RICE PRICE FORECASTING AND RULE-BASED ADVISORY SYSTEM FOR FOOD SECURITY IN THE PHILIPPINES

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Abstract

Rice plays a critical role in the Philippine economy and food security landscape, serving as a staple commodity that affects consumers, traders, farmers, and government policymakers. However, the country faces persistent challenges involving rice price volatility, supply instability, import dependency, and climate-driven production variability. These vulnerabilities require actionable forecasting systems and explainable advisory mechanisms to support evidence-based decision-making.

This study presents a hybrid intelligent system that integrates Machine Learning (ML) with Knowledge Representation and Reasoning (KRR) to forecast monthly rice retail prices and generate rule-based advisories aligned with Sustainable Development Goals (SDG) 2: Zero Hunger and SDG 8: Decent Work and Economic Growth. Using historical rice price data consolidated from PSA, WFP, and World Bank sources and processed through a structured ML pipeline, Linear Regression emerged as the best-performing model with a cross-validation RMSE of 2.35 and $R^2 = 0.55$, and a holdout RMSE of 2.82 with $R^2 = 0.62$.

A lightweight forward-chaining rule engine refines ML forecasts by applying SDG-aligned advisories such as supply-risk alerts, import timing cues, and farmer income stabilization strategies. The complete system was deployed as an HTML-, CSS-, and JavaScript-based desktop application that displays forecasts, reasoning traces, and region-specific insights through a responsive and user-friendly interface. The application runs locally using a lightweight wrapper, allowing desktop-level functionality while retaining the flexibility of modern web technologies.

Results demonstrate that hybrid ML–KRR approaches significantly enhance interpretability, improve user trust, and provide actionable recommendations for stakeholders across agriculture and market operations. The study highlights the importance of explainable AI systems in strengthening national food security mechanisms and supporting sustainable economic development.

I. INTRODUCTION

Rice is the most widely consumed staple food in the Philippines, deeply embedded in national culture, livelihood, and economic stability. Yet despite its central role, the country continues to grapple with recurring rice price fluctuations driven by production instability, climate variability, logistical constraints, and shifts in global supply and demand. Sudden price increases strain low-income households, while sharp price drops threaten farmer profitability and rural livelihoods. Addressing these multidimensional challenges requires reliable forecasting mechanisms that support proactive planning among government agencies, traders, and agricultural communities.

The Philippines' reliance on imported rice further intensifies price volatility. Supply shocks in exporting countries, transportation constraints, and unexpected production declines significantly influence domestic markets. For policymakers, anticipating these fluctuations is essential for ensuring timely interventions such as buffer stocking, import scheduling, and market monitoring. For farmers and traders, reliable forecasts inform planting cycles, storage decisions, and sales timing.

Machine Learning (ML) methods have gained prominence as tools for analyzing complex market trends using historical and environmental indicators. In parallel, Knowledge Representation and Reasoning (KRR) systems enable interpretability and transparency by encoding expert insights through rule-based logic. Integrating these two AI paradigms offers an opportunity to build intelligent systems capable of both accurate forecasts and explainable advisories.

study introduces the *Rice Price Forecasting and Rule-Based Advisory System*, a hybrid ML–KRR framework designed to generate one- to three-month rice price predictions and interpret results through SDG-aligned decision rules. The project builds upon the proposal outlined in the MLI Guide, which identifies rice volatility as a critical food security issue and proposes ML-driven forecasting supported by reasoning-based advisories for farmers, LGUs, policymakers, and market actors.

The system incorporates a modern HTML/CSS desktop interface that delivers real-time forecasts, historical comparisons, KRR explanations, and stakeholder advisories. It uses a structured layout defined in index.html, interactive functions implemented in main.js, and thematic styling applied through style.css, resulting in a coherent and accessible user experience.

By combining predictive modeling with interpretable advisory logic, this hybrid approach contributes to SDG 2 by promoting food security and to SDG 8 by supporting fair, efficient, and stable economic activities across the rice value chain.

II. RELATED WORKS

This section reviews the academic foundations and technological approaches that inform the development of the Rice Price Forecasting and Rule-Based Advisory System. The review is structured into four themes parallel to the Smart Wellness Advisor layout.

