



**REPUBLIC OF SOMALILAND**  
*Ministry of National Planning & Development*  
*Central Statistics Department*

## OFFICIAL RELEASE

### Monthly Consumer Price Index October 2016



## SOMALILAND CONSUMER PRICE INDEX

### Consumer Price Index (CPI) October, 2016

The Central Statistics Department of the Ministry of National Planning & Development (MoNP&D), has released the Consumer Price Index (CPI) for the month of October 2016 (Base year 2012=100)

**The Annual Headline Inflation (Y-o-Y) for the year ending October 2016 rose to 2.0 percent compared to 1.6 percent recorded for the year ended September 2016.**

Looking at a month on month [M-o-M] basis, the **Monthly Headline Inflation for the month of October 2016** increased by 1.2 percent compared to a drop of minus 0.4 percent that was registered for the month of September 2016.

### Comparison of the CPI for October 2016 with the CPI for October 2015 (Y-o-Y)

The Annual Headline Inflation for the year ending October (Y-o-Y) 2016 was recorded at 2.0 percent where the annual food inflation was registered at 2.6 percent while the Non-food inflation was recorded at 1.6 percent.

The [Y-o-Y] price changes for the divisions with positive annual inflation are as follows: “Food and Non-Alcoholic Beverages by 3.2 percent”; “Alcoholic Beverages, Tobacco and Narcotics by 12.2 percent”; “Housing, Water, Electricity, Gas and Other Fuels by 2.1 percent”. “Furnishings, Household Equipment and Routine Household Maintenance 3.7 percent”; “Health 7.2 percent”; “Communication by 6.3 percent”; and “Education by 6.9 percent;

On contrary, The [Y-o-Y] price changes for the divisions that registered a drop in the annual inflation below zero percent are the following: “Clothing and Footwear” minus 0.5 percent; “Transport” minus 6.3 percent; “Recreation and Culture: minus 17.5 percent; “Restaurants and Hotels by 1.0 percent”; and “Miscellaneous goods and services” minus 3.0 percent”.

### Comparison of the CPI for October 2016 with the CPI of September 2016 (M-o-M)

An analysis on [M-o-M] basis of CPI for October 2016 compared with that of September 2016, shows that there are eight divisions, whose prices have generally dropped, while the remaining four divisions their prices have generally risen during the month of October 2016, as listed below:

Divisions whose prices have increasing are: “Food and Non-Alcoholic Beverages by 1.9 percent”; “Clothing and Footwear” 2.4 percent; “Housing, Water, Electricity, Gas and Other Fuels” 3.4 percent; “Furnishings, Household Equipment and Routine Household Maintenance” 1.2 percent “Transport” 7.1 percent; “Communication” 0.4 percent; “Education” 1.0 percent, and “Miscellaneous Goods and Services” 0.6 percent.

Divisions whose prices have declined are: “Alcoholic Beverages, Tobacco and Narcotics” minus 2.7 percent; “Health” minus 114.5 percent; “Recreation and Culture” minus 15.4 percent”; and “Restaurants and Hotels” minus 1.2 percent.

