ETHIOPIAN STATISTICAL SERVICE
Statistical Bulletin

MONTHLY NEWS RELEASE

INFLATION REPORT ON NOVEMBER, EFY 2017

Issue No. 17/2017 November 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* ***16.9 percent*** *for the month of November* ***EFY2017.*** *A year earlier (in November EFY2016), the rate was* ***28.4 percent****. The month-on-month general inflation rate declined by* ***–0.8 percent*** *for the month of November-****EFY2017.*** *It was* ***1.2 percent*** *in November* ***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 November ***EFY2017*** *compared with November* ***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

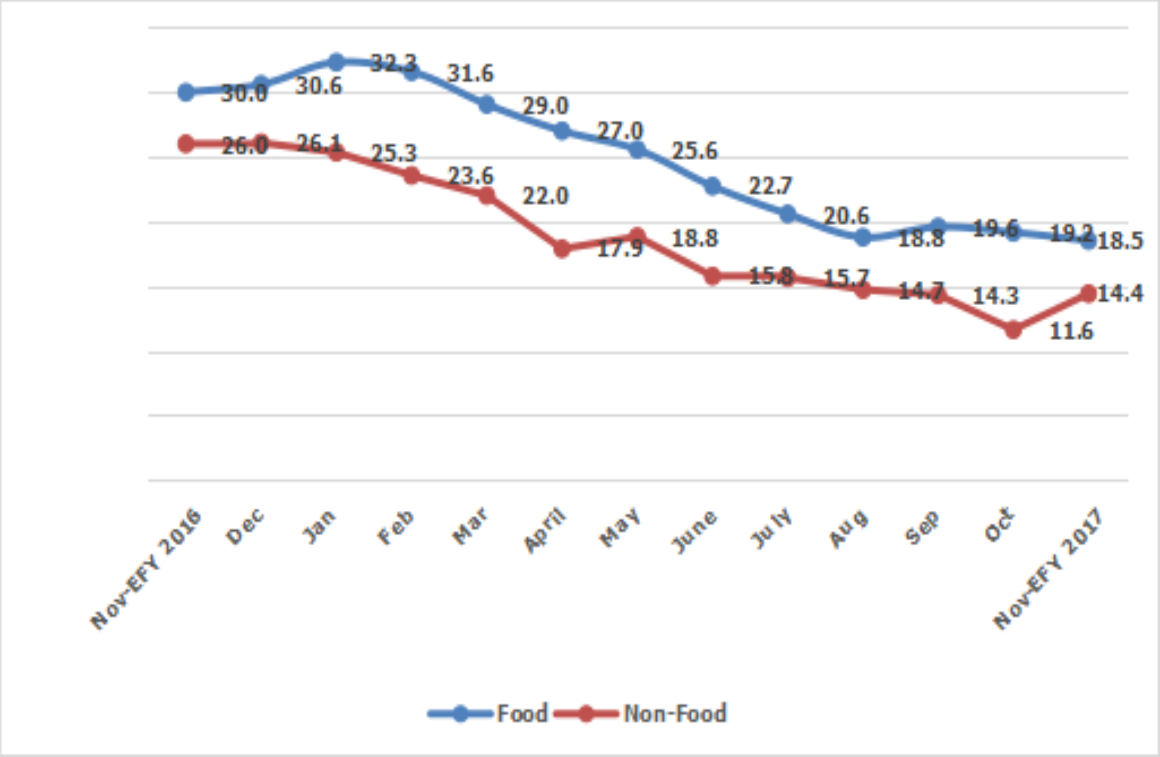
The **year-on-year inflation rate**, also known as the annual inflation rate, measures the percentage change in overall price levels from one year to the same month in the previous year. Accordingly, the year-on-year inflation rate of the Food and Non-alcoholic component of the CPI, for the month of **November** 2017 EFY stood at **18.5%.** This implies that the CPI of Food and Non-Alcoholic Beverages has, on average, increased by **18.5%** compared to November EFY2016. The major contributing factors for the rise of food inflation for November EFY2017 was the observed increase in the average prices of major food commodities such as bread and cereals **(16.6%),** vegetables **(17.1%),** meat **(18.8%),** Sugar, jam, honey & chocolate **(38.9%)**, Milk, Cheese and Eggs **(9.5%), Oils and Fats (26.2%), Fruit (7.1%),** and Food products n.e.c **(29.9%)**.

