

III. Quarterly Price Developments

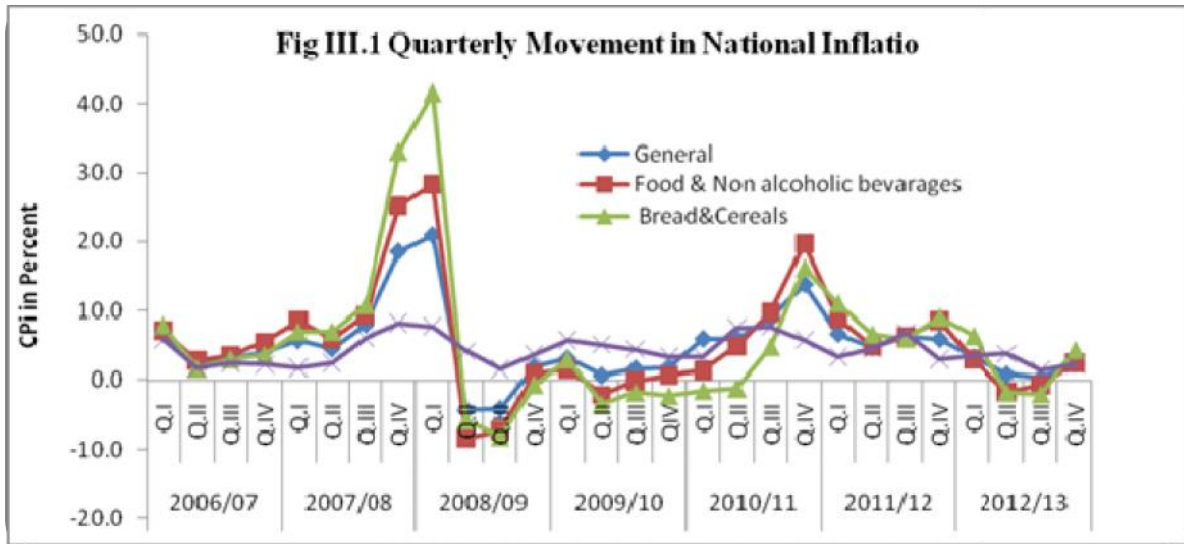
3.1 Developments in National CPI

During the fourth quarter of the fiscal year 2012/13, headline inflation surged to 2.2 percent vis-à-vis 0.2 percent in the preceding quarter, but it declined by 3.6 percentage point against last fiscal year same quarter. Quarterly food & non-alcoholic beverages inflation was 2.4 percent in the review quarter which was 6.1 percentage point lower than a year earlier. Core inflation on the other hand, scaled down to 2.1 percent from 2.9 percent in the same quarter of last year. Food & non-alcoholic beverage contributed 1.2 percent to the 2.2 percent quarterly headline inflation while the contribution of core inflation was 1.0 percent (Table 3.1).

Food & non-alcoholic beverages inflation recorded a quarterly increase of 3.1 percentage point owing to the higher prices of bread and cereals (6.3 percentage point), food products (5.5 percentage point), non-alcoholic

beverages (3.5 percentage point), oil & fats (2.7 percentage point) and vegetables (1.0 percentage point). Meanwhile the prices of milk, cheese & egg, sugar, jam, honey and chocolate, fruits and meat tended to slow down during the same period

Likewise, core inflation rate scaled up to 2.1 percent from 1.3 percent in the preceding quarter due to the increase in inflation of non-food items such as transport (2.4 percentage point), housing, water, electric city, gas and other fuel, health, furnishing, household equipment and routine maintenance of houses, recreation and culture, restaurant and hotel and education. At the same time, the prices of non-food items like alcoholic beverages and tobacco and clothing and footwear slowed down (Table 3.3).



