

## III. Quarterly Price Developments

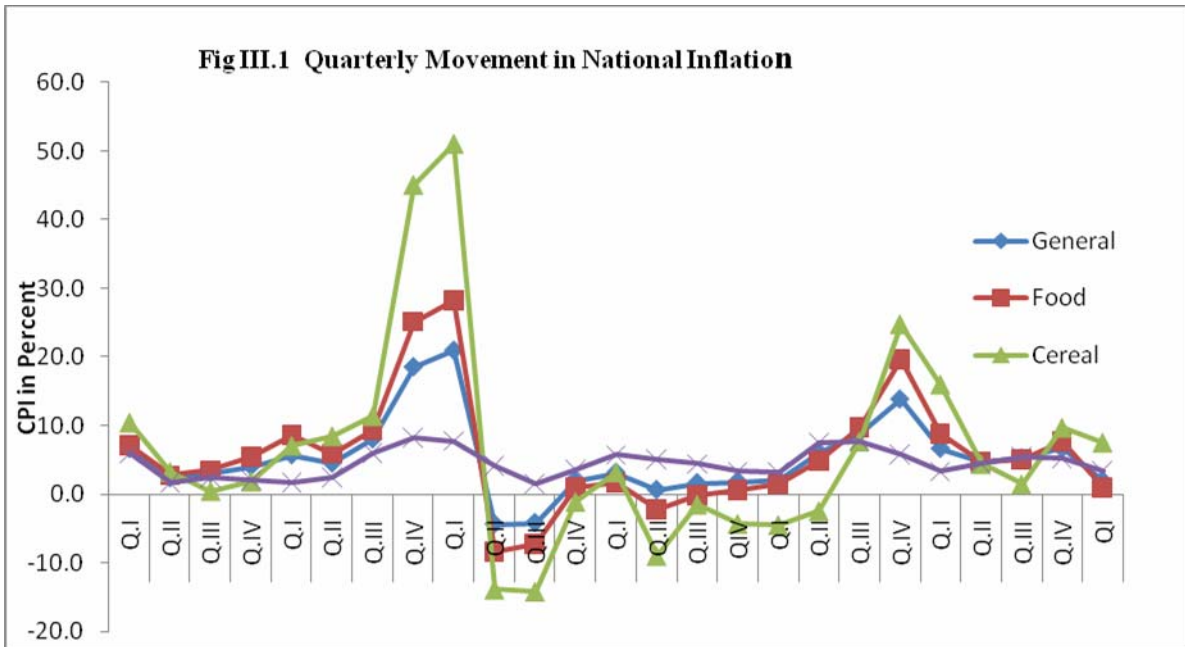
### 3.1. Developments in National CPI

Headline CPI inflation in the first quarter of 2012/13 stood at 1.9 percent down from 6.6 registered in same period last year. While food inflation declined sharply to 0.9 percent from 8.8 percent, non food inflation increased slightly to 3.3 percent from 3.4 percent during same period. Likewise, the headline inflation went down by 4.8 percentage point relative to 6.7 percent registered in the preceding quarter as food inflation dropped by 6.7 percentage point to 0.9 percent while non food inflation rate declined by 1.8 percentage point to 3.4 percent. In the reviewed quarter, non food inflation contributed 1.3 percent to the

headline inflation while food inflation constituted the remaining 0.6 percent (Table 3.1).

Food inflation declined significantly on quarterly basis in the review period mainly due to lower prices of all food items within the food CPI basket except coffee and milling charges (Table 3.2).

Similarly, the slowdown of non-food inflation resulted from lower prices of most non food items except house rent, construction materials, water, and fuel and electric power, cigarettes & tobacco and personal care & effects (Table 3.3).



