



MINISTRY OF PLANNING
AND NATIONAL DEVELOPMENT



CENTRAL STATISTICS
DEPARTMENT



MONTHLY **CONSUMER** **PRICE INDEX (CPI)**

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• Methodological Note

The Consumer Price Index (CPI) and the accompanying report are prepared monthly by the Central Statistics Department (CSD) at the Ministry of Planning and National Development (MoPND). January to December 2012 is the price reference period, for which the CPI was set to 100.

The CPI is compiled from approximately 520 product prices collected in Hargeisa, mainly from the city's two biggest open-air markets. Those product prices are weighted according to the representative consumption basket, which is calculated based on consumption data from the Somaliland Household Survey (2013) and auxiliary data sources to overcome data gaps.

Standards for price statistics. For instance, the CPI follows the Classification of Individual Consumption by Purpose (COICOP), elementary aggregate indices are calculated using the geometric average method (Jevons index), and higher-level indices are computed as weighted arithmetic averages of their sub-indices (Laspeyres index).

Time series for the CPI and its main components, annual and monthly inflation, as well as detailed information on methodology are available on the CSD website: <https://somalilandcsd.org/>

• Consumer Price Index summary for January 2023

In January 2023, the overall CPI increased at 04% over the previous month, and constant by 10.7% over the same month in the previous year. Table 1 below summarizes the month-over-month and year-over-year changes in the overall CPI and for the main COICOP groups.

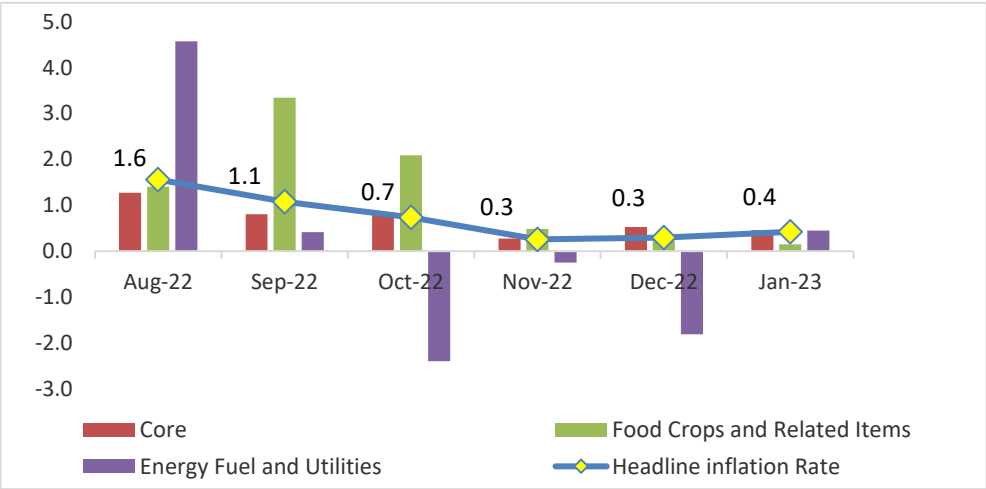
Table 1. Monthly and annual change in overall CPI and main COICOP Divisions for January 2023

Code	Main Divisions/classes	Weights	Jan_22	Dec_22	Jan_23	Month Percent change	Annual Percent change
	HEADLINE INDEX	100%	196.29	216.30	217.21	0.4	10.7
1	Food and non-alcoholic beverages	41.75%	220.46	245.71	245.28	-0.2	11.3
1.1	FOOD	38.71	221.46	248.06	247.65	-0.2	11.8
01.1.1	Bread and Cereals	10.48	194.92	213.69	214.54	0.4	10.1
01.1.2	Meat	6.05	240.05	261.77	263.72	0.7	9.9
01.1.3	Fish and sea food	0.37	221.96	230.05	227.18	0.7	2.4
01.1.4	Milk, cheese and eggs	4.23	221.73	256.01	246.93	-3.5	11.4
01.1.5	Oil and fats	1.54	168.26	213.59	212.94	-0.3	26.6
01.1.6	Fruits	3.26	352.83	383.76	383.63	0.5	8.7
01.1.7	Vegetables	6.28	209.84	232.10	232.82	0.3	11.0
01.1.8	Sugar, Jam, Honey, chocolate and confe.	2.53	151.78	230.67	232.11	0.6	52.9
01.1.9	Food products n.e.c	3.99	238.55	249.47	248.43	-0.6	4.1
2	Alcoholic Beverages, Tobacco and Narcotics	4.56%	263.26	282.51	296.35	4.9	12.6
3	Clothing and footwear	5.73%	191.17	199.71	204.02	2.2	6.7
4	Housing water, electricity, gas and other fuels	14.10%	182.43	205.50	206.05	0.3	12.9
5	Furnishings household equipment and routine household maintenance	5.55%	171.29	185.09	185.91	0.4	8.5
6	Health	2.56%	202.52	214.50	214.78	0.1	6.1
7	Transport	8.85%	130.07	142.18	141.48	-0.5	8.8
8	Communication	2.99%	181.32	189.16	189.41	0.1	4.5
9	Recreation and culture	2.25%	168.26	175.23	175.16	0.4	4.1
10	Education	3.69%	144.57	156.76	157.04	0.2	8.6
11	Restaurants and hotels	3.35%	172.65	215.62	216.71	0.5	25.5
12	Miscellaneous goods and services	4.62%	195.61	204.89	206.79	0.9	5.7

Recent trends in the CPI and its main components

Decomposing inflation into the three components presented in Figure 1 allows us to see the effects on prices of the movement by typically most volatile components of the CPI, food crops increased and energy fuel prices increased. It also allows us to calculate “Core Inflation” by subtracting these volatile components, which more accurately reflects the economy-wide change in prices that influenced by aggregate demand and supply evolutions.

