



MINISTRY OF NATIONAL PLANNING AND DEVELOPMENT
REPUBLIC OF SOMALILAND
Central Statistics Department

OFFICIAL RELEASE

Monthly Consumer Price Index
May 2017



SOMALILAND CONSUMER PRICE INDEX

The Central Statistics Department of the Ministry of National Planning & Development (MoNP&D), has released the Consumer Price Index (CPI) for the month of May 2017 (Base year 2012=100).

Comparison of the CPI of May 2017 with the CPI of May 2016 (Y-o-Y)

The Annual Headline Inflation for the year ending April (Y-o-Y) 2017 was recorded at 7.1 percent while the annual food inflation was registered at 7.9 percent and the Non-food inflation was recorded at 6.6 percent.

The [Y-o-Y] price changes for the divisions with positive annual inflation are as follows: “Food and Non-Alcoholic Beverages by 8.0 percent” “Clothing and Footwear 4.8 percent” “Housing, Water, Electricity, Gas and Other Fuels 16.6 percent” “Furnishings, Household Equipment and Routine Household Maintenance 6.0 percent, “Health 26.2 percent”, “Communication by 10.3 percent”, and Education by 6.4 percent, Restaurants and Hotels by 3.8 percent. “Miscellaneous goods and services 8.1 percent”.

On contrary, The [Y-o-Y] price changes for the divisions that registered a drop in the annual inflation are the following: Alcoholic Beverages, Tobacco and Narcotics by minus 0.5 percent, Transport minus 12.9 percent, Recreation and culture 1.6 percent.

Comparison of the CPI of May 2017 with the CPI of April 2017 (M-o-M)

Monthly basis inflation of the CPI May 2017 comparing April 2017 all items increase by 2.7 percent as a result of an increase in prices, food prices increase by 4.3 percent and non-food prices increase 1.6 percent.

An analysis on [M-o-M] basis of CPI for May 2017 comparing with that of April 2017 shows that there are nine divisions whose prices have generally increase, while three divisions dropped in the month of May 2017, as listed below:

Division that increase in May are: Food and Non-Alcoholic Beverages 4.5 percent, “Housing, Water, Electricity, Gas and Other Fuels 3.6.” 7 percent, Furnishings, Household Equipment and Routine Household Maintenance 1.1 percent, Health 2.1 percent, Transport 4.3 percent, Recreation and Culture 1.6 percent, Education 4.5 percent, Restaurants and Hotels minus 0.3 percent, Miscellaneous Goods and Services 1.8 percent.

Divisions whose prices have decline are: Alcoholic Beverages, Tobacco & Narcotics by minus 8.4 percent, Clothing and Footwear” 0.6 percent, Communication 0.5 percent.

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

Table 1 below gives the CPI for May 2017 together with the inflation for Headline, food, non- food and all the 12 COICOP divisions.

