



Price and Food Security Update Philippines

October 2012 || Issue 13

Highlights

- Consumer price index decreased on a month-on-month basis.
- Diesel and gasoline decreased by 4 percent and 0.3 percent, respectively.
- Fuel price adjustments resulted to year-to-date increase of Php 2.93 per liter for gasoline and Php 0.52 per liter for diesel.
- On a month-on-month basis, the movement in the prices of main staples are within normal fluctuation.
- Prices of selected commodities in Central Mindanao are generally stable on a month-on-month, past 3 months-to-date, and year-to-date.
- Paddy and corn production improved in the first half of the year.

Main Price Trends

Consumer Price Index

The Consumer price index¹ (CPI) for September 2012 decreased by 0.1 percent month-on-month (**Figure 1**). The decrease in housing, water, electricity, gas and other fuel index mainly contributed to the drop in consumer prices. Food and non-alcoholic beverage prices increased by 0.4 percent from the 141.2 price index in August 2012.

-to-date net increase of Php 2.93 per liter in gasoline and Php0.52 per liter in diesel.

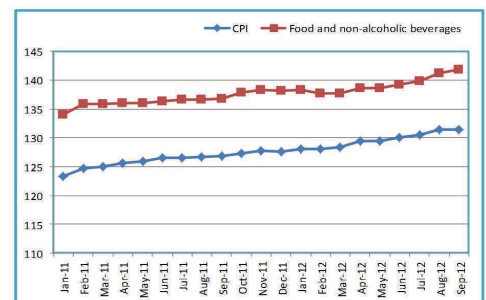


Figure 1. Consumer Price Index and Food Price Index (2006=100), Philippines, January 2011-September 2012

Fuel Prices

Retail price of diesel was reported at Php 44 per liter in the last week of September 2012. A 4 percent decrease from the previous month's pump prices (**Figure 2**). Gasoline decreased by 0.3 percent from Php 54.15 per liter in August 2012.

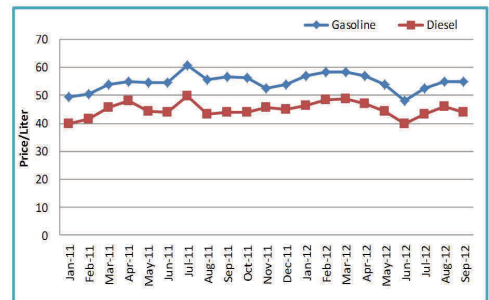


Figure 2. Average monthly prices of gasoline and diesel, January 2011-September 2012

The price adjustments according to the Department of Energy resulted to year

Main Staple Food Commodity Prices

- In September 2012, farm-gate prices of paddy decreased by 3 percent from the previous month's price of Php17.15/kg. Compared to last year's farm-gate price of the

same month the current amount is 5.41 percent higher. The current prices, however, may negatively impact smallholder famers.

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¹ The Consumer Price Index is an indicator of the change in the average retail prices of a fixed basket of goods and services commonly purchased by the average Filipino households for their day-to-day consumption relative to a base year. The CPI data in this update was drawn from the monthly report of the National Statistics Office which uses 2006 as the base year.



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/aneecdotal sources. The monthly update does not replace reporting of more reliable information (e.g. monthly or quarterly bulletins) from COs/RBs of these organizations.

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Main Staple Food Commodity Prices...(Continued from page 1)

- Slight increase in the average monthly retail price of regular milled rice was observed between August and September 2012. The average retail price of regular milled rice increased by 0.31 percent from Php 32.31/kg in August to Php 32.41/kg in September 2012 (**Figure 3**).
- Based on the Bureau of Agricultural Statistics monthly report of selected agricultural commodities gathered from 17 major trading centers in the country, prices of regular milled rice, meat and poultry are generally stable on a month-on-month basis. Movements in the prices of fish, vegetables, fruits, oil and sugar are within normal fluctuation.

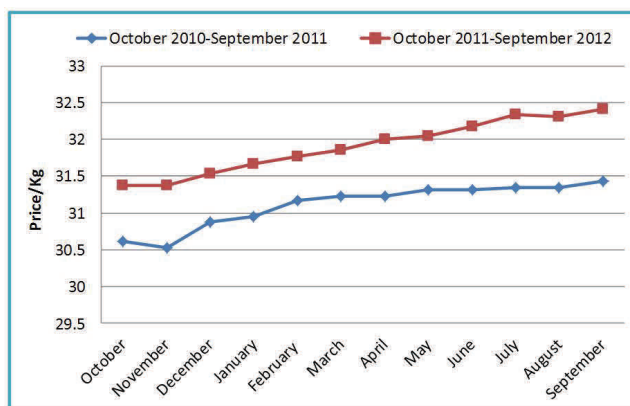


Figure 3. Average monthly retail price regular milled rice, Philippines, October 2011– September 2012

Food Production

Paddy

The January-June 2012 paddy production was 7.89 million MT, 4.2% higher than last year's level of 7.58 million MT. Harvest area was recorded at 2.04 million hectares, 2.1% above last year's record of 1.99 million hectares. Yield per hectare was up by 2% or from 3.80 MT in 2011 to 3.88 MT this year.