Figure 1. Monthly headline inflation and its main components, trailing 6 months



Annual and monthly inflation rates over 6 months

Over the past 6 months, monthly headline inflation has slightly decelerated in the following months, before almost stopping in August at 1.6% increased and September decreased at 1.1% the inflation of October Decreased at 0.7 % while November inflation decreased 0.3% and December 2022 inflation rate is constant at 0.3% and following January2023 were increased at 0.4%.

The biggest monthly increments were measured for the “Food crop & related items” component, in August, decreased at 1.4% while September increased at 3.4% and however the inflation rate in October decreased at 2.1% whereas the inflation rate in November decreased at 0.5%. The inflation rate decreased at December is 0.2% also in January2023 the inflation rate is constant at 0.2%.

On the other hand, the “Energy, Fuel and Utilities” component monthly were in August by increased 4.6% and inflation rate in September decreased at 0.4 %

Were October the inflation rate of decreased at minus 2.4%. While the inflation rate in November decreased at minus0.2% while the inflation rate at December decreased at minus 1.8%, while the inflation rate at January 2023 increased at 0.5

The “Core Inflation” component, which reflects change in prices of goods in the consumption goods belonging to one of the other two components, was the least volatile of the three in August the inflation rate increased at 1.3%, and September the inflation rate decreased at 0.8%, but in October the inflation rate reached at 0.9%, and the inflation rate of November decreased at 0.3% and the inflation of December increased at 0.5%. and inflation of January 2023 were constant at 0.5%. “Core Inflation” as the more volatile components varied less than in previous months.

Table 2. Monthly percentage change in overall CPI and main components

	2022												2023
Component	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Headline index	0.5	0.6	0.7	0.9	1.1	1.2	1.4	1.6	1.1	0.7	0.3	0.3	0.4
Core	0.3	1.0	0.6	0.9	1.1	1.0	0.9	1.3	0.8	0.9	0.3	0.5	0.5
Food crops & related items	0.8	-3.6	1.1	0.7	0.3	0.8	2.6	1.4	3.4	2.1	0.5	0.2	0.2
EFU	1.0	3.0	0.8	1.9	1.9	3.6	3.8	4.6	0.4	-2.4	-0.2	-1.8	0.5

Table 3. Annual percentage change in overall CPI and main components

	2022												2023
Component	Jan	Feb	mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan
Headline index	6.1	6.5	6.8	6.9	7.0	7.3	7.7	8.8	9.5	11.0	10.8	10.7	10.7
Core	5.1	5.9	6.6	6.4	6.8	6.9	7.1	8.1	8.4	10.2	10.0	10.1	10.2
Food crops & related items	13.9	9.8	8.2	7.3	6.9	6.2	5.1	4.7	8.1	8.6	9.1	10.7	9.9
EFU	5.5	7.3	6.8	10.5	9.3	13.3	17.6	22.9	23.4	23.1	22.8	17.6	16.9

NB: In January there were two price-related incidents; one of the periods of global inflation, that caused some commodities to rise and the second was the burning of the main market in Hargeisa (Waheen Market) severely affected the prices of some commodities. Were some food commodities being decreased such as Biscuits, Cakes Industrially - Frozen Chicken and other cereal

On the other hand, the inflation of January 2023 at aggregate a monthly were slightly increased that reviewed the price of some commodities, also the price of energy particular (Petrol and Diesel) decreased since September 2022 to January 2023.

How to interpret inflation and CPI statistics?

Movements of the indices from one month to another usually are expressed as percentage changes rather than changes in index points. For instance, one index going from 50 in one month to 55 the next month represents a 10% increase in that index, which will be typically reported as a 10% rate of monthly inflation.

Table 4. Example on how to interpret the relations between index changes and inflation

Monthly Inflation		Annual Inflation	
Current month index level	217.21	Current month index level	217.21
Less index for previous month	216.30	Less index for same month of the previous year	196.29
Index point difference	0.91	Index point difference	20.92
Divided by the previous month index	216.30	Divided by the previous year index	196.29
Equals	0.0042071198	Equals	0.106577003
Results multiplied by 100	0.0042071198x100	Results multiplied by 100	0.106577003x100
Equals percent change	0.4%	Equals percent change	10.7%

Glossary

- Index reference period (Jan-Dec 2012=100): The period with which all other periods are compared (the period for which the value of the CPI is set at 100).
- Percentage change: The change in an index or other statistical series from one period to another expressed as a percentage of its value in the first of the two periods.
- Annual inflation: Percentage change between the current index number for a particular month and the index number for the same month of the previous year.
- Monthly inflation: Percentage change between the current index number for a particular month and the index number for the previous month.
- COICOP: The Classification of individual consumption by purpose, abbreviated as COICOP, is a classification developed by the United Nations Statistics Division to classify and analyses individual consumption expenditures incurred by households, non-profit institutions serving households and general government according to their purpose

