



# ETHIOPIAN STATISTICAL SERVICE

## Statistical Bulletin

### MONTHLY NEWS RELEASE

#### INFLATION REPORT ON MAY, EFY 2016

Issue No. 11/2016

May 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 **23.3 percent** for the month of May EFY2016. A year earlier (in May EFY2015), the rate was **30.8 percent**.

The month-on-month general inflation rate stood at **0.5 percent** for the month of May-EFY2016. It was **0.6 percent** in May 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 May EFY2016 compared with May EFY2015.

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

The year-on-year inflation and the month-to-month inflation rates 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 May 2016 EFY, stood at **25.5%**. This implies that the CPI of Food and Non-Alcoholic Beverages has, on average, increased by **25.5%** compared to May EFY2015. The major contributing factors for the rise of food inflation for May EFY2016 was the observed increase in the average prices of major food commodities such as bread and cereals (**30.9%**), vegetables (**30.7%**), meat (**27.0%**), Sugar, jam, honey & chocolate (**34.3%**), Milk, Cheese and Eggs (**19.0%**), Oils and Fats (**11.5%**), Fruit (**6.2%**), and Food products n.e.c (**23.3%**).

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Notably, for the last twelve months except October and December, the inflation rate mostly showed reduction. Reduced from **30.8** percent in May, **29.3** percent in June, **28.8** percent in July EFY2016, **28.2** percent in August EFY2016, **28.3** Percent in September EFY2016, and **28.3** Percent in November EFY2016. The price increase in October and December months attached to the fact that these months are overlaps with new year, school starting period, and Christmas celebrations. Further decline in the magnitude of inflation has been observed in February EFY2016 (**28.2%**), March EFY2016 (**26.2%**), April EFY2016 (**23.3%**) and May EFY2016 (**23.3%**). The month of May EFY2016 has been coincided with Ethiopian Easter and the Ramadan holidays which has seen some increase in prices.

**Table 1: General, Food and Non-Food Inflation Rate (% ,Year-on-Year) May EFY2015 - May EFY201 6**

Month/Year	General	Food	Non-Food
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 EFY2014- June EFY2015	32.5	31.7	33.9
May-EFY 2015	30.8	28.5	34.4
June	29.3	28.0	31.4
July	28.8	27.3	31.1
August	28.2	26.5	30.7
September	28.3	27.1	30.0
October	29.2	29.7	28.5
November	28.3	30.0	26.0
December	28.7	30.6	26.1
January	29.4	32.2	25.3
February	28.2	31.6	23.5
March	26.2	29.0	22.0
April	23.3	27.0	18.0
May-EFY 2016	<b>23.3</b>	<b>25.5</b>	<b>20.0</b>

