



Price and Food Security Update Philippines

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Highlights

- Consumer price index decreased while food index remain stable on a month-on-month basis.
- Local fuel prices decreased over the past month.
- Normal price fluctuation was observed for main food commodities.
- Terms of trade in Central Mindanao was stable in the last quarter of the 2012.
- For 2012, total paddy production reached 10.08 million MT and 7.41 million MT, respectively.
- 2013 was declared as the National Year of Rice and November of every year as National Rice Awareness Month.

Main Price Trends

Consumer Price Index

Consumer price index¹ (CPI) decreased by 0.1 percent in December 2012 from 131.4 in November 2012 (**Figure 1**). According to the National Statistics Office this was mainly due to the downward adjustment in the housing, water, electricity, gas and other fuels index. On an annual basis, national level consumer prices increased by 2.9 percent.

At the national level, there was no movement in the food and non-alcoholic beverage index² month-on-month (141.3 for November and December 2012). On a year-on-year basis, a 2.3 percent increase was observed in December 2012 and 2.1 percent in November 2012.

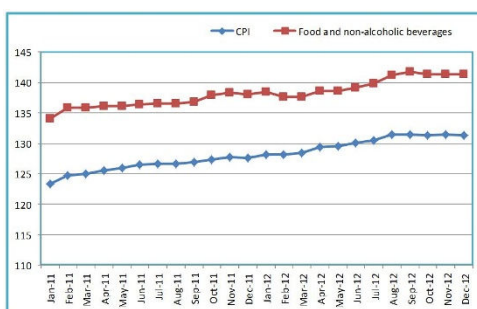


Figure 1. Consumer Price Index and Food Price Index (2006=100), Philippines, January 2011-December 2012

Fuel Prices

As of December 24, 2012, gasoline prices decreased by 2 percent from the previous month's price of Php53.30/liter (**Figure 2**). A 1.2 percent decrease in diesel was observed from the previous month's pump prices. This movement in fuel prices resulted to a year-to-date net increase of Php1.66/liter in gasoline and reduction of Php1.33/liter for diesel.

Retail price of liquefied petroleum gas (LPG) ranges from Php 670-814 per 11-kg/cylinder in Metro Manila. Price roll-back of Php 0.50/kg or Php 6.16/11-kg cylinder was implemented at the start of the year.

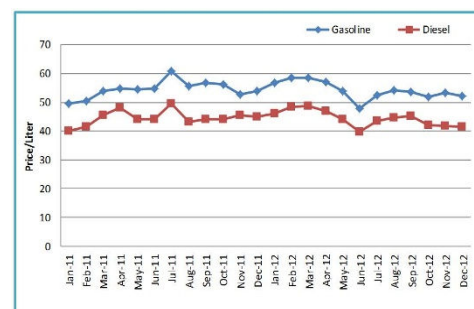


Figure 2. Average monthly prices of gasoline and diesel, January 2011-December 2012

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.

² Food and non-alcoholic beverages index in the 2006-based CPI has the highest weight which makes up 38.08 percent of the fixed basket of goods and services.



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Main Staple Food Commodity Prices

- Farm-gate prices of paddy increased by 0.43 percent from Php16.18/kg in November 2012. On a year-to-date analysis, the prevailing price is 2.14 percent higher than last year's level.
- In December 2012, the average retail price of regular milled rice is Php 32.05/kg (**Figure 3**). This is higher by 0.12 percent and 1.62 percent from the previous month's and last year's report, respectively.
- Prices of regular milled rice, meat, fish, poultry and fruits are within normal fluctuation according to the monthly report of the Bureau of Agricultural Statistics. Retail prices of vegetables gathered from the representative trading centers in the 17 regions of the

country show a 7 to 50 percent decrease primarily because of seasonal availability. Prices of cooking oil and sugar remain stable.

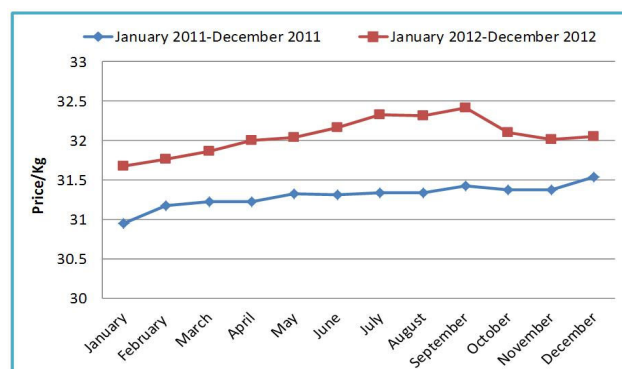


Figure 3. Average monthly retail price regular milled rice, Philippines, January 2011– December 2012

Food Production

The country's paddy and corn production for calendar year 2012 surpassed their 2011 levels by 8.1% and 6.2%, respectively. Despite the cutbacks in harvest area and production during the fourth quarter of the year, the significant increment in Luzon was able to offset the output losses due to damages by typhoon Pablo in Mindanao. An increase in palay production is foreseen in the first half of 2013. On the other hand, corn production may decline compared to the 2012 level as some areas have yet to recover from damages brought by typhoons Pablo and Quinta.

In line with the government's Food Staples Sufficiency Program and the growth in agriculture of 2.9 percent year-on-year, 2013 was declared as the National Year of Rice and the month of November of every year as the

National Rice Awareness Month.

Paddy

Total paddy production in 2012 reached 18.03 million MT. This surpassed the 2011 output of 16.68 million MT by 8.1% or 1.35 million MT. The major contributors were Central Luzon, Cagayan Valley, Ilocos Region and Bicol Region.

