



ETHIOPIAN STATISTICAL SERVICE

Statistical Bulletin

MONTHLY NEWS RELEASE

INFLATION REPORT ON MARCH, EFY 2017

Issue No. 21/2017

March EFY2017

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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 **13.6 percent** for the month of March EFY2017. A year earlier (in March EFY2016), the rate was **26.2 percent**. The month-on-month general inflation rate increased by **2.7 percent** for the month of March-EFY2017. It was **4.0 percent** in March EFY2016.*

General inflation encompasses of two main divisions and twenty-one groups of expenditures. These divisions registered the following price changes during the month of March EFY2017 compared with March EFY2016.

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 **March** 2017 EFY stood at **11.9%**. This implies that the CPI of Food and Non-Alcoholic Beverages has, on average, increased by **11.9%** compared to March EFY2016. The major contributing factors for the rise of food inflation for March EFY2017 was the observed increase in the average prices of major food commodities such as bread and cereals (**1.2%**), vegetables (**6.1%**), meat (**17.8%**), Sugar, jam, honey & chocolate (**28.8%**), Milk, Cheese and Eggs (**8.2%**), Oils and Fats (**36.3%**), Fruit (**13.4%**), and Food products n.e.c (**26.7%**).

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Beginning from March-EFY 2016 the magnitude of the inflation rate steadily declined up to March-EFY 2017. In March EFY-2017 General inflation was 13.6% as compared to the one observed in March-EFY2016.

Month/Year	General	Food	Non-Food
March EFY2009 - June EFY2010	14.4	13.4	15.9
March EFY 2010 - JuneEFY2011	12.6	13.1	11.9
March EFY2011 - June EFY2012	19.9	23.3	15.9
March EFY2012 - June EFY2013	20.2	23.2	16.4
March EFY2013 - June EFY2014	33.8	40.3	25.2
March EFY2014 - June EFY2015	32.5	31.7	33.9
March EFY2015 - June EFY2016	26.6	28.1	24.3
March-EFY 2016	26.2	29.0	22.0
April	23.3	27.0	18.0
May	23.3	25.5	20.0
June	19.9	22.7	15.8
July	18.6	20.6	15.6
August	17.2	18.8	14.7
September	17.5	19.6	14.3
October	16.1	19.2	11.6
November	16.9	18.5	14.4
December	17.0	18.7	14.4
January	15.5	15.8	15.0
February	15.0	14.6	15.6
March-EFY 2017	13.6	11.9	16.2

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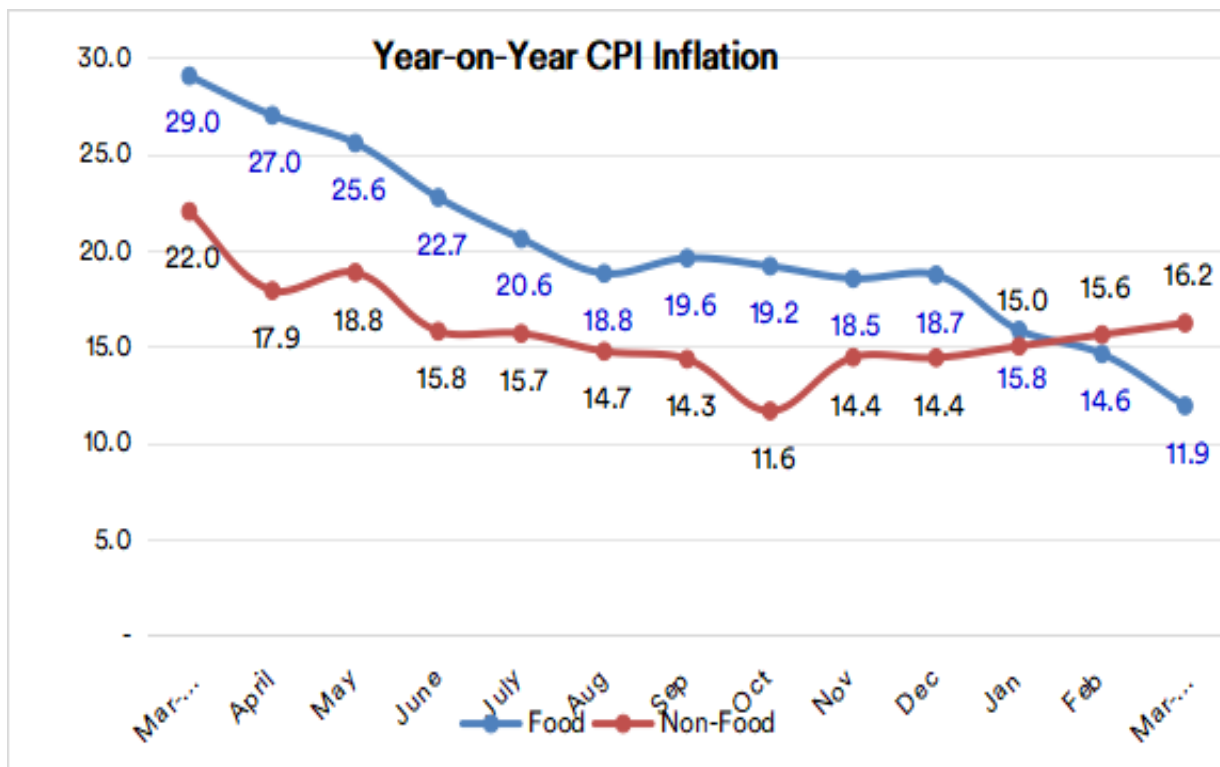
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Fig 1: Food and Non-Food Inflation (% , Year-on-Year), March EFY2016 - March EFY2017



