



# ETHIOPIAN STATISTICAL SERVICE

## Statistical Bulletin

### MONTHLY NEWS RELEASE

## INFLATION REPORT ON AUGUST, EFY 2016

Issue No. 02/2016

August EFY2016

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### 1. Summary

The Consumer Price Index (CPI), a key economic statistics, is surveyed, analyzed, and made available to data users on a monthly basis.

The year-on-year, general inflation rate (**annual percentage change**) in the country stood at **28.2 percent** for the month of **August EFY2016**, down from **28.8 percent** registered in **July EFY2015**. A year earlier (in August EFY2015), the rate was **32.5 percent**.

The month-on-month general inflation rate stood at **2.4 percent** for the month of **August EFY2016**, a decrease of **0.2 percentage point** registered in **July EFY2015**. It was **2.9 percent** in **August EFY2015**.

General inflation encompasses of two main divisions and twenty-one groups of expenditures. These divisions registered the following price changes during the month of **August EFY2016** compared with **August EFY2015**.

### 2. Food & Non-alcoholic Beverages and Non-Food Inflation (Year-on-Year)

While the 12-month moving average figures provides a broader perspective on inflation trends over a longer period, it is the year-on-year inflation and the month-to-month inflation rates that helps to gauge the current inflation trajectory, as they capture short-term fluctuations in prices and provides an immediate indicator of inflationary pressures. Particularly, the month-to-month is also crucial for monitoring changes in consumer prices and identifying any sudden spikes or declines in inflation.

#### Food & Non-alcoholic Beverages index

The **year-on-year inflation rate**, also known as the annual inflation rate, measures the percentage change in overall price levels from one year to the same month in the previous year. Accordingly, the year-on-year inflation rate of the Food and Non-alcoholic component of the CPI, for the month of August 2016 EFY, stood at **26.5%**. This implies that the CPI of Food and Non-Alcoholic Beverages has, on average, increased by **26.5%** compared to August 2015 EFY.

The major contributing factors for the rise of food inflation for August EFY2016 was the observed increase in the average prices of major food commodities such as bread and cereals (**37.3%**), vegetables (**35.4%**), meat (**30.5%**), Sugar, jam, honey & chocolate (**39.2%**), and fruit (**28.4%**).

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Accordingly, the country's **year-on-year general inflation rate**, representing the annual percentage change, recorded a decrease from **28.8 percent** in July EFY2015 to **28.2 percent** in August EFY2016. Comparatively, the inflation rate for the same month in the previous year, August EFY2015, was **32.5 percent**. Notably, for the last four months, since March EFY2015, the inflation rate showed reduction. Reduced from 34.2 percent in March EFY2015 to 33.5 Percent in April, 30.8 percent in May, 29.3 percent in June, 28.8 percent in July and 28.2 percent in August.

**Table 1: General, Food and Non-Food Inflation Rate (% , Year-on-Year) August EFY2015 - August EFY2016**

Month/Year	General	Food	Non-Food
<b>December EFY2009=100</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
July EFY2009 - June EFY2010	14.4	13.4	15.9
July EFY 2010 - June EFY2011	12.6	13.1	11.9
July EFY2011 - June EFY2012	19.9	23.3	15.9
July EFY2012 - June EFY2013	20.2	23.2	16.4
July EFY2013 - June EFY2014	33.8	40.3	25.2
July EFY2015 - June EFY2015	32.5	31.7	33.9
<b>August-EFY 2015</b>	<b>32.5</b>	<b>33.2</b>	<b>31.5</b>
<b>September</b>	<b>30.7</b>	<b>31.0</b>	<b>30.2</b>
<b>October</b>	<b>31.7</b>	<b>30.6</b>	<b>33.4</b>
<b>November</b>	<b>35.1</b>	<b>34.2</b>	<b>36.5</b>
<b>December</b>	<b>33.8</b>	<b>32.9</b>	<b>35.2</b>
<b>January</b>	<b>33.9</b>	<b>33.6</b>	<b>34.5</b>
<b>February</b>	<b>32.0</b>	<b>29.6</b>	<b>35.7</b>
<b>March</b>	<b>34.2</b>	<b>32.8</b>	<b>36.3</b>
<b>April</b>	<b>33.5</b>	<b>31.8</b>	<b>36.1</b>
<b>May</b>	<b>30.8</b>	<b>28.5</b>	<b>34.4</b>
<b>June</b>	<b>29.3</b>	<b>28.0</b>	<b>31.4</b>
<b>July</b>	<b>28.8</b>	<b>27.3</b>	<b>31.1</b>
<b>August-EFY 2016</b>	<b>28.2</b>	<b>26.5</b>	<b>30.7</b>