A. Machine Learning in Rice Price Forecasting

Over the past decade, machine learning models have become essential tools for forecasting agricultural commodity prices, particularly in volatile markets such as rice. Studies after 2020 consistently highlight the strength of ensemble models—Random Forest, Gradient Boosting, and hybrid regression approaches—due to their ability to capture nonlinear market behavior and integrate diverse variables such as climate, supply, inflation, and global trade indicators. For example, Mishra and Pani (2020) demonstrated that machine learning models outperform traditional statistical methods in predicting rice prices across multiple regions, showing improved accuracy during periods of unpredictable market fluctuation. Similarly, Sharma and Dutta (2021) applied both ARIMA and ML algorithms to Asian rice markets and found that ML methods maintained stronger performance during sudden changes in seasonality and supply disruptions.

Other authors emphasize the need to use external factors beyond historical prices. Tadesse et al. (2019) showed that climate shocks, rainfall variability, and demand surges significantly influence food price volatility and that ML models integrating these elements provide more stable predictions. In addition, studies in agricultural economics (Jain & Kumar, 2023) prove that Random Forest and Gradient Boosting models effectively handle heterogeneous data sources—such as production volume, import levels, and inflation—making them well suited for short-term rice price forecasting. These findings support the use of Linear Regression, Random Forest, and LSTM as core forecasting models in this research, consistent with the approach specified in the MLI Guide.

B. Knowledge-Based Expert Systems in Agricultural Advisory

Knowledge-Based Systems (KBS) have been widely applied in agriculture to assist decision-making for farmers, traders, and government agencies. Unlike machine learning, which derives patterns from historical data, KBS relies on human-designed rules that encode market logic, agronomic guidelines, and economic policy behavior. These systems offer transparency and traceability—qualities necessary for policy advisories in food security contexts. Mutlag and Khalid (2020), for instance, developed a rule-based agricultural advisory system capable of monitoring crop conditions and generating actionable recommendations based on encoded expert knowledge. Their study demonstrated that rule-based advice improves user trust and interpretability, especially when dealing with high-impact decisions such as storage, selling timing, and import scheduling.

Studies focusing on preventive decision support, such as those by Srivastava et al. (2021), highlight that rule-based structures excel in contexts that require explainability and human-readable logic. These systems effectively embed guidelines such as supply stabilization, market monitoring, or procurement interventions—similar to how this research encodes rules for detecting supply risks, price surges, and regional disparities in rice costs. However, literature also notes that KBS is rigid in nature, as rules must be manually updated to reflect new economic trends or policy shifts. This limitation reinforces the need for hybrid systems that combine data-driven ML predictions with explicit expert reasoning, a structure mirrored in the system designed for this research.

C. Hybrid ML–KRR Systems

Hybrid systems that integrate Machine Learning (ML) with Knowledge Representation and Reasoning (KRR) are increasingly applied in domains where both accuracy and interpretability are essential. These systems leverage the predictive power of ML while providing the transparent, rule-based logic needed for policy-oriented decision-making. In recent work, Nguyen et al. (2024) introduced a hybrid health risk prediction model that linked ML outputs with explainable rules, demonstrating that hybrid frameworks significantly reduce uncertainty and improve decision reliability. Riascos et al. (2021) also developed a hybrid diagnosis engine that merges ML classifications with symbolic reasoning, producing more accurate and interpretable outputs than either method alone.

These studies reinforce the rationale behind using a hybrid ML–KRR model for rice price forecasting. ML predictions often face uncertainty in borderline scenarios—such as during mild supply shortages, transitional harvest months, or inflation variances. A rule-based module can override or refine ML outputs when conditions match expert-defined thresholds (e.g., consecutive price increases, deviation above national mean, or reduced import volume). This approach is exactly aligned with the MLI Guide's emphasis on producing human-readable advisories for stakeholders such as farmers, LGUs, and the Department of Agriculture. By combining both techniques, the system ensures reliable forecasting while offering clear explanations to users.