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

As can be seen from the above figure, the non-food year-on-year inflation rate increased in March-EFY2017 as compared to last month while the Food inflation decreased in magnitude. The Non-Food inflation increased by **16.2 percent** in the same period. Particularly, Alcoholic Beverages and Tobacco increased by **(15.2%)**; Housing, water, electricity & other fuel component **(17.4%)**; Furnishings, household equipment & routine maintenance of the House **(15.4%)**; Health **(12.7%)**; Transport **(32.5%)**; Communication **(2.0%)**; Education **(23.3%)**; Restaurants and hotels **(18.3%)** and Miscellaneous goods and services **(18.4%)** have contributed for the rise in non-food inflation rate in March EFY2017.



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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 inflation rate at March EFY2017 showed a declining situation for Food as compared to 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 March EFY2017 is recorded an increase for Bread & Cereals **(1.2%)**; Vegetables **(6.1%)**; Other-Food products (Food products not elsewhere classified) **(26.7%)**; Meat **(17.8%)** and Non-Alcoholic Beverages & coffee **(50.2%)**.

Similarly, during March 2017 EFY the year-on-year inflation rate of the major Non- Food items of Housing, Water, Electricity, Gas, & Other Fuels **(17.4%)**; Restaurants and Hotels **(18.3%)**; Alcoholic Beverages & Tobacco **(15.2%)**; Furnishings, Household Equipment & Routine Household Maintenance of the House **(15.4%)** and Clothing and Footwear **(8.7%)**.

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 March EFY2016 compared with March EFY2017	% change in Month-to-Month inflation July EFY2017 compared to March EFY2017
Major Food and Non-Alcoholic Beverage components	53.5	11.9	2.5
Bread and Cereals	17.1	1.2	1.4
Vegetables	12.3	6.1	0.5
Other-Food products	5.6	26.7	3.0
Non-Alcoholic Beverage	5.1	50.2	6.4
Meat	4.1	17.8	1.4
Major Non-Food Components	46.5	16.2	3.2
Housing, Water, Electricity, Gas and Other Fuels	16.8	17.4	2.5
Clothing and Footwear	5.7	8.7	2.8
Restaurants and Hotels	5.3	18.3	4.7
Alcoholic Beverages and Tobacco	4.9	15.2	2.4
Furnishings, Household Equipment and Routine Maintenance of the House	4.7	15.4	4.1



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Month-to-Month Inflation Rate

The **month-to-month general inflation rate** for **March EFY2017** has increased by **2.7 percent** compared to what was observed in **February EFY2017**. During the same month, the **food and non-alcoholic** component of the inflation increased by **2.5 percent** whereas the **non-food** component for its part increased by **3.2 percent**.

