

### III. Quarterly Price Developments

#### 3.1 Developments in National CPI

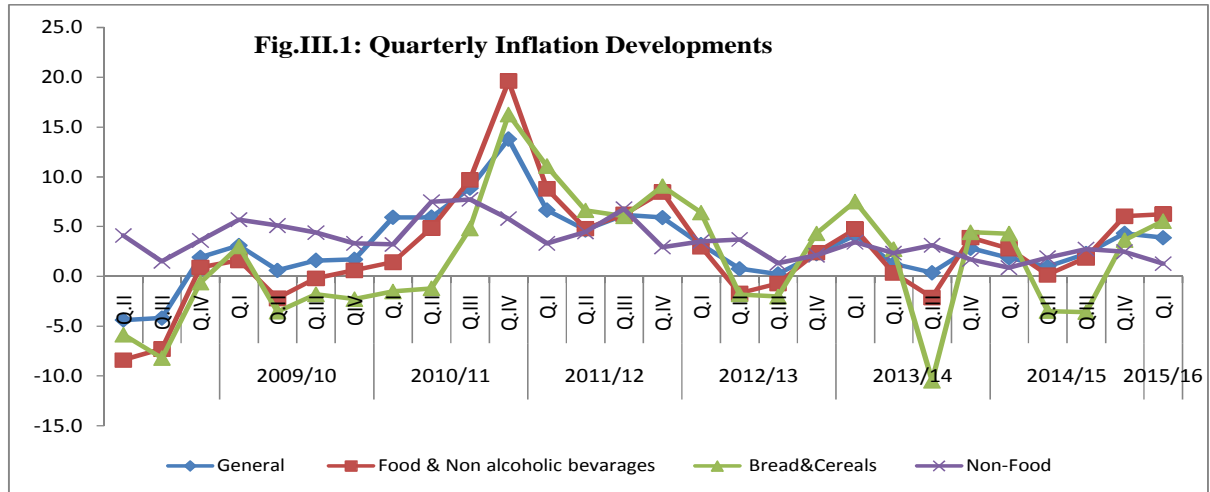
During the first quarter of 2015/16, headline inflation scaled down to 3.9 percent from 4.3 percent in the previous quarter, but it was still higher than 1.9 percent registered a year earlier.

The marginal slowdown in quarterly headline inflation was attributed to a 1.2 percent decline in non-food inflation offsetting the marginal rise in food & non-alcoholic beverages inflation.

Quarter-on-quarter bases, however, headline inflation registered 2.4 percentage point increase on account of 3.4 percentage point rise in food & non-alcoholic beverages inflation and a marginal pick up in non food inflation. Hence, during the review quarter, food & non alcoholic beverage inflation contributed 3.3 percent to the headline quarterly inflation and non-food inflation 0.6 percent (Table 3.1 and Fig.III.2).Food

products, fruits ,bread & cereals, non-alcoholic beverages and meat witnessed higher quarterly inflation in contrast to the decline in inflation rates of milk, cheese & egg, oils & fats, vegetables and sugar jam, honey & chocolate (Table 3.2).

In contrast, non-food inflation has declined by 1.2 percentage point on quarterly basis owing to a decline in inflation rates of alcoholic beverages and tobacco; housing, water, electricity, gas and other fuel; furnishings, household equipment and routine maintenance of houses and miscellaneous goods. Inflation rates of recreation and culture, education, transport, health, clothing and footwear, communication, restaurant and hotels, however, tended to rise (Table 3.3).

