



Republic of the Philippines

Philippine Statistics Authority



# Some Trends on the Consumption Patterns of Households During the Pandemic

**MARK C. PASCASIO**

Philippine Statistics Authority

National Academy of Science and Technology

Visayas Regional Scientific Meeting

13-14 April 2021



Republic of the Philippines

Philippine Statistics Authority



# Outline of Presentation

- I. Economic Measurement and the Philippine Statistics Authority**
- II. Basic Concepts of the System of National Accounts**
- III. Some Trends in the National Accounts During the Pandemic**
- IV. Some Remarks**

## Role of the Philippine Statistics Authority [PSA]

- ❑ Philippine Statistical Act of 2013: “REORGANIZING AND STRENGTHENING THE PHILIPPINE STATISTICAL SYSTEM AND FOR OTHER PURPOSES” (RA 10625)
  - 🌐 Responsible for all national censuses and surveys, sectoral statistics, consolidation of selected administrative recording systems and **compilation of national accounts**.
- ❑ Republic Act No. 11055: “An Act Establishing the Philippine Identification System”
- ❑ Republic Act No. 11315: “An Act Establishing A Community-based Monitoring System”

## How the economy is being measured?

Framework for Economic Accounting

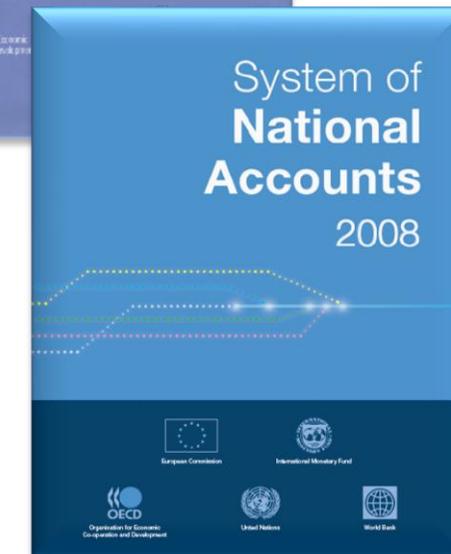
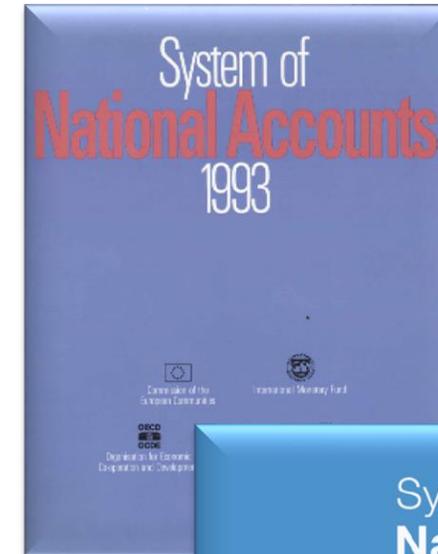
System of National Accounts



A *statistical framework* that provides a comprehensive, consistent and flexible set of macroeconomic accounts for policymaking, analysis and research purposes



SNA is based on a set of internationally agreed concepts, definitions, classifications and accounting rules



## SNA Framework

### Why do we need System of National Accounting?

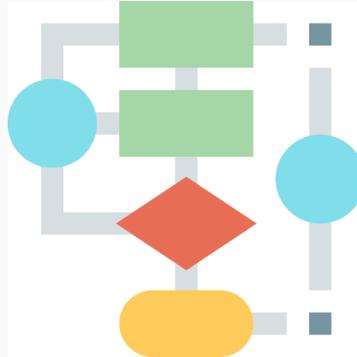


**Framework for coordination of economic statistics**

Coordination within statistical systems, other data sources, policy makers/planners, other stakeholders



**As a standard for definition and classification of statistics**



**As a system of presentation of information**

**Our aim: timely, accurate and reliable statistics!**

## Gross Domestic Product (GDP)

- Most common economic indicator
- Serves as a reference point for the health of economies
- Monetary value of all **final** goods and services produced **within the economy** in a given period of time
- Measures the **additional value** of goods and services **newly created** in the economy within a specified period of time

**GDP is a measure of production, *not welfare.***

# Different Ways of Estimating GDP

## Production



Sum of the value added created in the production of goods and services within the economy

Available quarterly at the national level and annual at the regional level

## Expenditure



Sum of all final expenditure in the economy, plus the value of exports less expenditure on imports

