

III. QUARTERLY PRICE DEVELOPMENTS

3.1 Developments in National CPI

During the fourth quarter of 2011/12 fiscal year, headline inflation rose to 6.7 percent from 5.2 percent in the previous quarter on account of 2.6 percentage point increase in food and 0.2 percentage decrease in non food inflation.

On the other hand, compared to last year same quarter, inflation slowed down by 7.1 percentage points owing to decline both in food and non food inflation by 11.9 and 0.6 percentage points respectively (Table 3.1). Food inflation contributed 4.8 percent to the headline inflation of the review quarter while non-food inflation contributed 2.0 percent (Table 3.1).

On quarterly basis, food inflation slightly went up to 7.7 percent from 5.1 percent due to an increase in the CPI rate of most food items, such as cereals, pulses, meat, fats and oils, spices, potatoes, other tubers and stems, other food items, food taken away from home, (Table 3.2).

Likewise, non-food inflation rate decreased to 5.2 percent from 5.5 percent during the previous quarter. The quarterly decline in the inflation rate of other non food items except medical care and health, transport and communication and miscellaneous goods was the major cause for the recorded decline in non –food inflation (Table 3.3).

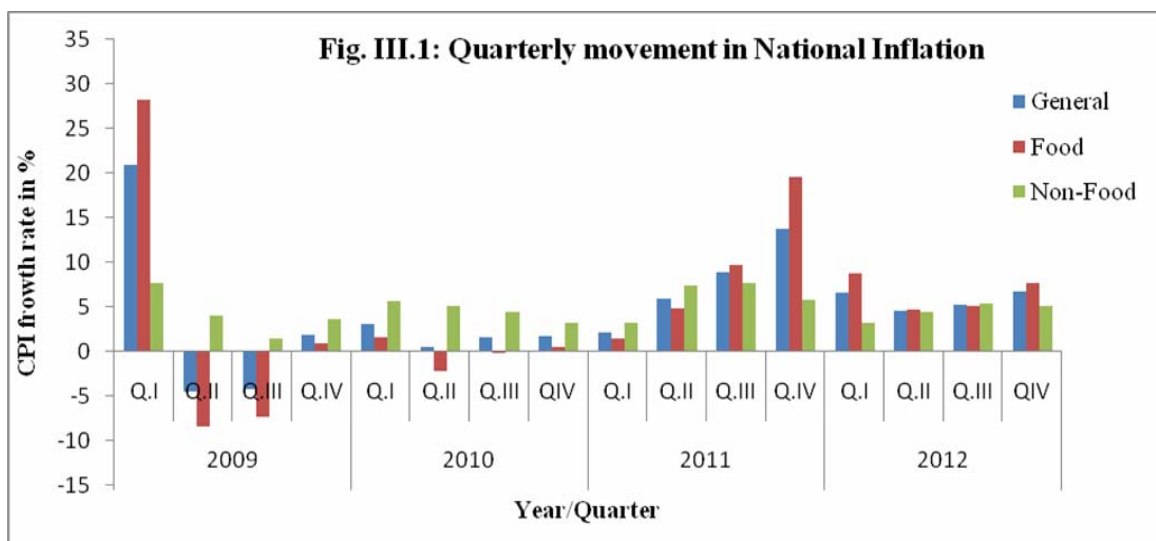


Table 3.1 Quarterly National General Consumer Price Index in Percent

CPI	2010/11		2011/12		Change in percentage	Contribution to
	Weights	Q.IV	Q.III	Q.IV		

		Points					QIV headline inflation	headline inflation over QIII
		A	B	C	C-A	C-B		
Headline	100	13.8	5.2	6.7	-7.1	1.5	6.7	1.5
Food	57	19.6	5.1	7.7	-11.9	2.6	4.8	1.6
Non-Food	43	5.8	5.5	5.2	-0.6	-0.2	2.0	-0.1

