



Price and Food Security Update Philippines

March 2013 || Issue 15

Highlights

- Inflation rate increased to 3.4 percent in February 2013 from 3 percent in January.
- Consumer price index increased by 0.3 percent month-on-month. The higher prices are mainly due to the upturn in the prices of food, domestic fuel products, alcoholic beverages and tobacco.
- Average retail price of regular milled rice, meat and poultry remains stable.
- In Central Mindanao, terms of trade decreased by 6 percent.
- Food and nutrition security analysis using IPC version 2.0 method and indicators was done for the 25 provinces in Mindanao.

Main Price Trends

Consumer Price Index

The National Statistics Office reported an increase in inflation of 3.4 percent in February from 3 percent in January 2013. Consumer price index¹ (CPI) increased by 0.3 percent month-on-month (**Figure 1**).

The upward movement in CPI was primarily attributed to the higher prices of food and further increase in alcohol beverages and tobacco prices from 18.1 percent in January to 31.2 percent in February 2013. This is primarily a result of the wider coverage of implementation of the restructured excise tax for alcohol and tobacco.

Food and non-alcoholic beverages index² decreased by 0.1 percent month-on-month. Year-on-year change was reported at 2.9 percent.

Fuel Prices

Common retail prices of diesel and gasoline in Metro Manila were reported to be at 42.85 Php/liter and 54.25 Php/liter (**Figure 2**), respectively. Price rollback of 0.35 Php/liter for gasoline and 0.45 Php/liter for diesel was implemented by most of the oil companies.

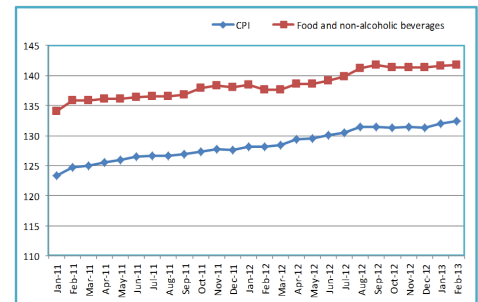


Figure 1. Consumer Price Index and Food Price Index (2006=100), Philippines, January 2011-February 2013

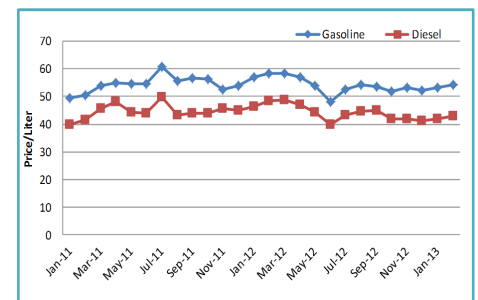


Figure 2. Average monthly prices of gasoline and diesel, January 2011-February 2013

On the basis of these price rollbacks, the year-to-date net increase for gasoline now stands at 3.05 Php/liter and 2.05 Php/liter for diesel.

The retail prices of LPG range from Php 643-782 for every 11/kg cylinder.

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.



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

- In February 2013, the monthly average farmgate price of paddy of Php 16.22/kg was lower by 0.55 percent compared to the January 2013 price.
- The average retail price of regular milled rice of Php 32.04/kg was higher by 0.09 percent from the previous month's and higher by 0.85 percent year-on-year.

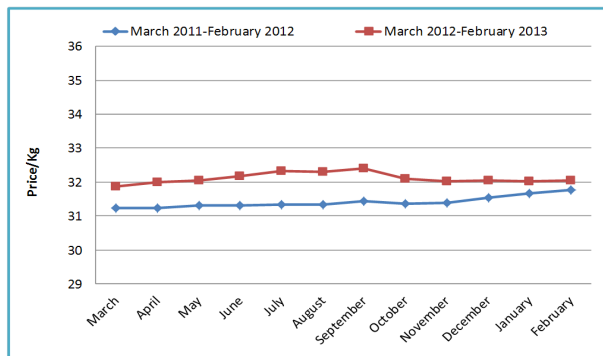


Figure 3. Average monthly retail price regular milled rice, Philippines, March 2011- February 2013

- Data from the Bureau of Agricultural Statistics, shows above normal fluctuation in the retail prices of meat and poultry in some trading centers throughout the country. Price of fish (*galunggong*), vegetables and fruits varied across the trading centers. Prices of cooking oil, brown and refined sugar are generally stable.

Special Update: IPC Acute Analysis of the Mindanao Island Group

IPC Integrated Food Security Phase Classification



The Philippines is one of the 5 countries included in the Integrated Food Security Phase Classification (IPC) Asia Project jointly implemented by FAO and WFP with the National Nutrition Council (NNC) as the lead national agency. The European Commission for Humanitarian Aid and Civil Protection (ECHO) provided funding support for this IPC Asia project. IPC version 2 (IPC V 2.0) adoption complements the existing tools used in gathering data on food and nutrition security under the Philippine Food and Nutrition Surveillance System (PFNSS).

The National IPC bodies were established in October 2012, which includes the Core Group, Analysts Group and National Technical Committee. The IPC Analysts Group, led by the NNC has active members from 19

organizations and institutions, including 14 national government agencies, 3 INGOs, FAO and WFP.

Twenty five provinces in Mindanao were selected for the IPC analysis. Using a set of indicators for acute food insecurity, 2 were classified under IPC Acute Phase 4 (Emergency), 9 provinces in Phase 3 (Crisis), 12 in Phase 2 (Stressed) and 2 provinces under Phase 1 (Minimal). The provinces with high levels of acute food insecurity problems are mainly located in Region IX (Zamboanga Peninsula), in ARMM (Autonomous Region in Muslim Mindanao) as well as in the natural disaster prone belt along the east of Mindanao and in Lanao del Norte.