## Income

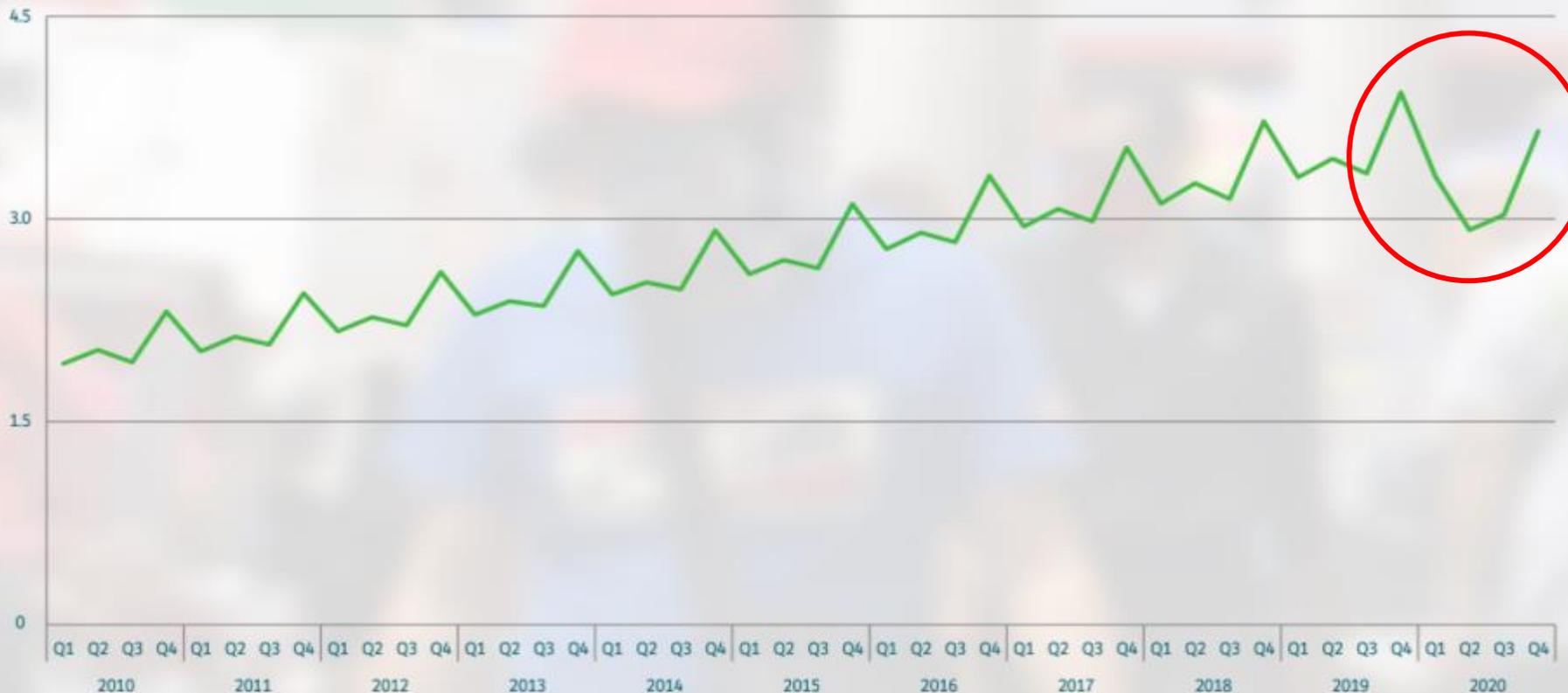


Sum of the income generated in the production of goods and services including income earned by companies

Annual; no regional

## HFCE Levels in Trillion Pesos

At Constant Prices, Q1 2010 to Q4 2020



The COVID 19 pandemic apparently disrupted the movement of Household Final Consumption Expenditures (HFCE) in 2020.

The seasonality in the HFCE series was not visible during the pandemic.

