



Ministry of Planning and National
Development



Central Statistics Department



MONTHLY CONSUMER PRICE INDEX (CPI)

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DECEMBER 2023



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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 2023

In December 2023, the overall CPI increased at 1.3% over the previous month, and increased 9.4% 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.

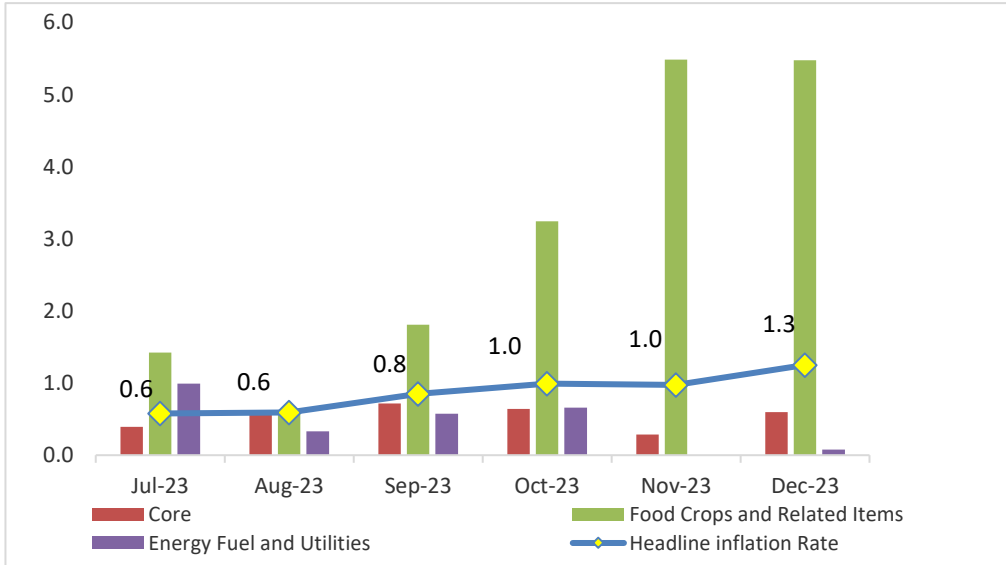
Table 1. Monthly and annual change in overall CPI and main COICOP Divisions for December 2023

Code	Main Divisions/classes	Weights	Dec_22	Nov_23	Dec_23	Month Percent change	Annual Percent change
	HEADLINE INDEX	100%	216.30	233.71	236.64	1.3	9.4
1	Food and non-alcoholic beverages	41.75%	245.71	272.49	279.33	2.5	13.7
1.1	FOOD	38.71	248.06	277.13	284.51	2.7	14.7
01.1.1	Bread and Cereals	10.48	213.69	223.69	225.54	0.8	5.5
01.1.2	Meat	6.05	261.77	308.36	322.61	4.6	23.2
01.1.3	Fish and sea food	0.37	230.05	237.90	237.90	0.0	3.4
01.1.4	Milk, cheese and eggs	4.23	256.01	270.76	269.97	-0.3	5.5
01.1.5	Oil and fats	1.54	213.59	224.41	224.41	0.0	5.1
01.1.6	Fruits	3.26	383.76	444.94	463.50	4.2	20.8
01.1.7	Vegetables	6.28	232.10	299.92	319.36	6.5	37.6
01.1.8	Sugar, Jam, Honey, chocolate and confe.	2.53	230.67	240.17	240.17	0.0	4.1
01.1.9	Food products n.e.c	3.99	249.47	251.42	251.69	0.1	0.9
2	Alcoholic Beverages, Tobacco and Narcotics	4.56%	282.51	298.17	298.17	0.0	5.5
3	Clothing and footwear	5.73%	199.71	221.47	222.47	0.5	11.4
4	Housing water, electricity, gas and other fuels	14.10%	205.50	221.66	221.76	0.0	7.9
5	Furnishings household equipment and routine household maintenance	5.55%	185.09	192.44	192.44	0.0	4.0
6	Health	2.56%	214.50	216.54	214.90	-0.8	0.2
7	Transport	8.85%	142.18	146.90	146.90	0.0	3.3
8	Communication	2.99%	189.16	192.45	192.45	0.0	1.7
9	Recreation and culture	2.25%	175.23	183.02	183.02	0.0	4.5
10	Education	3.69%	156.76	159.19	159.19	0.0	1.6
11	Restaurants and hotels	3.35%	215.62	217.95	216.28	-0.8	0.3
12	Miscellaneous goods and services	4.62%	204.89	219.46	221.45	0.9	8.1