Base year: December, EFY2009= 100

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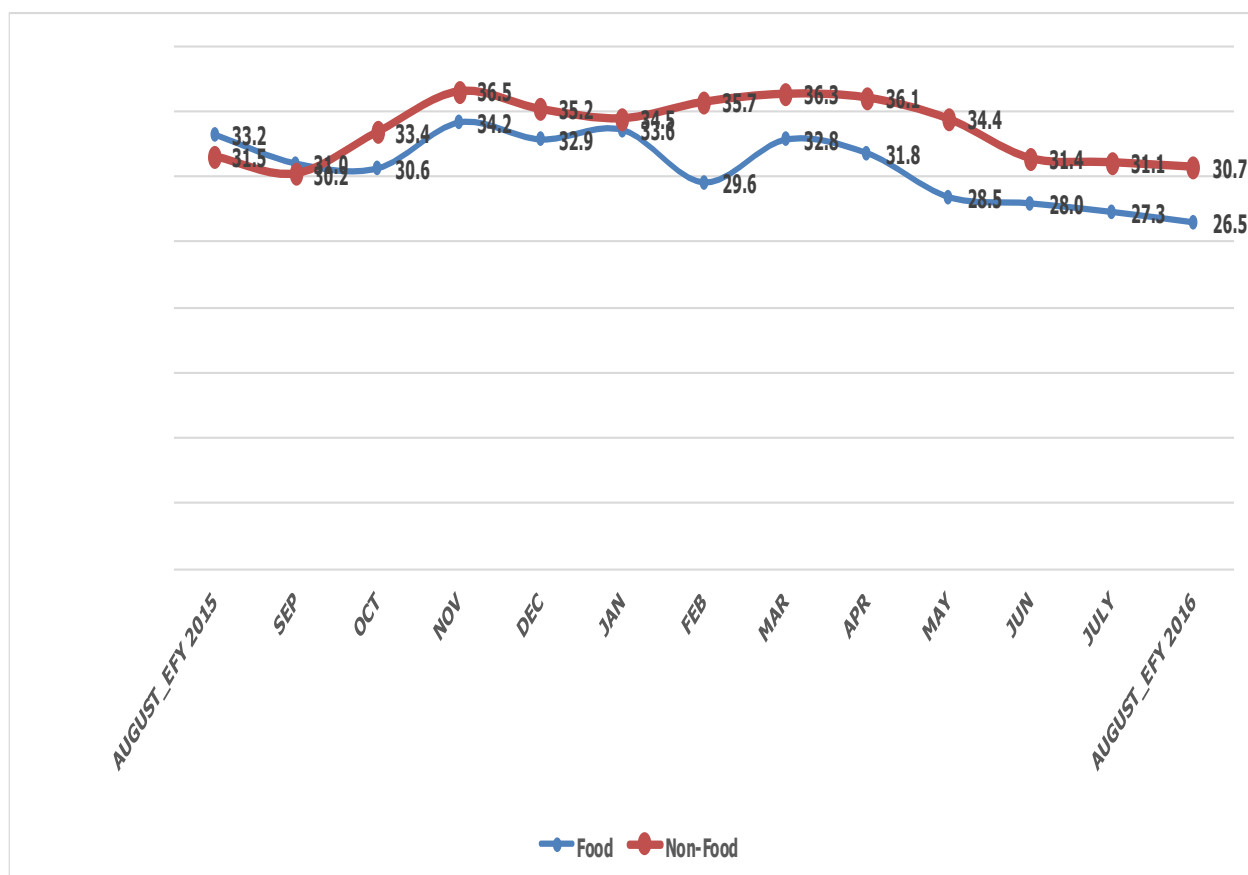
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Fig 1: Food and Non-Food Inflation (% , Year-on-Year), August EFY2015 - August EFY2016



As can be seen from the above figure, both the food and the non-food year-on-year inflation have continued to be stubbornly high. But, with the rate demonstrate reduction for both groups since March EFY2015.