## HFCE Growth Rates in Percent

At Constant Prices, Q1 2010 to Q4 2020

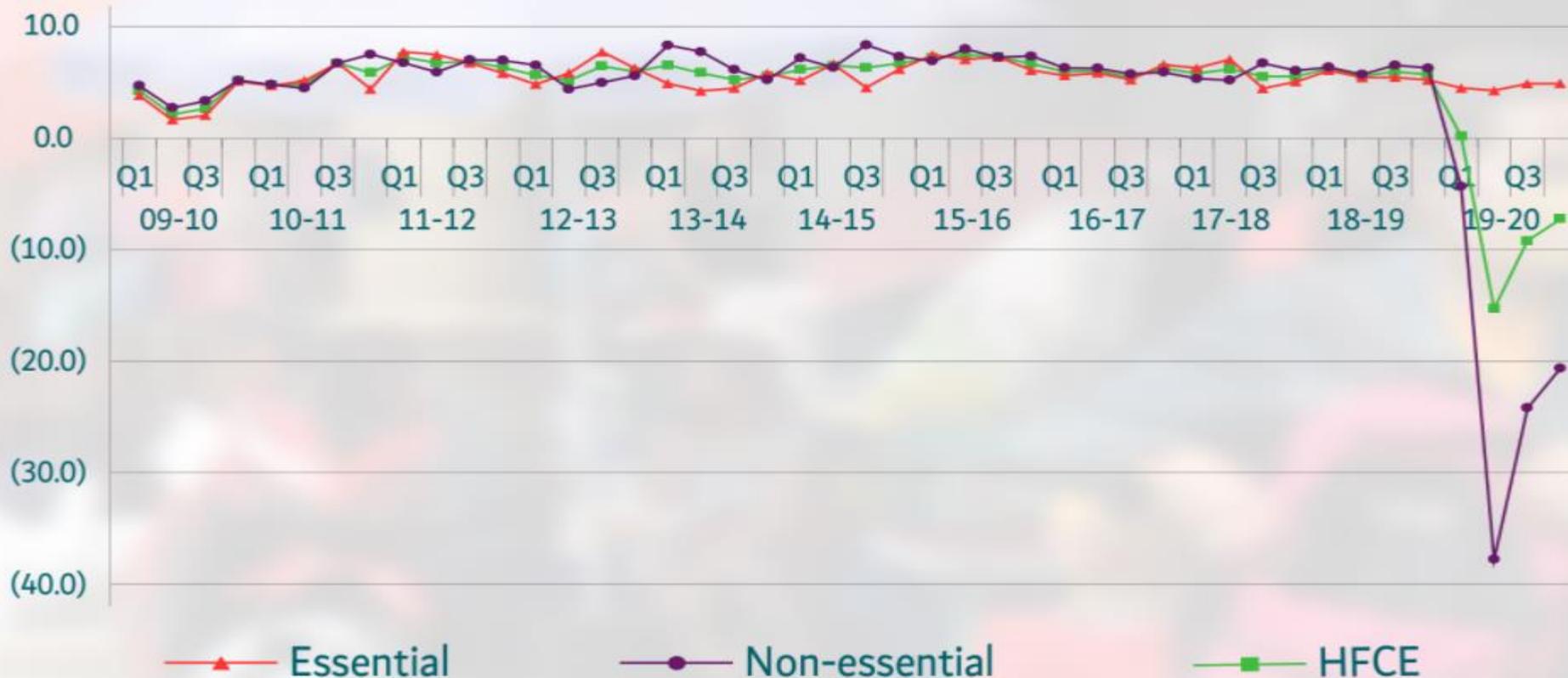


In 2020, HFCE declined by 7.9 percent. This was the lowest ever recorded in the series.

The lowest decline in a quarter was recorded in Q2 2020 with negative 15.3 percent. The lowest decline in a quarter.

## Essential and Non-essential Items, Growth Rates in Percent

At Constant Prices, Q1 2010 to Q4 2020



In 2020, starting Q1, the non-essential items of HFCE declined by 4.3 percent.

Total HFCE started to slow down in Q1 2020, which only grew by 0.2 percent.

# ESSENTIAL AND NON-ESSENTIAL ITEMS IN THE HOUSEHOLD FINAL CONSUMPTION EXPENDITURE

## Essential

-  Food & non-alcoholic beverages
-  Health
-  Housing, water, electricity, gas and other fuels
-  Communication