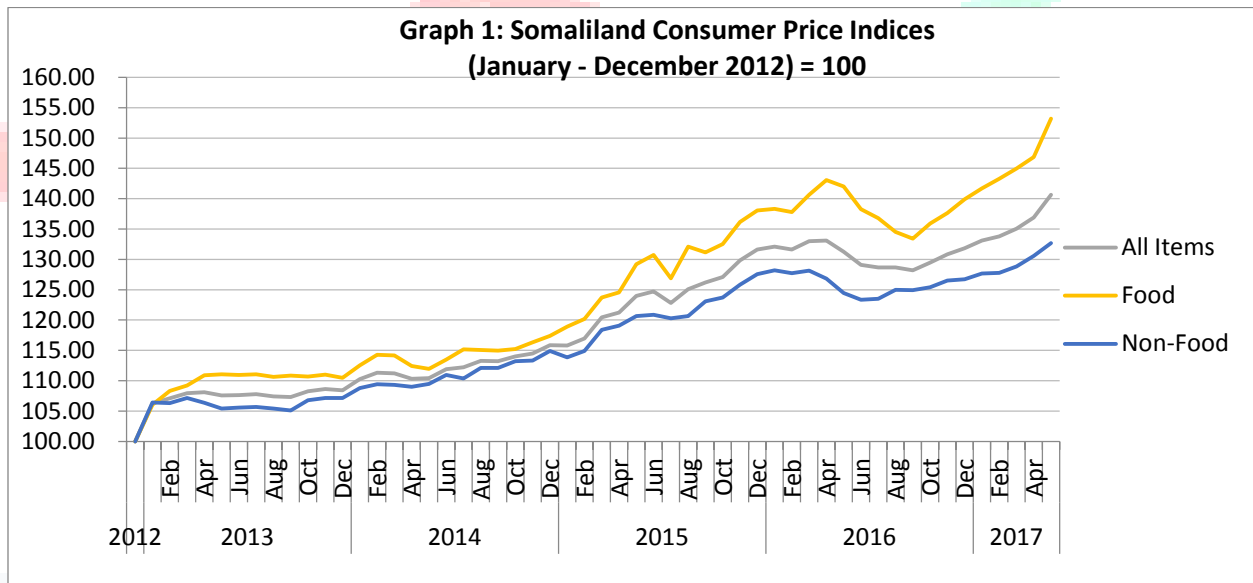
Table 1 Base year 2012=100

COICOP Codes	Major Categories and Divisions	CPI Weights 2012 Calendar Year	Monthly Index Numbers			Inflation (Percentage Change) May 2017	
			May 2016	April 2017	May 2017	Y-o-Y (Annual)	M-o-M (Monthly)
	All Items (Headline)	1,000.0000	131.27	136.83	140.63	7.1	2.7
	Food	387.1043	142.02	146.70	153.20	7.9	4.3
	Non-Food	612.8957	124.48	130.59	132.68	6.6	1.6
01	Food and Non-Alcoholic Beverages	417.4920	142.12	146.73	153.54	8.0	4.5
02	Alcoholic Beverages, Tobacco and Narcotics	45.5716	163.83	179.74	164.70	0.5	-8.4
03	Clothing and Footwear	57.3343	126.74	131.98	132.80	4.8	0.6
04	Housing, Water, Electricity, Gas and Other Fuels	141.0220	124.27	139.91	144.88	16.6	3.6
05	Furnishings, Household Equipment and Routine Household Maintenance	55.4872	120.69	126.54	127.94	6.0	1.1
06	Health	25.5464	121.34	150.03	153.13	26.2	2.1
07	Transport	88.5129	107.52	89.76	93.66	-12.9	4.3
08	Communication	29.9332	120.78	132.66	133.28	10.3	0.5
09	Recreation and culture	22.4557	125.08	125.12	127.11	1.6	1.6
10	Education	36.8795	118.99	121.07	126.57	6.4	4.5
11	Restaurants and Hotels	33.5201	113.21	117.11	117.52	3.8	0.3
12	Miscellaneous Goods and Services	46.2451	124.53	132.17	134.55	8.1	1.8

Note: The CPI compilation from May 2017 up to now, still the market prices scores on the highest trend fluctuation of food items. The depreciation of Somaliland shilling was the highest to the point of 9032/= per one dollar. This depreciation o SLSH was caused by the ban of livestock export to the Arabian Gulf states and the continuation of drought for years brought economic instability.

