



Price and Food Security Update Philippines

June 2012 || Issue 9

Main Price Trends

Highlights

- Consumer price index (CPI) declined from 3.0 in April to 2.9 in May.
- Consecutive weekly decline in domestic oil prices have been reported since April 2012.
- Farmgate price of paddy increased by 1.21 percent from last month.
- Fluctuation in the average retail prices of main staple are considered normal.
- Mung bean, peanut and cassava production went down from January to March 2012.

General Inflation

The rate of change in Consumer Price Index (CPI) was reported at 2.9 in May from 3.0 in April. This was a result of the slow growth rates in the following commodity groups: housing, water, electricity, gas and other fuels; health; transport and education. The core inflation, a measure of change in average consumer prices after excluding from CPI certain items with volatile price movements, showed a higher rate of 3.7 in May from 3.6 in April.

CPI for all items is at 129.5 in May (Figure 1). The slow increase in the monthly CPI was mainly due to the series of rollbacks in gas and other fuel and zero growth in food, non-alcoholic beverages and education at the national level.

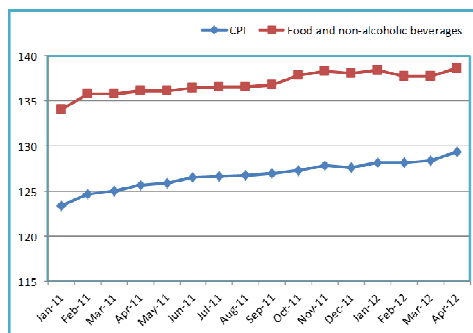


Figure 1. Consumer Price Index and Food Price Index (2006=100), Philippines, January 2011-May 2012

Fuel Prices

As of May 2012, most of the oil companies implemented price rollbacks, marking the 6th consecutive weekly decline in domestic oil prices. The total reduction in retail prices of diesel and gasoline were estimated at Php 4 per liter and Php 4.85 per liter, respectively. The reported decline reflects the continued softening of prices in the international oil market.

Based on the oil monitor report of Department of Energy, retail price of gasoline decreased by 5.94 percentage points from Php 57.1 per liter in April to Php 53.9 per liter in May (Figure 2). Decrease in diesel was estimated at 6.43 percentage point from April to May.

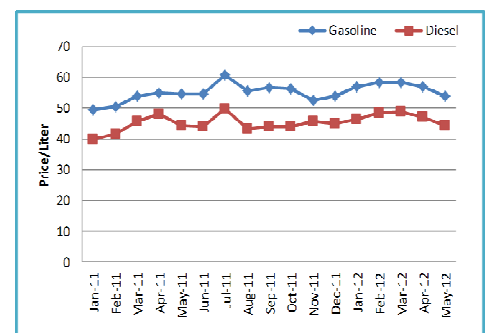


Figure 2. Average monthly prices of gasoline and diesel, January 2011-May 2012



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Main Staple Food Commodity Prices

- Average monthly farmgate price of paddy was at Php 16.67 per kg in May. This was higher by 1.21 percent from last month's price of Php 16.47 per kg.
- After a steady increase in the average retail price of regular milled rice since September 2011 (Figure 3), a slight decrease (0.06 percent) was observed from April (Php 32 per kg) to May 2012 (31.98 per kg).
- Normal fluctuation was observed in the average retail prices of meat and poultry in the 17 trading centers surveyed on a weekly basis by Bureau of Agricultural Statistics. Between 10 - 30 percent decrease in the price of fish (*galunggong*) was observed in 4 trading centers in Luzon. The prevailing retail price of cooking oil is generally stable. Above normal fluctuation in sugar (brown and refined) was observed in May 2012.

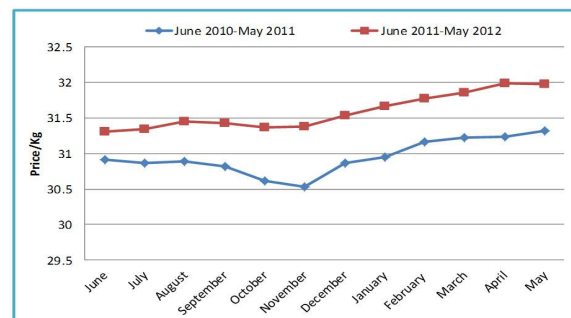


Figure 3. Average monthly retail price regular milled rice, Philippines, May 2010 - May 2012

Food Production

Mung Bean

Mung bean production was estimated at 6.74 thousand mt in the first quarter of 2012, lower by 2.23 percent compared with the 2011 production of 6.89 mt. The decline in production was traced to lesser area devoted to mung bean as a result of continuous rainfall during planting season in Cagayan Valley, CALABARZON, Northern Mindanao and SOCSSKSARGEN. There was paddy ratooning in Western Visayas.