Base year: December, EFY2009= 100

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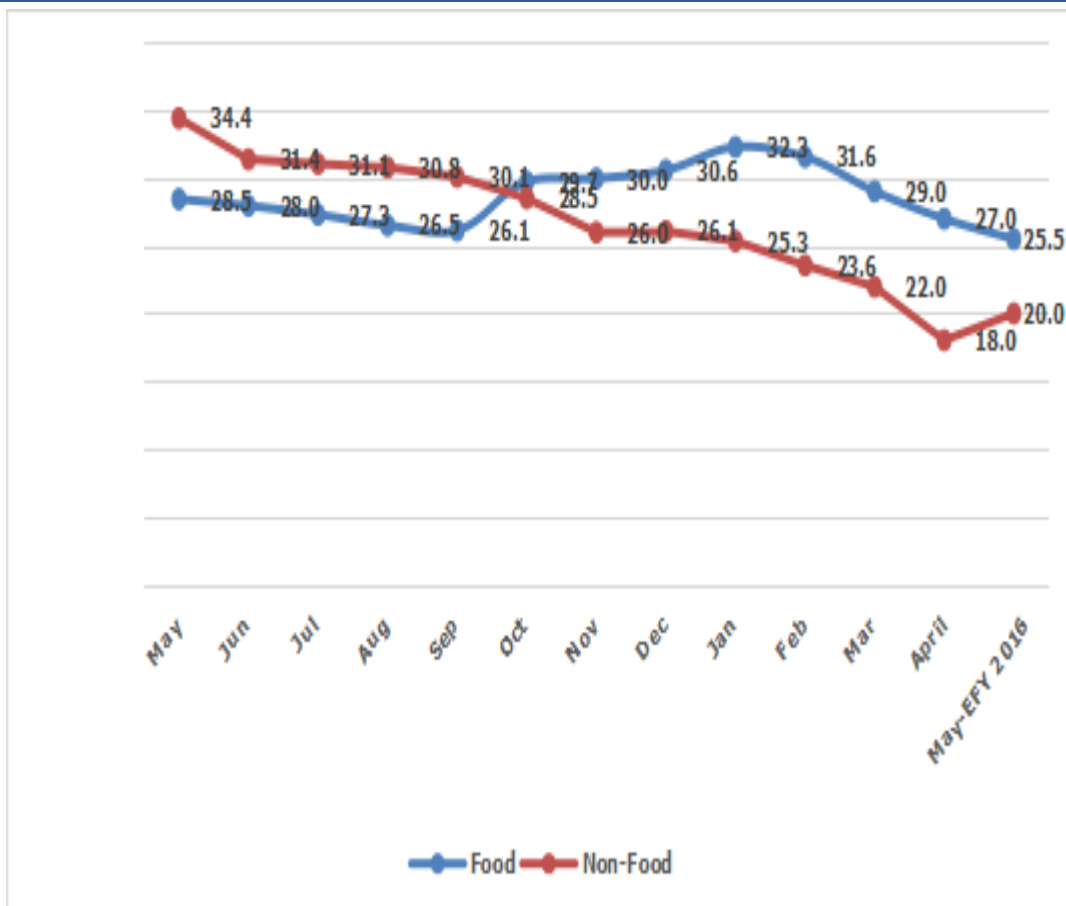


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#### Non-Food Inflation and Alcoholic Beverages (Year-on-Year)

As can be seen from the above figure, both the food and the non-food year-on-year inflation rate have continued to increase slowly in the recent months. The Non-Food inflation increased by **20.0 percent** in the same period. Particularly, Alcoholic Beverages and Tobacco increased by **(29.5%)**; Housing, water, electricity & other fuel component **(24.1%)**; Furnishings, household equipment & routine maintenance of the House **(14.7%)**; Health **(24.0 %)**; Transport **(15.7 %)**; Communication **(33.4%)**; Education **(33.3 %)**; Restaurants and hotels **(25.2%)** and Miscellaneous goods and services **(15.7 %)** have contributed for the rise in non-food inflation rate in May EFY2016.



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

When we look at major division of food and non-food commodities, which holds large share in the commodity basket, the inflation rate at May EFY2016 showed a slight decline from that of the previous month. From Food and Non-Alcoholic Beverage aspect, the highest weight is hold by Bread and Cereals, Vegetables, Other-Food products, Non-Alcoholic Beverage, and Meat; whose inflation at May EFY2016 is recorded an increase for Bread & Cereals **(30.9%)**; Vegetables **(30.7%)**; Other-Food products (Food products not elsewhere classified) **(23.3%)**; Meat **(27.0%)** and Non-Alcoholic Beverages & coffee **(4.4%)**.

Similarly, during May 2016 EFY the year-on-year inflation rate of the major Non- Food items of Housing, Water, Electricity, Gas, & Other Fuels **(24.1%)**; Restaurants and Hotels **(25.2%)**; Alcoholic Beverages & Tobacco **(29.5%)**; Furnishings, Household Equipment & Routine Household Maintenance of the House **(14.7%)** and Clothing and Footwear **(4.8%)** have contributed for the rise in non-food inflation rate in May EFY2016.

