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**PRESS RELEASE**  
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### **DOF Economic Bulletin on Food Inflation**

- Since 2013, annual overall inflation averaged 2.66% while food, 3.33%. Over a period of 8 years, food contributed 1.21 percentage points to inflation. While food accounts for a little over a third of the consumer price index (CPI) basket, it has accounted for close to half of the inflation rate over the period (Tables 1, 3, & 4).
- Until the conversion of rice import quotas into tariffs, rice has been the perennial source food inflation risk. Accounting for nearly 10% of the CPI basket, it contributed for 1.07 percentage points or close to 30% of the 2.24% inflation rate in 2014 (Table 2). Rice price has since stabilized and partly dampened the effects of the most recent sources of inflation rate spikes—fish, meat, and vegetables—owing to supply disruptions caused by weather disturbances and diseases.
- Food price inflation is an important socio-economic issue as food accounts for much of the budget of poorer households. As food price inflation persists, calls for wage increases mount, which, if realized, could fuel further supply-side inflation which, in turn, could discourage investments.
- Fresh food items, in general, are highly perishable commodities. Aside from transportation, therefore, storage is also important. We have to consider the whole food supply chain. Storage, especially cold storage facilities, is important in order to stabilize prices and help ensure food security. Transportation geographically links farms and markets. Storage smoothens

consumption across time or seasons. The Warehouse Receipts Bill, which has been passed by the House of Representatives and subsequently submitted to the Senate, will help professionalize the warehousing sector and contribute to food security.

**Table 1 Selected Statistics on Inflation**

Commodity	Weight (%)	2013-2020			Jan-Oct 2021	
		Average Inflation (%)	Contribution to Inflation (ppts)	Volatility*	Average Inflation (%)	Contribution to Inflation (ppts)
All Items	100.00	2.66	2.66	1.38	4.48	4.48
F&B**	38.34	3.31	1.30	1.94	5.54	2.23
<b>Food</b>	<b>35.46</b>	<b>3.33</b>	<b>1.21</b>	<b>1.96</b>	<b>5.88</b>	<b>2.19</b>
Non-Alc						
Bev	2.88	3.08	0.09	3.09	1.54	0.05
Sin Products	1.58	12.21	0.26	8.75	11.15	0.35
Non-Food	60.08	1.89	1.10	1.12	3.33	1.89

Note: \* Standard Deviation; \*\* F&B - Food and Non-Alcoholic Beverage

Source of Basic Data: PSA

**Table 2 Food Commodity Weights in the CPI Basket (2012 base year)**

Commodity	Weight (%)
Food & Non-Alcoholic Beverages	38.34
<b>Food</b>	<b>35.46</b>
Bread and cereals	13.45
Rice	9.59
Corn	0.57
Other Cereals	3.29
Meat	6.25
Fish and Seafood	5.74
Milk, cheese and eggs	3.08
Oils and fats	0.78
Fruit	1.40
Vegetables	2.60

Sugar	1.03
Food products n.e.c.	1.12
Non-Alcoholic Beverages	2.88
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Source: PSA	
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**Table 3 Food Inflation (%)**