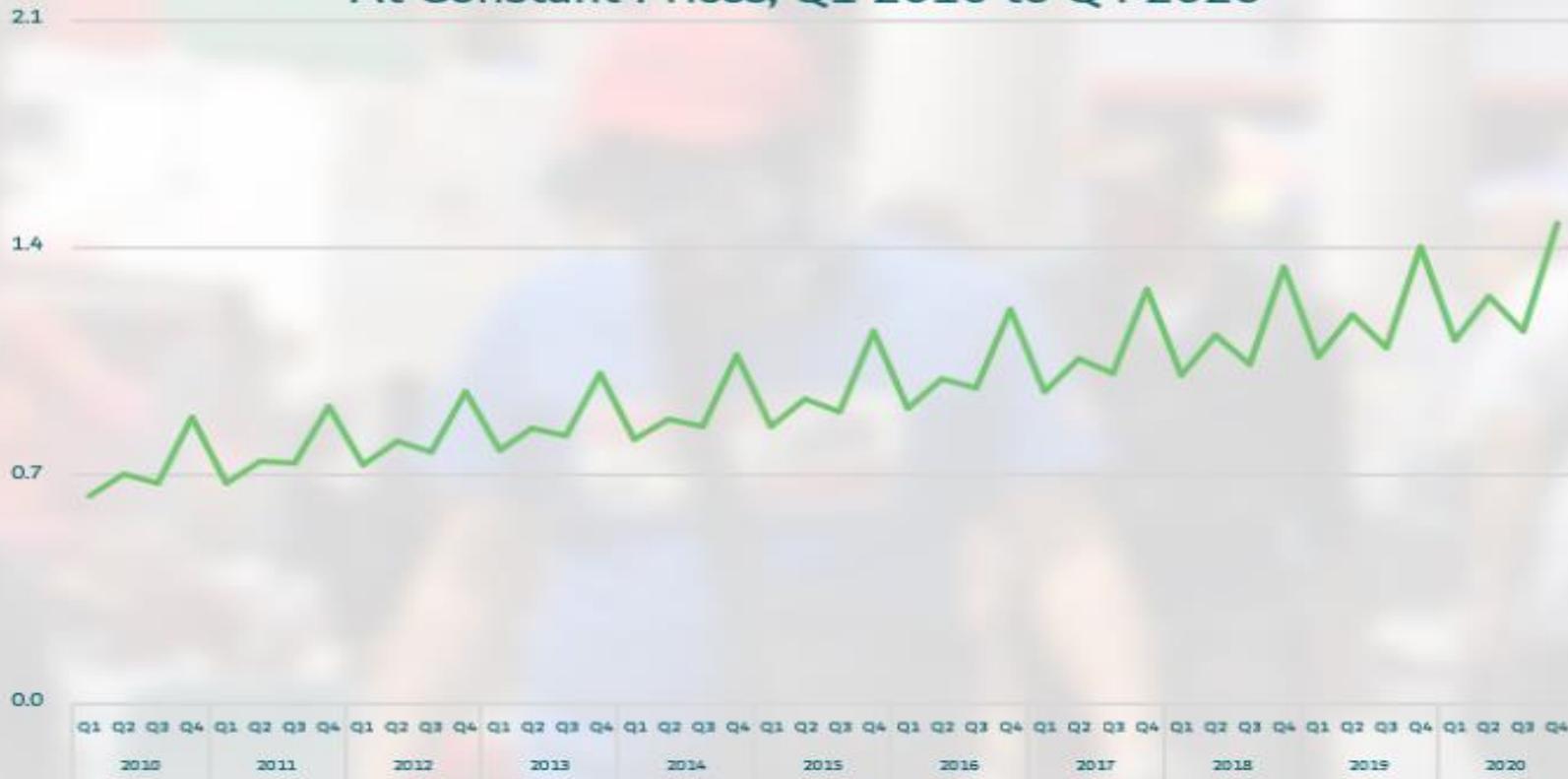
## Non-essential

-  Alcoholic beverages
-  Transport
-  Clothing & footwear
-  Recreation & culture
-  Education
-  Restaurants & hotels
-  Furnishings, household equipment and routine household maintenance
-  Miscellaneous goods & services

The list of essential and non-essential items is based from the National Economic and Development Authority.  
Photo from unsplash.com Vectors from freepik.com

## Food and Non-alcoholic beverages Levels in Trillion Pesos

At Constant Prices, Q1 2010 to Q4 2020



Since food and non-alcoholic beverages are essential items, it was not really affected by the pandemic at least in terms of the movement of the consumption of households.

## Food and Non-alcoholic beverages Growth Rates in Percent

At Constant Prices, Q1 2010 to Q4 2020



These items still managed to grow by 5.0 percent during the period. The highest growth during the year was recorded in Q4 with 5.3 percent. Still higher than the recorded growth in Q4 2019.

## Restaurants and Hotels Levels in Trillion Pesos

At Constant Prices, Q1 2010 to Q4 2020



However, restaurants and hotels were highly affected by the pandemic. The consumption of food in restaurants by households dived in the second quarter of 2020.

Since these items are non-essentials, these were hardly hit by the pandemic.