Similarly, a more pronounced price increment in the major **Non-food components** of the CPI was observed (Non-Food inflation increased by **30.7 percent** in the same period). Particularly, housing, water, electricity & other fuel component (**36.5%**); furnishings, household equipment & routine maintenance of the House (**32.1%**); clothing and footwear (**15.4%**); health (**43.9 %**); and restaurants and hotels (**32.9%**) have contributed for the rise in non-food inflation rate in August EFY2016.



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### Major sub divisions in the food and non-food commodities (year-on-Year).

When we look at the dis-aggregated year-on-year inflation rate of Food and Non-Alcoholic Beverages: Bread & Cereals **(37.3%)**; Meat **(30.5%)**; Milk, cheese & eggs **(26.0%)**; Oils & fats **(6.3%)**; Fruit **(28.4%)**; Vegetables **(35.4%)**; Sugar, jam, honey, chocolate **(39.2%)**; Food products not elsewhere classified **(5.8%)**; Non-Alcoholic Beverages & coffee **(2.8%)**.

### Non-Food Index

Similarly, during August 2016 EFY the year-on-year inflation rate of the Non- Food Index of the CPI was **30.7%**. In particular, Alcoholic Beverages & Tobacco **(37.7%)**; Clothing & Footwear **(15.4%)**; Housing, Water, Electricity, Gas, & Other Fuels **(36.5%)**; Furnishings, Household Equipment & Routine Household Maintenance of the House **(32.1%)**; clothing and footwear **(15.4%)**; Health **(43.9 %)**; and Restaurants and Hotels **(32.9%)** have contributed for the rise in non-food inflation rate in August EFY2016.

Table 2. Major sub divisions in the food and non-food commodities (year-on-Year).

CPI Items	Items Wight in CPI (%)	% change on Year-on-Year Inflation August EFY2015 compared with August EFY2016	% change in Month-to-Month inflation August EFY2016 compared to August EFY2015
<b>Major Food and Non-Alcoholic Beverage components</b>	<b>53.5</b>	<b>26.5</b>	<b>2.6</b>
Bread and Cereals	17.1	37.3	7.2
Vegetables	12.3	35.4	(3.3)
Other-Food products	5.6	5.8	(0.4)
Non-Alcoholic Beverage	5.1	2.8	0.9
Meat	4.1	30.5	1.2
<b>Major Non-Food Components</b>	<b>46.5</b>	<b>30.7</b>	<b>2.1</b>
Housing, Water, Electricity, Gas and Other Fuels	16.8	36.5	4.8
Clothing and Footwear	5.7	15.4	(0.6)
Restaurants and Hotels	5.3	32.9	-
Alcoholic Beverages and Tobacco	4.9	37.7	1.9
Furnishings, Household Equipment and Routine Maintenance of the House	4.7	32.1	0.4



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### Month-to-Month Inflation Rate

The **month-to-month general inflation rate** for **August EFY2016** has increased by **2.4 percent** compared to what was in **July EFY2015**. During the same month, the **food and non-alcoholic** component of the inflation has increased by **2.6 percent** whereas the **non-food** component for its part increased by **2.1 percent**.

**Table 3: General Inflation Rate (% , Month-to-Month), August EFY2015 - August EFY2016**

<b>August_EFY 2015</b>	<b>2.9</b>
<b>September</b>	2.5
<b>October</b>	0.8
<b>November</b>	1.9
<b>December</b>	0.4
<b>January</b>	1.3
<b>February</b>	1.9
<b>March</b>	5.7
<b>April</b>	1.6
<b>May</b>	0.6
<b>June</b>	3.3
<b>AUGUST</b>	2.6
<b>August_EFY 2016</b>	<b>2.4</b>

**Month-to-Month Inflation of Food and Non-Food categories:** In August EFY2016, among the food components of the CPI, **Bread and Cereals** experienced the most significant increase on a month-to-month basis; showed a substantial jump of **7.2 percent**. Followed by increases in the prices of **Fruit**, with a rise of **5.7 percent**. Similarly, the prices of **Oils & Fats** saw a significant increase of **5.0 percent**, while the cost of **milk, cheese, & eggs** rose by **1.4 percent**. These notable price movements underscore the impact on consumers and highlight the challenges faced in the food sector during the month.