Corn

The January-June 2012 corn production was 3.47 million MT, 4.8% more than last year's output of 3.31 million MT. Harvest area expanded by 1.0%, or from 1.10 million hectares in 2011 to 1.11 million hectares this year. Yield per hectare improved from 3.01 MT to 3.12 MT.

WFP Price Monitoring in Central Mindanao

Retail prices of local food commodities were gathered monthly in selected cities and provinces in Central Mindanao where WFP has ongoing project implementation. For the national price estimates, data from the Bureau of Agricultural Statistics were used. Average retail prices of commodities in selected markets in Central Mindanao are generally within normal fluctuation (**Table 1**). Above normal price fluctuation was observed for potato. Price decrease for fish in the previous month and past 3 months was below normal fluctuation.

(Continued to page 3)

WFP Price Monitoring in Central Mindanao...(Continued from page 2)

Terms of Trade (ToT) measures a household's food purchasing power. ToT was calculated using the daily wage rate for unskilled labour and the average retail price of regular milled rice. In September, average wage for unskilled labour in Central Mindanao was Php 148/day. There is an 18 percent decrease from the previous month's average daily wage of Php 175. ToT decreased by 15.21 percent from 5 kg/day in August to 4.34 kg/day in September 2012. The decline in purchasing power of households in these areas is a result of the decrease in daily wage, particularly among households with main income earner engaged in unskilled labour.

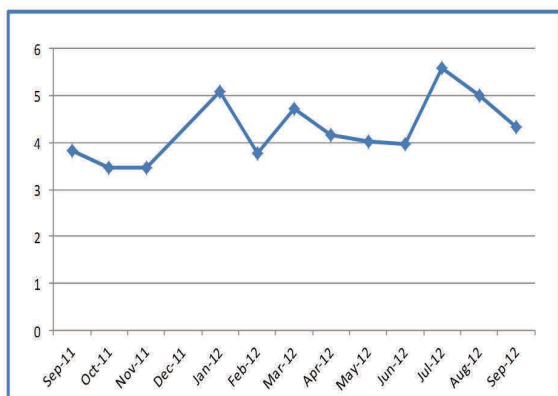


Figure 4. Terms of Trade for unskilled labor and rice, September 2011-September 2012

Table 1. Average retail prices of selected commodities in the Philippines and Central Mindanao, September 2012

Food item	Country/Province	September 2012	Price Change (%)			Direction of change		
			1 month	3 months	1 year	1 month	3 months	1 year
Rice, regular milled	Philippines ¹	32.41	0.31	0.74	3.02	↔	↔	↔
	Lanao del Norte	36	-	5.56	8.61	-	↔	↔
	Maguindanao	34	-5.88	4.41	2.21	↓	↔	↔
	North Cotabato	33	-3.03	-3.03	-	↔	↔	-
	Sultan Kudarat	33	-	-1.52	6.06	-	↔	↔
	Cotabato City	35	-	-	-	-	-	-
Potato	Philippines ²	63.24	0.93	20.38	27.36	↔	↑	↑
	Lanao del Norte	47	-	1.60	17.02	-	↔	↓
	Maguindanao	70	-10	0	1.43	↑	↔	↔
	North Cotabato	71	1.43	-2.11	-	↔	↔	-
	Sultan Kudarat	68	-	-7.84	-5.88	-	↔	↔
	Cotabato City	73	10.96	-	-	↑	-	-
Fish, galunggong	Philippines ²	108.75	-6.97	-1.73	6.96	↓	↔	↔
	Lanao del Norte	88	-	-13.64	-6.82	-	↓	↔
	Maguindanao	100	-20	10	0	↓	↔	↔
	North Cotabato	119	-9.24	-5.04	-	↓	↔	-
	Sultan Kudarat	107	-	-15.26	10.28	-	↓	↔
	Cotabato City	95	-26.32	-	-	↓	-	-
Beef	Philippines ²	242.94	0	-0.24	0.96	↔	↔	↔
	Lanao del Norte	196	-	-8.42	4.08	-	↔	↔
	Maguindanao	190	0	7.90	5.26	↔	↔	↔
	North Cotabato	177	3.96	1.13	-	↔	↔	-
	Sultan Kudarat	190	-	0	11.05	-	↔	↔
	Cotabato City	190	-2.63	-	-	↔	-	-
Pork	Philippines ²	176.76	0	0	0.50	↔	↔	↔
	Lanao del Norte	175	-	3.57	10.29	-	↔	↔
	Maguindanao	150	-	-	-12.67	-	-	↔
	North Cotabato	148	-4.73	-11.49	-	↔	↓	-
	Sultan Kudarat	166	-	3.61	9.64	-	↔	↔
	Cotabato City	160	0	-	-	↔	-	-

