

III. Quarterly Price Developments

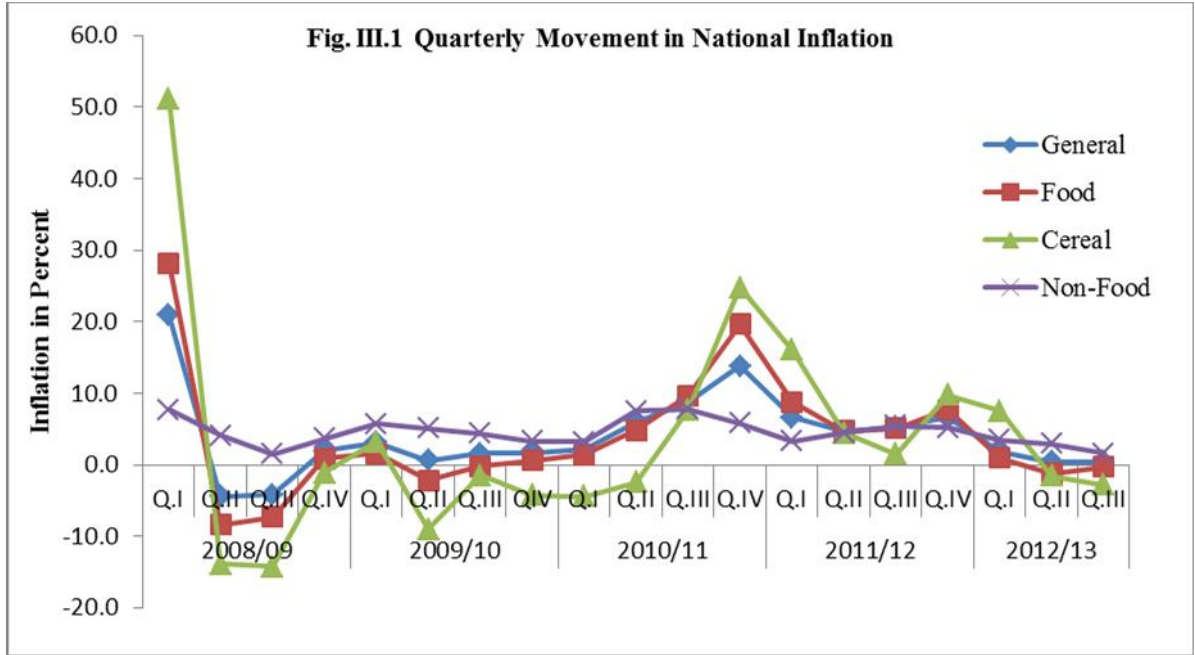
3.1. Developments in National CPI

During the third quarter of 2012/13, headline inflation went down significantly and reached 0.4 percent from 5.4 percent last year same period (Table 3.1).

Meanwhile, food CPI declined slightly by 0.3 percent in contrast to 5.1 percent increase recorded a year ago. However, food inflation recorded quarterly increase of 0.9 percentage point against the previous quarter, owing to the rise in inflation of food items like vegetables (9.2 percentage point), pulses (5.6 percentage point), potatoes (3.1 percentage point), other food items (2.9 percentage point), fats and oil (2.4 percentage point) and spices (1.6) (Table 3.2).

In the review period, core inflation also scaled down to 1.5 percent from 5.5 and 3 percent registered in the same quarter of last year and the preceding quarter respectively on account of lower inflation of clothing and footwear (2.6 percentage point), house rent, construction materials, water, fuel and electric power (1.2 percentage point), recreation, entertainment and education (1.5 percentage point), furniture (1.4 percentage point) and miscellaneous goods (7.9 percentage point) (Table 3.3).

As a result, core inflation contributed 0.6 percent to upward movement of headline inflation while food inflation exerted a 0.2 percent downward pressure on same. (Table 3.1)

