



MINISTRY OF PLANNING  
AND NATIONAL DEVELOPMENT



CENTRAL STATISTICS  
DEPARTMENT



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

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December 2022



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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 December 2022

In **December 2022**, the overall CPI constant by 0.3% over the previous month, and decreased 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.

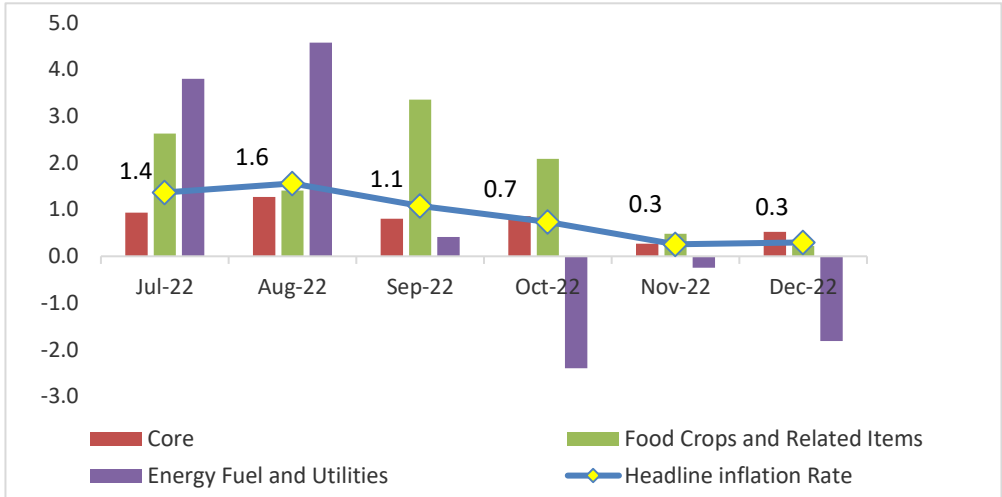
**Table 1. Monthly and annual change in overall CPI and main COICOP Divisions for December 2022**

| Code   | Main Divisions/classes  | Weights     | Dec_21        | Nov_22        | Dec_22        | Month Percent change | Annual Percent change |
|--------|---|-------------|---------------|---------------|---------------|----------------------|-----------------------|
|        | <b>HEADLINE INDEX</b>   | <b>100%</b> | <b>195.40</b> | <b>215.66</b> | <b>216.30</b> | <b>0.3</b>           | <b>10.7</b>           |
| 1      | Food and non-alcoholic beverages                                  | 41.75%      | 219.32        | 244.82        | 245.71        | 0.4                  | 12.0                  |
| 1.1    | FOOD  | 38.71       | 220.30        | 247.16        | 248.06        | 0.4                  | 12.6                  |
| 01.1.1 | Bread and Cereals   | 10.48       | 194.39        | 213.22        | 213.69        | 0.2                  | 9.9                   |
| 01.1.2 | Meat  | 6.05        | 238.00        | 260.51        | 261.77        | 0.5                  | 10.0                  |
| 01.1.3 | Fish and sea food   | 0.37        | 221.96        | 235.59        | 230.05        | -2.4                 | 3.6                   |
| 01.1.4 | Milk, cheese and eggs   | 4.23        | 221.16        | 253.78        | 256.01        | 0.9                  | 15.8                  |
| 01.1.5 | Oil and fats  | 1.54        | 168.37        | 208.53        | 213.59        | 2.4                  | 26.9                  |
| 01.1.6 | Fruits  | 3.26        | 350.89        | 381.78        | 383.76        | 0.5                  | 9.4                   |
| 01.1.7 | Vegetables  | 6.28        | 207.57        | 232.17        | 232.10        | 0.0                  | 11.8                  |
| 01.1.8 | Sugar, Jam, Honey, chocolate and confe.                           | 2.53        | 151.78        | 230.67        | 230.67        | 0.0                  | 52.0                  |
| 01.1.9 | Food products n.e.c   | 3.99        | 237.54        | 249.21        | 249.47        | 0.1                  | 5.0                   |
| 2      | Alcoholic Beverages, Tobacco and Narcotics                        | 4.56%       | 263.26        | 277.92        | 282.51        | 1.7                  | 7.3                   |
| 3      | Clothing and footwear   | 5.73%       | 191.20        | 198.69        | 199.71        | 0.5                  | 4.5                   |
| 4      | Housing water, electricity, gas and other fuels                   | 14.10%      | 181.25        | 205.38        | 205.50        | 0.1                  | 13.4                  |
| 5      | Furnishings household equipment and routine household maintenance | 5.55%       | 169.38        | 182.44        | 185.09        | 1.5                  | 9.3                   |
| 6      | Health  | 2.56%       | 202.47        | 214.22        | 214.50        | 0.1                  | 5.9                   |
| 7      | Transport   | 8.85%       | 129.41        | 145.58        | 142.18        | -2.3                 | 9.9                   |
| 8      | Communication   | 2.99%       | 181.81        | 188.80        | 189.16        | 0.2                  | 4.0                   |
| 9      | Recreation and culture  | 2.25%       | 168.23        | 174.51        | 175.23        | 0.4                  | 4.2                   |
| 10     | Education   | 3.69%       | 144.57        | 156.76        | 156.76        | 0.0                  | 8.4                   |
| 11     | Restaurants and hotels  | 3.35%       | 173.65        | 214.56        | 215.62        | 0.5                  | 24.2                  |
| 12     | Miscellaneous goods and services                                  | 4.62%       | 192.83        | 203.52        | 204.89        | 0.7                  | 6.3                   |