Table 3: General Inflation Rate (% , Month-to-Month), March EFY2016 - March EFY2017

Month	General month-to-month inflation
March EFY 2016	4.0
April	-0.7
May	0.5
June	0.9
July	1.5
August	1.2
September	2.4
October	0.9
November	-0.8
December	0.8
January	0.6
February	0.5
March-EFY 2017	2.7

Month-to-Month Inflation of Food and Non-Food categories: In March EFY2017, among the food components of the CPI, Meat increased by (1.4%), Fish and sea food increased by (0.9%), Milk, Cheese and Eggs increased by (5.7%), Oils and Fats increased by (7.5%), Food products n.e.c increased by (3.0%), Non-Alcoholic beverages and coffee increased by (6.4%) on the month to month basis.

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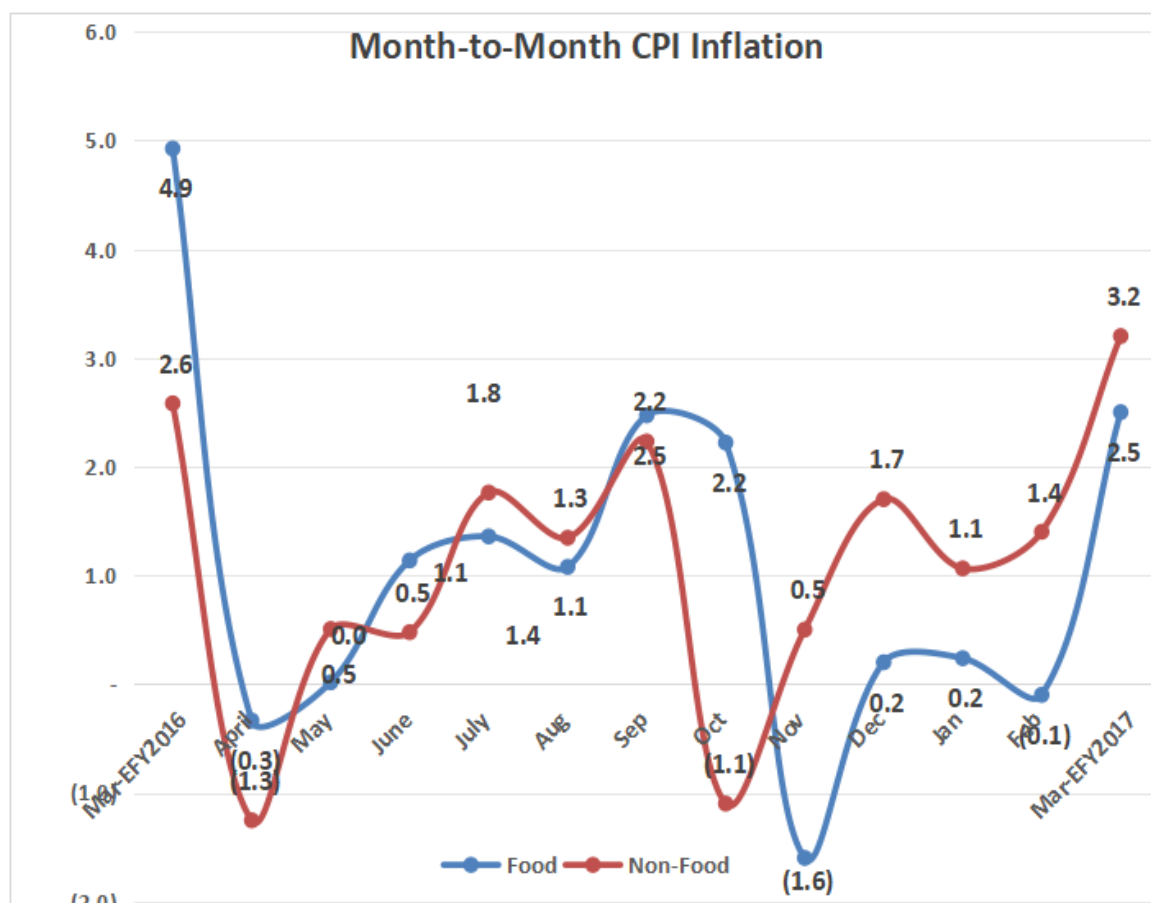


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Looking at non-food items, the increase in month-to-month comparison was observed for Alcoholic beverages and tobacco increased by (2.4%), Clothing and Footwear (2.8%), Furniture, Furnishing, household equipment and routine maintenance of the house increased by (4.1%), Housing, water, Electricity, gas and other fuels increased by (2.5%), Transport increased by (1.3%), Recreation and culture increased by (3.1%), and Hotel and Restaurants (4.7%), Health increased by (6.4%), Communication increased by (2.9%), and Miscellaneous Goods and Services increased by (3.6%) showed an increase during the month.

