



# ETHIOPIAN STATISTICAL SERVICE

## Statistical Bulletin

### MONTHLY NEWS RELEASE

Issue No. 37/2018

July EFY2018

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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 **15.3 percent** for the month of July **EFY2018**. A year earlier (in July **EFY2017**), the rate was **13.7 percent**.*

*The month-on-month general inflation rate increased by **2.6 percent** for the month of July-**EFY2018**. It was **1.3 percent** in July **EFY2017**.*

*General inflation encompasses of two main divisions and twenty-one groups of expenditures. These divisions registered the following price changes during the month of July **EFY2018** compared with July **EFY2017**.*

### 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 **July 2018 EFY** stood at **15.7%**. This implies that the CPI of Food and Non-Alcoholic Beverages has, on average, increased by **15.7%** compared to July **EFY2017**. The major contributing factors for the rise of food inflation for July **EFY2018** was the observed increase in the average prices of major food commodities such as vegetables increased by **(13.6%)**, meat increased by **(21.6%)**, Sugar, jam, honey & chocolate increased by **(39.4%)**, Milk, Cheese and Eggs increased by **(18.9%)**, Oils and Fats increased by **(20.3%)**, **Fruit** increased by **(19.2%)**, and Food products n.e.c increased by **(18.2%)** and bread and cereals increased by **(8.0%)**.



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Beginning from December-EFY 2017 the magnitude of the inflation rate steadily declined overtime. In July EFY-2018 General inflation was **15.3%** as compared to the one observed in July- EFY2017.

| Month/Year                  | General     | Food        | Non-Food    |
|-----------------------------|-------------|-------------|-------------|
| July EFY2009 - July EFY2010 | 14.4        | 13.4        | 15.9        |
| July EFY 2010 - JulyEFY2011 | 12.6        | 13.1        | 11.9        |
| July EFY2011 - July EFY2012 | 19.9        | 23.3        | 15.9        |
| July EFY2012 - July EFY2013 | 20.2        | 23.2        | 16.4        |
| July EFY2013 - July EFY2014 | 33.8        | 40.3        | 25.2        |
| July EFY2014 - July EFY2015 | 32.5        | 31.7        | 33.9        |
| July EFY2015 - July EFY2017 | 26.6        | 28.1        | 24.3        |
| July EFY2016 - July EFY2017 | 16.0        | 16.2        | 15.8        |
| July EFY2017 - July EFY2018 | <b>11.7</b> | <b>12.0</b> | <b>11.3</b> |
| July-EFY 2017               | 13.7        | 12.1        | 16.1        |
| August                      | 13.6        | 12.7        | 15.1        |
| September                   | 13.2        | 12.1        | 14.8        |
| October                     | 11.7        | 10.2        | 14.2        |
| November                    | 10.9        | 10.6        | 11.4        |
| December                    | 9.7         | 9.8         | 9.6         |
| January                     | 9.8         | 10.4        | 9.0         |
| February                    | 9.7         | 10.8        | 8.1         |
| March                       | 9.4         | 11.0        | 7.0         |
| April                       | 11.7        | 13.5        | 9.1         |
| May                         | 13.4        | 15.0        | 11.1        |
| June                        | 13.9        | 15.1        | 12.2        |
| <b>July-EFY 2018</b>        | <b>15.3</b> | <b>15.7</b> | <b>14.8</b> |