- 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 July at 1.4% increased and August increased at 1.6 the inflation of September decreased at 1.1 % while October inflation decreased 0.7% and November 2022 inflation rate decreased at 0.3% and following December were constant 0.6%.

The biggest monthly increments were measured for the “Food crop & related items” component, in July, increased at 2.6% while August decreased at 1.4% and however the inflation rate in September increased at 3.4% whereas the inflation rate decreased at 2.1%. The inflation rate decreased at November is 0.5 % also in December decreased at 0.2%.

On the other hand, the “Energy, Fuel and Utilities” component monthly were in July by increased 3.8% and inflation rate in August increased at 4.6 %

Were September the inflation rate of decreased at 0.4 %. While the inflation rate in October decreased at minus 2.4% while the inflation rate at November increased at minus 0.2%, while the inflation rate at December is decreased at minus 1.8%.

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 July the inflation rate decreased at 0.9%, and August the inflation rate increased at 1.3%, but in September the inflation rate reached at 0.8%, and the inflation rate of October increased at 0.9% and the inflation of November is decreased at 0.3%. and inflation of December is increased 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

| Component                  | 2021 |     | 2022 |     |     |     |     |     |     |     |      |      |      |
|----------------------------|------|-----|------|-----|-----|-----|-----|-----|-----|-----|------|------|------|
|                            | Dec  | Jan | Feb  | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct  | Nov  | Dec  |
| Headline index             | 0.4  | 0.5 | 0.6  | 0.7 | 0.9 | 1.1 | 1.2 | 1.4 | 1.6 | 1.1 | 0.7  | 0.3  | 0.3  |
| Core                       | 0.5  | 0.3 | 1.0  | 0.6 | 0.9 | 1.1 | 1.0 | 0.9 | 1.3 | 0.8 | 0.9  | 0.3  | 0.5  |
| Food crops & related items | -1.2 | 0.8 | -3.6 | 1.1 | 0.7 | 0.3 | 0.8 | 2.6 | 1.4 | 3.4 | 2.1  | 0.5  | 0.2  |
| EFU                        | 2.6  | 1.0 | 3.0  | 0.8 | 1.9 | 1.9 | 3.6 | 3.8 | 4.6 | 0.4 | -2.4 | -0.2 | -1.8 |

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

| Component                  | 2021 |      | 2022 |     |      |     |      |      |      |      |      |      |      |
|----------------------------|------|------|------|-----|------|-----|------|------|------|------|------|------|------|
|                            | Dec  | Jan  | Feb  | Mar | Apr  | May | Jun  | July | Aug  | Sep  | Oct  | Nov  | Dec  |
| Headline index             | 6.0  | 6.1  | 6.5  | 6.8 | 6.9  | 7.0 | 7.3  | 7.7  | 8.8  | 9.5  | 11.0 | 10.8 | 10.7 |
| Core                       | 5.2  | 5.1  | 5.9  | 6.6 | 6.4  | 6.8 | 6.9  | 7.1  | 8.1  | 8.4  | 10.2 | 10.0 | 10.1 |
| Food crops & related items | 12.3 | 13.9 | 9.8  | 8.2 | 7.3  | 6.9 | 6.2  | 5.1  | 4.7  | 8.1  | 8.6  | 9.1  | 10.7 |
| EFU                        | 4.7  | 5.5  | 7.3  | 6.8 | 10.5 | 9.3 | 13.3 | 17.6 | 22.9 | 23.4 | 23.1 | 22.8 | 17.6 |

**NB:** In December, 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.

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

## 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           | 216.30        | Current month index level                      | 216.30        |
| Less index for previous month       | 215.66        | Less index for same month of the previous year | 195.40        |
| Index point difference              | 0.64          | Index point difference                         | 20.9          |
| Divided by the previous month index | 215.66        | Divided by the previous year index             | 195.40        |
| Equals                              | 0.0029676     | Equals   | 0.1069601     |
| Results multiplied by 100           | 0.0029676x100 | Results multiplied by 100                      | 0.1069601x100 |
| Equals percent change               | 0.3%          | 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