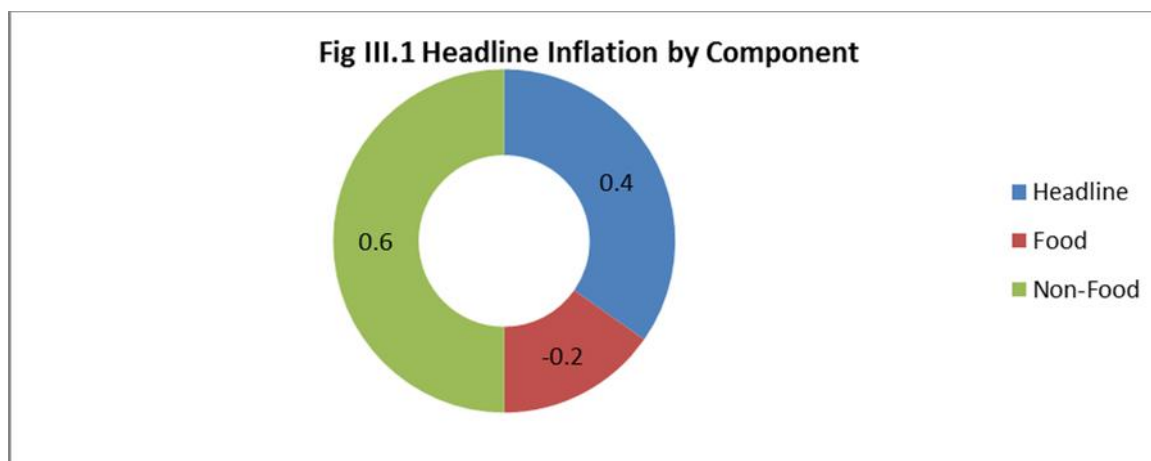


Source: CSA and NBE Staff Computation

Table 3.1: Quarterly National General Consumer Prices (%)

Particulars	Weights	2011/12	2012/2013		Change in %age		Contribution to	
		QIII	QII	QIII	Points		QIII	headline
		A	B	C	C-A	C-B	headline	inflation
Headline	100	5.2	0.4	0.4	-4.8	0.0	0.4	0.0
Food	57	5.1	-1.2	-0.3	-5.4	0.9	-0.2	0.5
Non-Food	43	5.5	2.9	1.5	-3.9	-1.4	0.6	-0.5

Source: CSA and NBE Staff Computation



CSA and NBE Staff Computation

Table 3.2: Quarterly National Food Consumer Prices

Items	Weights	2011/12	2012/13		Change in %age		Contribution to	
		QIII	QII	QIII	points		QIII food inflation	change in Food Inflation over QII
		A	B	C	C-A	C-B		
Food as a whole	57.0	5.1	-1.2	-0.3	-5.4	0.9	-0.3	0.9
Cereals	22.5	1.5	-1.6	-2.9	-4.3	-1.2	-1.1	-0.5
Pulses	4.31	0.1	-7.8	-2.2	-2.3	5.6	-0.2	0.4
Bread and other prepared food items	1.87	5.3	1.8	-0.6	-5.9	-2.4	0.0	-0.1
Meat	2.82	11.3	1.2	2.6	-8.7	1.4	0.1	0.1
Milk, cheese and egg	1.96	13.5	2.8	4.7	-8.8	1.8	0.2	0.1
Fats and oils	2.39	-8.3	-2.3	0.1	8.4	2.4	0.0	0.1
Vegetables and fruits	2.55	52.0	-3.0	6.3	-45.7	9.2	0.3	0.4
Spices	1.98	-10.8	-10.8	-9.2	1.6	1.6	-0.4	0.1
Potatoes, other tubers and stems	4.16	8.7	2.1	5.1	-3.6	3.1	0.4	0.3
Coffee (bean, whole) and tea leaves	4.27	8.9	0.1	0.4	-8.5	0.3	0.0	0.0
Other food items	1.23	-0.2	0.4	3.3	3.6	2.9	0.1	0.0
Milling charge	1.17	11.8	1.6	2.8	-9.0	1.2	0.0	0.0
Food taken away from home	5.76	6.6	3.1	1.2	-5.4	-1.9	0.1	-0.2

Source: CSA and NBE Staff Computation

Table 3.3: Quarterly National Non-food Consumer Prices

Items	Weights	2011/12	2012/13		Change in %age points		Contribution to	
		QIII	QII	QIII	C-A	C-B	QIII non-food inflation	change in non-Food Inflation over QII
		A	B	C				
Non-Food	43.0	5.5	2.9	1.5	-3.9	-1.4	1.5	-1.4
Beverages	2.0	6.6	2.5	2.1	-4.5	-0.3	0.1	0.0
Cigarettes and Tobacco	0.5	1.2	-1.7	-0.2	-1.4	1.5	0.0	0.0
Clothing and Footwear	8.3	8.2	5.7	3.1	-5.1	-2.6	0.8	-0.6
House Rent, Construction Materials, Water, and Fuel and Electric Power	20.6	4.5	1.7	0.5	-4.0	-1.2	0.2	-0.5
Furniture, Household Equipment and Operation	3.8	7.7	3.4	2.0	-5.7	-1.4	0.2	-0.1
Medical Care and Health	1.1	1.7	2.1	2.9	1.2	0.8	0.1	0.0
Transport and Communication	2.5	0.4	-2.7	3.5	3.2	6.3	0.1	0.3
Recreation, Entertainment and Education	1.1	3.6	1.4	-0.1	-3.7	-1.5	0.0	0.0
Personal Care and Effects	0.8	5.1	2.9	1.7	-3.4	-1.1	0.0	0.0
Miscellaneous Goods	2.3	1.0	5.8	-2.1	-3.1	-7.9	-0.1	-0.3