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Beginning from February-EFY 2016 the inflation rate steadily declined up to November-EFY 2017. In November EFY -2017 General inflation rose to the 16.9% as compared to the one observed in November- EFY2016.

Month/Year	General	Food	Non-Food
November EFY2009 - June EFY2010	14.4	13.4	15.9
November EFY 2010 - JuneEFY2011	12.6	13.1	11.9
November EFY2011 - June EFY2012	19.9	23.3	15.9
November EFY2012 - June EFY2013	20.2	23.2	16.4
November EFY2013 - June EFY2014	33.8	40.3	25.2
November EFY2014 - June EFY2015	32.5	31.7	33.9
November EFY2015 - June EFY2016	**26.6**	**28.1**	**24.3**
November-EFY 2016	28.4	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	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 2024	16.1	19.2	11.6
November-EFY 2017	**16.9**	**18.5**	**14.4**

Fig 1: Food and Non-Food Inflation (%, Year-on-Year), November EFY2016 - November 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 has slowly increased in November -ETY2017 while Food inflation slightly decreased in magnitude. The Non-Food inflation increases by **14.4 percent** in the same period. Particularly, Alcoholic Beverages and Tobacco increased by **(15.2%);** Housing, water, electricity & other fuel component **(13.9%);** Furnishings, household equipment & routine maintenance of the House **(9.8%);** Health **(20.0 %);** Transport **(36.7 %);** Communication declined by (-**2.1%);** Education (**10.3 %);** Restaurants and hotels **(23.3%)** and Miscellaneous goods and services **(12.3 %)** have contributed for the rise in non-food inflation rate in November EFY2017.

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 November EFY2017 showed a stable situation 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 November EFY2017 is recorded an increase for Bread & Cereals **(16.6%);** Vegetables **(17.1%);** Other-Food products (Food products not elsewhere classified) **(29.9%);** Meat **(18.8%) and** Non-Alcoholic Beverages & coffee **(17.2%)**.

Similarly, during November 2017 EFY the year-on-year inflation rate of the major Non- Food items of Housing, Water, Electricity, Gas, & Other Fuels **(13.9%)**; Restaurants and Hotels **(23.3%)**; Alcoholic Beverages & Tobacco **(15.2%)**; Furnishings, Household Equipment & Routine Household Maintenance of the House **(9.8%) and** Clothing and Footwear **(5.4%).**

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 November EFY2016 compared with November EFY2017	% change in Month-to-Month inflation July EFY2017 compared to November EFY2017
Major Food and Non-Alcoholic Beverage components	**53.5**	**18.5**	**-1.6**
Bread and Cereals	17.1	16.6	-1.9
Vegetables	12.3	17.1	-1.9
Other-Food products	5.6	29.9	0.0
Non-Alcoholic Beverage	5.1	17.2	-1.8
Meat	4.1	18.8	-0.5
Major Non-Food Components	**46.5**	**14.4**	0.5
Housing, Water, Electricity, Gas and Other Fuels	16.8	13.9	1.3
Clothing and Footwear	5.7	5.4	0.2
Restaurants and Hotels	5.3	23.3	0.0
Alcoholic Beverages and Tobacco	4.9	15.2	-1.5
Furnishings, Household Equipment and Routine Maintenance of the House	4.7	9.8	-0.2

Month-to-Month Inflation Rate

The **month-to-month general inflation rate** for **November EFY2017** has decreased by **–0.8 percent** compared to what was observed in **October EFY2017**. During the same month, the **food and non-alcoholic** component of the inflation decreased by -**1.6 percent** whereas the **non-food** component for its part increased by **0.5 percent**.

