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Moving Beyond the Php500 Noche Buena Illusion

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Key Messages

- The widely promoted **₱500 Noche Buena basket no longer reflects the real cost** of a basic holiday meal. The Philippine Statistics Authority (PSA) Food Consumer Price Index (CPI 2018=100) reached **131.80 in November 2025**, indicating that prices are **31.8% higher** than in 2018. A basket costing **₱500 in 2018 now costs ₱643–₱670,** depending on the region (PSA, 2025b).

- **Food inflation has risen faster than general inflation**, with many essential holiday items experiencing **8-10% annual inflation** during 2023–2024 (Mapa, 2025).

- Retailers maintain the ₱500 tag by **shrinking quantities (shrinkflation)** and **substituting cheaper ingredients**, effectively lowering the real value of the basket (Rojas, 2024).

- For a minimum-wage earner in NCR, ₱500 accounts for **77% of the daily minimum wage** (₱645 under Wage Order NCR-24) (NWPC, 2023).

- Food comprises **43% of total household spending**, and up to **60% among the poorest 30% of households**, limiting their capacity to absorb further price increases or downgrade quality (PSA, 2021; CPBRD, 2022).

- Poverty incidence fell to **15.5% in 2023**, but remains severe among **fisherfolk (27.4%) and farmers (27.0%;** PSA, 2025a)

- Public communication and social protection programs should be grounded in **current cost-of-living realities**, not symbolic price points that obscure the loss of purchasing power and the hardships faced by vulnerable groups.

The Issue

The recently promoted Php500 *Noche Buena* package by the Department of Trade and Industry (DTI) has sparked public debate. For some, it is a welcome, "budget-friendly" option. For many, especially low-income households, it feels unrealistic and even dismissive

of the sharp increase in food prices in recent years. Retailers and supermarkets have long used similar Php500 holiday baskets as marketing tools. It is widely used to signal affordability during the holiday season. Yet its persistence masks the cumulative effects of rising prices, stagnant wages, and reduced product quantities. The issue is no longer whether ₱500 can buy a "complete" basket, but whether it remains an **honest and dignified standard** for Filipino families in 2025.

Evidence of Eroded Purchasing Power Php500 in 2018 ≠ Php500 in 2025

Using the Food Consumer Price Index (CPI) (2018=100) data from the PSA, a Php500 *Noche Buena* basket in 2018 would now cost about Php667 in **National Capital Region (**NCR) and Php658 **outside NCR**, based on 2025 average food prices. The erosion of purchasing power is more pronounced for food items, which have experienced higher-than-average inflation over the last three years (Beltran, 2025).

When comparing prices specifically for the holiday season—using November 2025 data as a proxy for December—the range is roughly Php643–Php670. In the **NCR,** food prices in November 2025 are around 34% higher than in December 2018 (Table 1). This suggests that to purchase the same basket of goods, a consumer needs to pay around **Php670** today, which would have cost Php500 in 2018. In **areas outside NCR**, the increase in food price is lower at around 29%, but the price consumers would have to pay to purchase the same Php500 food basket is **Php643** (Table 2). The change in the annual average of food prices for this seven-year period follows the same trend.

Table 1

Food CPI from 2018 to 2025, National Capital Region

Year	Food CPI (Dec)	%Inc from 2018 (Dec)	P500 Adjusted (Dec)	Food CPI (Avg)	%Inc from 2018 (Avg)	P500 Adjusted (Avg)
2018	101.00	0.00%	500.00	100.00	0.00%	500.0
2019	106.10	5.05%	525.25	102.30	2.30%	511.5
2020	112.70	11.58%	557.92	106.20	6.20%	531.0
2021	111.30	10.20%	550.99	110.10	10.10%	550.5
2022	124.40	23.17%	615.84	116.40	16.40%	582.0
2023	128.00	26.73%	633.66	125.30	25.30%	626.5
2024	135.20	33.86%	669.31	130.00	30.00%	650.0
2025	135.30	33.96%	669.80	133.40	33.40%	667.0

Source: Authors' calculation using data from PSA (2025b).

Note: December CPI series uses December 2018 = 101.0 as reference (base). Annual average CPI series uses 2018 average = 100.0 as reference (base). The 2025 CPI data point is for November; December 2025 data is not yet publicly available at the time of analysis.