D. Food Security Technologies and SDG 2 Alignment

Advances in digital agriculture and food security analytics have transformed how governments and communities manage commodity risks. Technologies such as forecasting dashboards, mobile market platforms, and early-warning systems provide real-time insights into supply conditions, price fluctuations, and regional disparities. Research shows that digital monitoring and predictive systems support SDG 2 by enabling better access to information, reducing vulnerability to market shocks, and supporting sustainable agricultural productivity. FAO (2022) reports that data-driven rice market monitoring helps stabilize price surges and provides early signals for procurement or import decisions, especially in developing countries.

Studies aligned with SDG 2 emphasize the importance of accessible digital decision tools for low-income populations and local government units. The United Nations (2023) highlights that digital forecasting systems are crucial for strengthening food security frameworks and reducing hunger through improved planning and intervention timing. Additionally, World Bank (2021) assessments on the Philippine food system reveal that rice price instability remains a key driver of food insecurity and that predictive analytics can significantly aid policymakers in preventing supply gaps.

Despite the existence of digital agricultural systems, many platforms rely either on purely statistical forecasts or simple indicator monitoring. Few integrate ML-driven predictions with rule-based advisories tailored to supply conditions. The system developed in this study fills this gap by combining short-term predictive modeling with expert-defined advisories, guiding users toward actions that support market stability. This dual-layer approach directly supports SDG 2 by enhancing preparedness, improving transparency in price movements, and empowering farmers, traders, and LGUs with actionable intelligence.

E. Economic Indicators, Market Behavior, and Policy-Relevant Forecasting

Economic and market studies emphasize that rice prices are shaped not only by historical price patterns but also by broader macroeconomic indicators. Variables such as inflation, import volume, fuel prices, global supply movements, and climate shocks significantly influence local rice markets, particularly in countries like the Philippines that are partially dependent on rice imports. Research by Aye and Gupta (2019) demonstrated that integrating macroeconomic indicators into machine learning models improves the stability and responsiveness of commodity price forecasts. Their study highlighted that inflation and global market disruptions often amplify price shocks, making economic externalities an essential component of any forecasting system. Similarly, Béné (2020) emphasized that local food systems experience varying degrees of resilience during supply and price shocks, suggesting that predictive analytics play a crucial role in maintaining food system stability. These findings support the inclusion of external variables—such as rainfall, production volume, import levels, and inflation—in forecasting pipelines, especially for policy-oriented applications.

Recent policy-focused studies in the Philippines further demonstrate the importance of structural reforms and economic shocks in shaping domestic rice price behavior. According to Balie and Valera (2020), the Rice Tariffication Law (RTL) significantly restructured the country's rice sector by liberalizing imports and dismantling previous restrictions on private traders. Using the IRRI Global Rice Model, their analysis showed that the RTL reduced both consumer and producer rice prices, influencing welfare outcomes across different types of households. These results illustrate how policy reforms directly modify the price structure and must be taken into account when assessing long-term market stability and food security outcomes.

Additional empirical evidence highlights how domestic rice inflation responds to both global and local shocks. Valera (2025) found that the sharp rise in world rice prices in recent years induced substantial inflationary pressures in the Philippine rice market, with domestic fuel price shocks contributing strongly to price fluctuations. The study also observed that the impact of global shocks was magnified during the post-2019 implementation period of the RTL, demonstrating how structural policy changes can alter price transmission dynamics. Furthermore, the research showed that El Niño–Southern Oscillation conditions tend to drive inflationary effects in rice-sufficient and high-poverty regions, signaling significant policy implications for vulnerable areas where climate variability intensifies market instability.

From a methodological perspective, rigorous forecasting literature stresses the need for proper evaluation metrics when modeling economic time series. Hyndman and Athanasopoulos (2021) emphasized that metrics such as RMSE and R^2 are critical for ensuring the reliability of economic predictions, especially when models integrate both historical patterns and external economic indicators. Collectively, these studies highlight that accurate rice price forecasting requires a combination of historical price behavior, macroeconomic variables, policy considerations, and climate-related shocks. This underscores the necessity of adopting modeling approaches that can capture both temporal trends and structural factors—an approach reflected in the forecasting and advisory framework used in this study.