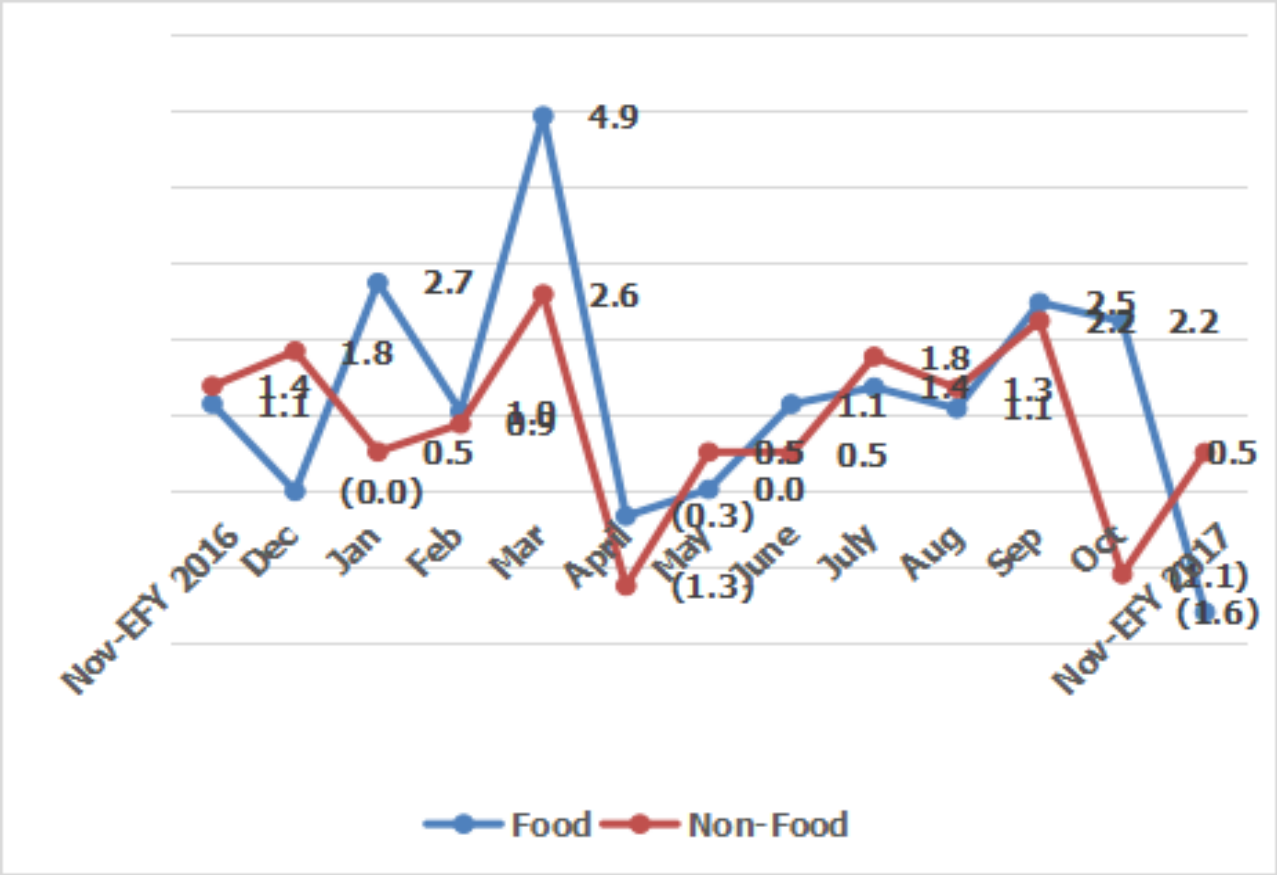
Table 3: General Inflation Rate (%, Month-to-Month), November EFY2016 - November EFY2017

Month	General month-to-month inflation
November-**EFY 2016**	1.2
Dec	0.7
Jan	1.8
Feb	1.0
March	4.0
April	-0.7
May	0.5
June	0.9
July	1.5
August	1.2
September	2.4
October	0.9
November-EFY 2017	-0.8

Month-to-Month Inflation of Food and Non-Food categories: In November EFY2017, among the food components of the CPI, Meat decreased by **(-0.5%),** Fish and sea food decreased by **(-2.1%),** Milk, Cheese and Eggs decreased by **(-0.7%),** Oils and Fats decreased by **(-2.9%),** Food products n.e.c increased by **(0.0%),** Non-Alcoholic beverages and coffee decreased by **(-1.8%)** on the month to month basis.

