

### **III. Quarterly Price Developments**

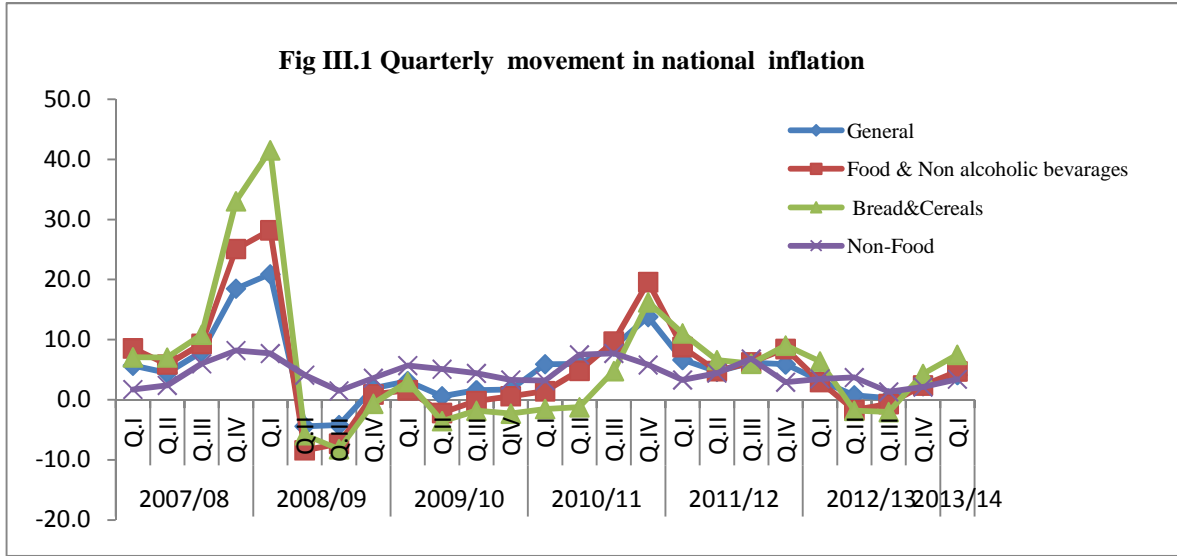
#### **3.1 Developments in National CPI**

During the first quarter of the fiscal year 2013/14, headline inflation surged to 4.1 percent vis-à-vis the 2.2 percent in the preceding quarter and a 3.2 percent last year same quarter.

Quarterly food & non-alcoholic beverage inflation was 4.7 percent in the reviewed quarter up by 2.3 and 1.7 percentage point compared to the previous quarter and same quarter of last year, respectively. The quarterly increment was triggered by higher prices of vegetables, bread and cereals, fruits, non-alcoholic beverages, milk, cheese & egg, meat and sugar, jam, honey and chocolate, offsetting the slowdown in oil & fats and other food products (Table 3.2).

Core inflation on the other hand, scaled up to 3.4 percent from 2.1 percent in the fourth quarter of last year while it remained nearly the same compared to a year earlier. The recorded quarterly increment was due to higher prices of all non-food items except health, furnishing household equipment and routine maintenance of house and education. (Table 3.3)

In the reviewed quarter, food & non-alcoholic beverage contributed 2.5 percent to the quarterly headline inflation of 4.1 percent while that of core inflation was 1.6 percent (Table 3.1).