Fig 2: Food and Non-Food Inflation (% , Month-to-Month), March EFY2016 - March EFY2017





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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 **17.9 percent** in March EFY2017 as compared to the one observed in a similar period a year ago. Since March-EFY2016 inflation has been relatively eased in the country.

Table 4. Overall CPI and 12-month moving average Overall Inflation rate March EEFY2017

Month	12 Months moving Average Overall CPI	12-Month Moving Average overall Inflation
March-EFY2016	406.9	28.9
April	414.0	28.1
May	421.1	27.4
June	427.2	26.6
July	433.2	25.6
August	438.9	24.7
September	444.9	23.8
October	450.4	22.6
November	457.4	22.0
December	463.5	21.0
January	469.0	19.9
February	474.4	18.9
March-EFY2017	479.6	17.9



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12-month moving average Food and Non-Food Inflation rate (March EFY2016 - March EFY2017)

Dis-aggregated, **12-month moving average food** inflation increased by **19.3 percent** as compared to the one observed a year ago and non-food inflation rate increased by **15.7 percent** in March EFY2017 as compared to the one observed in March EFY2016.

Table 5: 12-month moving average Food and Non-Food Inflation rate (March EFY2016 - March EFY2017)

Baseline: Dec, EFY2009= 100

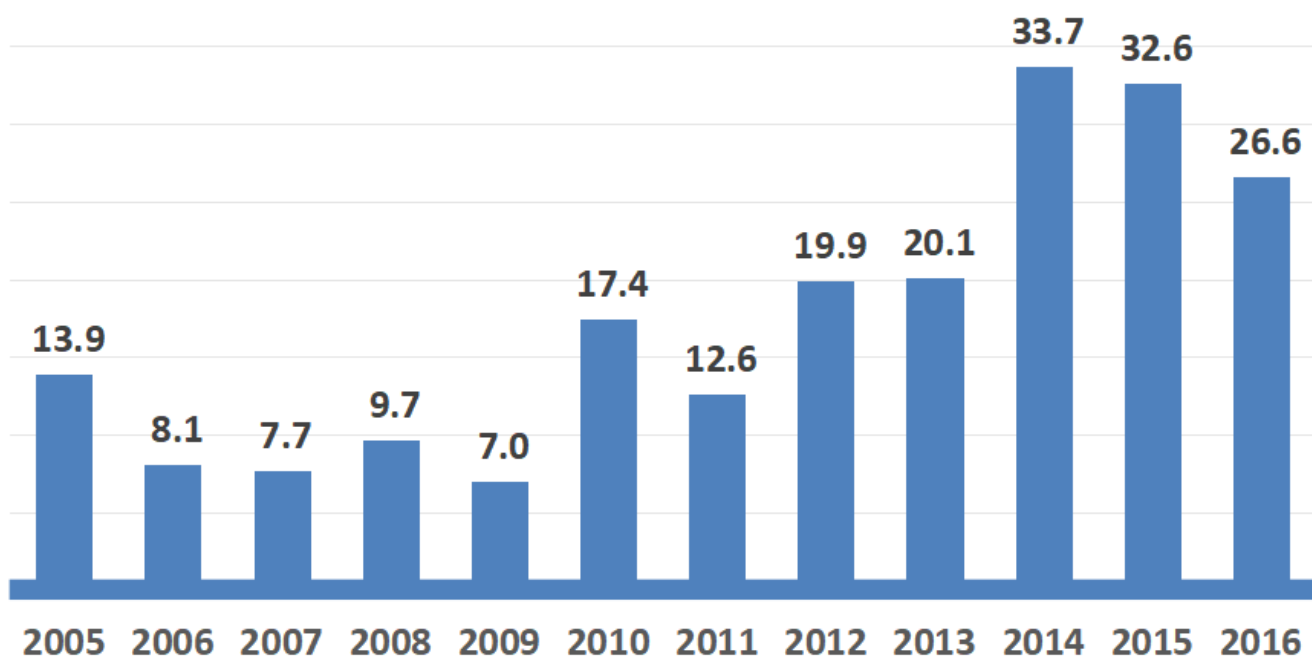
Month	12-month moving average Food Inflation	12-month moving average Non-Food Inflation
March-EFY2016	29.3	28.4
April	28.9	26.9
May	28.6	25.7
June	28.1	24.3
July	27.5	23.0
August	26.7	21.7
September	26.1	20.4
October	25.1	19.0
November	24.4	18.4
December	23.5	17.5
January	22.1	16.7
February	20.8	16.1
March-EFY2017	19.3	15.7



