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PHILIPPINES' DATA SYSTEM FOR PRICES OF AGRICULTURAL COMMODITIES

Data System for Prices of Agricultural Commodities

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I. Introduction

Under the organizational structure of the Bureau of Agricultural Statistics (BAS), the responsibility to organize, compile, analyze and disseminate statistics on prices and marketing is lodged at the Agricultural Marketing Statistics Analysis Division (AMSAD). Agricultural Marketing statistics would mainly consist of prices, costs and margins and trade.

Agricultural prices have three (3) stages, namely, producer or farmgate, wholesale and retail. All statistical survey and monitoring activities that are required to produce these data are national in scope. The costs and margins data are derived from marketing cost structure surveys which are done on a very ad hoc manner. This means that surveys can be implemented only when special or external funds are made available. Unlike the production and price surveys which are done on a national scale, marketing costs structure surveys have specific geographic coverage, mainly the leading supply and demand areas for a given commodity. Other than the costs and margins, the survey also generates data on marketing practices, geographic flows, marketing channels.

In the case of foreign trade, the BAS is dependent on the data provided by the National Statistics Office (NSO) which compiles all foreign trade data from administrative registers or customs documents submitted to the Bureau of Customs.

In the history of the BAS, market price data collection and dissemination are statistical activities supporting the Agricultural Marketing News Service (AMNEWSS) of the then Bureau of Agricultural Economics, the forerunner of the BAS. AMNEWSS was the major provision of a law, RA 4148, which was passed in 1964. In 1992, there came an opportunity to improve the AMNEWSS to make it more responsive to the statistical requirements of all kinds of users of price data. Through a funding support from the United States Agency for International Development (USAID,) the Agricultural Marketing Information System (AGMARIS) was launched.

II. The AGMARIS

AGMARIS is a system which follows a systematic approach in assessing and responding to marketing information needs of stakeholders at the national and sub-national levels, especially the farmers and fisherfolk. It is a system of collecting, processing, analyzing and disseminating information. AGMARIS aims to increase market transparency and to enhance the availability of timely and accurate data to guide farmers, entrepreneurs and policy makers in their marketing and policy decisions. It involves the

design and implementation of site – specific price monitoring system that parallels the existing marketing system in the province.

AGMARIS installation is always preceded by a marketing information needs assessment (MINA) and the development of a decentralized processing system. One of the important features of the system is its being dynamic. It is designed such that modifications resulting from changes in marketing system can be easily done. These changes are captured in the monitoring and evaluation components of the system. Examples of modifications are in terms of time of data collection, commodity coverage and market coverage.

1) Wholesale Prices

The data system uses two (2) operational concepts in the wholesale price data collection. One is wholesale buying price which is the price at which a trader pays for the commodity bought in bulk from farmers and other traders. The other is the wholesale selling price which is the price at which the trader sells the commodity to the retailers and other types of traders. The coverage of markets is based largely on the results of surveys which include the following factors: volume of trading and number of market days. Specifically, the wholesale price monitoring covers markets which are considered:

- first points of sale within the province;
- sites of active trading of substantial quantities of varied commodities;
- accessible to major roads and market infrastructure; and
- strategically located relative to production areas.

Presently, data on wholesale buying prices are being collected in 53 provinces while those on wholesale selling prices are being collected in 42 provinces.

The list of commodities for wholesale price monitoring is referred to as the Provincial Wholesale Market Basket (PWMB). The PWMB has 41 items for the monitoring of wholesale buying prices and 63 items for wholesale selling price. The organization of the baskets is guided by a set of criteria which include the following::

- national priority among food commodities;
- substantial quantities marketed by agricultural producers and bought by traders; and
- high value commodity with strong demand.

All wholesalers in the market or collection area are listed as to wholesale selling and wholesale buying. Listing of traders also accounts for the commodities in the basket. Traders are stratified as to provincial assembler, medium distributor, regional assembler, large distributor. There should be a maximum of three (3) groups in the province from which

samples are drawn. Five samples are interviewed per collection day. The system allows some flexibility regarding substitution, rotation of samples.

The days, time and frequency of data collection vary by market and these are dependent on the operations by market. Data are collected through direct interviews by market reporters. This method is supplemented by actual observations and inquiries to either buyers or sellers. Structured forms are used in the interview and recording of data.

Data on wholesale prices are disseminated in terms of national, regional and provincial averages.. For immediate dissemination, price ranges (low and high prices) are made available. Modal or prevailing prices are also computed.

2) Retail Prices

Retail price monitoring is presently covering 105 markets in all the provinces of the country, including selected markets in Metro Manila. The coverage of more than one market in a province is decided on based on factors like; volume of trading, floor area of wet market, number of traders and strategic location

Commodity coverage varies by province, the range stands at 77 to 139 items, but, the national basket has 63 items. The Provincial Retail Market Basket (PRMB) is established based on the following criteria:

- 1) commodities are included in the retail market basket of the National Statistics Office and the National Wages and Productivity Council;
- 2) prices of commodities are frequently asked;
- 3) commodities are considered as priority items in the province; and
- 4) prices of commodities are regularly aired over radio and television.