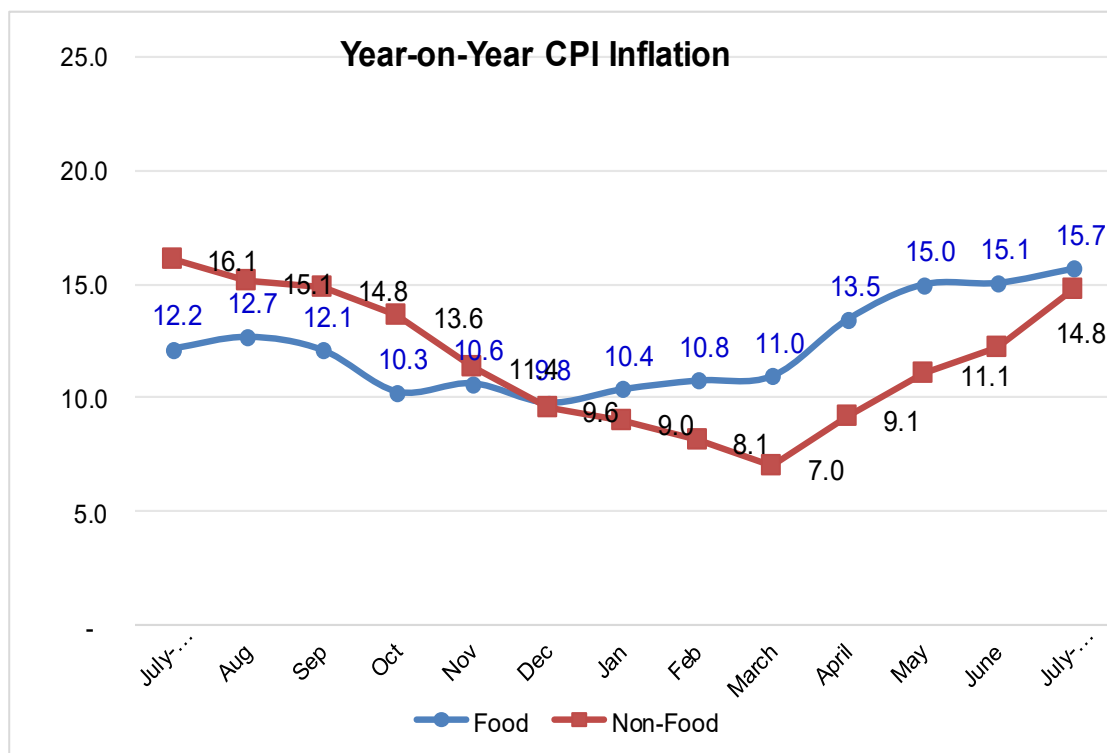
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Fig 1: Food and Non-Food Inflation (% , Year-on-Year), July EFY2017 - July EFY2018



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

As can be seen from the above figure, in July-ETY2018 year-on-year inflation rate for Food and Non-Food increased by **15.3 percent** and by **14.8 percent** respectively. Particularly, Alcoholic Beverages and Tobacco increased by **(16.0%)**; Housing, water, electricity & other fuel component increased by **(13.3%)**; Furnishings, household equipment & routine maintenance of the House increased by **(15.2%)**; Health increased by **(12.8%)**; Transport increased by **(15.6%)**; Communication increased by **(8.0%)**; Education increased by **(25.3%)**; Restaurants and hotels increased by **(15.3%)** and Miscellaneous goods and services increased by **(19.3%)** have contributed for the rise in non-food inflation rate in July EFY2018. 0



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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 magnitude of Food and Non-alcoholic beverages inflation rate at July EFY2018 showed **15.7%** as compared to the same month in the previous year. From Food and Non-Alcoholic Beverage aspect, the highest weight is held by Bread and Cereals, Vegetables, Other-Food products, Non-Alcoholic Beverage, and Meat; whose inflation at July EFY2018; Bread & Cereals **(8.0%)**; Vegetables increased by **(13.6%)**; Other-Food products (Food products not elsewhere classified) increased by **(18.2%)**; Meat increased by **(21.6%)** and Non-Alcoholic Beverages & coffee increased by **(33.0%)**.