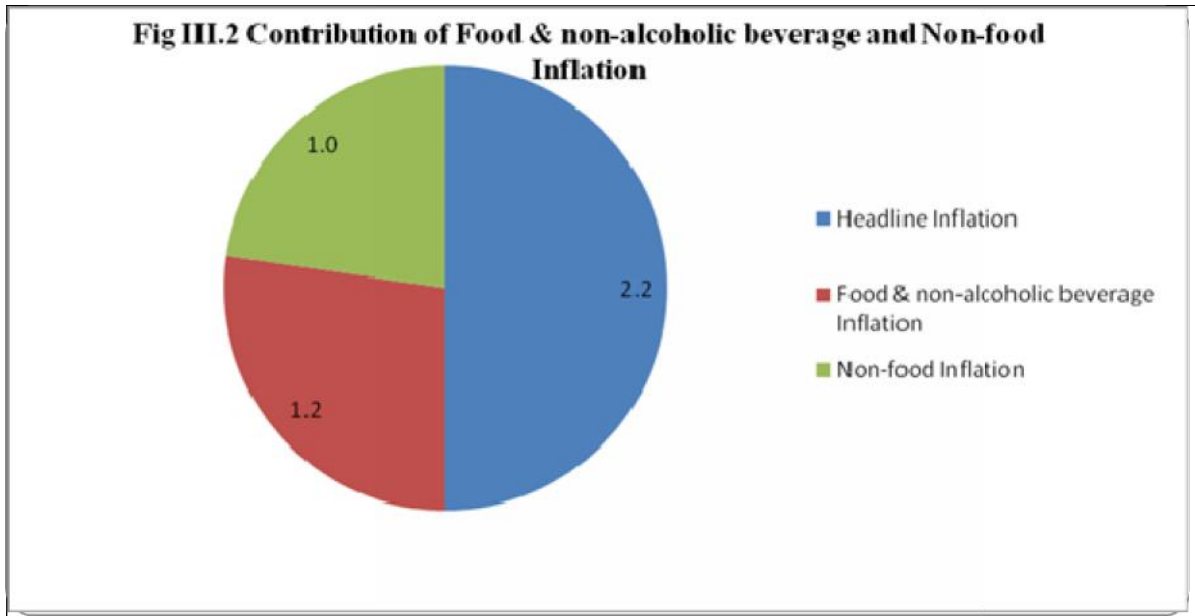
Source:CSA

Table 3.1: Quarterly National General Consumer Prices

(In percent)

	Weights	2011/12	2012/2013		Change in percentage Points		Contribution to	
		QIV	QIII	QIV	C-A	C-B	QIV headline inflation	headline inflation over QIII
		A	B	C				
Headline	100	5.9	0.2	2.2	-3.6	2.0	2.2	2.0
Food & Non-alcoholic beverages	53	8.5	-0.7	2.4	-6.1	3.1	1.2	1.6
Non-Food	47	2.9	1.3	2.1	-0.8	0.8	1.0	0.4

Source: CSA and NBE Staff Computation



CSA and NBE Staff Computation

Table 3.2: Quarterly National Food Consumer Prices

Item	Weights	2011/12	2012/13		Change in percentage points		Contribution to	
		QIV	QIII	QIV	C-A	C-B	QIV food inflation	change in Food Inflation over QII
		A	B	C				
Food & Non-alcoholic beverages	52.8	8.5	-0.7	2.4	-6.1	3.1	2.4	3.2
Bread and Cereals	18.5	9.1	-2.0	4.3	-4.8	6.3	1.5	2.2
Meat	4.3	18.6	2.9	2.2	-16.3	-0.7	0.2	-0.1
milk, cheese & egg	2.2	8.9	4.4	1.0	-7.9	-3.4	0.0	-0.2
oils and Fats	3.7	7.9	0.5	3.2	-4.6	2.7	0.2	0.2
Fruit	0.3	0.9	-3.1	-4.3	-5.2	-1.2	0.0	0.0
vegetables	13.5	10.0	-0.1	0.9	-9.1	1.0	0.2	0.3
sugar, jam, honey, chocolate	1.0	3.3	3.7	0.4	-2.9	-3.3	0.0	0.0
food products n.e.c	4.7	8.8	-2.3	3.2	-5.6	5.5	0.3	0.5
non-alcoholic beverages	4.6	-7.8	-5.3	-1.8	5.9	3.5	-0.1	0.2

Source: CSA and NBE Staff Computation

Table 3.3: Quarterly National Non-food Consumer Prices

Item	Weights	2011/12	2012/13		Change in percentage points		Contribution to	
		QIV	QIII	QIV	C-A	C-B	QIV non-food inflation	change in non-Food Inflation over QIV
		A	B	C				
Non-Food	47.2	2.9	1.3	2.1	-0.8	0.8	1.7	0.6
Alcoholic Beverages and tobacco	4.9	-1.0	4.1	-0.1	0.9	-4.2	0.0	-0.4
Clothing and Footwear	6.6	5.4	2.9	2.9	-2.5	-0.1	0.4	0.0
Housing, Water, Electricity, Gas and other Fuel	16.3	2.3	0.1	2.2	-0.2	2.1	0.8	0.7
Furnishings, Household Equipment and Routine maintenance of houses	5.4	4.5	1.5	3.3	-1.2	1.8	0.4	0.2
Health	1.1	2.0	1.0	3.1	1.2	2.1	0.1	0.1
Transport	2.8	0.7	-3.0	-0.6	-1.2	2.4	0.0	0.1
communication	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recreation and culture	0.6	1.9	-0.2	1.3	-0.6	1.6	0.0	0.0
Education	0.4	3.1	1.4	1.6	-1.5	0.1	0.0	0.0
Restaurant & hotel	5.5	5.9	2.5	3.3	-2.5	0.9	0.0	0.0
Miscellaneous Goods	2.6	2.4	3.0	1.3	-1.0	-1.7	0.1	-0.1

Source: CSA and NBE staff computation

3.2 Developments in Regional CPI

During the fourth quarter of 2012/13, regional average headline inflation increased to 2.2 percent from 0.3 percent in the previous quarter, but it was significantly lower than the 5.3 percent in the same quarter last year. The regional average headline inflation is equal to the national average headline inflation during the review quarter.