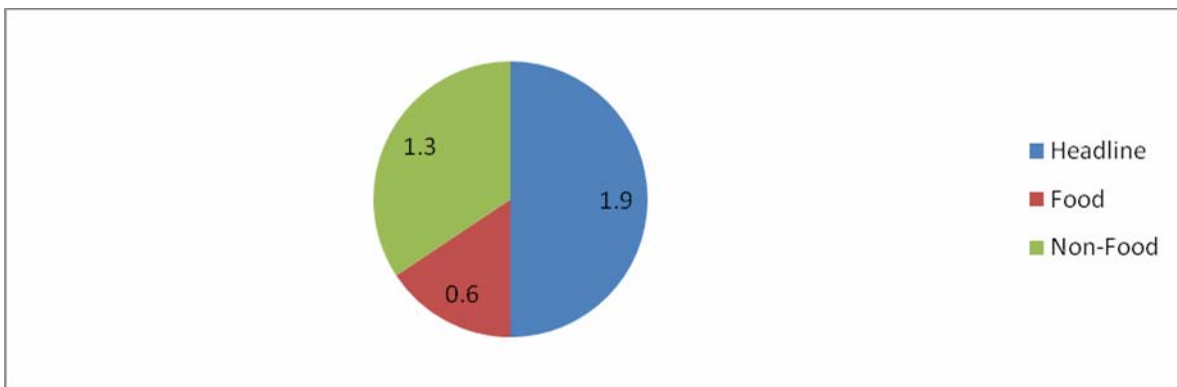
Source:CSA

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

Items	Weights	2011/12		2012/2013	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	6.6	6.7	1.9	-4.7	-4.8	1.9	-4.9
Food	57	8.8	7.7	0.9	-7.9	-6.7	0.6	-4.2
Non-Food	43	3.3	5.2	3.4	0.2	-1.8	1.3	-0.7

Source: CSA and NBE Staff Computation

**Fig III.2 Quarterly Headline inflation and Contribution of Food and Non-food items**



Source: CSA and NBE Staff Computation

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

Items	Weights	2011/12		2012/13		Change in %age points		Contribution to	
		QI	QIV	QI				QI food inflation	change in Food Inflation over QIV
		A	B	C	C-A	C-B			
<b>Food as a whole</b>	<b>57.0</b>	<b>8.8</b>	<b>7.7</b>	<b>0.9</b>	<b>-7.9</b>	<b>-6.7</b>	<b>0.9</b>	<b>-6.7</b>	
Cereals	22.5	16.0	9.7	7.5	-8.4	-2.2	2.7	-0.7	
Pulses	4.31	18.2	5.1	-2.9	-21.1	-7.9	-0.2	-0.6	
Bread and other prepared food items	1.87	7.0	3.4	2.0	-4.9	-1.3	0.1	0.0	
Meat	2.82	25.2	20.1	7.9	-17.3	-12.2	0.4	-0.5	
Milk, cheese and egg	1.96	4.3	9.1	0.5	-3.8	-8.6	0.0	-0.3	
Fats and oils	2.39	0.3	8.5	-4.5	-4.7	-13.0	-0.2	-0.5	
Vegetables and fruits	2.55	-15.6	7.9	-17.3	-1.7	-25.3	-1.0	-1.5	
Spices	1.98	13.9	3.5	-11.3	-25.3	-14.8	-0.5	-0.7	
Potatoes, other tubers and stems	4.16	-3.7	20.0	-3.1	0.7	-23.0	-0.3	-1.8	
Coffee (bean, whole) and tea leaves	4.27	1.0	-8.0	-6.9	-8.0	1.0	-0.6	0.2	
Other food items	1.23	2.2	6.7	4.1	1.9	-2.7	0.1	0.0	
Milling charge	1.17	2.2	2.7	3.9	1.7	1.2	0.1	0.0	
Food taken away from home	5.76	8.5	7.7	6.0	-2.5	-1.7	0.5	-0.2	

Source: CSA and NBE Staff Computation

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

Items	Weights	2011/12		2012/13		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>43.0</b>	<b>3.3</b>	<b>5.2</b>	<b>3.4</b>	<b>0.2</b>	<b>-1.8</b>	<b>3.4</b>	<b>-1.8</b>
Beverages	2.0	10.3	4.4	2.5	-7.8	-1.9	0.1	-0.1
Cigarettes and Tobacco	0.5	4.4	0.2	3.9	-0.6	3.6	0.0	0.0
Clothing and Footwear	8.3	4.6	7.7	3.2	-1.4	-4.5	0.8	-1.1
House Rent, Construction Materials, Water, and Fuel and Electric Power	20.6	1.0	3.4	5.0	4.0	1.6	2.1	0.6
Furniture, Household Equipment and Operation	3.8	6.2	6.7	3.6	-2.6	-3.1	0.4	-0.3
Medical Care and Health	1.1	2.2	4.0	1.0	-1.2	-3.0	0.0	-0.1
Transport and Communication	2.5	0.7	1.9	-2.1	-2.8	-4.1	-0.1	-0.2
Recreation, Entertainment and Education	1.1	6.1	3.4	2.8	-3.3	-0.6	0.1	0.0
Personal Care and Effects	0.8	9.7	1.3	4.9	-4.8	3.6	0.1	0.1
Miscellaneous Goods	2.3	3.3	16.4	-3.8	-7.1	-20.2	-0.1	-0.7

Source: CSA and NBE Staff Computation

### 3.1. Developments in Regional CPI

During the first quarter of 2012/13, regional average headline inflation went down to 2.5 percent, from 7 and 7.8 percent registered in the previous quarter and same quarter last fiscal year respectively. Compared to the national headline inflation during the quarter, the average regional headline inflation was higher by 0.6 percentage point. Amhara, Gambela, Tigray, Addis Ababa and Dire Dawa were regional states that have registered higher quarterly inflation than the regional average inflation.