Similarly, during July 2018 EFY the year-on-year inflation rate of the major Non- Food items of Housing, Water, Electricity, Gas, & Other Fuels increased by **(13.3%)**; Restaurants and Hotels increased by **(15.3%)**; Alcoholic Beverages & Tobacco increased by **(16.0%)**; Furnishings, Household Equipment & Routine Household Maintenance of the House increased by **(15.2%)** and Clothing and Footwear increased by **(15.0%)**.

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 July EFY2017 compared with July EFY2018 | % change in Month-to-Month inflation June EFY2018 compared to July EFY2018 |
|-----------------------------------------------------------------------|------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|
| <b>Major Food and Non-Alcoholic Beverage components</b>               | <b>53.5</b>            | <b>15.7</b>                                                                | <b>2.3</b>                                                                 |
| Bread and Cereals                                                     | 17.1                   | 8.0                                                                        | 1.4                                                                        |
| Vegetables                                                            | 12.3                   | 13.6                                                                       | 2.0                                                                        |
| Other-Food products                                                   | 5.6                    | 18.2                                                                       | 2.7                                                                        |
| Non-Alcoholic Beverage                                                | 5.1                    | 33.0                                                                       | 3.2                                                                        |
| Meat                                                                  | 4.1                    | 21.6                                                                       | 4.4                                                                        |
| <b>Major Non-Food Components</b>                                      | <b>46.5</b>            | <b>14.8</b>                                                                | <b>3.0</b>                                                                 |
| Housing, Water, Electricity, Gas and Other Fuels                      | 16.8                   | 13.3                                                                       | 3.3                                                                        |
| Clothing and Footwear                                                 | 5.7                    | 15.0                                                                       | 2.4                                                                        |
| Restaurants and Hotels                                                | 5.3                    | 15.3                                                                       | 3.0                                                                        |
| Alcoholic Beverages and Tobacco                                       | 4.9                    | 16.0                                                                       | 3.1                                                                        |
| Furnishings, Household Equipment and Routine Maintenance of the House | 4.7                    | 15.2                                                                       | 3.0                                                                        |



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### Month-to-Month Inflation Rate

The month-to-month general inflation rate for **July EFY2018** has increased by **2.6 percent** compared to what was observed last month. During the same month, the **food and non-alcoholic** component of the inflation increased by at **2.2 percent** whereas the **non-food** component for its part increased by **3.0 percent**.

**Table 3: General Inflation Rate (% , Month-to-Month), June EFY2018 - July EFY2018**

| Month                | General month-to-month inflation |
|----------------------|----------------------------------|
| July-EFY 2017        | 1.3                              |
| August               | 1.1                              |
| September            | 2.0                              |
| October              | 2.2                              |
| November             | -1.4                             |
| December             | -0.3                             |
| January              | 0.7                              |
| February             | 0.4                              |
| March                | 2.3                              |
| April                | 2.3                              |
| May                  | 1.7                              |
| June                 | 0.9                              |
| <b>July-EFY 2018</b> | <b>2.6</b>                       |

### Month-to-Month Inflation of Food and Non-alcoholic Beverages :

In July EFY2018, among the food components of the CPI, Meat increased by **(4.4%)**, Fish and sea food increased by **(2.4%)**, Milk, Cheese and Eggs increased by **(1.2%)**, Oils and Fats increased by **(2.5%)**, Food products n.e.c increased by **(2.7%)** and Non-Alcoholic beverages and coffee increased by **(3.2%)** on the month to month basis.