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 since Ethiopian EFY2005 (Year-on-Year)



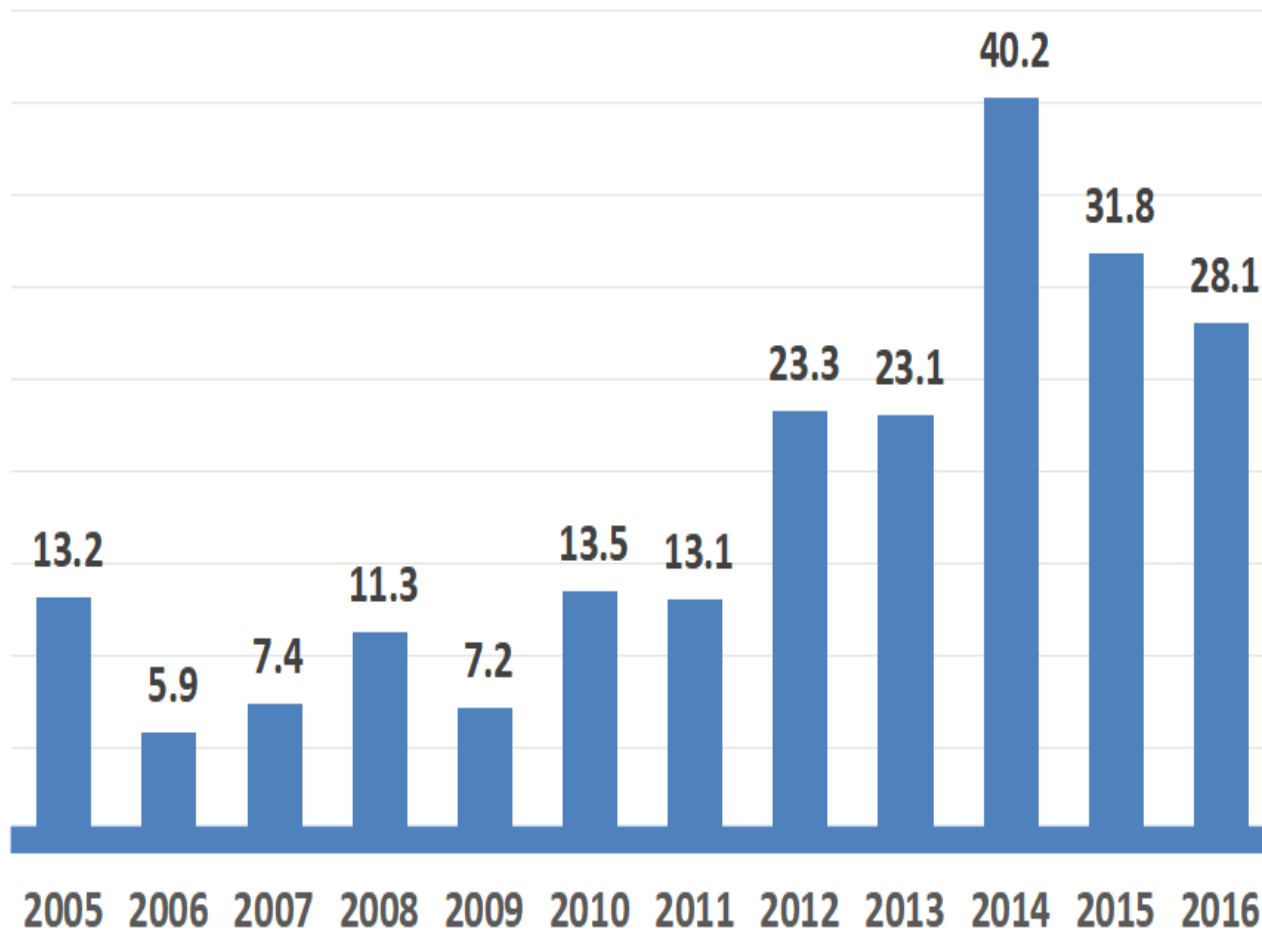
The **average annual general inflation rate** for the country stood at **(26.6 %)** in EFY2016 compared to **(32.6 %)** in EFY2015. The past five years are unfavorable for the households, due to high inflation in the country. Specially, in the year EFY2014 and EFY2016, the inflation rate has been over **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 since EFY2005 (Year-on-Year)