The respondents for the retail price monitoring are the retailers with permanent stalls or places of business in the market. The selection of respondents is based on the list which is done by commodity group. Retailers are stratified according to location or place of business in the market since location may have effect on prices. Five sample retailers for each commodity per market are interviewed every collection day. As in the case of wholesale price monitoring, sample retailers are also rotated regularly. Substitution of sample retailers is likewise allowed under the system.

Data collection is usually scheduled during the peak days and time of transactions. In most provinces, this would be on Mondays, ednesdays and Fridays, from 7:00 to 9:00 in the morning. Direct personal interviews are conducted by Market Reporter using structured collection forms The basic data asked are price per unit, relative supply level and price range. Data

processing and the other steps required before dissemination are the same as in the wholesale price data system.

III. Dissemination of Price Statistics

Statistical reports on prices are disseminated through the BAS website and the print media. Real time dissemination, particularly of retail prices, is done through the broadcast media. The regular price reports released by the BAS are listed below:

- 1) Updates on Palay, Rice and Corn Prices, weekly, monthly
- 2) Price Situationer on Selected Agricultural Commodities, weekly, monthly
- 3) Agricultural Retail Price Index, ad hoc
- 4) Producer Price Index for Agriculture, annual
- 5) Updates on Fertilizer Prices, monthly

In the case of Metro Manila, the BAS Media Service which carries the report on prices is released at the same day of data collection. This is also being made available to the media...newspapers, radio and TV stations.

Researchers and other data users who are after historical data series are referred to the CountrySTAT Philippines website. Data can also be accessed in the BAS Library and concerned operating units in the Central Office and in the BAS Operations Centers.

IV. Uses of Price Statistics

- 1) Farm Prices

Data on farm prices are used in the valuation of gross output in agriculture at the commodity level. These data serve as the inputs in the computation of producer price index. Farm prices are also used in updating the baseline data on production costs and returns by commodity. These price data enable the agricultural statistical system to produce statistics on price spreads which are very helpful in discussing prices with the farmers during the consultative sessions of the Production and Marketing Analysis Service (PMAS). The Land Bank of the Philippines and the Department of Agrarian Reform use farm prices in determining values of farm lands.

2) Market Prices

Retail price data of commodities listed in the retail market basket of the National Statistics Office (NSO) are provided to NSO for the computation of Consumer Price Index. Those of commodities considered as wage goods are provided to the National Wages and Productivity Council (NWPC) for evaluating and determining wage adjustments on a regional basis. The Bangko Sentral ng Pilipinas (BSP) is being provided with weekly price on cereals and other basic agricultural commodities as inputs in its inflation targeting and price stability monitoring. Another user of price statistics is the National Price Coordinating Council (NPCC) which is lodged in the Department of Trade and Industry. The BAS regularly provides (or presents to) the NPCC, price situation. The Council is tasked to monitor prices especially in times of calamity or emergency and to consider price policy actions like setting of price ceilings and suggested retail prices.

V. Issues Re: Price statistics

1) Varied Presentations and Specifications of Commodities in the Market

The data collection system is guided by a Manual of Operations which contains the basket of commodities to be monitored. The basket lists the common names of the commodities, specifies the basic characteristics or means of identifying and the unit of measure used in the transaction. The bottom line is that by commodity, some standards are observed to allow aggregation into provincial, regional and national averages.

2) Dissemination Tools by Target Group

Price updates (as mentioned in Section III of this paper) are attached to the memorandum which is forwarded to the Office of the Secretary. The same presentation, in the form of summary tables, graphs and brief descriptions, is provided to the Office of the Undersecretary for Policy and Planning and other concerned offices in the Department of Agriculture as well as in other offices outside the DA. These updates are also uploaded in the BAS website. The present system does not adjust its reporting or dissemination system according to type of target group.

However, for the purpose of the Production and Marketing Analysis Service, data are further analyzed but simplified as prices are translated into indices (presented in the StatGuide for Farmers) for farmers' use in decisions regarding production and marketing.

3) Early Warning Mechanisms

In most instances, noticeable movements in prices are felt and recorded in Metro Manila. The BAS' data collection and release of price data for Metro Manila is every other day. This activity becomes more frequent when DA leadership would task the BAS for a more frequent monitoring. The National Price Coordinating Council (NPCC) meets weekly and more frequent, if needed, to check on price movement and market situation. In the meeting, the DA or BAS presents the market/price updates for the week and for the day. The NPCC meeting is attended by officers of associations of traders, supermarkets, Consumer Watch and the like. Depending on the situation, some negotiation may take place... as to how to handle price movements.. The NPCC, at some point, may enforce price ceiling or adopt suggested retail price.

It may also be worthwhile mentioning that when prices started to soar last year, concerned units in the DA, including the BAS, did some price sensitivity analysis to get some idea as to how prices of agricultural commodities would react with the increase in the prices of oil and other items that affect agriculture.

In the case of rice, which price increased considerably last year, there is the National Food Authority (NFA) that is mandated by law to stabilize prices of rice, corn and other agricultural commodities. Thus, last year when prices soared, some price policy actions came out; increase in farmers' and consumers' subsidies., At the farm level, the floor price went up and the ceiling price at the market level went down as NFA went into heavier injection in the market and at the same time, went into heavier procurement from the producers.