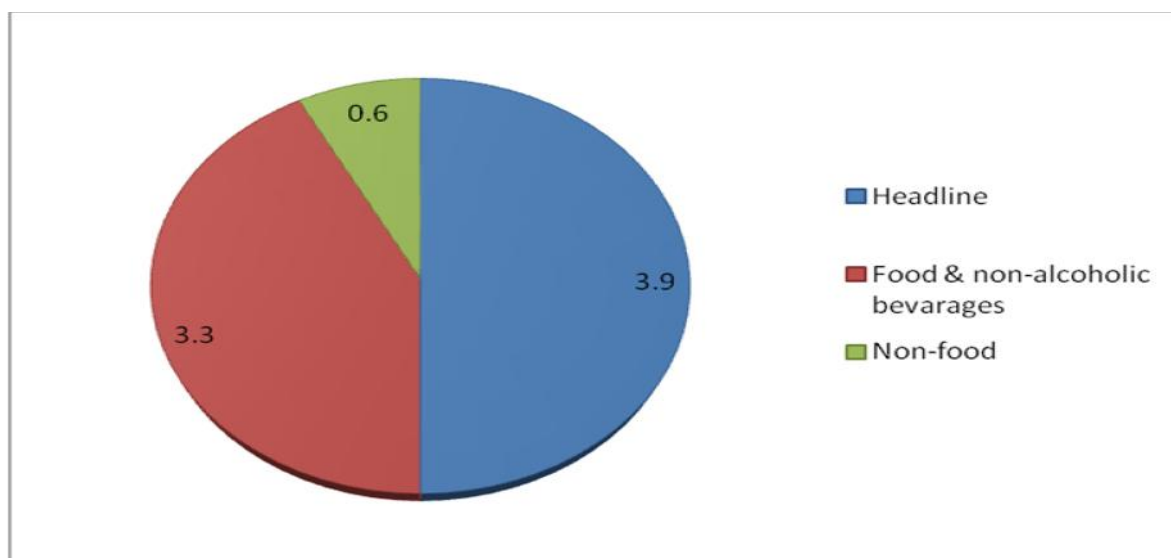


Source:CSA

**Table 3.1: Quarterly National General Consumer Prices (%) (Dec2011=100)**

Items	Weights	2014/15		2015/16	Change in %age Points		Contribution to	
		QI	QIV	QI			QI headline inflation	Change in headline inflation over QIV
		A	B	C	C-A	C-B		
<b>Headline</b>	<b>100</b>	<b>1.9</b>	<b>4.3</b>	<b>3.9</b>	<b>2.4</b>	<b>-0.4</b>	<b>3.9</b>	<b>-0.4</b>
Food & non-alcoholic beverages	53	2.8	6.0	6.2	3.4	0.2	3.3	0.2
Non-Food	47	0.9	2.5	1.3	0.4	-1.2	0.6	-0.6

**Source:** CSA and NBE Staff Computation

**Fig.III.2: Contribution of Food and Non-alcoholic beverages and Non-food Inflation in the 2015/16 FY First Quarter Headline Inflation**

**Source:** NBE Staff Computation

**Table 3.2: Quarterly National Food and non-alcoholic beverages CPI Inflation (Dec2011=100)**

Item	Weights	2014/15		2015/16	Change in %age points		Contribution to	
		QI	QIV	QI	C-A	C-B	QI food inflation	change in Food Inflation over QIV
		A	B	C				
<b>Food &amp; Non-alcoholic beverages</b>	<b>52.8</b>	<b>2.8</b>	<b>6.0</b>	<b>6.2</b>	<b>3.5</b>	<b>0.2</b>	<b>6.2</b>	<b>0.2</b>
Bread & Cereals	18.5	4.3	3.6	5.5	1.3	1.9	1.7	0.6
Meat	4.3	1.2	3.9	4.9	3.7	0.9	0.5	0.1
Milk, Cheese & Egg	2.2	3.4	9.1	0.6	-2.7	-8.4	0.0	-0.4
Oils & Fats	3.7	6.7	7.6	1.5	-5.2	-6.1	0.1	-0.4
Fruit	0.3	4.4	-1.7	5.0	0.6	6.7	0.0	0.0
Vegetables	13.5	-2.0	6.3	2.4	4.4	-3.9	0.7	-1.1
Sugar Jam, Honey, Chocolate	1.0	-0.4	1.8	-0.3	0.1	-2.1	0.0	0.0
Food Products n.e.c	4.7	8.3	21.3	31.4	23.1	10.1	3.4	1.4
Non-alcoholic Beverages	4.6	5.3	-5.1	-3.6	-8.9	1.5	-0.2	0.1

**Source:** CSA and NBE Staff Computation

**Table 3.3: Quarterly National Non-food CPI Inflations (Dec2011=100)**

Item	Weights	2014/15		2015/16	Change in %age points		Contribution to	
		QI	QIV	QI	C-A	C-B	QI non-food inflation	change in non-food inflation over QIV
		A	B	C				
<b>Non-Food</b>	<b>47.2</b>	<b>0.9</b>	<b>2.5</b>	<b>1.3</b>	<b>0.4</b>	<b>-1.2</b>	<b>0.8</b>	<b>-1.3</b>
Alcoholic Beverages and Tobacco	4.9	3.5	3.6	-2.8	-6.3	-6.4	-0.3	-0.7
Clothing and Footwear	6.6	2.1	0.9	2.0	-0.1	1.1	0.3	0.1
Housing, Water, Electricity, Gas and Other Fuel	16.3	0.1	3.9	1.1	1.1	-2.8	0.4	-1.0
Furnishings, Household Equipment and Routine Maintenance of Houses	5.4	0.9	2.1	1.7	0.8	-0.4	0.2	0.0
Health	1.1	-0.5	-0.7	1.7	2.2	2.4	0.0	0.1
Transport	2.8	-0.2	-1.6	1.8	2.0	3.4	0.1	0.1
Communication	1.1	0.2	1.6	2.6	2.4	1.0	0.0	0.0
Recreation and Culture	0.6	1.3	0.5	6.6	5.4	6.1	0.1	0.1
Education	0.4	1.0	0.1	4.8	3.9	4.8	0.0	0.0
Restaurant Hotel	5.5	0.2	2.5	3.0	2.8	0.5	0.0	0.0
Miscellaneous Goods	2.6	1.0	1.2	0.9	-0.1	-0.3	0.0	0.0

**Source:** CSA and NBE Staff Computation

### 3.2 . Developments in Regional CPI

During the review quarter, regional average headline inflation scaled up 3.4 percent from 1.8 percent last year same quarter which was slightly lower than the national headline inflation recorded in the quarter.