(Continued on page 4)

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.

At the national level, average retail prices of regular milled rice, meat and poultry remain stable on a month-on-month basis (**Table 1**). The retail price of fish (*galunggong*) decreased by 13.8 percent.

On a month-on-month basis, below normal fluctuation in the retail price of regular milled rice and potato was reported in Maguindanao. In Cotabato City, a 9.1 percent increase in the price of regular milled rice. Retail prices of meat and poultry are within normal fluctuation except in Maguindanao, North Cotabato and Cotabato City.

Household food purchasing power, measured through Terms of Trade (ToT), decreased by 6 percentage points in January 2013 from the estimated ratio of 4.7 in December 2012.

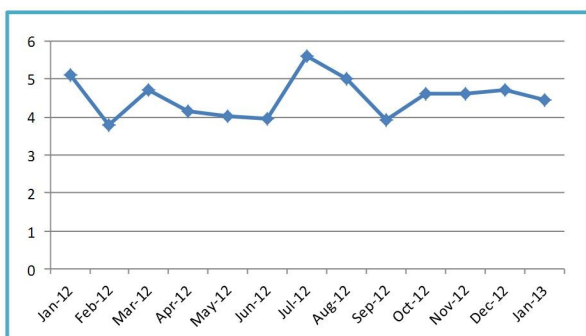


Figure 4. Terms of Trade for unskilled labor and rice, January 2012-January 2013

Table 1. Average retail prices of selected commodities in the Philippines and Central Mindanao, February 2013

Food item	Country/ Province	February 2013	Price Change (%)			Direction of change		
			1 month	3 months	1 year	1 month	3 months	1 year
Rice, regular milled	Philippines ¹	32.04	0.09	0.09	0.84	↕	↕	↕
	Lanao del Norte	-	-	-	-	-	-	-
	Lanao del Sur	-	-	-	-	-	-	-
	Maguindanao	28	-57.14	-10.71	-17.86	↘	↘	↘
	North Cotabato	32	3.13	3.13	-	↕	↕	-
	Sultan Kudarat	32	3.13	3.13	-	↕	↕	-
Cotabato City	33	9.1	0	-	↗	↕	-	
Potato	Philippines ²	49.14	-3.07	-25.7	-4.44	↕	↘	↕
	Lanao del Norte	-	-	-	-	-	-	-
	Lanao del Sur	-	-	-	-	-	-	-
	Maguindanao	63	-7.93	-17.46	-19.05	↘	↘	↘
	North Cotabato	64	-1.56	-1.56	-	↕	↕	-
	Sultan Kudarat	70	1.43	5.71	-	↕	↕	-
Cotabato City	70	0	28.57	-	↕	↗	-	
Fish, galunggong	Philippines ²	115.94	-13.85	1.35	6.74	↘	↕	↕
	Lanao del Norte	-	-	-	-	-	-	-
	Lanao del Sur	-	-	-	-	-	-	-
	Maguindanao	123	0	18.7	-5.69	↕	↗	↕
	North Cotabato	135	17.03	11.11	-	↗	↗	-
	Sultan Kudarat	105	-18.1	-1.91	-	↘	↕	-
Cotabato City	120	-8.33	-8.33	-	↘	↕	-	
Beef	Philippines ²	244.47	0.48	0.63	1.11	↕	↕	↕
	Lanao del Norte	-	-	-	-	-	-	-
	Lanao del Sur	-	-	-	-	-	-	-
	Maguindanao	225	20	15.56	-	↗	↗	-
	North Cotabato	180	7.22	3.33	-	↗	↗	-
	Sultan Kudarat	190	3.16	4.21	-	↕	↕	-
Cotabato City	170	-5.88	-5.88	-	↘	↕	-	
Chicken	Philippines ²	127.35	-2.77	0.92	2.93	↘	↕	↕
	Lanao del Norte	-	-	-	-	-	-	-
	Lanao del Sur	-	-	-	-	-	-	-
	Maguindanao	148	3.38	8.11	12.16	↕	↕	↕
	North Cotabato	142	1.41	7.04	-	↕	↕	-
	Sultan Kudarat	138	-2.17	2.9	-	↕	↕	-
Cotabato City	130	-11.54	-7.69	-	↘	↕	-	
Pork	Philippines ²	179	0.66	0.92	1.74	↕	↕	↕
	Lanao del Norte	-	-	-	-	-	-	-
	Lanao del Sur	-	-	-	-	-	-	-
	Maguindanao	150	-6.67	-6.67	-	↘	↕	-
	North Cotabato	150	0.67	-0.67	-	↕	↕	-
	Sultan Kudarat	153	-3.27	0	-	↕	↕	-
Cotabato City	140	-10.71	-	-	↘	-	-	

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>



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The main factors contributing to acute food insecurity in Mindanao are poor economic access due to high poverty, high underemployment and increased food prices. These were further compounded by destruction of assets and livelihoods and displacements due to typhoons, flooding and landslides. In some provinces the intermittent armed conflict resulted to prolonged displacement.

In January 2013, the Analyst Group members further analyzed the food security situation in the provinces adversely affected by typhoon Bopha (*Pablo*). The phase classification for the provinces of Agusan del Sur and Compostela Valley changed from Phase 2 to

Phase 3. Davao Oriental and Surigao del Sur would likely be classified at least one Phase worse without the humanitarian assistance.

A training on the IPC V 2.0 methodology for chronic analysis was conducted in February 27 to March 2, 2013. The training was facilitated by Food Security Analysts of the IPC Global Support Unit.

The next steps for IPC use in the Philippines would include the conduct of IPC analysis in Luzon and Visayas using indicators for chronic food insecurity and a municipal-level analysis in the provinces classified under Phases 3 and 4.