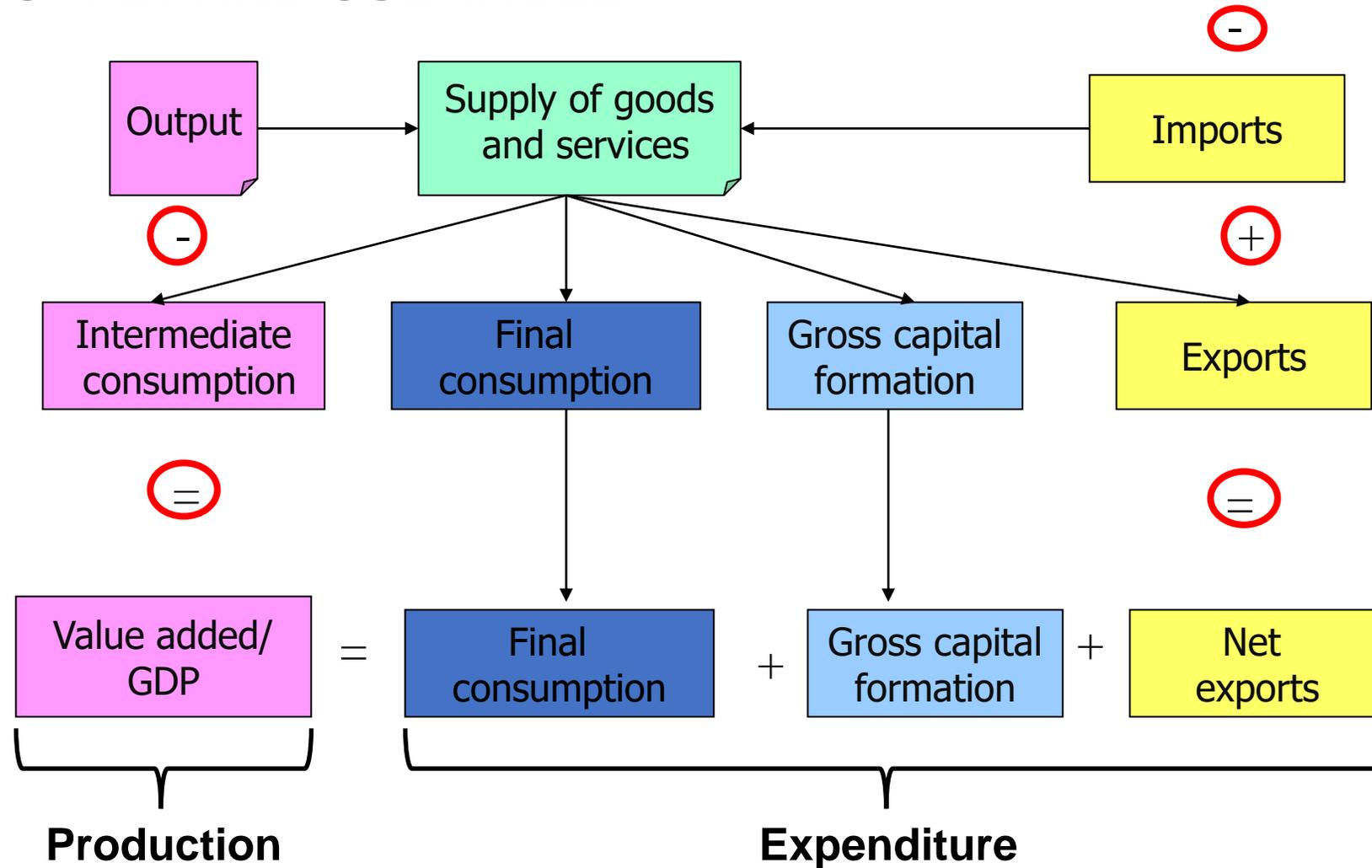
## Restaurants and Hotels Growth Rates in Percent At Constant Prices, Q1 2010 to Q4 2020



After consecutive growths recorded, restaurants and hotels started to decline in Q1 2020. The lowest recorded was at negative 65.7 percent.

Limited movement of people during the pandemic resulted to the faster decline.

## SUPPLY AND USE TABLE



## Some Remarks:

- For essential items like food at the macro level, the household consumption was not disrupted at all as we can see in the previous graphs – **income and substitution effect (disposable income, saving)**
- The question is: Given the pandemic, how did the households manage to maintain their food consumption patterns? **Presence of online delivery platforms e.g., Grab, Food Panda, etc. are some of the reasons**
- How much spending on food did the household make through online during the pandemic?
- It is imperative to measure the contribution of digital economy to GDP
- Statistics is crucial for evidence-based planning and policy-making!

# Thank you!



<http://www.psa.gov.ph>



<http://openstat.psa.gov.ph>



<https://twitter.com/PSAgovph>



<https://www.facebook.com/PhilippineStatisticsAuthority>