Commodity	Annual Inflation								Average	Jan-Oct
	2013	2014	2015	2016	2017	2018	2019	2020	'13-'20	2021
All Items	2.60	3.61	0.66	1.31	2.86	5.20	2.47	2.58	2.66	4.48
F&B	2.50	5.85	1.84	1.63	3.03	6.83	2.10	2.69	3.31	5.54
<b>Food</b>	<b>2.60</b>	<b>6.14</b>	<b>1.84</b>	<b>1.71</b>	<b>3.19</b>	<b>6.62</b>	<b>1.77</b>	<b>2.77</b>	<b>3.33</b>	<b>5.88</b>
Bread and cereals	3.60	8.59	0.53	-	1.06	5.16	(1.58)	(1.27)	2.01	0.61
Rice	3.60	11.00	0.35	(0.52)	0.96	5.69	(3.02)	(2.61)	1.93	(0.17)
Corn	5.50	4.83	-	(0.09)	(1.54)	9.83	(2.51)	(0.94)	1.89	5.79
Other										
Cereals	3.20	2.52	1.13	1.40	1.66	2.90	3.26	2.39	2.31	1.89
Meat	2.10	4.51	1.22	1.30	4.39	6.22	3.46	4.38	3.45	18.14
Fish and Seafood	2.00	3.24	3.70	0.46	7.47	12.04	4.16	6.10	4.90	7.66
Milk, cheese & eggs	2.30	3.62	2.64	1.29	2.27	2.48	2.68	2.95	2.53	1.16
Oils and fats	(4.90)	5.68	1.39	2.06	4.62	3.95	2.39	1.99	2.15	4.21
Fruit	3.70	6.75	6.32	6.12	5.76	5.37	5.46	8.04	5.94	1.76
Vegetables	2.30	7.23	3.56	11.18	4.43	10.46	3.91	6.47	6.19	8.17
Sugar	0.40	4.18	3.35	3.42	(0.54)	4.77	1.29	(0.51)	2.05	0.84
Food, n.e.c.	2.90	4.76	2.04	-	0.55	3.71	5.84	5.68	3.19	2.10
Non-Alc Bev	2.30	1.37	1.74	0.57	1.04	9.70	5.61	2.33	3.08	1.54
Sin Products	28.10	6.09	3.02	4.64	6.89	19.99	12.77	16.14	12.21	11.15
NON-FOOD	2.00	2.16	(0.29)	0.96	2.57	3.44	2.43	1.84	1.89	3.33

Source of Basic Data: PSA

**Table 4 Contribution to Inflation (percentage points)**

Commodity	Contribution to Inflation								Average	Jan-Oct
	2013	2014	2015	2016	2017	2018	2019	2020	'13-'20	2021
All Items	2.60	3.61	0.66	1.31	2.86	5.20	2.47	2.58	2.66	4.48
F&B	0.96	2.24	0.72	0.64	1.20	2.72	0.85	1.08	1.30	2.23
<b>Food</b>	<b>0.92</b>	<b>2.18</b>	<b>0.67</b>	<b>0.63</b>	<b>1.18</b>	<b>2.45</b>	<b>0.67</b>	<b>1.03</b>	<b>1.21</b>	<b>2.19</b>
Bread and cereals	0.48	1.17	0.08	-	0.15	0.71	(0.22)	(0.17)	0.28	0.08
Rice	0.35	1.07	0.04	(0.05)	0.10	0.57	(0.30)	(0.25)	0.19	(0.02)
Corn	0.03	0.03	-	(0.00)	(0.01)	0.05	(0.01)	(0.01)	0.01	0.03
Other										
Cereals	0.11	0.08	0.04	0.05	0.05	0.09	0.10	0.08	0.08	0.06
Meat	0.13	0.28	0.08	0.08	0.28	0.40	0.22	0.29	0.22	1.19
Fish and Seafood	0.11	0.18	0.21	0.03	0.43	0.73	0.27	0.40	0.30	0.52
Milk, cheese & eggs	0.07	0.11	0.08	0.04	0.07	0.08	0.08	0.09	0.08	0.04
Oils and fats	(0.04)	0.04	0.01	0.02	0.03	0.03	0.02	0.02	0.02	0.03
Fruit	0.05	0.10	0.09	0.09	0.09	0.09	0.09	0.14	0.09	0.03
Vegetables	0.06	0.19	0.10	0.31	0.13	0.32	0.13	0.21	0.18	0.27
Sugar	0.00	0.04	0.03	0.04	(0.01)	0.05	0.01	(0.01)	0.02	0.01
Food, n.e.c.	0.03	0.05	0.02	-	0.01	0.04	0.06	0.06	0.04	0.02
Non-Alc Bev	0.07	0.04	0.05	0.02	0.03	0.27	0.16	0.07	0.09	0.05
Sin Products	0.45	0.12	0.06	0.10	0.15	0.44	0.32	0.45	0.26	0.35
<b>NON-FOOD</b>	<b>1.20</b>	<b>1.29</b>	<b>(0.17)</b>	<b>0.56</b>	<b>1.50</b>	<b>1.99</b>	<b>1.38</b>	<b>1.05</b>	<b>1.10</b>	<b>1.89</b>

Source of Basic Data: PSA

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