**For more details about historical CPI numbers and the corresponding Inflation see appendix 1: Attached.**

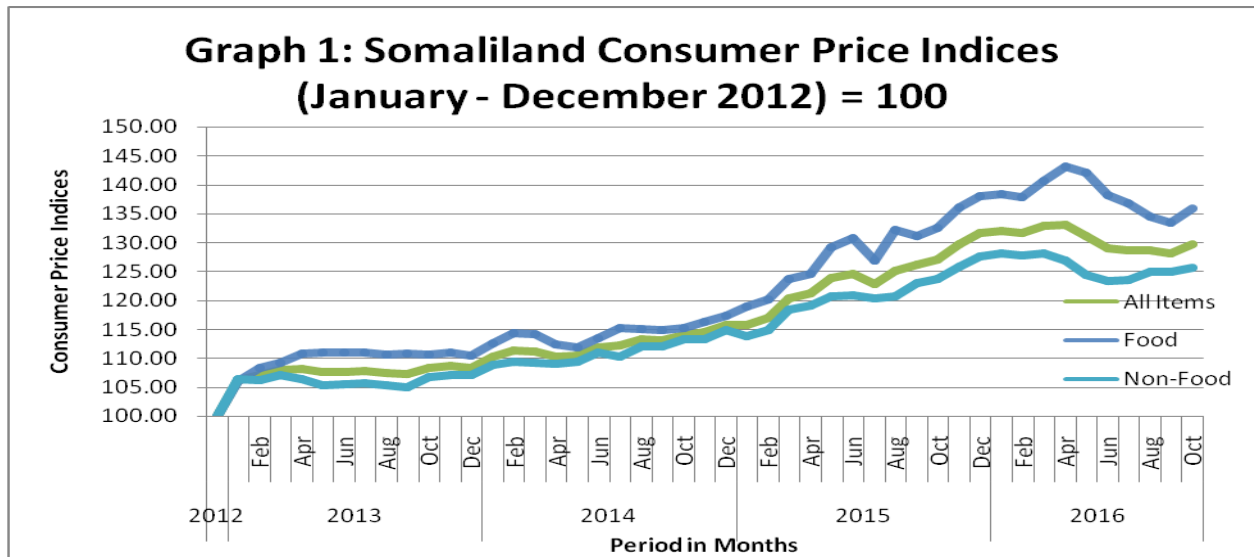
Table 1 below gives the CPI for October 2016 together with the inflation for Headline, food, non- food and for all the 12 COICOP divisions.

**Table 1 Base year 2012=100**

COICOP Codes	Major Categories and COICOP Divisions	CPI Weights 2012 Calendar Year	Monthly Index Numbers			Inflation (Percentage Change) October 2016	
			October 2015	Sept. 2016	October 2016	Y-o-Y (Annual)	M-o-M (Monthly)
	<b>All Items (Headline)</b>	<b>1,000.0000</b>	<b>127.12</b>	<b>128.21</b>	<b>129.69</b>	<b>2.0</b>	<b>1.2</b>
	<b>Food</b>	<b>387.1043</b>	<b>132.50</b>	<b>133.41</b>	<b>135.92</b>	<b>2.6</b>	<b>1.9</b>
	<b>Non-Food</b>	<b>612.8957</b>	<b>123.71</b>	<b>124.92</b>	<b>125.75</b>	<b>1.6</b>	<b>0.7</b>
<b>01</b>	<b>Food and Non-Alcoholic Beverages</b>	417.4920	132.23	33.91	136.52	3.2	1.9
<b>02</b>	<b>Alcoholic Beverages, Tobacco and Narcotics</b>	45.5716	138.39	59.58	155.31	12.2	-2.7
<b>03</b>	<b>Clothing and Footwear</b>	57.3343	124.72	121.25	124.13	-0.5	2.4
<b>04</b>	<b>Housing, Water, Electricity, Gas and Other Fuels</b>	141.0220	131.08	129.42	133.83	2.1	3.4
<b>05</b>	<b>Furnishings, Household Equipment and Routine Household Maintenance</b>	55.4872	118.11	121.02	122.44	3.7	1.2
<b>06</b>	<b>Health</b>	25.5464	121.20	151.90	129.93	7.2	-14.5
<b>07</b>	<b>Transport</b>	88.5129	116.01	101.56	108.73	-6.3	7.1
<b>08</b>	<b>Communication</b>	29.9332	116.51	123.38	123.81	6.3	0.4
<b>09</b>	<b>Recreation and Furniture</b>	<b>22.4557</b>	118.92	115.94	98.09	-17.5	-15.4
<b>10</b>	<b>Education</b>	<b>36.8795</b>	115.47	122.16	123.41	6.9	1.0
<b>11</b>	<b>Restaurants and Hotels</b>	<b>33.5201</b>	113.79	113.98	112.64	-1.0	-1.2
<b>12</b>	<b>Miscellaneous Goods and Services</b>	<b>46.2451</b>	125.87	121.48	122.15	-3.0	0.6