Table 2

Food CPI from 2018 to 2025, Areas Outside National Capital Region

Year	Food CPI (Dec)	%Inc from 2018 (Dec)	P500 Adjusted (Dec)	Food CPI (Avg)	%Inc from 2018 (Avg)	P500 Adjusted (Avg)
2018	101.9	0.00%	500.00	100.0	0.00%	500.00
2019	103.0	1.08%	505.40	101.3	1.28%	506.42
2020	107.8	5.79%	528.95	104.1	4.11%	520.54
2021	110.1	8.05%	540.24	108.9	8.90%	544.50
2022	121.5	19.23%	596.17	115.6	15.60%	578.00
2023	128.8	26.40%	631.99	125.0	24.96%	624.79
2024	132.8	30.32%	651.62	130.8	30.80%	654.00
2025	131.1	28.66%	643.28	131.5	31.50%	657.50

Source: Authors' calculation using data from PSA (2025b).

Note: December CPI series uses December 2018 = 101.9 as reference (base). Annual average CPI series uses 2018 average = 100.0 as reference (base). The 2025 CPI data point is for November; December 2025 data is not yet publicly available at the time of analysis.

Any insistence that Php500 can still buy the same feast quietly assumes that something else has changed, because prices clearly have not gone down. This brings us to the fundamental question: If the same 2018 basket now costs over Php640, how are retailers able to offer a Noche Buena package at Php500?

Shrinkflation: The Hidden Adjustment Mechanism

Research shows retailers respond to input cost increases by shrinking product sizes (Bennett, 2022; Rojas et al., 2024). Filipinos encounter this through: a) smaller pasta and dairy packs; b) reduced net weights; and c) canned meat replacing ham or fresh meat. The nominal price tag stays at Php500, but real value quietly declines –misleading consumers about what they are actually able to afford.

Take the case of SM's Local Holiday Basket in 2018 and 2025, which both cost Php500. Table 3 lists the products contained within each basket.

Table 3

Commercial Case of a Php500 Holiday Basket, 2018 vs. 2025

Category	2018 Basket (Estimated)	2025 Basket (Actual)	Comparison
Canned Fruit	Del Monte Fiesta Fruit Cocktail, 836g	Del Monte Fiesta Fruit Cocktail, 432g	Same product, weight changed
Juice/Beverage	Del Monte 100% Pineapple, 1L	Sunkist Premium Apple, 1L	Brand/type changed
Pasta/Noodles	Ideal Elbow Macaroni, 500g	Ideal Elbow Macaroni, 200g	Same product, weight changed
Canned Meat	Highlands Luncheon Beef, 165g	Argentina Beef Loaf, 150g	Brand/changed, weight changed
Tomato Sauce	Del Monte Tomato Sauce, 250g	Del Monte Tomato Sauce Filipino Style, 200g	Slight weight changed
Dairy/Cream/Condensed Milk	Alaska Crema Asada, 170g	Carnation Everyday Creamer, 200ml	Product type changed
Snacks	Goldilocks Caramel Popcorn, 85g Nescafe Ready to Drink, 180ml	Coco Belgian Butter Cookies, 72g Chips Delight Cookies, 40g	Snack replaced
Others	-	Mr. Hat Gulaman Red, 25g Hunts Pork & Beans Doy Pouch, 100g	New items added

Source: SM Markets (2018, 2025).
Note: Product list reconstructed based on items in the 2018 promotional image; package sizes are inferred from standard retail sizes available during the period.

This affordable holiday basket is deliberately designed to meet the marketed price of Php500. Because firms cannot control prices, they resort to changing what's within the basket instead. For instance, canned fruit (836g vs. 432g) and pasta noodles (500g vs. 200g)

were reduced by nearly half in weight, while two additional items were added in the 2025 basket to maintain the appearance of completeness even when the actual content was lowered. This practice is called **shrinkflation (downsizing)**, where products are reduced in size to maintain firms' profitability amidst rising costs (Dekimpe & van Heerde, 2023; Janssen & Kasinger, 2025). When consumers are inattentive about this practice, firms are known to resort to further downsizing, which is harmful to consumer welfare (Chalioti & Serfes, 2024).

Product Substitution

The second mechanism is via product substitution (trading down), which replaces traditional, higher-cost holiday food items with lower-priced alternatives. For example, a typical Christmas centerpiece and all-around ingredient, pork ham, is replaced by processed meat products like meat loaf (Table 3). In some cases, even the same type of product is replaced by a lower-cost brand, as seen in the case of cream in Table 3. These patterns are generally true for almost all commercial holiday baskets. What is then considered a feast has been redefined to meet affordability.