Graph 1: Somaliland Consumer Price Indices

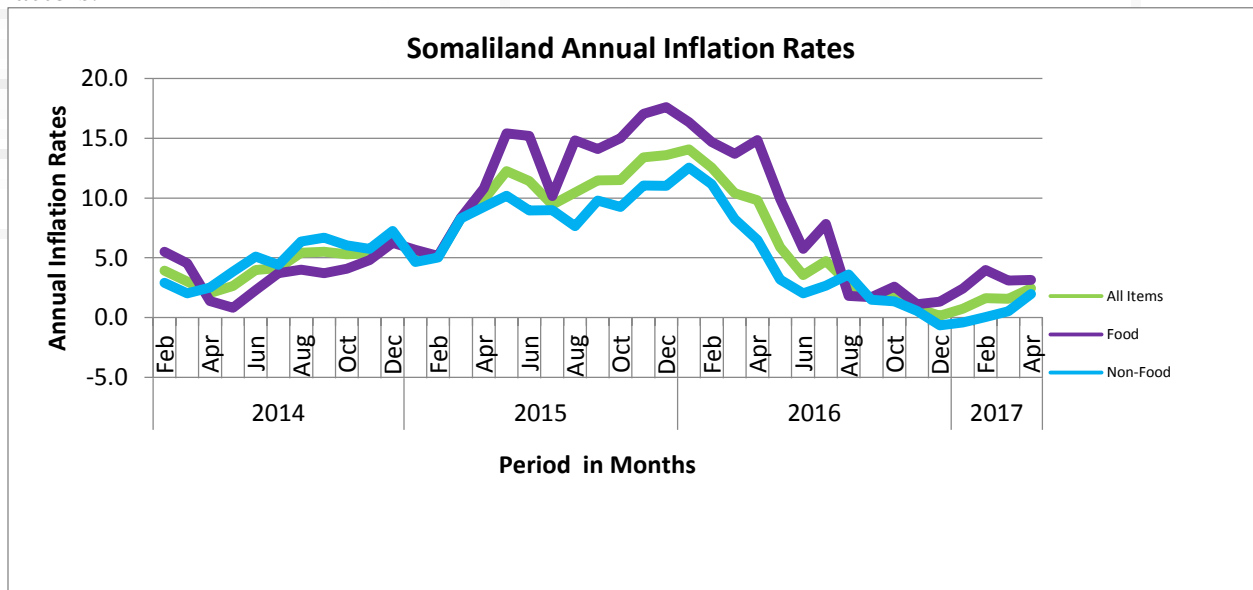
Graph 1 shows that price levels for food are still higher than those for non-food category through the entire period of index measurement. i.e. from January 2013 to May 2017 notwithstanding a persistent drop in the food prices during the months of May, June, July, August 2016.



Source: CSD, MoNP&D

Graph 2: Somaliland Annual Inflation Rates

Graph 2 also demonstrates that for the entire period i.e. May 2016 to May 2017, the measured annual inflation rates are increasing. 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. The same graph shows that food prices were instable compared to non-food prices. Food prices changed more frequently and sharply mostly due the seasonal factors.



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 analyzed 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;

For more information, contact

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

Weight		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
Year	Month	1,000.0000	387.0796	612.9204						
2012	Jan - Dec	100.00	100.00	100.00	-	-	-	-	-	-
2013	Jan	106.27	106.07	106.40	-	-	-	-	-	-
	Feb	107.10	108.33	106.32	0.8	2.1	-0.1	-	-	-
	Mar	107.95	109.21	107.15	0.8	0.8	0.8	-	-	-
	Apr	108.10	110.89	106.34	0.1	1.5	-0.8	-	-	-
	May	107.60	111.03	105.43	-0.5	0.1	-0.9	-	-	-
	Jun	107.64	110.95	105.55	0.0	-0.1	0.1	-	-	-
	Jul	107.77	111.05	105.70	0.1	0.1	0.1	-	-	-
	Aug	107.43	110.65	105.39	-0.3	-0.4	-0.3	-	-	-
	Sep	107.32	110.83	105.10	-0.1	0.2	-0.3	-	-	-
	Oct	108.28	110.68	106.77	0.9	-0.1	1.6	-	-	-
	Nov	108.63	110.99	107.15	0.3	0.3	0.4	-	-	-
	Dec	108.43	110.48	107.14	-0.2	-0.5	0.0	-	-	-
2014	Jan	110.25	112.53	108.81	1.7	1.9	1.6	3.7	6.1	2.3
	Feb	111.31	114.29	109.42	1.0	1.6	0.6	3.9	5.5	2.9
	Mar	111.20	114.17	109.33	-0.1	-0.1	-0.1	3.0	4.5	2.0
	Apr	110.33	112.42	109.00	-0.8	-1.5	-0.3	2.1	1.4	2.5
	May	110.44	111.94	109.50	0.1	-0.4	0.5	2.6	0.8	3.9
	Jun	111.92	113.49	110.93	1.3	1.4	1.3	4.0	2.3	5.1
	Jul	112.23	115.17	110.37	0.3	1.5	-0.5	4.1	3.7	4.4
	Aug	113.25	115.08	112.09	0.9	-0.1	1.6	5.4	4.0	6.4
	Sep	113.22	114.96	112.12	0.0	-0.1	0.0	5.5	3.7	6.7
	Oct	114.00	115.21	113.23	0.7	0.2	1.0	5.3	4.1	6.1
	Nov	114.48	116.32	113.31	0.4	1.0	0.1	5.4	4.8	5.8
	Dec	115.87	117.40	114.90	1.2	0.9	1.4	6.9	6.3	7.2