Looking at non-food items, the increase in month-to-month comparison was observed for Alcoholic beverages and tobacco increased by **(0.5%).** Clothing and Footwear increased by **(0.2%)**, Furniture, Furnishing, household equipment and routine maintenance of the house decreased by **(-0.2%),** Housing, water, Electricity, gas and other fuels increased by **(1.3%)**, Transport increased by **(5.3%),** Recreation and culture decreased by **(-0.8%)**, and Hotel and Restaurants increased by **(0.0%),** Health decreased by **(-2.7%),** Communication decreased **(-4.3%)**, and Miscellaneous Goods and Services increased by **(0.5%)** showed an increase during the month.

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



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

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

Month	12 Months moving Average Overall CPI	12-Month Moving Average overall Inflation
November-**EFY2016**	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	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 2024	450.4	22.6
November-EFY2017	457.4	22.0

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

Dis-aggregated, **12-month moving average food** inflation increased by **24.4 percent** as compared to the one observed a year ago and non-food inflation rate increased by **18.4 percent** in November EFY2017 as compared to the one observed in November EFY2016.

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

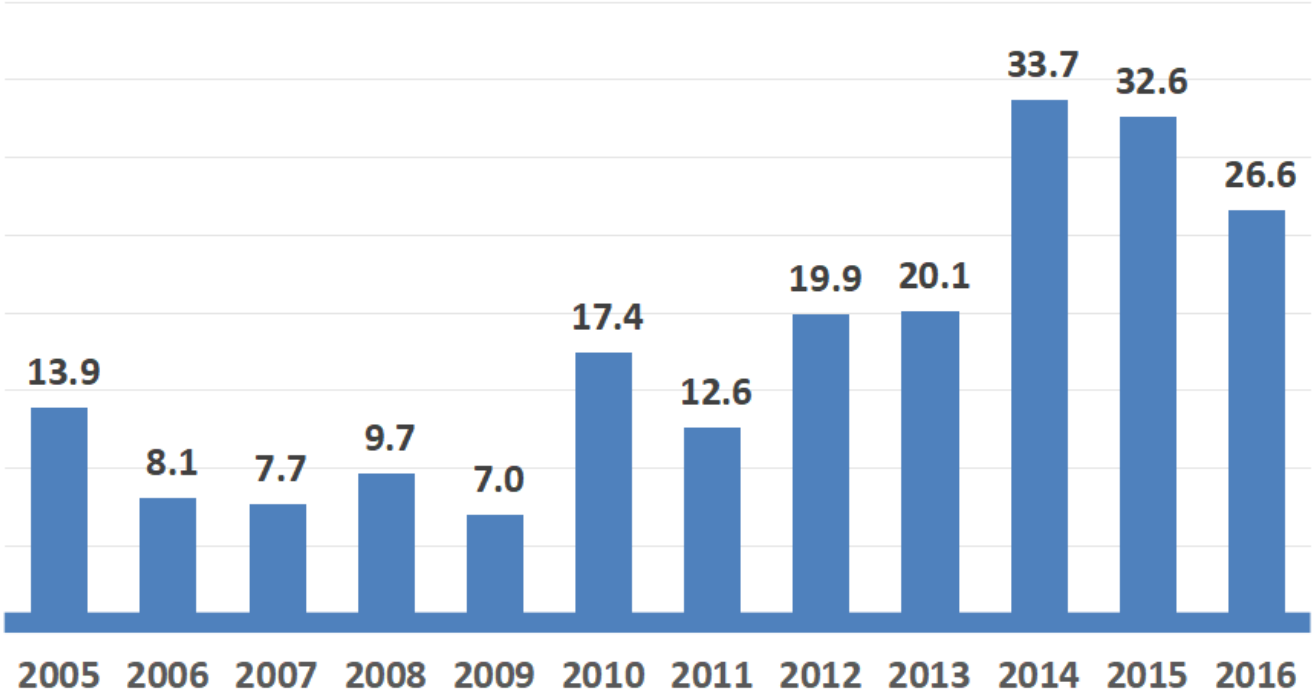
Baseline: Dec, EFY2009= 100

Month	12-month moving average Food Inflation	12-month moving average Non-Food Inflation
November-**EFY2016**	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	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 2024	25.1	19.0
November-EFY2017	24.4	18.4