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

CPI Items	Items Weight in CPI (%)	% change on Year-on-Year Inflation May EFY2015 compared with May EFY2016	% change in Month-to-Month inflation May EFY2016 compared to April EFY2016
<b>Major Food and Non-Alcoholic Beverage components</b>	<b>53.5</b>	<b>25.5</b>	<b>0.0</b>
Bread and Cereals	17.1	30.9	-1.0
Vegetables	12.3	30.7	-1.9
Other-Food products	5.6	23.3	0.8
Non-Alcoholic Beverage	5.1	4.4	5.3
Meat	4.1	27.0	4.5
<b>Major Non-Food Components</b>	<b>46.5</b>	<b>20.0</b>	<b>1.4</b>
Housing, Water, Electricity, Gas and Other Fuels	16.8	24.1	3.2
Clothing and Footwear	5.7	4.8	0.7
Restaurants and Hotels	5.3	25.2	0.0
Alcoholic Beverages and Tobacco	4.9	29.5	0.3
Furnishings, Household Equipment and Routine Maintenance of the House	4.7	14.7	1.8

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### Month-to-Month Inflation Rate

The **month-to-month general inflation rate** for **May EFY2016** has increased by **0.5 percent** compared to what was in **April EFY2016**. During the same month, the **food and non-alcoholic** component of the inflation has remained the same whereas the **non-food** component for its part increased by **1.4 percent**.

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

Month	General month-to-month inflation
May-EFY 2015	0.6
June	3.3
July	2.6
August	2.4
September	2.1
October	2.1
November	1.2
Dec	0.7
Jan	1.8
Feb	1.0
March	4.0
April	-0.7
<b>May-EFY 2016</b>	<b>0.5</b>

**Month-to-Month Inflation of Food and Non-Food categories:** In May EFY2016, among the food components of the CPI, Meat (**4.5%**), Fish and sea food (**3.4%**), Milk, Cheese and Eggs (**2.2%**), Oils and Fats (**0.1%**), Food products n.e.c (**0.8%**), Non-Alcoholic beverages and coffee (**5.3%**) experienced a significant increase on the month to month basis.



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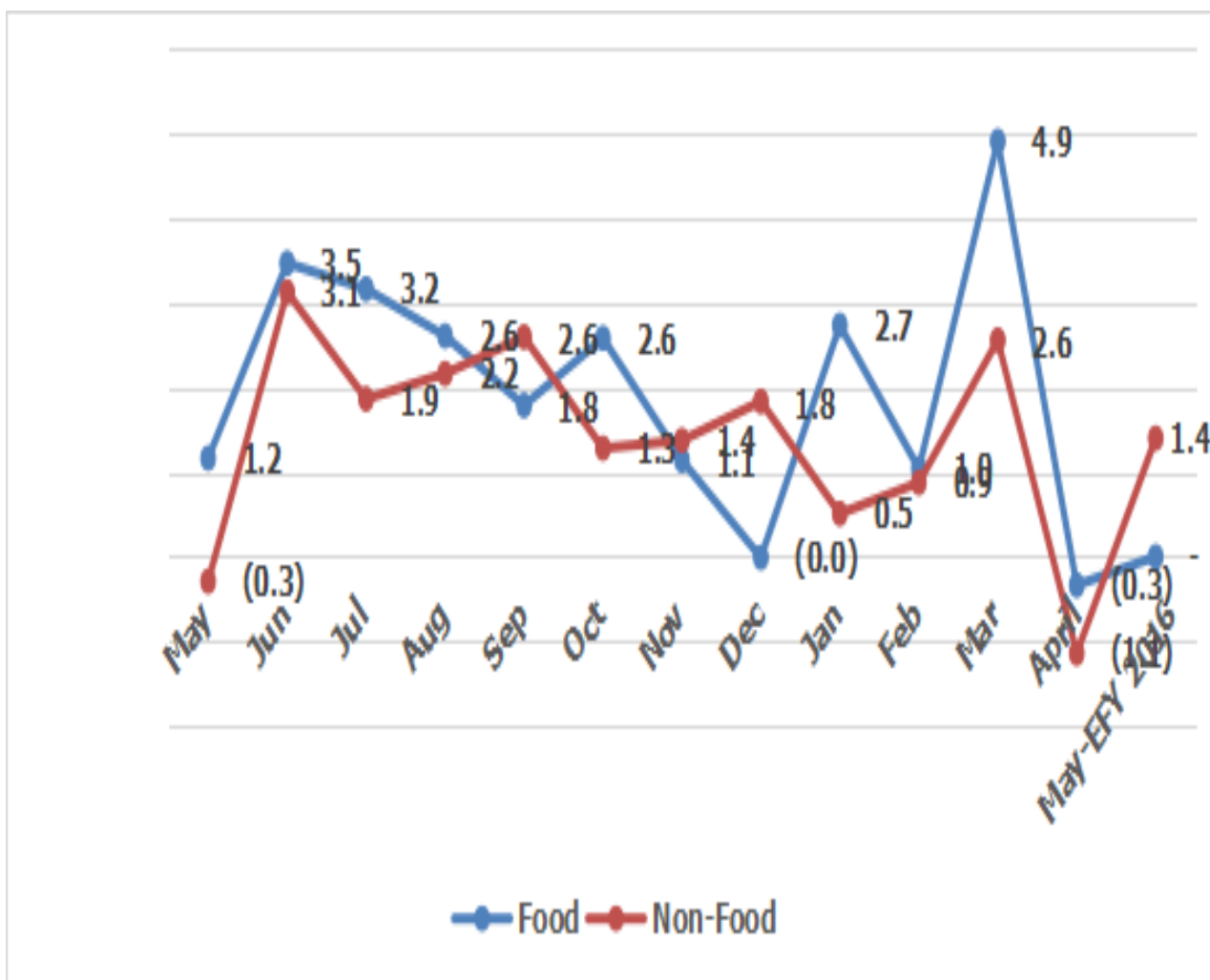
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Looking at non-food items, the increase in month-to-month comparison was observed for Alcoholic beverages and tobacco **(0.3%)**, Clothing and Footwear **(0.7%)**, Housing, water, Electricity, gas and other fuels **(3.2%)**, Furniture, Furnishing, household equipment and routine maintenance of the house **(1.8%)**, Communication **(2.9%)**, Recreation and culture **(1.3%)**, Education **(6.8%)** and Miscellaneous Goods and Services **(0.4%)** demonstrated price increase during the month.