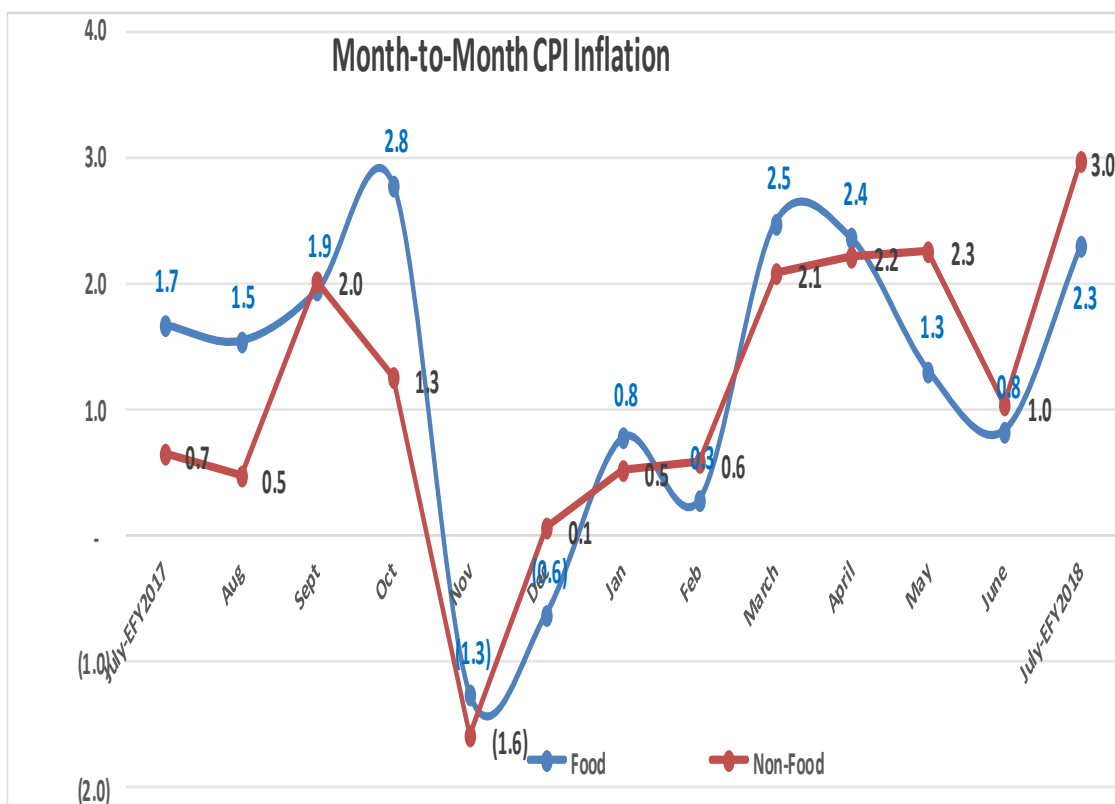
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### Non-Food Inflation (% , Month-to-Month)

Looking at non-food items, the month-to-month comparison was observed for Alcoholic beverages and tobacco increased by **(3.1%)**, Clothing and Footwear increased by **(2.4%)**, Furniture, Furnishing, household equipment and routine maintenance of the house increased by **(3.0%)**, Housing, water, Electricity, gas and other fuels increased by **(3.3%)**, Transport increased by **(3.0%)**, Recreation and culture increased by **(1.9%)**, and Hotel and Restaurants increased by **(3.0%)**, Health increased by **(1.8%)**, Communication decreased by **(1.4%)**, and Miscellaneous Goods and Services increased by **(3.0%)** during the month.

Fig 2: Food and Non-Food Inflation (% , Month-to-Month), June EFY2018 - July EFY2018





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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**) was **11.9 percent** in July EFY2018 as compared to the one observed in a similar period a year ago. Since EFY2017 inflation has been relatively eased in the country.