All regional states except Gambella and Somali experienced a decline in general inflation during the review quarter. The highest quarterly headline inflation was registered in Gambella 6.7 percent with the minimum inflation of -2.8 percent registered in Harari, indicating about 9.5 percentage point margin in the rates of inflation between the region with the highest and the lowest quarterly inflation. Though the average regional headline inflation in regional states registered low compared to the previous quarter as well as the same period last year, the range between the regions with

highest and lowest general inflation remained high.

The deviation in the regional headline inflation rates from the average as represented by standard deviation was 2.8 percentage point, higher than 2.1 percentage point in the previous quarter (Table 3.4).

Similar to headline inflation, regional average food inflation in the reviewed quarter scaled down to 1.9 percent from 8.3 percent in the previous quarter and 9.7 percent in the same quarter last fiscal year. Quarterly food inflation higher than the quarterly regional average was registered in Gambella, Amhara, Tigray, Dire Dawa, Addis Ababa and Afar regional states. The highest average food inflation was observed in Gambella 7.5 percent and the lowest in Harari -7.2 percent revealing 14.7 percentage point significant margin in the rate of food inflation among regions, lower than the 17.0 percentage point margin during the previous quarter. The variation in food inflation increased to 4.1 percent, relative to 3.4 and 3.6 percent recorded in the previous and last year same

quarter respectively. Likewise, the average regional non-food inflation dropped to 3.5 percent from 5 in the previous quarter. All regional states, except Benshangul Gumuz, Addis Ababa, Amhara and Afar registered high quarterly non-food inflation vis-a-vis the regional average. Tigray experienced the highest average non-food inflation of 7.9

percent while Benshangul recorded the lowest -2.1 percent. The total variation in non-food inflation in regional states from average rose marginally to 2.7 percent from 2.3 percent of the previous quarter (Table 3.4).

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

Regions	2011/2012						2012/13			Annual Change D=C-A		
	QI			QIV			QI					
	A			B			C					
	General	Food	Non-food	General	Food	Non-food	General	Food	Non-food	General	Food	Non-food
SNNP	8.8	7.1	11.4	6.7	8.8	3.3	2.2	0.1	5.7	-6.6	-7.0	-5.0
Harari	5.3	7.3	2.7	9.9	15.3	2.0	-2.8	-7.2	4.4	-8.1	-14.5	1.0
Oromia	6.5	8.1	3.7	6.6	7.0	5.9	0.6	-1.1	3.6	-5.8	-9.1	-0.1
Tigray	8.5	10.5	5.5	7.7	9.3	5.2	5.9	4.6	7.9	-2.7	-5.9	2.0
Gambella	11.7	14.6	6.9	6.0	6.0	5.9	6.7	7.5	5.1	-5.0	-7.1	-1.0
Addis Ababa	5.7	8.5	3.4	7.2	10.8	4.1	3.4	3.5	3.3	-2.3	-5.0	-0.1
Dire Dawa	6.2	9.0	2.1	6.2	7.4	4.4	5.0	5.9	3.6	-1.2	-3.1	1.0
Ben. Gum	11.8	17.2	2.8	8.5	7.8	9.5	-0.9	-0.2	-2.1	-12.7	-17.5	-4.0
Somali	4.8	4.4	5.6	2.0	1.4	3.2	2.0	0.5	5.3	-2.7	-3.9	-0.1
Afar	7.5	8.6	5.8	9.6	10.3	8.3	2.5	3.4	1.1	-5.0	-5.3	-4.0
Amhara	9.0	11.4	4.4	6.0	7.2	3.5	3.4	4.3	1.4	-5.6	-7.1	-3.0
<b>Regions Average</b>	<b>7.8</b>	<b>9.7</b>	<b>4.9</b>	<b>6.9</b>	<b>8.3</b>	<b>5.0</b>	<b>2.5</b>	<b>1.9</b>	<b>3.5</b>			
<b>Standard deviation</b>	<b>2.4</b>	<b>3.6</b>	<b>2.6</b>	<b>2.1</b>	<b>3.4</b>	<b>2.3</b>	<b>2.8</b>	<b>4.1</b>	<b>2.7</b>			
<b>Coefficient of variation</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>	<b>1.1</b>	<b>2.1</b>	<b>0.8</b>			

Source: CSA and NBE Staff Computation