Tigray, Gambella, Somali, Afar and Amhara registered quarterly inflation higher than regional average inflation.

All regional states except Harari and Dire Dawa experienced a surge in general inflation during the review quarter. The highest quarterly headline inflation was recorded in Tigray (5.0 percent) with the minimum inflation of negative 2.1 percent being in Harari.

The deviation in the regional headline inflation from the average as represented by standard deviation was 2.2 percentage point, significantly higher than 0.8 percentage point in the previous quarter (Table 3.4).

Likewise, the regional average food inflation in the review quarter scaled up to 3.0 percent from the national 1.6 percent in the preceding quarter while it was lower than the 7.9 percent in the same quarter last fiscal year. Quarterly food inflation higher than the quarterly regional average was registered in Harari, Tigray, Gambela and Addis Ababa. The highest average food inflation was observed in Harari (5.9 percent) and the lowest in Beni-Shangul Gumz (-0.4 percent) revealing a 6.3 percentage point margin in the rate of food inflation among regions. The variation in food inflation measured by standard deviation was 1.9 percent, slightly higher than 1.5 percent in the previous quarter (Table 3.4).

Meanwhile, average regional non-food inflation dropped to 1.7 percent from 2.5 in the previous quarter. Tigray, Gambela, Somali, Afar and Amhara had

quarterly non-food inflation rates higher than the regional average. The highest average non-food inflation of 8.9 percent was in Afar and the lowest -9.9 percent in Harari. The variation in core inflation measured by the standard deviation was 4.8 percent in the review quarter, which was higher than the 2.2 percent in the previous quarter (Table 3.4).

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

(In millions of Birr)

Regions	2011/12			2012/13						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	5.2	9.9	1.5	0.6	0.8	0.4	1.9	2.3	1.5	-3.3	-7.5	0.1	1.3	1.6	1.1
Harari	5.4	10.9	0.4	2.1	-2.8	7.3	-2.1	5.9	-9.9	-7.6	-5.0	-10.3	-4.3	8.7	-17.2
Oromia	6.3	8.2	4.0	0.4	-0.3	1.2	1.5	1.3	1.7	-4.8	-6.9	-2.4	1.1	1.6	0.4
Tigray	6.2	9.1	3.4	0.0	-1.3	1.2	5.0	5.2	4.9	-1.2	-3.9	1.5	5.1	6.5	3.7
Gambella	6.4	7.9	3.8	0.0	-1.2	1.9	4.2	5.4	2.3	-2.2	-2.5	-1.6	4.2	6.5	0.4
Addis Ababa	4.8	9.4	1.6	0.5	-1.7	2.1	2.2	3.5	1.4	-2.6	-5.9	-0.2	1.7	5.2	-0.7
Dire Dawa	3.3	5.4	1.6	1.1	-2.2	3.7	0.2	3.1	-2.0	-3.1	-2.4	-3.5	-0.9	5.3	-5.7
Ben. Gum	6.4	6.6	6.1	-1.0	-4.2	3.3	0.4	-0.4	1.5	-6.0	-7.1	-4.6	1.4	3.8	-1.8
Somali	2.3	4.5	-0.6	-0.6	-0.7	-0.6	3.5	1.7	5.7	1.2	-2.9	6.3	4.1	2.3	6.3
Afar	6.0	6.3	5.4	0.1	-3.4	5.0	5.0	1.9	8.9	-0.9	-4.5	3.5	4.9	5.3	4.0
Amhara	5.6	8.3	2.7	0.6	-0.6	1.9	2.7	2.9	2.4	-2.9	-5.5	-0.2	2.0	3.4	0.5
Regions Average	5.3	7.9	2.7	0.3	-1.6	2.5	2.2	3.0	1.7						
Standard deviation	1.4	2.0	2.1	0.8	1.5	2.2	2.2	1.9	4.8						
Coefficient of variation	0.3	0.2	0.8	2.5	-0.9	0.9	1.0	0.7	2.8						

Source: CSA and NBE Staff Computation