4. Annual Inflation trend

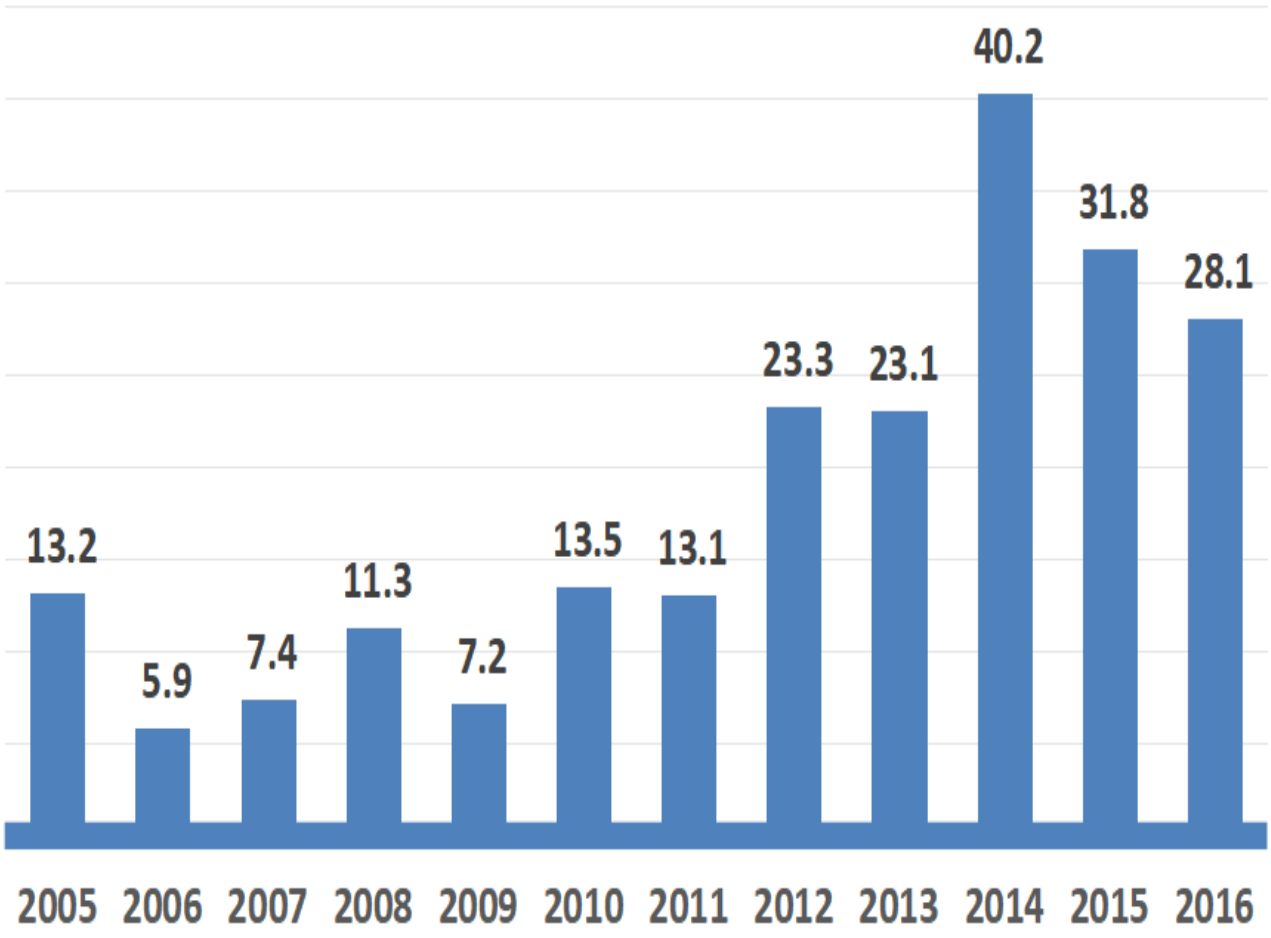
Relatively low and reduction in inflation rate was observed between 2005 and 2009. Since **EFY2010** inflation rate stick to double digit.