### Graph 1: Somaliland Consumer Price Indices

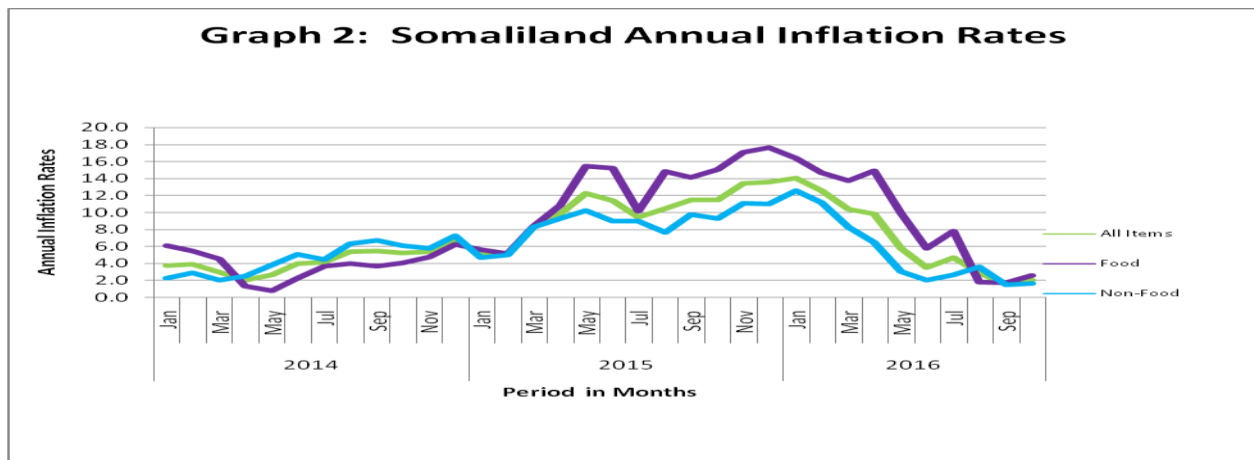
Graph 1 shows that price levels for food are still higher than those for non-food category through the entire period of index measurement. i.e. from January 2013 to October 2016 notwithstanding a persistent drop in the food prices during the months of May, June, July, August and September 2016.



Source: Central Statistics Department, Ministry of National Planning and Development

### Graph 2: Somaliland Annual Inflation Rates

Graph 2 also demonstrates that for the entire period i.e. January 2014 to October 2016, all the measured annual inflation is positive. This is an indication of persistent increase in consumer prices within the Somaliland economy which has a negative impact on the welfare of the households more especially those with a fixed income together with those with very low income and without any savings at all. However, from May 2016, there is a general decline in the Annual inflation but this does not mean that price levels are coming down. The same graph shows that food prices were unstable compared to non-food prices. Food prices changed more frequently and sharply mostly due the seasonal factors.



Source: Central Statistics Department, Ministry of National Planning and Development 1.

## **EXPLANATORY NOTES**

### **1.1 CPI Weights:**

The results of the 2012 Somaliland Household Survey (SHS) were used as a major source of data to compute weights for the Somaliland Consumer Price Index (CPI). The 2012 SHS was designed in such a way that household data was collected from the entire Somaliland. However, only the household final consumption expenditure data for the Hargeisa domain were analysed and used to compute the Somaliland CPI weights. This is due to the limited availability of resources.

The Somaliland CPI weights are based on the principal of Household Final Consumption (HFC) expenditure for Hargeisa. Both Monetary and non-monetary household final consumption were included during the computation of the Somaliland CPI weights.

The exclusion approach was used during the compilation of the Somaliland CPI weights. Thus, all illegal expenditures such as expenditure on alcoholic drinks were excluded during the compilation of the Somaliland CPI weights. In addition, due to practical reasons of regular collection of rental charges, imputed rents for owner-occupied dwellings were excluded.

The National approach was used during the computation of the CPI weights. Thus, the weights were compiled according to the “Resident Population” concept. This implies that the household final consumption expenditures were used as reported during the SHS irrespective of where the purchase of the consumable goods and services took place.

The plutocratic approach was followed during the compilation of the CPI weights. This means that the Somaliland CPI weights were computed as a total aggregated expenditure values rather than average household expenditure proportions. In addition, it also implies that all eligible expenditures for all households were included during the computation of the CPI weights, irrespective of the levels of expenditure whether for the category of the wealthiest or the poorest.

### **1.2 Classification**

The classification used during the compilation of the Somaliland weights and the CPI is the Official United Nations Classification Of Individual Consumption according to Purpose (COICOP).

### **1.3 CPI Prices:**

Prices used to compute the Somaliland CPI are of three categories. The first category comprises prices of items that are advertised and payable in Somaliland Shillings. Such prices are recorded and used directly to compute the CPI.