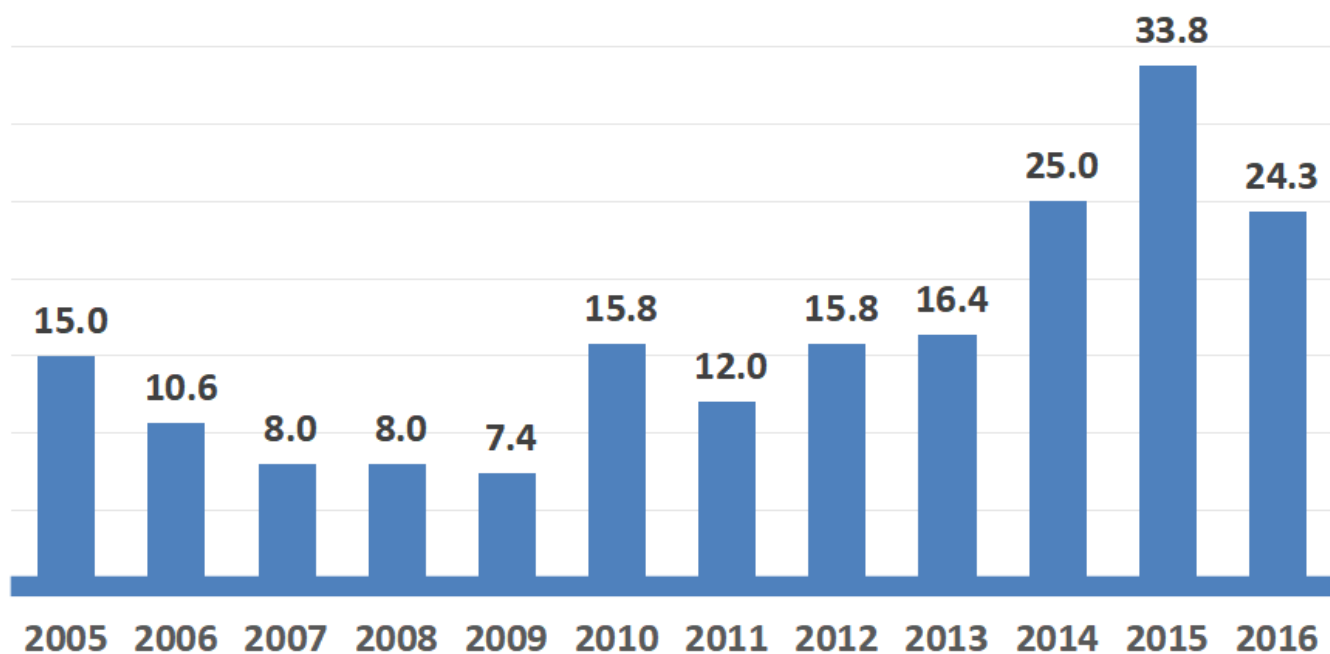
The average annual food inflation rate for the country stood at (28.1 %) in EFY2016 compared to (31.8 %) in EFY2015, about four percentage point reduction compared to last year figure. But since 2010 the inflation rate stacked at double digit.



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Fig 5: Average Annual Non-Food Inflation in Ethiopia since EFY2005 (Year-on-Year)



The average annual non-food inflation rate for the country stood at (24.3 %) in EFY2016 compared to (33.8 %) in EFY2015. 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 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 EFY2016 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 (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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