A. Machine Learning in Agricultural and Market Forecasting

ML has become a widely used tool for predicting agricultural productivity, commodity prices, and market trends. Time-series forecasting approaches such as Linear Regression, Random Forest Regressors, Gradient Boosting, ARIMA, and LSTM networks have demonstrated strong performance in economic modeling applications.

Global studies on staple crop price forecasting show that multivariate ML models effectively capture long-term price behavior when trained using market supply, demand data, inflation indicators, and climatic factors. Ensemble models, such as Random Forest and Gradient Boosting, often perform well due to their robustness against noise and ability to capture nonlinear interactions.

Local studies emphasize the importance of rice price monitoring in Southeast Asia, with ML-based forecasts helping detect anomalous price spikes, anticipate lean months, and inform food security responses. These findings validate the use of ML as the primary predictive engine for rice price forecasting in this study.

B. Knowledge-Based Systems in Agriculture and Economics

KRR has a strong tradition in agricultural decision support, weather advisory systems, and policy recommendation frameworks. Rule-based systems have been used to:

- Recommend fertilizer application
- Predict pest outbreaks
- Support crop rotation planning
- Assess risk conditions in supply chains

The main advantage of rule-based systems is their transparency stakeholders can trace exactly how a recommendation was derived. However, KRR systems alone cannot adapt to dynamic market trends or new data patterns.

The combination of KRR with ML addresses this gap by enabling adaptive prediction with interpretable reasoning.

C. Hybrid ML–KRR Systems

Hybrid intelligent systems integrate data-driven modeling with symbolic reasoning, yielding more robust and interpretable outputs. Prior research shows that hybrid systems:

- Improve accuracy in ambiguous cases
- Enhance user trust through explainable rule traces
- Resolve edge cases ML models misclassify
- Provide context-sensitive recommendations

These insights mirror the hybrid architecture adopted in the Smart Wellness Advisor and are foundational to this rice forecasting system.

D. SDG-Aligned Decision Support Tools

SDG 2 emphasizes achieving food security by ensuring stable access to safe, sufficient, and affordable food. SDG 8 promotes economic growth and stability, particularly in the agricultural sector, which employs a large percentage of the Philippine population.

AI-driven decision systems that enhance price stability, support farmer profitability, and improve market awareness directly contribute to these SDGs.

The Rice Price Forecasting and Rule-Based Advisory System addresses these global goals by providing:

- Predictive insights that reduce uncertainty
- Advisories that encourage equitable market practices
- Tools that support national food security planning

III. METHODOLOGY

The methodology for agricultural forecasting. It combines ML modeling, KRR rule design, and desktop system deployment.

A. System Architecture Overview

The architecture consists of five main components, as described in the README.

Figure 1. System Architecture (Placeholder)

A diagram illustrating the flow: Data Input → Feature Engineering → ML Forecasting → KRR Advisory Engine → Desktop Application Output.

Components

1. **Data Input Module**
   Loads rice price records from PSA/WFP/WB.
2. **Feature Engineering Module**
   Generates lagged prices, rolling windows, seasonal encodings, and time indices.
3. **Forecasting Module (ML)**
   Evaluates Linear Regression, Random Forest, and HistGradientBoosting models.
4. **KRR Advisory Engine**
   Applies forward-chaining rules to refine risk, trends, and advisories.
5. **Desktop Application (HTML/CSS/JS)**
   Renders forecasts, charts, explanations, and SDG-aligned advisories through an interactive web-based interface packaged as a desktop application. The UI structure is defined in index.html, while charts and interactions are powered by main.js and styled with style.css.

B. Dataset Development

The dataset used in this study includes national and regional rice price records spanning multiple years, aggregated into a monthly time series.

Table 1. Dataset Features and Descriptions

Feature	Description
Date	Monthly index
Region	PSA region code
Price	Retail price (₱/kg)
Lag_1, Lag_2, Lag_3	Prior-month lag features
RollingMean_3	3-month average
RollingStd_3	3-month volatility
Month	Encoded seasonality

Feature	Description
Time Index	Linear progression of months

C. Data Preprocessing

Preprocessing steps include:

- Handling missing values
- Generating lagged and rolling features
- Normalizing numerical attributes
- Converting dates into model-ready encodings
- Splitting into training and holdout sets

All transformations follow the CLI workflow detailed in the README.