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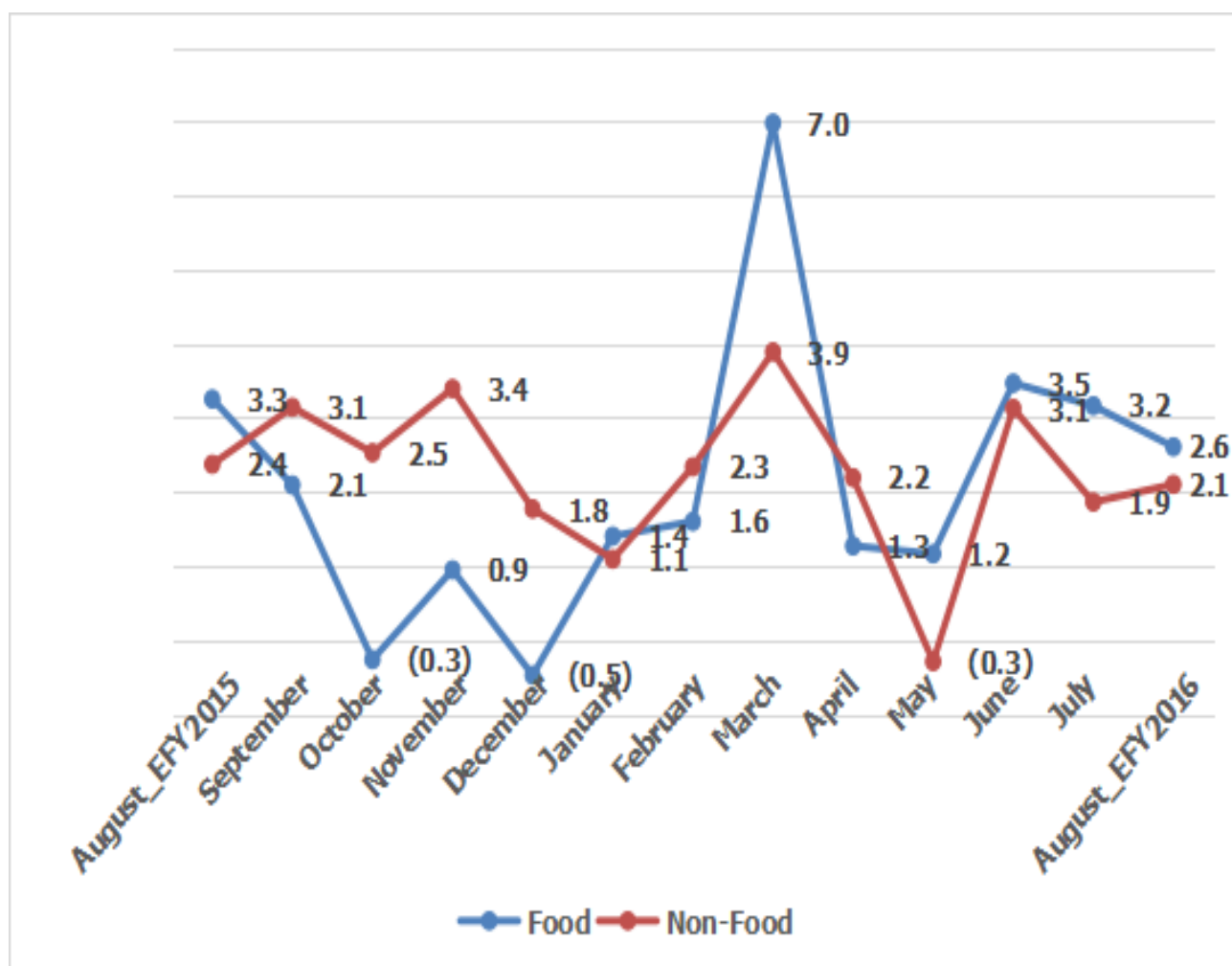
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On the other hand, looking at non-food items, the biggest increase in month-to-month comparison was observed in **Housing, Water, Electricity, Gas and Other Fuels (4.8 %)**, followed by **Health (4.2 %)**. Moreover, increase in growth rate of price for **Alcoholic Beverages and Tobacco**, which is among the highest weight in the non-food basket, contributed to increase of month-to-month non-food items. **Alcoholic Beverages and Tobacco** price increased by **1.9 percent** between July EFY2016 and August EFY2016. Further, Increase were observed in **Transport (2.6)** and **Communication (2.0 %)**

Fig 2: Food and Non-Food Inflation (% , Month-to-Month), August EFY2015 - August EFY2016





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### 3: 12-Month Moving Average General, Food and Non-food Inflation

As it is indicated in Table below the country level overall inflation rate (annual change based on **12 months Moving Average**) rose by 31.7 percent in August EFY2016 as compared to the one observed in a similar period a year ago. Since March inflation has been relatively eased in the country.