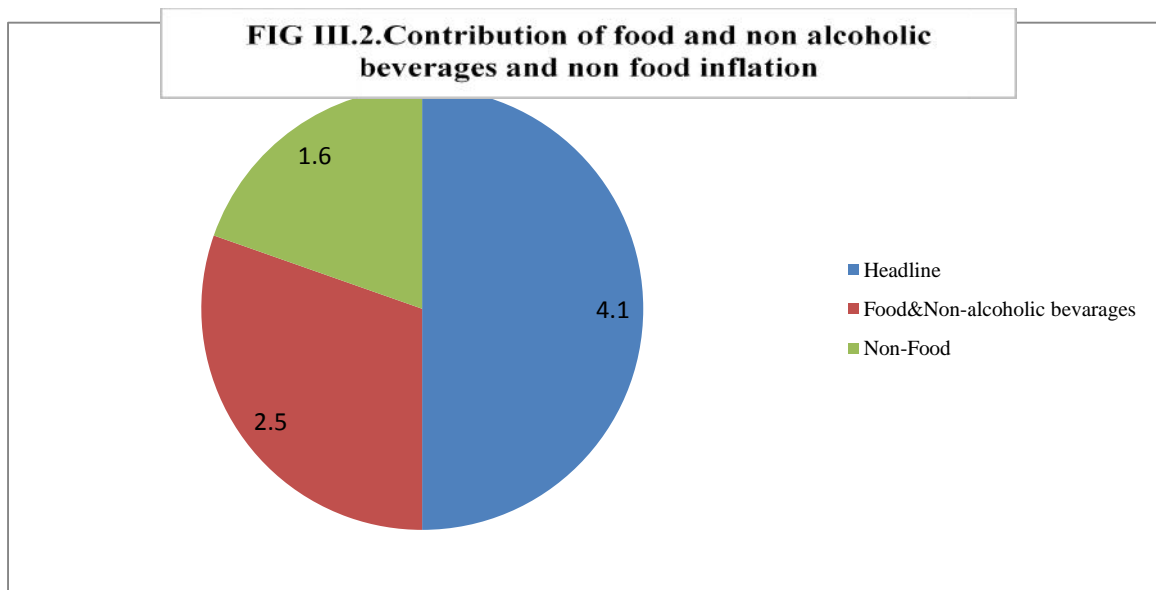


Source:CSA

**Table 3.1: Quarterly National General Consumer Prices (%)**

Items	Weights	2012/13		2013/14	Change in %age Points		Contribution to	
		QI	QIV	QI	C-A	C-B	QI headline inflation	headline inflation over QIV
		A	B	C				
Headline	100	3.2	2.2	4.1	0.9	1.9	4.1	1.9
Food& Non-alcoholic beverages	53	3.0	2.4	4.7	1.7	2.3	2.5	1.2
Non-Food	47	3.5	2.1	3.4	-0.1	1.3	1.6	0.6

Source: CSA and NBE Staff Computation



Source: CSA and NBE Staff Computation

First Quarter 2013/14

**Table 3.2: Quarterly National Food Consumer Prices**

Items	Weights	2012/13		2013/14	Change in %age points		Contribution to	
		QI	QIV	QI			QI food inflation	change in Food Inflation over QII
		A	B	C	C-A	C-B		
Food & Non-alcoholic beverages	52.8	3.0	2.4	4.7	1.8	2.4	4.7	2.4
Bread & Cereals	18.5	6.4	4.3	7.5	1.1	3.2	2.7	1.2
meat	4.3	7.4	2.2	3.6	-3.8	1.4	0.4	0.1
milk, cheese & egg	2.2	0.8	1.0	2.5	1.7	1.5	0.1	0.1
Oils & Fats	3.7	-3.4	3.2	-1.1	2.3	-4.3	-0.1	-0.3
Fruit	0.3	11.8	-4.3	-1.5	-13.3	2.7	0.0	0.0
vegetables	13.5	0.5	0.9	5.3	4.8	4.4	1.4	1.1
sugar jam, honey, chocolate	1.0	1.0	0.4	1.6	0.6	1.1	0.0	0.0
food products n.e.c	4.7	2.7	3.2	2.2	-0.5	-1.0	0.2	-0.1
non-alcoholic beverages	4.6	-2.3	-1.8	0.8	3.1	2.6	0.0	0.2

Source: CSA and NBE Staff Computation

**Table 3.3: Quarterly National Non-food Consumer Prices**

Items	Weights	2012/13		2013/14	Change in %age points		Contribution to	
		QI	QIV	QI			QI non-food inflation	change in non-Food Inflation over QIV
		A	B	C	C-A	C-B		
<b>Non-Food</b>	<b>47.2</b>	3.5	2.1	3.4	-0.1	1.3	2.9	1.2
Alcoholic Beverages and tobacco	4.9	-0.8	-0.1	1.7	2.5	1.8	0.2	0.2
Clothing and Footwear	6.6	3.1	2.9	3.6	0.5	0.8	0.5	0.1
Housing, Water, Electricity, Gas and other Fuel	16.3	6.0	2.2	4.7	-1.3	2.5	1.7	0.9
Furnishings, Household Equipment and Routine maintenance of houses	5.4	2.1	3.3	1.6	-0.6	-1.8	0.2	-0.2
Health	1.1	2.4	3.1	-1.7	-4.2	-4.9	0.0	-0.1
Transport	2.8	-0.5	-0.6	-0.5	0.0	0.1	0.0	0.0
communication	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recreation and culture	0.6	3.0	1.3	9.3	6.3	8.0	0.1	0.1
Education	0.4	-1.2	1.6	0.0	1.2	-1.5	0.0	0.0
Restaurant hotel	5.5	5.1	3.3	4.4	-0.7	1.0	0.0	0.0
Miscellaneous Goods	2.6	3.1	1.3	6.2	3.1	4.9	0.3	0.3

Source: CSA and NBE Staff Computation

### 3.2 Developments in Regional CPI

During the first quarter of 2013/14, regional average headline inflation increased to 4.9 percent from 3.4 percent in the same quarter last fiscal year and 2.2 percent in the previous quarter.