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





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

The 12-month moving average figures provides a broader perspective on inflation trends over a longer period. As it is indicated in Table below the country level overall inflation rate (annual change based on **12 months Moving Average**) rose by **27.4 percent** in May EFY2016 as compared to the one observed in a similar period a year ago. Since May inflation has been relatively eased in the country.

**Table 4. Overall CPI and 12-month moving average Overall Inflation rate May EEFY2016**

Month	12 Months moving Average Overall CPI	12-Month Moving Average overall Inflation
May-EFY2015	330.4	33.0
June	337.6	32.5
July	344.8	32.1
August	352.1	31.7
September	359.6	31.4
October	367.3	31.2
November	375.0	30.6
December	382.9	30.2
January	391.1	29.9
February	399.1	29.6
March	406.9	28.9
April	414.0	28.1
May-EFY2016	<b>421.1</b>	<b>27.4</b>





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

Dis-aggregated, **12-month moving average food** inflation increased by **28.6 percent** as compared to the one observed a year ago and non-food inflation rate increased by **25.7 percent** in May EFY2016 as compared to the one observed in May EFY2015.

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

Baseline: Dec, EFY2009= 100

Month	12-month moving average Food Inflation	12-month moving average Non-Food Inflation
May-EFY2015	32.5	33.7
June	31.7	33.9
July	31.0	33.9
August	30.4	33.7
September	30.0	33.6
October	29.8	33.2
November	29.5	32.2
December	29.4	31.4
January	29.4	30.6
February	29.6	29.6
March	29.3	28.4
April	28.9	26.9
May-EFY2016	<b>28.6</b>	<b>25.7</b>