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 of commodity not available

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

1. Bureau of Agricultural Statistics, Department of Agriculture. <http://www.bas.gov.ph/>
2. Department of Energy. Oil Monitor. <http://www.doe.gov.ph/opm/oilmonitor.htm>
3. National Statistics Office. <http://www.census.gov.ph>
4. National Statistics Coordination Board (NSCB). <http://www.nscb.gov.ph>





EU PROVIDES PhP312 MILLION TO WFP TO DELIVER PEACE DIVIDENDS FOR CONFLICT-HIT PEOPLE IN MINDANAO

Following the recent historic peace framework agreement, the European Union (EU) has provided PhP312 million to the United Nations World Food Programme (WFP) to boost the livelihood recovery of 300,000 persons displaced by the past conflict in Mindanao.

The grant of EUR 5.9 million (or PhP312 million) under the Aid to Uprooted People Programme, will fund the project "Enhancing the Resilience of Internally Displaced Persons in Central Mindanao by Strengthening Livelihoods" for a period of two years. The EU contribution will provide sustainable resettlement of displaced people and support in the longer-term recovery process. WFP will lead the programme implementation in close collaboration with the Department of Social Welfare and Development, Department of Agriculture, Department of Agrarian Reform, and Department of Environment and Natural Resources.

EU Ambassador Guy Ledoux said that this support will directly address poverty alleviation for the poorest in Mindanao, especially during the crucial transition phase following the signing of the Framework Agreement. "As a major development partner in poverty alleviation in Mindanao since 1990, this grant is a strong re-affirmation of the European Union's support to the development of Mindanao, and this will no doubt continue in the light of the recent peace framework agreement," he said.



(L-R) UN Resident Coordinator Luiza Carvalho; ARMM Governor Mujiv Hataman; Social Welfare Secretary Corazon Juliano-Soliman; EU Ambassador Guy Ledoux; WFP Philippines Representative and Country Director Stephen Anderson; Peace Process Presidential Adviser Ging Deles; and MILF Peace Panel Member Mike Pasigan receive the cheque that will help provide sustainable resettlement of displaced people, and support in the longer-term recovery process of conflict-affected areas of Mindanao.

FAO FOCUSES ON THE RESTORATION OF AGRI-BASED LIVELIHOODS AND FOOD SECURITY IN CENTRAL LUZON

The Food and Agriculture Organization of the United Nations (FAO) is implementing the project "Restoration of the agri-based livelihoods and food security of flood-affected farmers in Region III by typhoons Nesat and Nalgae (Pedring and Quiel as local names). It is being funded by the Government of Belgium through FAO's Special Fund for Emergencies and Rehabilitation Activities (SFERA), with the Department of Agriculture as the implementing partner. The project implementation period is nine months.

In order to replace those productive assets lost or damaged during the typhoon that resulted to flooding, the project would provide small agricultural machineries such as hand tractor with trailer and accessories (plow and harrow), mechanical harvester known as reaper, mobile rice thresher, and pump and engine for small-farm irrigation to identified farmer organizations. All these are expected to make a significant contribution to restoring the farmers' agriculture-based livelihoods.

The project will cover eight municipalities from the flood-affected provinces of Nueva Ecija, Bulacan, Pampanga and Tarlac, where the majority of the affected farmers are present. However, the final selection and validation of sites and target beneficiaries will be finalized following a set of selection criteria in consultation with DA-RFU III and other local implementing partners in the region. Through the consultation process, the project is expected to leverage possible complementary assistance to be extended by other development partners.

In the selection of beneficiaries, the project will give high priority to balanced numbers of men and women and vulnerable groups, such as widows and female-headed households, widowers and single parent households, unemployed and unskilled youth, to ensure their equal access and balanced participation to project activities.

The expected outcomes of the project include enhanced food security through the provision of small agricultural farm machineries; irrigation pump and engine; improved capabilities of farmers' organizations and members in operation and maintenance of these machineries and facilities; and improved quality of farm produce from efficient threshing of grains.