Table 4. Overall CPI and 12-month moving average Overall Inflation rate July EEFY2018

| Month        | 12 Months moving Average Overall CPI | 12-Month Moving Average overall Inflation |
|--------------|--------------------------------------|-------------------------------------------|
| July-EFY2017 | 500.9                                | 15.6                                      |
| August       | 506.2                                | 15.3                                      |
| September    | 511.4                                | 15.0                                      |
| October      | 516.3                                | 14.3                                      |
| November     | 520.7                                | 13.8                                      |
| December     | 524.7                                | 13.2                                      |
| January      | 528.8                                | 12.7                                      |
| February     | 532.8                                | 12.3                                      |
| March        | 536.8                                | 12.0                                      |
| April        | 541.9                                | 11.7                                      |
| May          | 547.6                                | 11.7                                      |
| June         | 553.6                                | 11.7                                      |
| July-EFY2018 | <b>560.3</b>                         | <b>11.9</b>                               |



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### 12-month moving average Food and Non-Food Inflation rate (July EFY2017 - July EFY2018)

Dis-aggregated, 12-month moving average food inflation increased by **12.3 percent** as compared to the one observed a year ago and non-food inflation rate increased by **11.3 percent** in July EFY2018 as compared to the one observed in July EFY2017.

**Table 5: 12-month moving average Food and Non-Food Inflation rate (July EFY2017 - July EFY2018)**

Baseline: Dec, EFY2009= 100

| Month        | 12-month moving average Food Inflation | 12-month moving average Non-Food Inflation |
|--------------|----------------------------------------|--------------------------------------------|
| July-EFY2017 | 15.5                                   | 15.8                                       |
| August       | 15.0                                   | 15.9                                       |
| September    | 14.4                                   | 15.9                                       |
| October      | 13.4                                   | 15.8                                       |
| November     | 12.8                                   | 15.4                                       |
| December     | 12.1                                   | 15.0                                       |
| January      | 11.6                                   | 14.4                                       |
| February     | 11.3                                   | 13.8                                       |
| March        | 11.3                                   | 13.0                                       |
| April        | 11.4                                   | 12.2                                       |
| May          | 11.7                                   | 11.7                                       |
| May          | 11.9                                   | 11.3                                       |
| July-EFY2018 | <b>12.3</b>                            | <b>11.3</b>                                |



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### Recent Improvements in CPI Price survey

The monthly consumer price data collection first started in Addis Ababa in 1963 (1955 E.C). The consumer price survey which started in the capital city helped to prepare Consumer Price Index (CPI) for the city of Addis Ababa which was used as an indicator of national price movement for long time periods. Starting from July 2000 GC, CPI coverage expanded to 9 regions and 2 city administrations. Through this approach a number of zones were first selected and in each zone two Woredas were selected. From the 2 Woredas a list of 8 markets were prepared and ranked by size (population), importance of the market, wide variety of goods sold and, use of the market by both urban and rural households. From each zone two urban markets were selected for price data collection. However, these 120 markets selected 25 years ago and become less representative given the fast growth in regional towns and cities in terms of population, economic activities, and the creation of new administrative structures. Furthermore, complaints were raised by stakeholders from time to time that the CPI coverage has been limited to 120 urban markets for a quarter of a century in spite of big structural and economic changes in the country.

This led the Ethiopian Statistics Service to review data collection sample markets that are representative following a consistent approach applied to select the existing 120 markets. This exercise led to the selection of 80 new markets. This makes a total of 200 markets (120 old markets and 80 new markets) for price survey. To see what effect the new market selection could have on the CPI series, Pilot Surveys were conducted in the newly selected 80 markets starting from July 2024. In the subsequent piloting exercises conducted for one year CPI results showed negligible differences between 120 markets and the combined 200 markets.

This exercise was a milestone for the next CPI re-basing which is planned for July 2025=100 using the weights to be derived from 2017 EFY National Integrated Household Survey. Furthermore, these 80 new markets are important in order to include the four newly emerged regional states of Sidama, South, South West and Central Ethiopia for the future CPI compilation. Accordingly, the ESS has decided to do the price data collection and CPI production using the combined 200 markets (120 old+80 new) starting from July 2025.