The second category, are the prices of items that are advertised and transacted in United States Dollars in a particular outlet. Such prices are converted to the equivalents in the national currency at the open market nominal exchange rate applying on the date of price collection.

The third category provides for the missing prices. Such prices are estimated using the recommended techniques of imputing missing prices

#### **1.4 Calculation of the Index Numbers**

The price reference period (base) for the Somaliland CPI is the 2012 calendar year. i.e. from January to December, 2012. This implies that the monthly index calculations started from January 2013. The Somaliland CPI has been calculated in two stages. The first stage is the computation of the Elementary Aggregate Indices while the second stage is the computation of the Higher Level indices.

##### **1.4.1 Computation of the Elementary Aggregate Indices**

The Elementary Aggregate Indices are calculated using the geometric mean (GM) method, commonly referred to as the Jevons index. This is the GM of the un-weighted price relatives. The short term approach is used during the computation of elementary aggregate indices. This is where price ratios or price relatives are computed between the current month and the previous month.

##### **1.4.2 Computation of the Higher Level indices**

These are the indices at levels above those of the elementary aggregate indices. They are in hierarchy starting with sub-class indices, class indices, group indices, division indices, food and non-food indices and all items indices. Higher level indices are calculated as a weighted arithmetic means of the indices for all the components within that higher level aggregate. For instance, a sub-class index is calculated as a weighted arithmetic means of all the Elementary Aggregate indices within that sub-class. A class index is calculated as a weighted arithmetic means of all the sub-class indices within that class etc... The construction of these indices is based on a Laspeyres-type Fixed Base Weight Index, being the price of the consumption basket at a given time as a percentage of its price in the base period.

#### **1.5 Computation of the Monthly Inflation (M-o-M)**

Monthly Inflation is calculated as the percentage change between the CPI of the current month and the CPI of the previous month.

#### **1.6 Computation of the Annual Inflation (Y-o-Y)**

Annual Inflation is calculated as the percentage change between CPI of the current month and the CPI of the same month but for the previous year;

**Appendix 1: Somaliland Consumer Price Indices and Inflation Rates by Major Category (January - December 2012) = 100**

		Consumer price Indices			Monthly Inflation Rates			Annual Inflation Rates		
		All Items CPI	Food	Non - Food	All Items CPI	Food	Non - Food	All Items (Total)	Food	Non - Food
		1,000.0000	387.0796	612.9204						
Year	Month									
<b>2012</b>	<b>Jan - Dec</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	-	-	-	-	-	-
<b>2013</b>	<b>Jan</b>	106.27	106.07	106.40	-	-	-	-	-	-
	<b>Feb</b>	107.10	108.33	106.32	0.8	2.1	-0.1	-	-	-
	<b>Mar</b>	107.95	109.21	107.15	0.8	0.8	0.8	-	-	-
	<b>Apr</b>	108.10	110.89	106.34	0.1	1.5	-0.8	-	-	-
	<b>May</b>	107.60	111.03	105.43	-0.5	0.1	-0.9	-	-	-
	<b>Jun</b>	107.64	110.95	105.55	0.0	-0.1	0.1	-	-	-
	<b>Jul</b>	107.77	111.05	105.70	0.1	0.1	0.1	-	-	-
	<b>Aug</b>	107.43	110.65	105.39	-0.3	-0.4	-0.3	-	-	-
	<b>Sep</b>	107.32	110.83	105.10	-0.1	0.2	-0.3	-	-	-
	<b>Oct</b>	108.28	110.68	106.77	0.9	-0.1	1.6	-	-	-
	<b>Nov</b>	108.63	110.99	107.15	0.3	0.3	0.4	-	-	-
	<b>Dec</b>	108.43	110.48	107.14	-0.2	-0.5	0.0	-	-	-
<b>2014</b>	<b>Jan</b>	110.25	112.53	108.81	1.7	1.9	1.6	3.7	6.1	2.3
	<b>Feb</b>	111.31	114.29	109.42	1.0	1.6	0.6	3.9	5.5	2.9
	<b>Mar</b>	111.20	114.17	109.33	-0.1	-0.1	-0.1	3.0	4.5	2.0
	<b>Apr</b>	110.33	112.42	109.00	-0.8	-1.5	-0.3	2.1	1.4	2.5
	<b>May</b>	110.44	111.94	109.50	0.1	-0.4	0.5	2.6	0.8	3.9
	<b>Jun</b>	111.92	113.49	110.93	1.3	1.4	1.3	4.0	2.3	5.1
	<b>Jul</b>	112.23	115.17	110.37	0.3	1.5	-0.5	4.1	3.7	4.4