Source: CSA and NBE Staff Computation

3.2 Developments in Regional CPI

The average headline inflation in the regional states during the third quarter of 2012/13 was 0.5 percent showing a 3.4 percentage point slow down vis-à-vis the same period last year. Compared to the national headline inflation, the average regional headline inflation was higher by 0.1 percentage point. On annual basis, general inflation showed a slowdown in all regional states except Harari where it registered a 4.6 percentage point rise during the review period. Only Oromia and Harari regional states and Addis Ababa experienced higher headline inflation than the regional inflation (Table 3.4).

Headline inflation rose the highest by 7.3 percent in Harari and the lowest by 0.4 percent in Tigray. On the other hand, the general CPI remained unchanged in Dire Dawa while it declined by 1.2 percent in Somali. Standard deviation rose to 2.4 percent annually from 1.2 percent indicating increased deviation of the regional headline inflation from the regional average (Table 3.4).

Likewise, the regional average food CPI declined slightly by 0.5 percent against

3.5 percent inflation in the same period last year. Harari and Oromia were the only regional states to register higher food inflation than the average. Food inflation rose the highest (11.2 percent) in Harari while it declined by (3.8 percent) in Beni Shangul Gumz. The standard deviation of annual food inflation of the regional states increased from 2.3 percent to 4.1 percent, signifying increased deviation of regional food inflation from regional average food inflation (Table 3.4).

Contrary to food inflation, the average regional non-food inflation stood at 2 percent lower than that 4.4 inflation in the same period last year. Tigray, Dire Dawa, Addis Ababa and Benishangul Gumz registered higher non-food inflation than the regional average. The highest (5 percent) average non-food inflation was in Beni shangul Gumz and the lowest (0.6 percent) in Somali region.

The variation of regional core inflation from average as measured by the standard deviation narrowed to 1.4 percent from 3.4 percent a year ago. (Table 3.4)

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

Regions	2011/12			2012/13						Annual Change			Quarterly Change		
	QIII			QII			QIII								
	A			B			C			D=C-A			D=C-B		
	General	Food	Non-food	General	Food	Non-food	General	Food	Non-food	General	Food	Non-food	General	Food	Non-food
SNNP	5.7	5.4	6.1	0.1	-1.9	3.4	-0.5	-1.5	0.9	-6.2	-6.9	-5.1	-0.7	0.4	-2.5
Harari	2.7	4.1	0.7	-0.9	-2.3	1.1	7.3	11.2	1.8	4.6	7.1	1.1	8.2	13.5	0.6
Oromia	5.9	5.7	6.1	0.2	-1.3	2.6	1.2	1.2	1.2	-4.7	-4.5	-4.9	1.1	2.5	-1.5
Tigray	4.4	3.7	5.6	1.3	-0.6	4.1	0.4	-0.9	2.3	-4.0	-4.6	-3.3	-0.9	-0.3	-1.8
Gambella	4.9	7.0	1.0	-5.1	-7.2	-1.1	-0.7	-2.2	1.9	-5.6	-9.2	0.9	4.4	5.0	3.0
Addis Ababa	3.7	2.1	3.2	-0.1	-1.5	1.2	0.8	-2.1	3.4	-2.9	-4.3	0.2	0.9	-0.6	2.1
Dire Dawa	3.0	3.2	2.5	1.2	1.0	1.7	0.0	-1.4	2.2	-3.0	-4.6	-0.3	-1.3	-2.4	0.5
Ben. Gum	3.0	-2.0	12.6	0.3	-0.1	0.8	-0.5	-3.8	5.0	-3.5	-1.8	-7.6	-0.8	-3.7	4.2
Somali	2.4	2.9	1.4	4.6	3.2	7.5	-1.2	-1.5	-0.6	-3.6	-4.4	-2.0	-5.8	-4.7	-8.1
Afar	3.6	3.2	4.3	-0.7	-1.9	1.4	-0.7	-2.2	1.7	-4.3	-5.4	-2.6	0.0	-0.3	0.4
Amhara	3.8	2.9	5.5	-0.1	-1.4	2.6	-0.8	-2.1	2.0	-4.6	-5.1	-3.5	-0.7	-0.7	-0.6
Regions Average	3.9	3.5	4.4	0.1	-1.3	2.3	0.5	-0.5	2.0						
Standard deviation	1.2	2.3	3.4	2.3	2.5	2.2	2.4	4.1	1.4						
Coefficient of variation	0.3	0.7	0.8	29.9	-2.0	1.0	5.0	-8.2	0.7						