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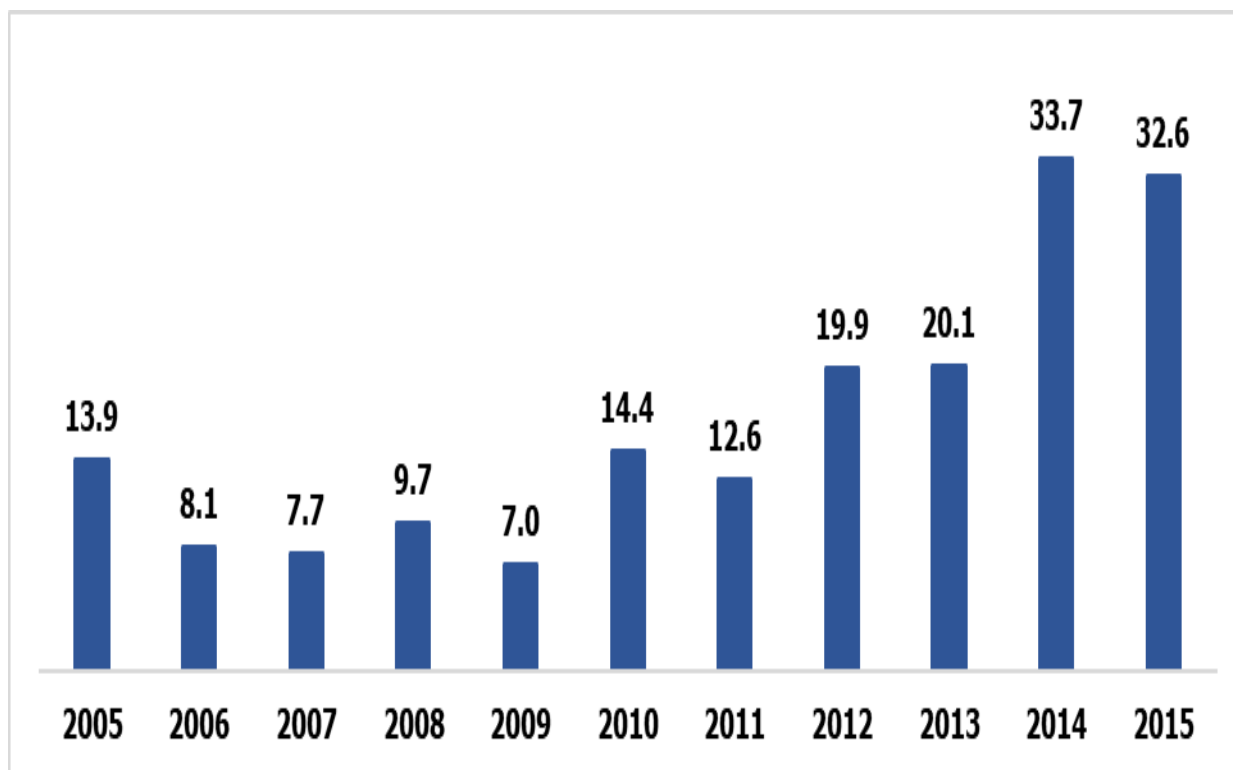
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#### 4. Annual Inflation trend

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.