- **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 July the Inflation rate Decreased at 0.6% while August 2023 inflation rate is constant at 0.6% and September the inflation rate increased at 0.8% while in October the Inflation rate Increased at 1.0%, and also in November the inflation rate is constant at 1.0% where the following of December increased at 1.3%

The biggest monthly increments were measured for the “Food Crop & Related items” component, in July increased at 1.4% whereas the inflation rate in August 2023 decreased 0.6%

And the inflation rate September increased at 1.8% and the inflation rate of October Increased 3.2% in November the Inflation rate Increased at 5.5% while inflation at December is constant at 5.5%

On the other hand, the “Energy, Fuel and Utilities” component monthly were in July the inflation rate decreased at 1.0%

Were August 2023 the inflation rate Decreased at 0.3% while the September inflation rate increased at 0.6%, and the inflation rate of October also Increased at 0.7% and November inflation rate decreased at 0.0% while in December the inflation rate increased at 0.1%

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 Inflation rate Is Constant at 0.4%, and the inflation rate in August 2023 increased at 0.6%, the inflation rate of September Increased at 0.7% In October the inflation rate decreased at 0.6% were in November the inflation rate Decreased at 0.3% While in December 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

Component	2022											2023	
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Headline index	0.3	0.4	0.5	0.6	0.7	0.9	0.7	0.6	0.6	0.8	1.0	1.0	1.3
Core	0.5	0.5	0.2	0.4	0.5	0.4	0.4	0.4	0.6	0.7	0.6	0.3	0.6
Food crops & related items	0.2	0.2	0.4	1.1	2.5	3.4	0.9	1.4	0.6	1.8	3.2	5.5	5.5
EFU	-1.8	0.5	3.0	2.0	0.0	1.6	2.5	1.0	0.3	0.6	0.7	0.0	0.1

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

Component	2022											2023	
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Headline index	10.7	10.7	10.5	10.4	10.2	10.0	9.5	8.6	7.6	7.3	7.6	8.4	9.4
Core	10.1	10.2	9.3	9.1	8.7	8.0	7.3	6.8	6.1	6.0	5.8	5.8	5.9
Food crops & related items	10.7	9.9	14.4	14.4	16.6	20.2	20.3	18.9	18.0	16.2	17.5	23.4	29.8
EFU	17.6	16.9	16.9	18.2	16.0	15.7	14.4	11.3	6.8	7.0	10.3	10.6	12.7

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	236.64	Current month index level	236.64
Less index for previous month	233.71	Less index for same month of the previous year	216.30
Index point difference	2.93	Index point difference	20.34
Divided by the previous month index	233.71	Divided by the previous year index	216.30
Equals	0.0125369	Equals	0.09403606
Results multiplied by 100	0.0125369x100	Results multiplied by 100	0.09403606x100
Equals percent change	1.3%	Equals percent change	9.4%

NB: In December there were two price-related incidents; The value of local currency Somaliland Shillings were increased due to increase of exchange rate for the months December and first week of January, that affected prices of some commodities to rise, especially Food items such as Cereal and Food crop being highly increased such Orange, Mangoes, avocado pea, were shortage supply in the market in December 2023, Food division, and Alcoholic Beverages Clothes division, also the price of energy particular Energy, Fuel and Utilities since t to November and December of the year 2023 was being decreasing.

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