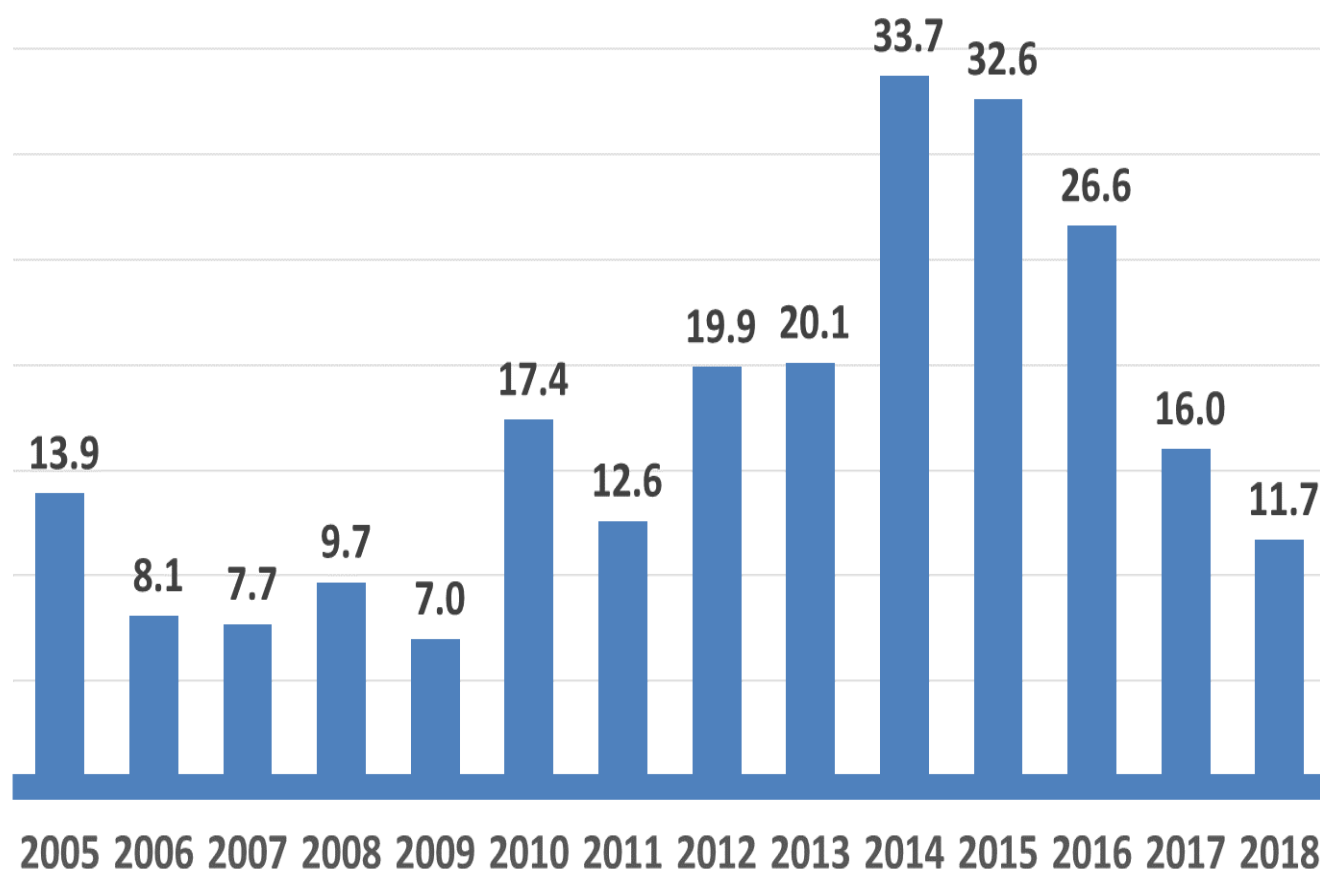
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### 4. Annual Inflation trend



The **average annual general inflation rate** for the country stood at **(11.7 %)** in **EFY2016** compared to **(16.0 %)** in **EFY2017**. The past four years were 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, America-Iran wars were the major factors.