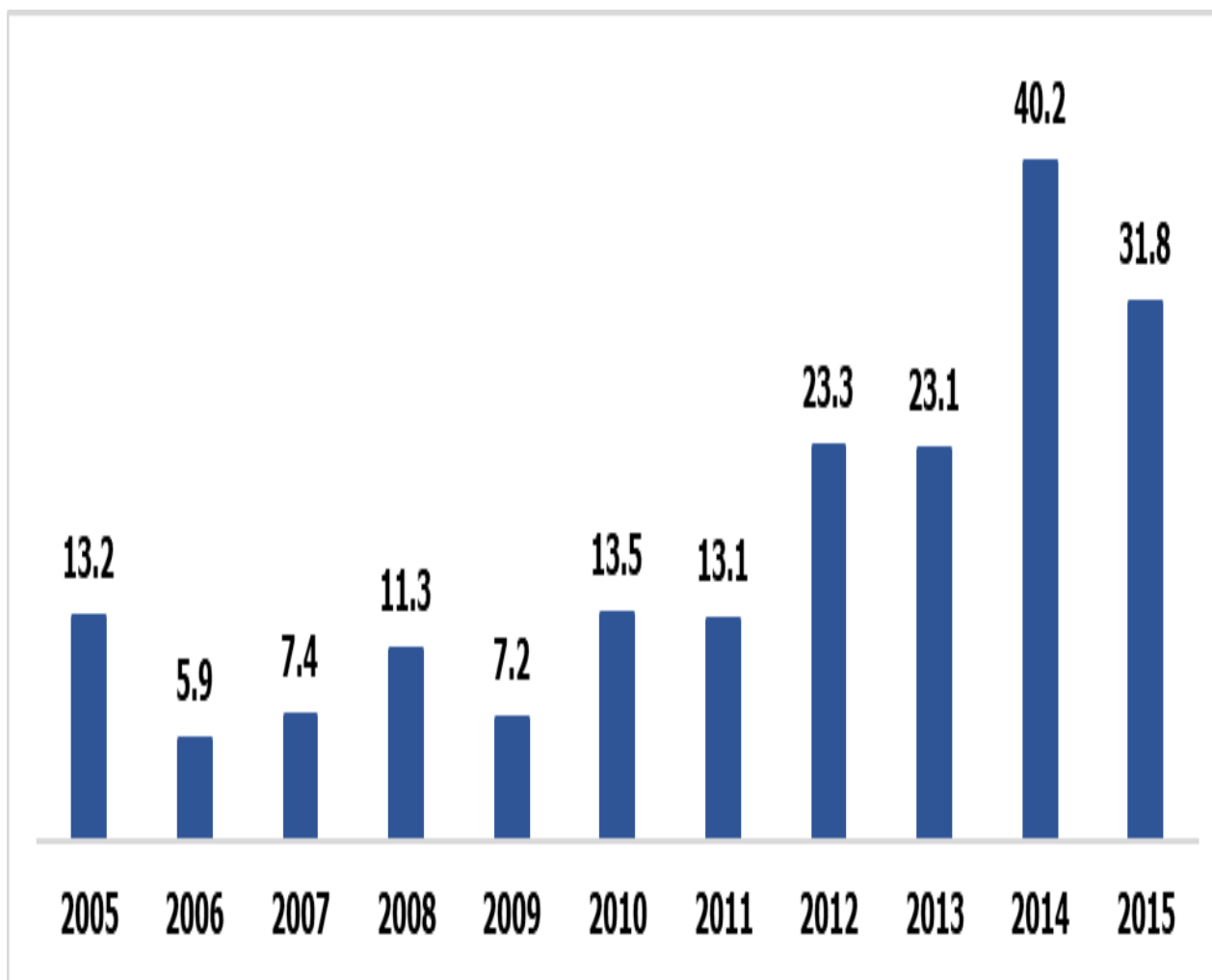
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Fig 4: Average Annual Food Inflation in Ethiopia at the end of EFY2015 (Year-on-Year)



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.



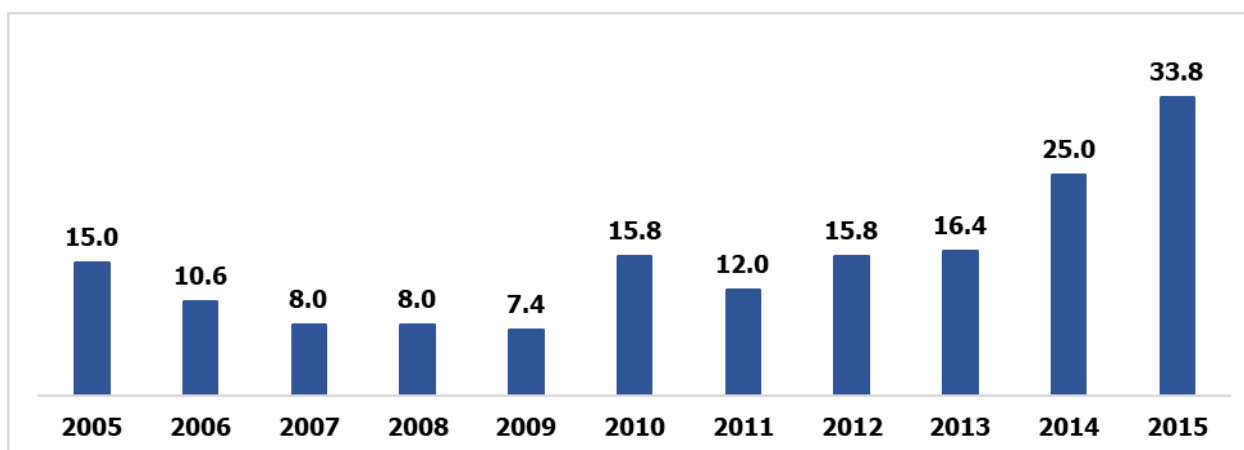
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Fig 5: Average Annual Non-Food Inflation in Ethiopia at the end of EFY2015 (Year-on-Year)



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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