Compared to the national headline inflation, the average regional headline inflation deviated marginally upward by 0.8 percentage point.

Dire Dawa, Afar, Harar, Benishangul Gumz, and Tigray were regional states that have registered higher quarterly inflation than the regional average inflation. The highest quarterly headline inflation was recorded in Dire Dawa (7.5 percent) while the minimum inflation (1.3 percent) in Somali, revealing about 6.2 percentage point margin.

The deviation in the regional headline inflation rates from the average as represented by standard deviation was 1.9 percentage point slightly lower than 2.2 percentage point in the previous quarter (Table 3.4).

Similarly, the regional average food inflation scaled up to 6.0 percent compared to 3.0 percent of the previous quarter and 3.4 percent in the same quarter of last fiscal year. Quarterly food inflation higher than the quarterly regional average was registered in Tigray, Benishangul Gumz, Dire Dawa, Afar and Harari regional states. The highest average food inflation was observed in Tigray (9.6 percent) and the lowest in Somali (1.9 percent) revealing a 7.7 percentage point margin in the rate of food inflation among regions. The variation in food inflation measured by standard deviation was 2.6 percent, slightly higher than 1.9 percent in the previous quarter (Table 3.4).

At the same time, the average regional non-food inflation increased to 3.8 percent from 3.4 percent in same quarter of last year and 1.7 percent in the previous quarter, respectively. Regional states such as Dire Dawa, Afar, Harari, SNNP, Gambela and Addis Ababa have registered quarterly non-food inflation rates higher than the regional average.

The highest average non-food inflation of 7.2 percent was recorded in Dire Dawa and the lowest (0.5 percent) in Somali. The variation in core inflation measured by the standard deviation was 2.3 percent in the reviewed quarter, which was lower than the 4.8 percent in the previous quarter (Table 3.4).

Table 3.4: Annualized Regional General, Food and Non-Food Inflation

	2012/13						2013/14			Annual Change D=C-A			Quarterly D=C	
	QI			QIV			QI							
	A			B			C							
	General	Food	Non-food	General	Food	Non-food	General	Food	Non-food	General	Food	Non-food	General	Food
	4.1	2.4	6.7	1.9	2.3	1.5	4.4	4.1	4.8	0.2	1.6	-1.9	2.5	1
	1.0	3.4	-1.4	-2.1	5.9	-9.9	6.9	7.6	6.1	5.9	4.2	7.6	9.1	1
	1.0	0.4	1.8	1.5	1.3	1.7	4.1	4.6	3.6	3.1	4.2	1.8	2.7	3
	6.6	6.3	6.8	5.0	5.2	4.9	5.5	9.6	1.6	-1.1	3.2	-5.2	0.5	4
	3.0	2.4	4.0	4.2	5.4	2.3	4.3	4.2	4.4	1.3	1.8	0.4	0.1	-1
haba	3.4	3.5	3.3	2.2	3.5	1.4	4.1	4.3	4.0	0.7	0.8	0.7	1.9	0
ra	2.2	3.4	1.2	0.2	3.1	-2.0	7.5	8.0	7.2	5.4	4.7	6.0	7.4	5
n	3.9	4.2	3.4	0.4	-0.4	1.5	6.0	9.5	1.7	2.1	5.3	-1.7	5.6	10
	3.1	1.5	5.3	3.5	1.7	5.7	1.3	1.9	0.5	-1.8	0.5	-4.8	-2.2	0
	4.7	5.4	3.7	5.0	1.9	8.9	7.1	7.6	6.6	2.4	2.2	2.8	2.1	5
	4.6	6.3	2.7	2.7	2.9	2.4	2.8	4.1	1.4	-1.8	-2.2	-1.4	0.1	1
	<b>3.4</b>	<b>3.6</b>	<b>3.4</b>	<b>2.2</b>	<b>3.0</b>	<b>1.7</b>	<b>4.9</b>	<b>6.0</b>	<b>3.8</b>					
	<b>1.7</b>	<b>1.9</b>	<b>2.4</b>	<b>2.2</b>	<b>1.9</b>	<b>4.8</b>	<b>1.9</b>	<b>2.6</b>	<b>2.3</b>					
nt of	<b>0.5</b>	<b>0.5</b>	<b>0.7</b>	<b>1.0</b>	<b>0.7</b>	<b>2.8</b>	<b>0.4</b>	<b>0.4</b>	<b>0.6</b>					

Source: CSA and NBE Staff Computation