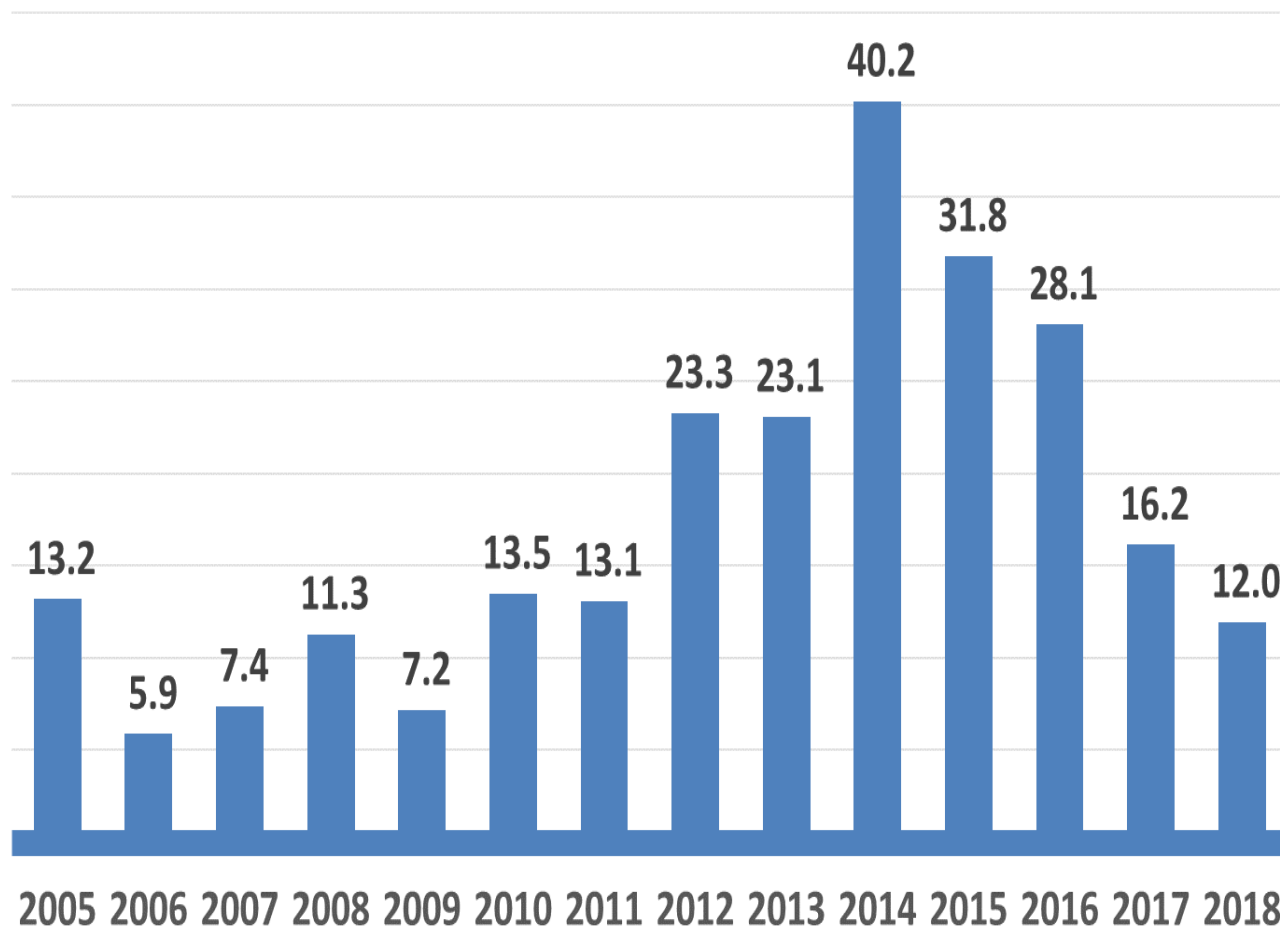
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Fig 4: Average Annual Food Inflation in Ethiopia since EFY2005 (Year-on-Year)



The **average annual food inflation** rate for the country stood at **(12.0 %)** in **EFY2018** compared to **(16.2 %)** in **EFY2017**, about four percentage point reduction compared to last year figure. But since 2010 the inflation rate stacked at double digit.