Fig 3: Average Annual General inflation in Ethiopia since Ethiopian EFY2005 (Year-on-Year)



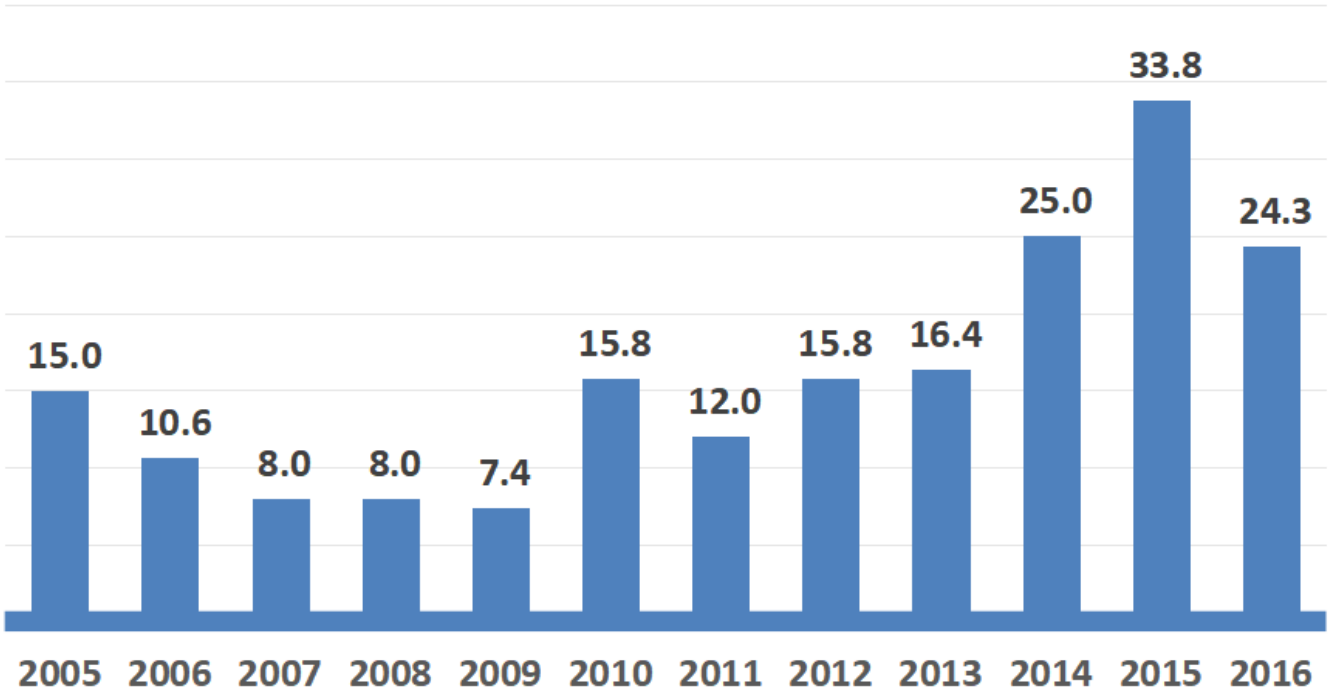
The **average annual general inflation rate** for the country stood at **(26.6 %)** in **EFY2016** compared to **(32.6 %)** in **EFY2015**. The past five years are unfavorable for the households, due to high inflation in the country. Specially, in the year EFY2014 and EFY2016, the inflation rate has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

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.

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).