	Maguindanao	120	135	125	↓	↔
	North Cotabato	135	120	-	↓	-
	Cotabato City	130	-	115	-	↑
Chicken, meat	Philippines	123.76	123.91	125.29	↔	↔
	Lanao del Norte	124	-	-	-	-
	Maguindanao	140	140	140	↔	↔
	North Cotabato	137.5	110	-	↑	-
	Cotabato City	125	-	-	-	-
Beef	Philippines	242.94	242.35	240	↔	↔
	Lanao del Norte	220	-	-	-	-
	Maguindanao	-	180	-	-	-
	North Cotabato	177.5	160	-	↓	-
	Cotabato City	200	-	200	-	↔
Pork	Philippines	176.18	176.18	175.59	↔	↔
	Lanao del Norte	161	-	-	-	-
	Maguindanao	161	160	-	↔	-
	North Cotabato	157.5	133.33	-	↓	-
	Cotabato City	155	-	160	-	↔

¹BAS-DA, Updates on Palay, Rice and Corn Prices

²Average retail prices in the 17 trading center surveyed by BAS-DA

↑ Price increase above normal price fluctuation

↔ Normal price fluctuation

↓ Price decrease below normal price fluctuation

Price fluctuation is considered normal if the price change is within 5% for 1 month, or within 10% for 3 months or within 15% for one year.

References

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