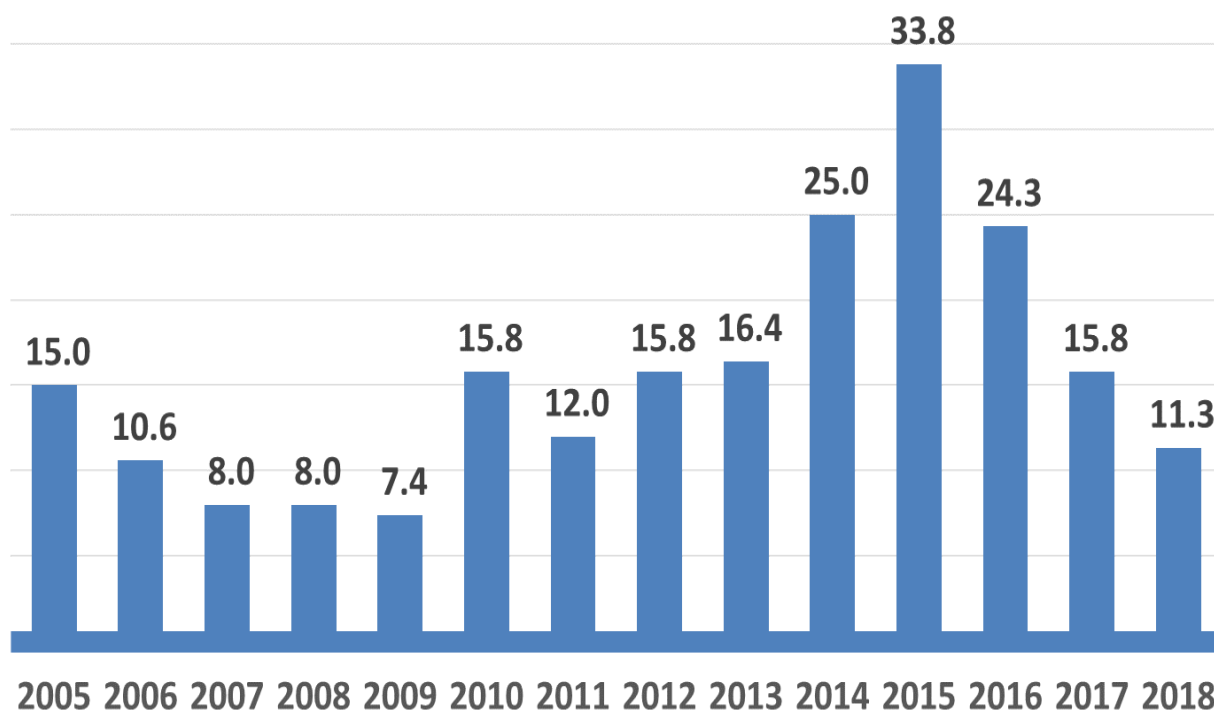


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The average annual non-food inflation rate for the country stood at **(11.3 %)** in **EFY2018** compared to **(15.8 %)** in **EFY2017**. Non-food inflation movement, in the past ten year is divided into two. Between 2005 and 2009 non-food inflation showed reduction and since then the rate demonstrate increasing trend until 2015. This is could 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. Relative easing of the non-food inflation for EFY2017 and 2018 is observed as a result of tight monetary policy in place to reduce bank credit.



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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 (January EFY2009=100):** The period with which all other periods are compared (the period for which the value of the CPI is set at 100).