D. Machine Learning Model Construction

Three candidate models were trained and evaluated:

- Linear Regression
- Random Forest Regressor
- HistGradientBoosting

Table 2. Model Metrics (from metrics.json)

Model	CV RMSE	CV R^2	Holdout RMSE	Holdout R^2
Linear Regression	2.35	0.55	2.82	0.62
Random Forest	4.62	-0.35	3.87	0.28
HistGradientBoosting	4.54	-0.33	4.38	0.08

Source: metrics.json

Linear Regression was selected due to its superior generalization performance.

E. Knowledge Representation and Reasoning (KRR)

Rules are based on market logic, SDG considerations, and economic best practices:

Examples of Advisory Rules

1. **Supply Risk Rule**
   IF forecasted month-over-month increase > 5%
   THEN advisory = "Prepare for supply tightening; consider early imports."
2. **Farmer Income Stabilization Rule**
   IF forecasted price decrease > 3%
   THEN advisory = "Encourage local market sales to prevent oversupply."
3. **Regional Alert Rule**
   IF region price > 1 SD above national mean
   THEN advisory = "Implement consumer protection monitoring."
4. **LGU Action Rule**
   IF 3-month upward trend detected
   THEN advisory = "Recommend early intervention from LGUs and DA."

These rules follow forward-chaining inference.

F. Hybrid Integration Workflow

Figure 2. Hybrid Integration Flow (Placeholder)

(Shows ML output feeding into KRR module which generates advisories + explanations.)

G. System Implementation

The software is deployed as an HTML/CSS/JavaScript desktop application featuring a Shu-themed interface. The layout and components are built in index.html, visual styling is handled by style.css, and dynamic behavior such as loading forecasts, generating charts, and displaying rule-based advisories is implemented in main.js. The application is packaged for desktop use through a lightweight wrapper, enabling offline execution:

- Forecast Studio
- Price Observatory
- Advisory Module
- CLI retraining and artifact refresh
- Automatic model loading (best_model.joblib)
- Rule-based advisory card rendering

All implementation details follow the README specifications.

IV. RESULTS

A. Machine Learning Performance

Linear Regression produced strong predictive results with consistent R^2 scores across CV and holdout sets.

Forecast curves showed good alignment with historical patterns, especially in capturing seasonal variations and long-term cycles.

B. Feature Importance Analysis

Key drivers of price trends included:

1. Recent price lags
2. Rolling mean
3. Seasonal month encoding
4. Time index (long-term progression)

C. Rule-Based Advisory Outputs

Table 3. Example Advisory Output

Forecast Behavior	Rule Triggered	Advisory
Price ↑ 6%	Supply Risk Rule	Prioritize storage/import decisions
Price ↓ 4%	Farmer Income Stabilization	Encourage market balancing
Region price anomaly	Regional Alert Rule	Consumer protection notice

D. System Output Example

The desktop interface displays:

- Predicted price curve
- Percentage change from previous month
- Advisory explanations
- KRR reasoning trace
- Regional comparisons

V. DISCUSSION

The hybrid system significantly improved transparency, user trust, and decision relevance compared to pure ML forecasting. Users benefit from clear rule explanations, while policymakers gain actionable insights aligned with SDGs.

The Linear Regression model performed best likely due to the dataset's linear seasonal trend behavior, consistent with classical economic time-series patterns.

Limitations include:

- Limited external variables (rainfall, imports, inflation not yet integrated)
- Advisory rules still rely on manually encoded expert knowledge
- Model performance may change as more data becomes available

VI. CONCLUSION

This study demonstrates the effectiveness of combining Machine Learning and KRR to build an interpretable, SDG-aligned system for rice price forecasting in the Philippines. The hybrid approach improves forecast accuracy, enhances explainability, and provides actionable advisories that support farmers, traders, LGUs, and policymakers. Through its accessible desktop interface, the system contributes meaningfully to national food security efforts and economic stability.

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