Source: CSA and NBE Staff Computation

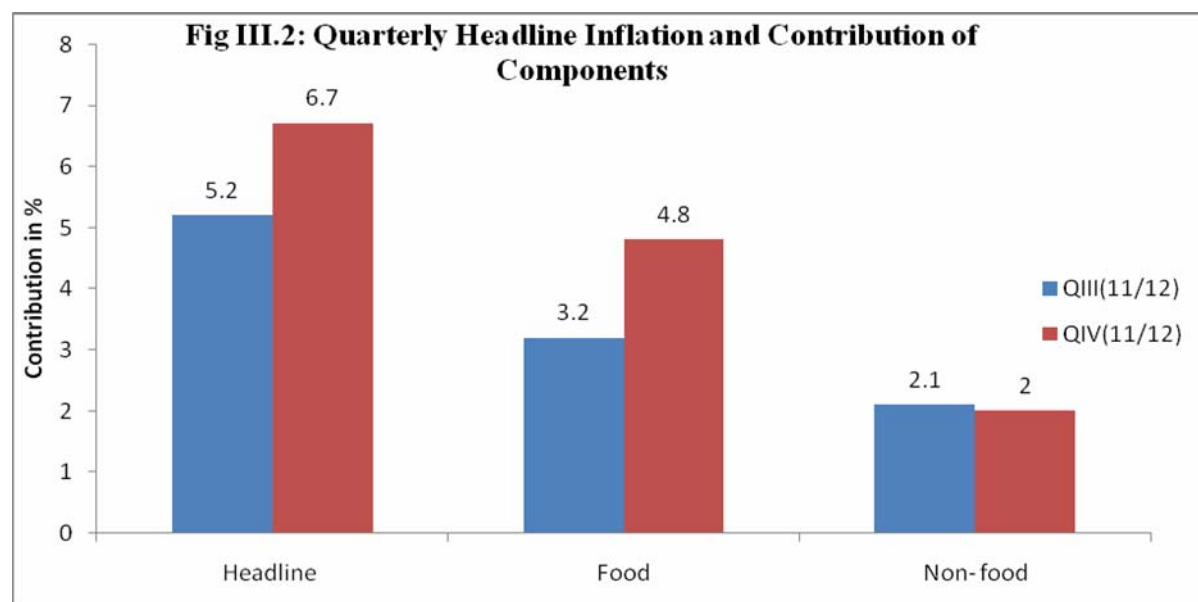


Table 3.2 Quarterly National Food Consumer Prices Index(%)

Items	Weights	2010		2011		Change in percentage points

		/11	/12		
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Table 3.3 Quarterly National Non-food Consumer Prices Index (%)

		QIV	QIII	QIV			QIV food inflation	Change in Food Inflation over QII
		A	B	C	C-A	C-B		
Food as a whole	57.0	19.6	5.1	7.7	-11.9	2.6	7.7	2.6
Cereals	22.5	24.8	1.5	9.7	-15.0	8.3	3.4	2.9
Pulses	4.31	27.5	0.1	5.1	-22.5	4.9	0.4	0.4
Bread and other prepared food items	1.87	10.0	5.3	3.4	-6.6	-1.9	0.1	-0.1
Meat	2.82	12.7	11.3	20.1	7.4	8.8	0.9	0.4
Milk, cheese and egg	1.96	7.3	13.5	9.1	1.8	-4.4	0.3	-0.1
Fats and oils	2.39	36.4	-8.3	8.5	-27.9	16.8	0.3	0.7
Vegetables and fruits	2.55	-5.8	52.0	7.9	13.7	-44.0	0.5	-1.7
Spices	1.98	44.0	-10.8	3.5	-40.5	14.3	0.2	0.8
Potatoes, other tubers and stems	4.16	19.9	8.7	20.0	0.1	11.2	1.6	0.9
Coffee (bean, whole) and tea leaves	4.27	17.6	8.9	-8.0	-25.5	-16.9	-0.9	-1.8
Other food items	1.23	4.6	-0.2	6.7	2.1	7.0	0.1	0.1
Milling charge	1.17	5.2	11.8	2.7	-2.4	-9.0	0.0	-0.1
Food taken away from home	5.76	11.3	6.6	7.7	-3.6	1.1	0.7	0.1

Source: CSA and NBE Staff Computation

Items	Weights	2010/ 11	2011/12		Change in percentage points		Contribution to	
		QIV	QIII	QIV			QIV non- food inflation	change in non-food inflation over QIV
		A	B	C	C-A	C-B		
Non-Food	43.0	5.8	5.5	5.2	-0.6	-0.2	5.2	-0.2
Beverages	2.0	10.4	6.6	4.4	-6.0	-2.2	0.2	-0.1
Cigarettes and Tobacco	0.5	9.9	1.2	0.2	-9.6	-0.9	0.0	0.0
Clothing and Footwear	8.3	7.6	8.2	7.7	0.0	-0.6	2.0	-0.1
House Rent, Construction Materials, Water, and Fuel and Electric Power	20.6	3.8	4.5	3.4	-0.4	-1.1	1.4	-0.5
Furniture, Household Equipment and Operation	3.8	6.4	7.7	6.7	0.3	-1.0	0.7	-0.1
Medical Care and Health	1.1	3.0	1.7	4.0	1.1	2.3	0.1	0.0
Transport and Communication	2.5	14.2	0.4	1.9	-12.2	1.6	0.1	0.1
Recreation, Entertainment and Education	1.1	2.9	3.6	3.4	0.5	-0.2	0.1	0.0
Personal Care and Effects	0.8	5.9	5.1	1.3	-4.6	-3.9	0.0	-0.1
Miscellaneous Goods	2.3	3.0	1.0	16.4	13.4	15.4	0.6	0.5