**Table 4. Overall CPI and 12-month moving average Overall Inflation rate August**

Month	Overall CPI	12-Month Moving Average Inflation
August EFY2015	267.3	34.5
September	273.6	34.0
October	280.0	33.8
November	287.1	34.0
December	294.0	33.9
January	301.1	33.9
February	307.9	33.7
March	315.6	33.7
April	323.2	33.5
May	330.4	33.0
June	337.6	32.5
July	344.8	32.1
August-EFY2016	352.1	31.7



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### 12-month moving average Food and Non-Food Inflation rate (August EFY2015 - August EFY2016)

Dis-aggregated, **12-month moving average food** inflation increased by 30.4 percent as compared to the one observed a year ago and non-food inflation rate increased by 33.7 percent in August EFY2016 as compared to the one observed in August2015.

**Table 5: 12-month moving average Food and Non-Food Inflation rate (August EFY2015 - August EFY2016)**

Month	Food	Non-Food
August EFY2015	39.9	27.0
September	38.8	27.5
October	37.9	28.1
November	37.5	29.1
December	36.8	29.8
January	36.2	30.4
February	35.2	31.5
March	34.5	32.5
April	33.7	33.2
May	32.5	33.7
June	31.7	33.9
August	31.0	33.9
August-EFY2016	30.4	33.7





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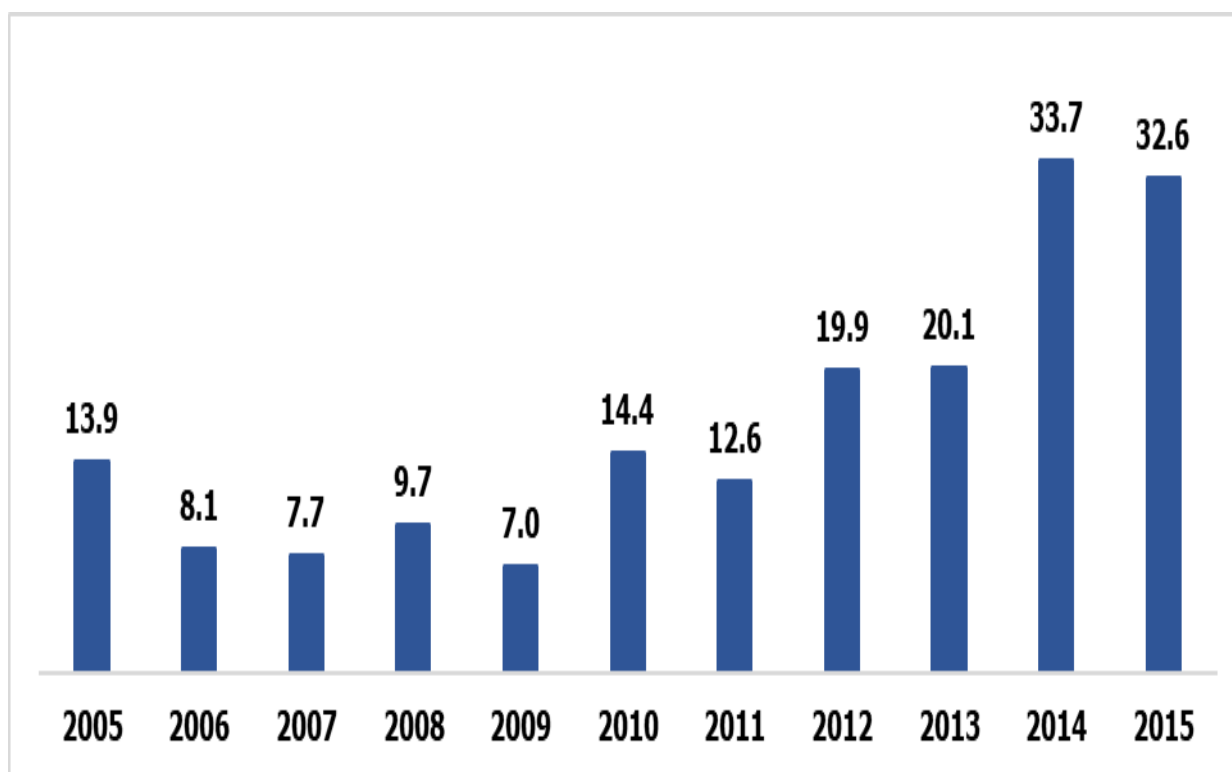
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#### 4. Annual Inflation trend

Relatively low and reduction in inflation rate was observed between 2005 and 2009. Since **EFY2010** inflation rate stick to double digit.