Food Spending Pressure on Households

The Congressional Policy and Budget Research Department (2022) analysis of the 2021 FIES confirms that food remains the largest expenditure category: a) **43% of total household spending**, and b) up to **60% among the poorest 30%**. This means any increase in food costs—or reduction in food quantity—directly squeezes the budgets of low-income families. Choosing between nutrition and Noche Buena becomes a harsh reality.

Meanwhile, PSA (2025a) data showed that farmers and fisherfolks remain among the poorest sectors in the country, with poverty incidences of **27.0%** and **27.4%**, respectively. These households are among the least able to absorb rising food costs—even though they produce the very commodities used in Noche Buena baskets.

Figure 1

Poverty Incidence Among the Basic Sectors (%), 2023

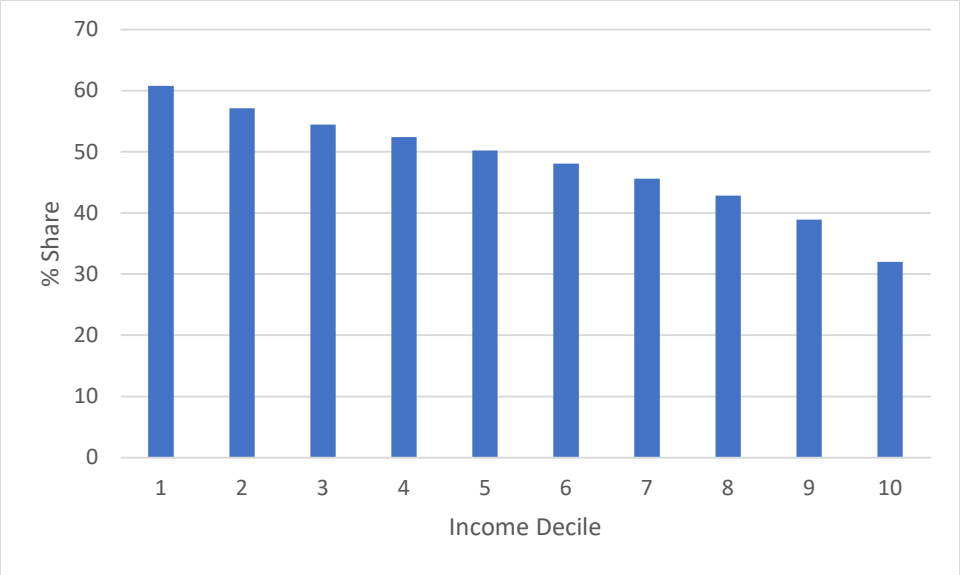
Source: PSA (2025a).

Affordability for Minimum-Wage Earners

With the NCR minimum wage at **₱645/day**, the ₱500 benchmark demands **77% of a day's wage**—a stark indicator of how burdensome the holiday season has become for working-class households (NWPC, 2023). The higher burden for minimum-wage earners is consistent with the overall trend that the lowest household income decile allocates the largest share of their income to food (Figure 2), leaving them with less discretionary spending like holiday celebrations.

Figure 2

Household Food Expenditure Share by Per Capita Income Decile (%), 2021



Source: Authors' calculation using data from PSA (2021).
Note: Computation used survey weights. Decile 1 refers to the lowest income group, whereas Decile 10 is the highest income group.

Policy Implications

- The Php500 benchmark obscures the reality of inflation and shrinkflation.
- It sets an unrealistically low expectation for holiday well-being.
- It undermines dignity by implying that a reduced, lower-quality basket is adequate.
- Public messaging based on outdated price anchors can lead to **underfunded social protection** during the holidays.

Policy Recommendations

1. **Update Public Messaging**
    - Shift away from the Php500 benchmark and publish an annual **True Cost of a Noche Buena Basket**, based on regional CPI and food prices.
2. **Index Holiday Assistance to Real Prices**
    - 4Ps and LGU-level holiday assistance should include seasonal top-ups based on actual price data.
3. **Improve Product Transparency**
    - Require retailers to display:
        - Net weights
        - Price per 100g

- Substitution details (fresh vs processed)

4. **Strengthen Local Procurement**
    - Source government-funded holiday baskets from local farmers and fisherfolks to support poor producers while improving food quality.
5. **Establish Seasonal Cost-of-Living Dashboards**
    - Integrate CPI, FIES food expenditure shares, and poverty incidence to guide responsive and evidence-based holiday assistance.

Conclusion

The cherished tradition of Noche Buena holds deep cultural meaning for Filipino families. But continuing to promote ₱500 as a standard holiday budget ignores reality—and undermines dignity. By grounding communication and policy in **current inflation, wage, and poverty data**, the government can ensure that holiday celebrations remain meaningful, inclusive, and fair for all.

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