



MONTHLY CONSUMER PRICE INDEX (CPI)

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August 2023



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 August 2023

In August 2023, the overall CPI constant at 0.6% over the previous month and decreased 7.6% over the same month in the previous year.

Table One 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 August 2023

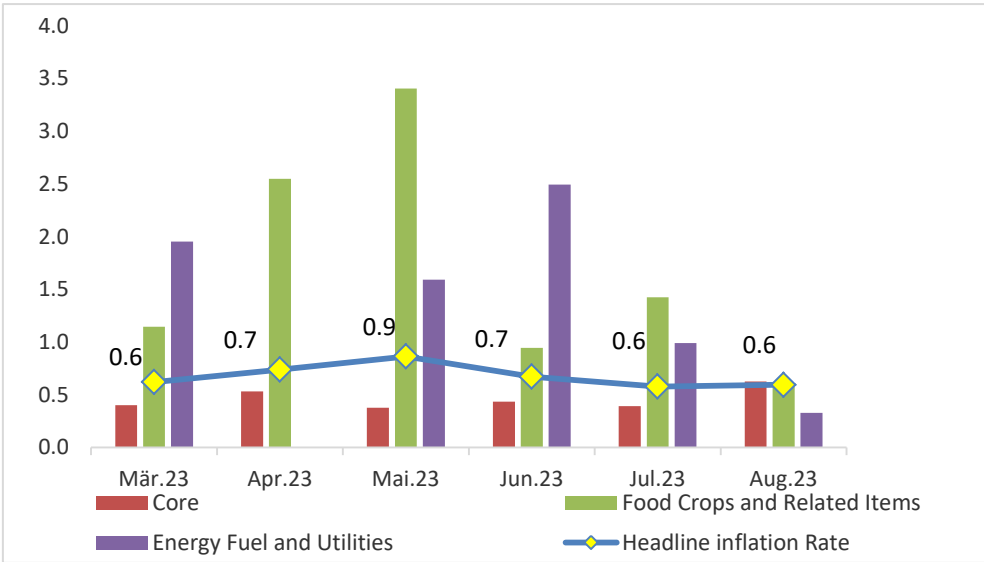
Code	Main Divisions/classes	Weights	Aug_22	July_23	Aug_23	Month Percent change	Annual Percent change
	HEADLINE INDEX	100%	211.26	225.91	227.26	0.6	7.6
1	Food and non-alcoholic beverages	41.75%	238.90	260.04	261.73	0.7	9.6
1.1	FOOD	38.71	240.81	263.70	265.53	0.7	10.3
01.1.1	Bread and Cereals	10.48	208.28	220.92	224.55	1.6	7.8
01.1.2	Meat	6.05	258.19	290.01	291.68	0.6	13.0
01.1.3	Fish and sea food	0.37	231.73	231.06	235.56	1.9	1.7
01.1.4	Milk, cheese, and eggs	4.23	257.50	267.41	267.41	0.0	3.8
01.1.5	Oil and fats	1.54	201.85	220.72	222.13	0.6	10.0
01.1.6	Fruits	3.26	352.29	412.95	417.99	1.2	18.6
01.1.7	Vegetables	6.28	223.04	261.67	261.81	0.1	17.4
01.1.8	Sugar, Jam, Honey, chocolate and confe.	2.53	214.03	237.61	237.61	0.0	11.0
01.1.9	Food products n.e.c	3.99	252.10	249.74	250.15	0.2	-0.8
2	Beverages, Tobacco, and Narcotics	4.56%	276.55	295.16	297.64	0.8	7.6
3	Clothing and footwear	5.73%	193.71	209.64	211.36	0.8	9.1
4	Housing water, electricity, gas and other fuels	14.10%	204.98	218.83	218.88	0.0	6.8
5	Furnishings household equipment and routine household maintenance	5.55%	175.86	188.17	188.66	0.3	7.3
6	Health	2.56%	211.17	214.18	216.56	1.1	2.6
7	Transport	8.85%	142.19	143.12	144.48	1.0	1.6
8	Communication	2.99%	190.52	190.61	192.57	1.0	1.1
9	Recreation and culture	2.25%	169.36	177.88	178.81	0.5	5.6
10	Education	3.69%	153.23	160.53	161.95	0.9	5.7
11	Restaurants and hotels	3.35%	210.01	215.05	215.05	0.0	2.4