Fig 3: Average Annual General inflation in Ethiopia at the end of EFY2015 (Year-on-Year)



The **average annual general inflation rate** for the country stood at **(32.6 %)** in **EFY2015** compared to **(33.7 %)** in **EFY2014**. The past four years are unfavorable for the households, due to high inflation in the country. Specially, in the year EFY2014 and EFY2015, the inflation rate has been over 30 percent for most months. Internal and external factors forced the inflation to be at higher level; COVID19, internal conflict, and Russia-Ukraine War were the major factors.



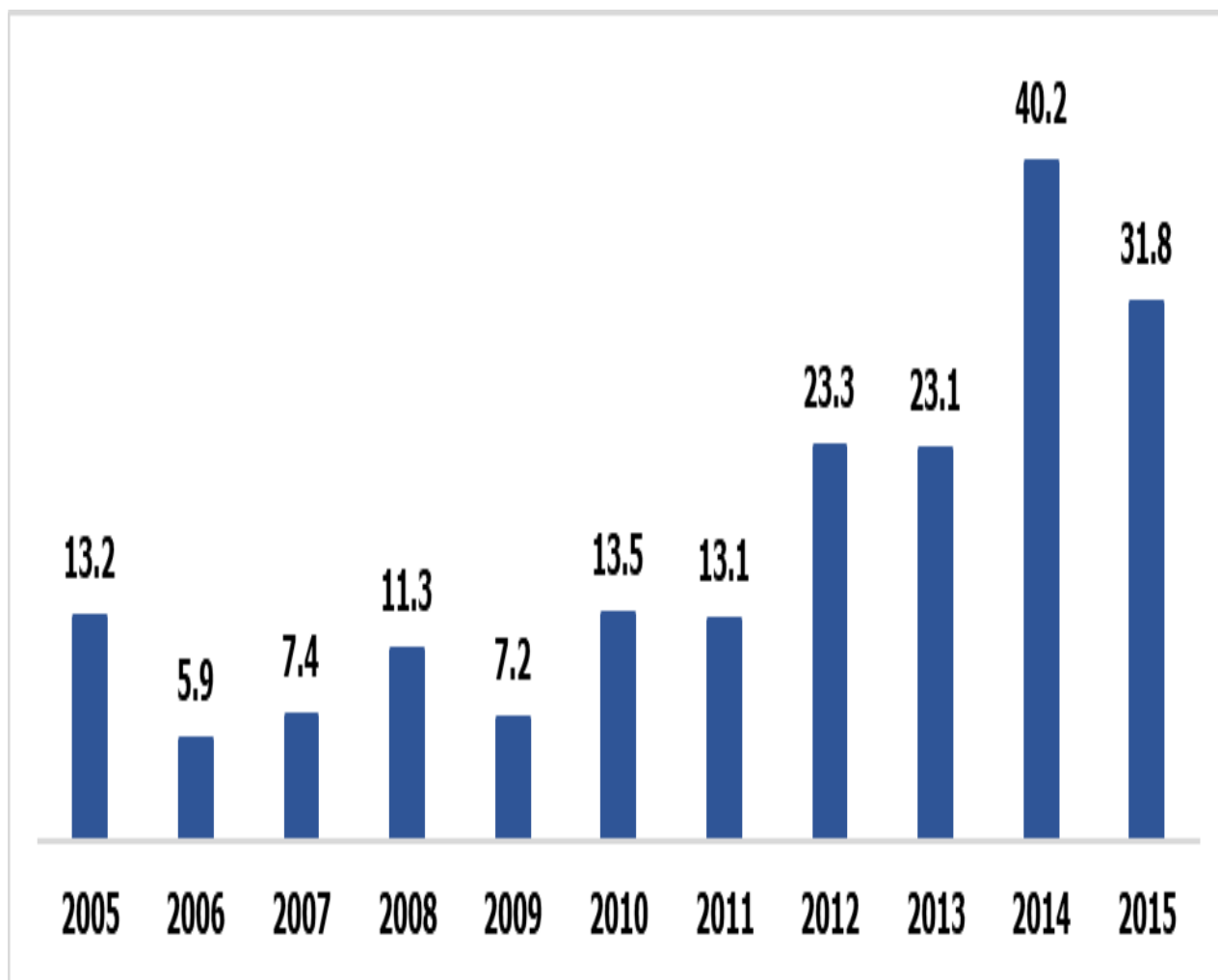
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Fig 4: Average Annual Food Inflation in Ethiopia at the end of EFY2015 (Year-on-Year)