Corn

Corn production in the country for calendar year 2012 was 7.41 million MT. This was 6.2% higher than the 2011 level of 6.97 million MT. The main sources of growth were Cagayan Valley, Ilocos Region, SOCCSKSARGEN, Central Luzon and Western Visayas.

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. Above normal fluctuation in the retail price of fish was observed in Maguindanao and North Cotabato in the previous month and past three months (**Table 1**).

(Continued to page 3)

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

Reported decrease in retail price of potato was below normal fluctuation. Movement in retail prices of other food items are within normal fluctuation (**Table 1**).

Household food purchasing power, measured through Terms of Trade (ToT), was stable over the last quarter of 2012 (**Figure 4**). ToT was at 4.7 in December 2012 from 4.6 in November 2012.

The initial results of the Food Security, Nutrition and Livelihood Assessment done in the provinces of Agusan del Sur, Compostela Valley, Davao Oriental and Surigao del Sur indicate that 60 percent of the markets are affected. Twenty one percent of the traders reported a decrease in the diversity of the food items available in the markets. In 37 percent of the markets that are still functional, there was an observed increase in the prices of food. Thirty percent of the traders reported that the price of rice increased and 44 percent reported an increase in the price of fish.

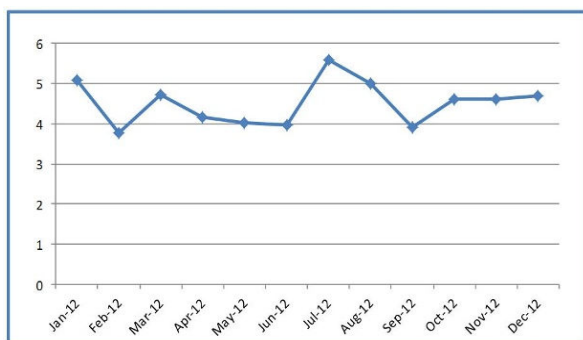


Figure 4. Terms of Trade for unskilled labor and rice, January 2012-December 2012

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

Food Item	Country/ Province	December 2012	Price Change (%)			Direction of change		
			1 month	3 months	1 year	1 month	3 months	1 year
Rice, regular milled	Philippines ¹	32.05	0.12	-1.12	3.68	↔	↔	↔
	Lanao del Norte	32	-3.13	-12.5	-	↔	↔	-
	Lanao del Sur	34	0	-20.59	-	↔	↔	-
	Maguindanao	33	6.06	-3.03	-3.03	↗	↔	↔
	North Cotabato	31	0	-6.45	-	↔	↔	-
	Sultan Kudarat	32	3.13	-3.13	-	↔	↔	-
	Cotabato City	30	-10	-16.67	-16.67	↘	↘	↘
Potato	Philippines ²	53.71	-14.99	-17.74	-20.48	↘	↘	↘
	Lanao del Norte	57	14.04	17.54	-	↗	↗	-
	Lanao del Sur	55	-10.91	-45.46	-	↘	↘	-
	Maguindanao	76	2.63	7.89	-	↗	↗	-
	North Cotabato	66	1.52	-7.58	-	↔	↔	-
	Sultan Kudarat	73	9.59	6.85	-	↗	↗	-
	Cotabato City	60	16.67	-21.67	-33.33	↗	↘	↘
Fish, galangong	Philippines ²	112.67	-1.52	3.48	0.43	↔	↔	↔
	Lanao del Norte	85	-31.76	-3.53	-	↘	↔	-
	Lanao del Sur	110	-4.55	13.64	-	↔	↔	-
	Maguindanao	116	13.79	13.79	-12.07	↗	↗	↘
	North Cotabato	108	11.11	10.19	-	↗	↗	-
	Sultan Kudarat	113	0	5.31	-	↔	↔	-
	Cotabato City	120	0	20.83	0	↔	↗	↔
Beef	Philippines ²	243.29	0.14	0.14	1.61	↔	↔	↔
	Lanao del Norte	200	-6.5	2	-	↘	↔	-
	Lanao del Sur	250	0	-	-	↔	-	-
	Maguindanao	170	-11.76	-11.76	-	↘	↘	-
	North Cotabato	174	0	-1.72	-	↔	↔	-
	Sultan Kudarat	180	0	-5.56	-	↔	↔	-
	Cotabato City	180	0	5.56	11.11	↔	↔	↔
Chicken	Philippines ²	129.41	2.5	2.95	3.52	↗	↗	↗
	Lanao del Norte	131	3.05	9.92	-	↗	↗	-
	Lanao del Sur	135	1.48	3.7	-	↔	↔	-
	Maguindanao	142	4.23	1.41	-	↗	↔	-
	North Cotabato	135	2.22	-5.93	-	↔	↔	-
	Sultan Kudarat	139	3.6	10.1	-	↗	↗	-
	Cotabato City	140	0	10.71	-	↔	↗	-
Pork	Philippines ²	177.24	-0.06	0.27	1.02	↔	↔	↔
	Lanao del Norte	165	-1.82	-6.06	-	↘	↘	-
	Lanao del Sur	-	-	-	-	-	-	-
	Maguindanao	150	-6.67	0	-	↘	↔	-
	North Cotabato	148	-2.03	0	-	↔	↔	-
	Sultan Kudarat	153	0	-8.5	-	↔	↔	-
	Cotabato City	160	-	0	3.13	-	↔	↔

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>