**Appendix 1: Somaliland Consumer Price Indices and Inflation Rates by Major Category (January - December 2012) = 100**

Consumer price Indices				Monthly Inflation Rates			Annual Inflation Rates			
Weight		All Items CPI	Food	Non - Food	All Items CPI	Food	Non - Food	All Items (Total)	Food	Non - Food
		1,000.0000	387.0796	612.9204						
	<b>Aug</b>	113.25	115.08	112.09	0.9	-0.1	1.6	5.4	4.0	6.4
	<b>Sep</b>	113.22	114.96	112.12	0.0	-0.1	0.0	5.5	3.7	6.7
	<b>Oct</b>	114.00	115.21	113.23	0.7	0.2	1.0	5.3	4.1	6.1
	<b>Nov</b>	114.48	116.32	113.31	0.4	1.0	0.1	5.4	4.8	5.8
	<b>Dec</b>	115.87	117.40	114.90	1.2	0.9	1.4	6.9	6.3	7.2
<b>2015</b>	<b>Jan</b>	115.82	118.90	113.88	0.0	1.3	-0.9	5.1	5.7	4.7
	<b>Feb</b>	116.95	120.17	114.91	1.0	1.1	0.9	5.1	5.1	5.0
	<b>Mar</b>	120.45	123.70	118.39	3.0	2.9	3.0	8.3	8.4	8.3
	<b>Apr</b>	121.21	124.57	119.09	0.6	0.7	0.6	9.9	10.8	9.3
	<b>May</b>	123.97	129.21	120.66	2.3	3.7	1.3	12.2	15.4	10.2
	<b>Jun</b>	124.70	130.74	120.89	0.6	1.2	0.2	11.4	15.2	9.0
	<b>Jul</b>	122.84	126.87	120.30	-1.5	-3.0	-0.5	9.5	10.2	9.0
	<b>Aug</b>	125.10	132.13	120.66	1.8	4.1	0.3	10.5	14.8	7.6
	<b>Sep</b>	126.22	131.17	123.09	0.9	-0.7	2.0	11.5	14.1	9.8
	<b>Oct</b>	127.12	132.50	123.71	0.7	1.0	0.5	11.5	15.0	9.3
	<b>Nov</b>	129.82	136.16	125.82	2.1	2.8	1.7	13.4	17.0	11.0
	<b>Dec</b>	131.63	138.06	127.57	1.4	1.4	1.4	13.6	17.6	11.0
<b>2016</b>	<b>Jan</b>	132.11	138.34	128.18	0.4	0.2	0.5	14.1	16.3	12.6
	<b>Feb</b>	131.63	137.82	127.72	-0.4	-0.4	-0.4	12.6	14.7	11.2
	<b>Mar</b>	132.98	140.64	128.15	1.0	2.0	0.3	10.4	13.7	8.2
	<b>Apr</b>	133.13	143.08	126.84	0.1	1.7	-1.0	9.8	14.9	6.5
	<b>May</b>	131.19	142.02	124.35	-1.5	-0.7	-2.0	5.8	9.9	3.1



**Appendix 1: Somaliland Consumer Price Indices and Inflation Rates by Major Category (January - December 2012) = 100**

Consumer price Indices				Monthly Inflation Rates			Annual Inflation Rates		
Weight	All Items CPI	Food	Non - Food	All Items CPI	Food	Non - Food	All Items (Total)	Food	Non - Food
	1,000.0000	387.0796	612.9204						
June	129.12	138.26	123.35	-1.6	-2.7	-0.8	3.5	5.7	2.0
July	128.66	136.82	123.51	-0.4	-1.0	0.1	4.7	7.8	2.7
August	128.69	134.52	125.01	0.0	-1.7	1.2	2.9	1.8	3.6
September	128.21	133.41	124.92	-0.4	-0.8	-0.1	1.6	1.7	1.5
October	129.69	135.92	125.75	1.2	1.9	0.7	2.0	2.6	1.6

Source: Central Statistics Department, Ministry of National Planning and Development

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