2015	Jan	115.82	118.90	113.88	0.0	1.3	-0.9	5.1	5.7	4.7
	Feb	116.95	120.17	114.91	1.0	1.1	0.9	5.1	5.1	5.0
	Mar	120.45	123.70	118.39	3.0	2.9	3.0	8.3	8.4	8.3
	Apr	121.21	124.57	119.09	0.6	0.7	0.6	9.9	10.8	9.3
	May	123.97	129.21	120.66	2.3	3.7	1.3	12.2	15.4	10.2
	Jun	124.70	130.74	120.89	0.6	1.2	0.2	11.4	15.2	9.0
	Jul	122.84	126.87	120.30	-1.5	-3.0	-0.5	9.5	10.2	9.0
	Aug	125.10	132.13	120.66	1.8	4.1	0.3	10.5	14.8	7.6
	Sep	126.22	131.17	123.09	0.9	-0.7	2.0	11.5	14.1	9.8
	Oct	127.12	132.50	123.71	0.7	1.0	0.5	11.5	15.0	9.3
	Nov	129.82	136.16	125.82	2.1	2.8	1.7	13.4	17.0	11.0
	Dec	131.63	138.06	127.57	1.4	1.4	1.4	13.6	17.6	11.0
2016	Jan	132.11	138.34	128.18	0.4	0.2	0.5	14.1	16.3	12.6
	Feb	131.63	137.82	127.72	-0.4	-0.4	-0.4	12.6	14.7	11.2
	Mar	132.98	140.64	128.15	1.0	2.0	0.3	10.4	13.7	8.2
	Apr	133.13	143.08	126.84	0.1	1.7	-1.0	9.8	14.9	6.5
	May	131.19	142.02	124.35	-1.5	-0.7	-2.0	5.8	9.9	3.1
	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
	Aug	128.69	134.52	125.01	0.0	-1.7	1.2	2.9	1.8	3.6
	Sep	128.21	133.41	124.92	-0.4	-0.8	-0.1	1.6	1.7	1.5
	Oct	129.69	135.92	125.75	1.2	1.9	0.7	2.0	2.6	1.6
	Nov	130.96	137.65	126.74	1.0	1.3	0.8	0.9	1.1	0.7
	Dec	131.83	139.89	126.74	0.8	1.6	0.2	0.2	1.3	-0.7
2017	Jan	133.08	141.65	127.66	0.9	1.3	0.7	0.7	2.4	-0.4
	Feb	133.78	143.30	127.77	0.5	1.1	0.1	1.6	4.0	0.0
	March	135.08	144.98	128.82	1.0	1.2	0.8	1.6	3.1	0.5
	April	136.83	146.70	130.59	1.3	1.2	1.4	2.8	2.5	3.0
	May	153.20	132.68	153.54	11.9	-9.7	17.6	16.7	-6.6	23.3

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