12	Miscellaneous goods and services	4.62%	194.04	207.80	209.46	0.8	7.9
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Recent trends in the CPI and its main components

Decomposing inflation into the three components presented in Figure one 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 and Utilities 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 Six months.



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 March the Inflation rate increased at 0.6% while April 2023 inflation rate increased at 0.7% and May the inflation rate Increased at 0.9% while in June the Inflation rate decreased at 0.7%, also in July decreased at 0.6% where the following August constant at **0.6%**

The biggest monthly increments were measured for the “Food Crop & Related items” component, in March increased at 1.1% whereas the inflation rate in April 2023 increased 2.5% And the inflation rate in May increased at 3.4% and the inflation rate of June decreased 0.9% in July Inflation rate increased at 1.4% while inflation at August decreased at 0.6%

On the other hand, the “Energy, Fuel and Utilities “component monthly were in March decreased at 2.0%

Were April 2023 the inflation rate decreased at 0.0% while the May inflation rate Increased at 1.6%, and the inflation rate of June Increased at 2.5% and July inflation rate decreased at 1.0% while in August decreased at 0.3%

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 March Inflation rate increased at 0.4%, and the inflation rate in April 2023 also increased at 0.5%, while the inflation rate of May decreased at 0.4% and the inflation rate of June is slightly constant at 0.4% and also July similarly the inflation rate of July constant at 0.4% were the in August inflation rate Increased at 0.6% “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	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Headline index	1.6	1.1	0.7	0.3	0.3	0.4	0.5	0.6	0.7	0.9	0.7	0.6	0.6
Core	1.3	0.8	0.9	0.3	0.5	0.5	0.2	0.4	0.5	0.4	0.4	0.4	0.6
Food crops & related items	1.4	3.4	2.1	0.5	0.2	0.2	0.4	1.1	2.5	3.4	0.9	1.4	0.6
EFU	4.6	0.4	-2.4	-1.2	-1.8	0.5	3.0	2.0	0.0	1.6	2.5	1.0	0.3
2022											2023		
Component	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Headline index	8.8	9.5	11.0	10.8	10.7	10.7	10.5	10.4	10.2	10.0	9.5	8.6	7.6
Core	8.1	8.4	10.2	10.0	10.1	10.2	9.3	9.1	8.7	8.0	7.3	6.8	6.1
Food crops & related items	4.7	8.1	8.6	9.1	10.7	9.9	14.4	14.4	16.6	20.2	20.3	18.9	18.0
EFU	22.9	23.4	23.1	22.8	17.6	16.9	16.9	18.2	16.0	15.7	14.4	11.3	6.8

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

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	227.26	Current month index level	227.26
Less index for previous month	225.91	Less index for same month of the previous year	211.26
Index point difference	1.35	Index point difference	16
Divided by the previous month index	225.91	Divided by the previous year index	211.26
Equals	0.0059758	Equals	0.0757361
Results multiplied by 100	0.0059758x100	Results multiplied by 100	0.0757361x100
Equals percent change	0.6%	Equals percent change	7.6%

NB: In August 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 crops being decreased such watermelon were more supply in the market in July 2023 were more for supply increments and the previous months Tomatoes was shortage supplies at Hargeisa market. On the other hand, the inflation of July 2023 at aggregates a monthly were slightly decreased that reviewed the price of some commodities and divisions such Housing, Water, Electricity, Gas and Other Fuels, Transportation, also the price of energy (Petrol and Diesel and since July months of the year 2023 was being decreased.

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