Regional states such as Gambela, Benishangul Gumuz, Addis Ababa, Afar, Amhara, Oromia and Tigray had registered higher quarterly headline inflation than the regional average headline inflation.

The highest headline inflation was recorded in Gambela (7.1 percent) whereas the lowest inflation (-2.3 percent) was in Dire Dawa, revealing about 9.4 percentage point margin between the highest and the lowest inflation.

The deviation<sup>3</sup> in the regional headline inflation rates from the average as represented by standard deviation was 3.2 percent higher than 2.3 percent registered in the previous quarter (Table 3.4).

<sup>3</sup> The standard deviation shows how much dispersion exists from the average value.

Likewise, the regional average food and non-alcoholic beverages inflation in the first quarter of 2015/16 increased to 6.0 percent compared to 4.4 percent a quarter earlier, whereas Addis Ababa, Afar, Benishangul Gumuz, Gambela, Tigray and Oromia experienced higher quarterly inflation than the regional average inflation. The highest average food and non-alcoholic inflation was observed in Addis Ababa (12.6 percent) and the lowest in Dire Dawa and Somali (-0.4 percent each) revealing 13.0 percentage point margin.

The variation in food inflation measured by standard deviation was 4.7 percentage points, higher than 3.0 percentage point observed last quarter (Table 3.4).

In contrast, the regional non-food inflation slowed down to 0.8 percent from 3.7 percent in the previous quarter. Regional states such as Gambela, Amhara and Addis Ababa saw non-food inflation rates higher than the regional average. The highest average non-food inflation of 3.7 percent was recorded in Gambela and the lowest (-3.5 percent) in Dire Dawa, with a margin of 7.2 percentage point.

The variation in non-food inflation measured by the standard deviation was 2.0 percent against 4.3 percent a quarter ago (Table 3.4).

Table 3.4: Annualized Regional General, Food &amp; non-alcoholic beverages and Non-food Inflation

	2014/15						2015/16			Annual Change			Quarterly Change		
	QI			QIV			QI								
	A			B			C			D=C-A			D=C-B		
	General	Food & Non-alcoholic beverages	Non-food	General	Food & Non-alcoholic beverages	Non-food	General	Food & Non-alcoholic beverages	Non-food	General	Food & Non-alcoholic beverages	Non-food	General	Food & Non-alcoholic beverages	Non-food
	0.4	0.3	0.2	3.0	8.1	-0.9	1.7	2.1	1.3	1.3	1.8	1.1	-1.3	-6.0	2.2
	2.5	7.1	-2.2	0.6	4.4	-3.3	-0.3	0.6	-1.3	-2.8	-6.5	0.8	-0.9	-3.8	2.0
	3.6	5.7	1.4	5.5	7.7	3.0	4.2	7.4	0.3	0.5	1.8	-1.1	-1.3	-0.3	-2.7
	2.1	1.8	2.4	3.0	1.6	4.2	3.7	8.0	0.1	1.6	6.3	-2.3	0.7	6.4	-4.1
	1.5	0.9	2.4	2.2	1.8	3.0	7.1	9.1	3.7	5.6	8.2	1.3	4.8	7.3	0.7
aba	2.2	5.3	0.2	4.6	8.8	1.5	6.6	12.6	2.1	4.4	7.2	1.9	2.1	3.8	0.5
a	4.7	7.9	2.7	5.8	1.1	8.8	-2.3	-0.4	-3.5	-7.0	-8.3	-6.2	-8.0	-1.5	-12.3
	-2.1	-1.8	-2.4	2.3	2.9	1.5	6.7	10.2	2.0	8.8	12.0	4.5	4.4	7.3	0.6
	2.0	3.4	0.5	7.1	3.0	11.3	0.1	-0.4	0.7	-1.9	-3.8	0.1	-6.9	-3.4	-10.6
	1.2	2.3	-0.2	7.8	7.4	8.3	5.7	10.3	0.1	4.5	8.0	0.3	-2.1	2.9	-8.1
	1.1	1.4	0.8	2.5	1.9	3.0	4.5	6.0	3.1	3.4	4.7	2.3	2.1	4.1	0.1
Average	<b>1.8</b>	<b>3.1</b>	<b>0.5</b>	<b>4.0</b>	<b>4.4</b>	<b>3.7</b>	<b>3.4</b>	<b>6.0</b>	<b>0.8</b>						
	<b>1.8</b>	<b>3.0</b>	<b>1.7</b>	<b>2.3</b>	<b>3.0</b>	<b>4.3</b>	<b>3.2</b>	<b>4.7</b>	<b>2.0</b>						
nt of	<b>1.0</b>	<b>1.0</b>	<b>3.2</b>	<b>0.6</b>	<b>0.7</b>	<b>1.2</b>	<b>0.9</b>	<b>0.8</b>	<b>2.6</b>						

Source: CSA and NBE Staff Computation

