



# Newsletter

## Consumer Price Index (CPI) – March 2009



Tel: +233-21-682677, +233-21- 664382

Fax No. +233-21-664304

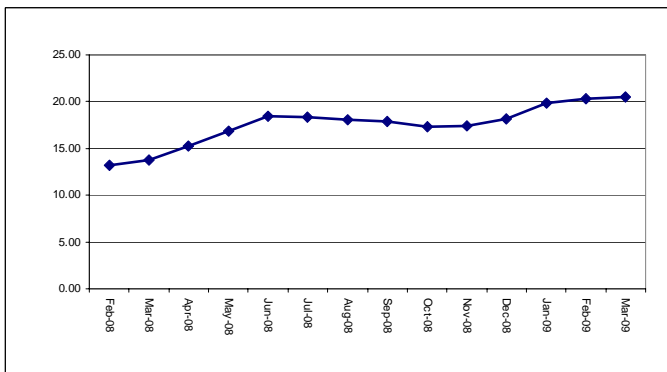
## MARCH INFLATION

The annual rate of inflation for March 2009 was 20.53 percent. The corresponding figure for February 2009 was 20.34 percent (Annex 1).

## The Consumer Price Index (CPI)

The CPI measures the average percentage change in general price levels in the country, as experienced by consumers, with reference to the price levels in 2002, which is set to 100 (i.e. 2002 = 100). The average percentage change of 20.53 percent in the CPI over the twelve-month period from March 2008 (240.41) to March 2009 (289.76) represents the rate of inflation for March 2009.

Figure 1: Rate of inflation, March 2008 to March 2009



## Inflationary Trend

The rate of inflation has been on the increase for five consecutive months (from November 2008 to March 2009). This current trend overturned the gradual decline in the rate from June 2008 to October 2008. The trend exhibited in the first quarter of 2009 is similar to that of the same period in 2008, but the rate of increase is much lower in the first quarter of 2009 relative to that of the previous year. For these two periods under comparison, the rise in the inflation rates started

at the later parts of the respective preceding years, that is, November 2007 and November 2008.

Food inflation peaked in January 2009, with a relatively sharp increase of 2.69 percentage points over that of December 2008.

## Major contributors to the Rate of Inflation

The CPI has been primarily driven by the non-food group which constitutes 55.09 percent of the CPI basket. The contributions of the non-food and food groups to the inflation rate in March 2009 were 12.12 and 8.41 percent respectively. The corresponding figures for February 2009 were 11.76 and 8.58 percent

The rate of inflation was higher in the urban areas than in the rural areas.

Eight out of twelve subgroups contributed more than 1 percentage point to the annual rate of inflation for March 2009. They include hotels, cafes and restaurants; furnishing, households' equipment and routine maintenance; health; clothing and footwear; and recreation and culture for non-food group and vegetables including potatoes and other tuber vegetables; fish; and bread and cereals subgroups for the food group.

The contribution of a group or subgroup to the overall rate of inflation depends on the magnitude of price changes and the weight of the group in the CPI basket of goods and services. The weight reflects the importance of the group in terms of the level of consumers' utilization of items in the group. Therefore a change in the price of an item with high weight affects more consumers and vice versa.

## Monthly changes in CPI

The month-to-month change (monthly rate of inflation) is the change in the CPI from previous to the current **month**. The monthly rate of inflation recorded in March 2009 was 1.95 percent. That of February 2008 was 2.00 percent.

Table 1: Contributions of Major groups to inflation rate

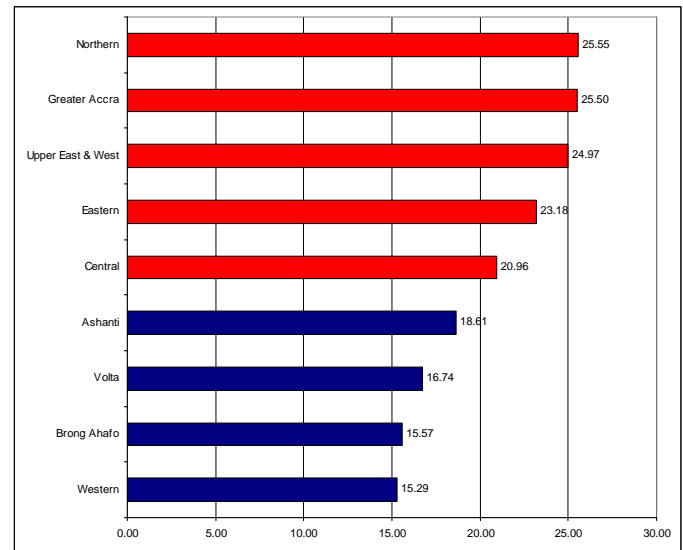
Item groups	Weight	Rate of inflation	Contribution to national annual rate of inflation
	<b>100.00</b>	<b>20.34</b>	
<b>FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>44.91</b>	<b>18.50</b>	<b>8.41</b>
Vegetables including potatoes and other tuber vegetables	12.46	23.05	2.76
Fish	10.24	19.85	1.95
Bread and cereals	7.97	24.39	1.87
Meat	4.07	13.71	0.54
Milk, cheese and eggs	1.69	23.89	0.39
Fruit	2.12	14.51	0.30
Food products n.e.c.	1.06	19.36	0.20
Mineral waters, soft drinks and juices	0.95	14.67	0.13
Sugar, jam, honey, syrups, chocolate and confectionery	1.17	11.59	0.13
Coffee, tea and cocoa	0.69	11.38	0.08
Oils and fats	2.48	2.89	0.07
<b>NON-FOOD</b>	<b>55.09</b>	<b>22.00</b>	<b>12.12</b>
Hotels, cafés and restaurants	8.28	37.36	2.82
Furnishings, household equip. etc	7.83	28.39	2.03
Health	4.33	51.32	2.03
Clothing and footwear	11.29	17.95	1.85
Recreation and culture	3.04	52.18	1.45
Housing, water, electricity, others	6.98	10.11	0.64
Alcoholic beverages etc	2.23	31.52	0.64
Miscellaneous	2.99	16.00	0.44
Education	1.60	15.55	0.23
Communications	0.31	1.62	0.00
Transport	6.21	0.02	0.00

NEC –not elsewhere classified

## Regional differentials

Inflation rates recorded in the regions range from **25.55** percent (Northern) to **15.29** percent (Western). Five regions recorded inflation rates above the national rate of 20.53 percent (Annex 3).

Figure 2: Regional Variations



## Dissemination

The detailed information on the series is contained in the CPI User's guide/manual at GSS. The target publication date of the monthly bulletin is 15th of the month. It is released on the second Friday of each month, and on the third, when the 15th falls on Friday. The next release date is 15th May 2009.