Source: CSA and NBE Staff Computation

3.2 Developments in Regional CPI

During the fourth quarter of 2011/12, regional average general inflation was 6.9 percent, higher than 3.9 percent in the previous quarter and lower than 13.9 percent in same quarter of last year. Regional states such as Harari, Tigray, Addis Ababa, Benshangul Gumuz and Afar have recorded quarterly headline inflation above the regional simple average inflation.

During the review period, most of regional states except Somalia have experienced a rise in headline inflation. The highest quarterly headline inflation was registered in Harari (9.8 percent) and the minimum (2.0 percent) in Somali. The deviation in the regional headline inflation rates from the average as represented by standard deviation was 2.1 percentage points (Table 3.4).

The regional average food inflation surged to 8.3 percent from 3.5 percent in the previous quarter. It however dropped compared to 17.9 percent same quarter of last fiscal year. Quarterly food inflation higher than the regional average was registered in SNNP, Harari, Tigray Addis Ababa and Afar regional states. The highest food inflation was observed in Harari (15.3 percent) and the lowest in Somali (1.4

percent). The dispersion from the regional mean in food inflation measured by standard deviation was 3.4 percent.

On the other hand, the average regional non-food inflation rose to 4.9 percent from 4.4 percent in the previous quarter while dropping to 6.5 percent year-on year. Higher non-food inflation than the regional average has been observed in Oromia, Tigray, Gambella, Benshangul Gumuz and Afar regional states. The highest average non-food inflation of 9.2 percent was recorded in Benshangul Gumuz and the lowest (1.9 percent) in Harari. The variation in non-food inflation measured by the standard deviation was 2.1 percent (Table 3.4).

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

Regions	2010/11			2011/12						Annual Change			Quarterly Change		
	QIV			QIII			QIV			D=C-A			D=C-B		
	A			B			C								
	General	Food	Non-food	General	Food	Non-food	General	Food	Non-food	General	Food	Non-food	General	Food	Non-food
SNNP	16.7	24.4	6.4	5.7	5.4	6.1	6.7	8.8	3.3	-10.0	-15.6	-3.1	1.0	3.4	-2.8
Harari	8.6	9.0	8.0	2.7	4.1	0.7	9.8	15.3	1.9	1.3	6.3	-6.1	7.2	11.2	1.3
Oromia	14.0	19.3	6.1	5.9	5.7	6.1	6.8	7.0	6.4	-7.2	-12.2	0.3	0.9	1.3	0.2
Tigray	12.8	15.9	8.5	4.4	3.7	5.6	7.7	9.3	5.2	-5.1	-6.6	-3.3	3.2	5.6	-0.3
Gambella	15.2	22.1	5.6	4.9	7.0	1.0	6.0	5.9	6.1	-9.2	-16.1	0.5	1.1	-1.1	5.1
Addis Ababa	8.8	11.8	6.5	3.7	2.1	3.2	7.1	10.8	3.9	-1.7	1.1	-2.6	3.4	8.6	0.7
Dire Dawa	10.9	16.6	3.6	2.9	3.2	2.3	6.1	7.4	4.1	-4.8	-9.2	0.6	3.2	4.2	1.6
Ben. Gum	23.2	37.4	5.2	3.0	-2.0	12.6	8.2	7.6	9.2	-15.0	-29.7	4.0	5.2	9.6	-3.4
Somali	10.2	10.9	8.7	2.4	2.9	1.4	2.0	1.4	3.2	-8.3	-9.5	-5.4	-0.5	-1.6	1.9
Afar	9.4	9.4	9.2	3.6	3.2	4.3	9.0	10.3	7.0	-0.3	0.9	-2.2	5.4	7.1	2.7
Amhara	14.1	20.3	3.9	3.8	2.9	5.5	6.0	7.2	3.6	-8.1	-13.1	-0.4	2.3	4.3	-1.9
Regions Average	13.1	17.9	6.5	3.9	3.5	4.4	6.9	8.3	4.9						
Standard deviation	4.3	8.3	1.9	1.2	2.3	3.4	2.1	3.4	2.1						
Coefficient of variation	0.3	0.5	0.3	0.3	0.7	0.8	0.3	0.4	0.4						