Peanut

The country's peanut production in January-March 2012 dropped to 11.97 thousand mt from 11.99 thousand mt in 2011. The 0.15 percent decrease was due to delayed planting caused by flash floods during the previous quarter in Cagayan Valley. Some areas in Western Visayas were still planted with paddy. Heavy rains also affected peanut production in Northern Mindanao and ARMM.

Sweet potato

Sweet potato production this quarter was 117.58 thousand mt. An increase of 0.86 percent over last year's level of 116.57 thousand mt. The increment was attributed to the weather condition that favored early development of tubers in CALABARZON, Bicol Region, Eastern Visayas and Northern Mindanao.

Cassava

Cassava production during the period was 440.69 thousand mt. This was 2.68 percent lower than the previous year's level of 452.83 thousand mt. The slowdown in production was attributed to decreased area harvested in Northern Mindanao and ARMM. Contract growers in Bukidnon were affected by the temporary cessation of operations of Phil-Agro Industrial Corporation (PAICOR) and Triangle International Inc. because of impassable bridges brought about by typhoon Sendong.

WFP Price Monitoring in Central Mindanao

In May 2012, retail prices of local food commodities were gathered from traders in 17 markets of Central Mindanao. Data gathered by the Bureau of Agricultural Statistics from 17 trading centers in the country were used for the retail price estimates.

At the national level, retail prices of selected commodities are generally stable. Average retail prices of rice, beef and pork during the previous month and 3 months ago are considered normal in most of the survey areas except for Cotabato City and North Cotabato where price decrease was below normal price fluctuation. Above normal price fluctuation was observed for potato, fish and chicken over the past month in most of the provinces.

In Central Mindanao, Terms of Trade (ToT), which measures a household's food purchasing power, decreased by 3.22 percentage points from 4.16 in April to 4.03 in May.

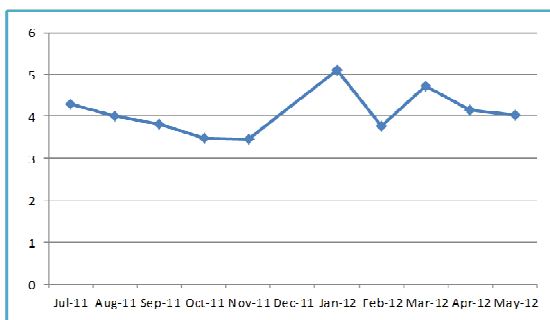


Figure 3. Terms of Trade for unskilled labor and rice, June 2011—May 2012

Food Item	Country/Province	May	April	February	Direction of change	
					1 month	3 months
Rice, regular milled	Philippines	31.98	32	31.77	↔	↔
	Lanao del Norte	34.33	35	33	↔	↔
	Lanao del Sur	40.5	-	36.75	-	↔
	Maguindanao	-	34	33	-	-
	North Cotabato	34	34.75	-	↔	-
	Cotabato City	35.5	37.75	32.25	↓	↔
Potato	Philippines	49.75	52.35	51.32	↓	↔
	Lanao del Norte	45	45	50	↔	↔
	Lanao del Sur	60	-	73.33	-	↓
	Maguindanao	-	80	75	-	-
	North Cotabato	70	65	-	↑	↔
	Cotabato City	70	65	65	↓	↔
Fish, galungong	Philippines	107	111.47	108.13	↔	↔
	Lanao del Norte	106.67	95	70	↓	↓
	Lanao del Sur	111.67	-	140	-	↓
	Maguindanao	-	120	130	-	-
	North Cotabato	120	135	-	↑	-
	Cotabato City	80	130	130	↓	↓
Chicken, meat	Philippines	124.35	123.76	123.62	↔	↔
	Lanao del Norte	126.67	120	160	↓	↔
	Lanao del Sur	130	-	128.75	-	↔
	Maguindanao	-	140	130	-	↔
	North Cotabato	150	137.5	-	↑	-
	Cotabato City	125	125	125	↔	↔
Beef	Philippines	242.94	242.94	241.76	↔	↔
	Lanao del Norte	200	200	200	↔	↔
	Lanao del Sur	250	-	230	-	↔
	Maguindanao	-	-	-	-	-
	North Cotabato	160	177.5	-	↓	↔
	Cotabato City	190	200	190	↔	↔
Pork	Philippines	176.76	176.18	175.88	↔	↔
	Lanao del Norte	160	165	160	↔	↔
	Lanao del Sur	-	-	-	-	-
	Maguindanao	-	-	-	-	-
	North Cotabato	160	157.5	-	↔	-
	Cotabato City	160	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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