

## **Synchronized Rebasing of Price Indices in the Philippines**

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A price index is a statistic designed to help compare how prices, taken as a whole, differ between time periods or geographical locations. It can be used to measure the economy's price level or a cost of living, help producers with business plans and pricing as well as guide investments. Currently, there are seven series of price indices compiled by the Philippine Statistical System - the Consumer Price Index (CPI), Producer Price Index (PPI) in Agriculture, PPI in Manufacturing, General Wholesale Price Index (GWPI), Wholesale Price Index for Construction Materials (CMWPI), General Retail Price Index (GRPI) and Retail Price Index for Construction Materials (CMRPI). These price indices have varying base years. At the moment, existing base year period for CPI, PPI Agriculture and PPI Manufacturing is 2000; for GWPI and CMWPI the base years are 1998 and 1985, respectively; and GRPI and CMRPI have 1978 as their base. In order to make these base years comparable during estimation of the national accounts, available price indices are rebased by a complex means known as the "splicing" method. However, this method may be unnecessary if price indices have a synchronized base year. Also, with a synchronized base year, it would be easier for other users to compute for trade margins. The PSS has made efforts towards synchronization of base years. The National Statistical Coordination Board passed the NSCB Resolution No. 6 series of 1991 requiring that the next synchronized rebasing of all price indices will have 1994 as the base year. The resolution also mandates that rebasing be done every five years. But due to the differences in the availability of data requirements and/or inputs to the rebasing of the indices, the move was not strictly implemented. Hence, there was a need to revisit and review the policy on synchronization and explore the feasibility of having a common and updated base year for these indices should be undertaken. This study recommended a flow of activities that will led to the synchronization on activities for a common base year for price indices. It recommends a timetable on when the base year should be updated.

Key Words: base year, rebasing, weights