The **average annual food inflation** rate for the country stood at **(31.8 %)** in **EFY2015** compared to **(40.2 %)** in **EFY2014**, about eight percentage point reduction compared to last year figure. But since 2010 the inflation rate stacked at double digit.



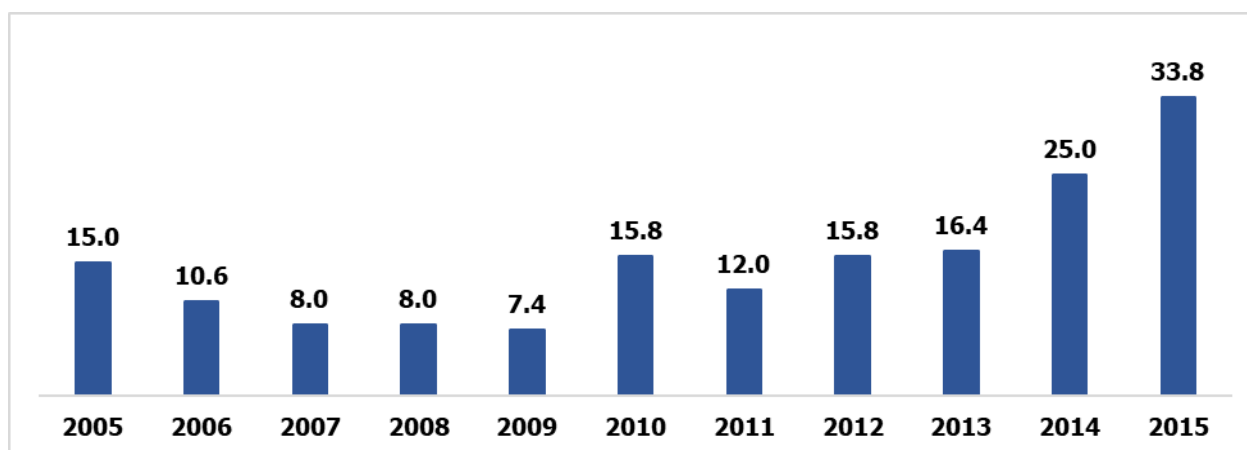
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Fig 5: Average Annual Non-Food Inflation in Ethiopia at the end of EFY2015 (Year-on-Year)



The average annual non-food inflation rate for the country stood at **(33.8 %)** in **EFY2015** compared to **(25.0 %)** in **EFY2014**. Non-food inflation movement, the past ten year divided into two. Between 2005 and 2009 non-food inflation showed reduction and since then the rate demonstrate increasing trend. This is may be attached to Birr devaluation against USD, Russia-Ukraine War, and increase of international price of gasoline, as most of non-food items are imported or utilize imported raw materials whose price can be affected by exchange rate, Russia-Ukraine War, and increase of international price.



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### 5. GLOSSARY

- **General Inflation:** The highest level of aggregation of inflation which covers all the items within the scope of the inflation.
- **Food Inflation:** inflation which covers all food items within the scope of the inflation.
- **Non-food Inflation:** inflation which covers all non-food items within the scope of the inflation.
- **Year-on-Year percentage change:** The Yearly percentage change is the change in the index of the relevant month of the current year compared with the index of the same month in the previous year expressed as a percentage.
- **Month-to-Month percentage change:** The monthly percentage change is the change in the index of the relevant month compared with the index of the previous month expressed as a percentage.
- **Index reference period (December EFY2009=100):** The period with which all other periods are compared (the period for which the value of the CPI is set at 100).

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