

Ethiopia

A: Identification

Title of the CPI: Country and Regional Level Consumer Price Indices

Organisation responsible: Central Statistical Agency (CSA)

Periodicity: Monthly

Price reference period: December 2006 = 100

Index reference period: December 2006 = 100

Weights reference period: 2004 – 2005

Main uses of CPI: Indexation of wages, pensions and/or social security payment, indexation of rents, contracts and/or other payments, main inflation indicator used for monetary policy, deflate household expenditures in national accounts , macroeconomic modelling and other analytic uses.

B: CPI Coverage

Geographical Coverage

Weights: Nation-wide

Price collection: Nation-wide

Population coverage: Resident households of nationals.

Population groups excluded: Institutional households.

Consumption expenditure includes:

- Foods produced for own final consumption;
- Other goods produced for own final consumption;
- Services produced for own final consumption;
- Food consumed away from home;
- Income in-kind receipts of goods;
- Income in-kind receipts of services;
- In-kind goods received as gifts;
- In-kind services received as gifts;
- Purchase of owner-occupied housing;
- Housing maintenance, minor repairs;
- Major repairs, conversions and extensions to owner occupied housing;
- Purchase of gifts of goods and services given to others outside the household;
- Interest payments (excluding mortgage interest payments);

- Occupational expenditures;
- Other business-related expenditures;
- Social transfers in-kind of goods and services from government and No-profit institutions serving households

Consumption expenditure excludes:

- Mortgage repayments;
- Mortgage interest;
- Luxury goods;
- Financial services (including fees for financial advice, brokerage fees);
- Non-life insurance premiums (e.g. vehicle, housing, other property, medical), gross of claims;
- Life insurance premiums;
- Licences and fees (e.g. driver's licence, hunting licence, vehicle registration);
- Gambling expenditure, gross of winnings;
- Investment-related expenditures (e.g. purchase of shares/stocks);
- Second hand goods purchased;
- Expenditures abroad

C: Concepts, definitions, classifications and weights

Definition of the CPI and its objectives: Consumer Price Index is defined as a measure of the weighted aggregated change in retail prices paid by consumers for a given basket of goods and services. Price changes are measured by re-pricing the same basket of goods and services at regular intervals, and comparing aggregate costs with costs of the same basket in a selected base period. In a strict sense, the CPI is not a Cost of Living Index. CPI is a proxy indicator of living cost and it uses a sample of a fixed basket of goods and services. It is not designed to measure what consumers actually purchase; rather it measures the cost of purchasing a basket of the same goods and services as in the previous time period. The CPI is designed to cover expenditures of consumption goods and services purchased for household use, but not for business purposes or investment.

Definition of consumption expenditures: For food the actual consumption expenditure by the household is recorded (use). For non-food items the acquisition approach is used irrespective of whether the household used it wholly or partly during the survey period.

Classification: COICOP (Classification of individual consumption by purpose) with few exceptions.

Weights include value of consumption from own production: Yes

Sources of weights: Household expenditure surveys.

Frequency of weight updates: Every 3-5 years

Price updating of weight reference period to the index reference period: Yes

Weights for different population groups or regions: No.

D: Sample design

Sampling methods:

Localities: Judgmental sampling

Outlets: Judgmental sampling

Products: Judgmental sampling, cut-off sampling (the elements with the highest sales or value of other auxiliary variable are included into the sample)

Frequency of sample updates:

Localities: Every five years

Outlets: Every five years

Products: Every five years

If sample updates are irregular indicate when last updates were introduced: 2004/05

Criteria used for determining the optimal sample sizes and the coverage of localities, outlets, items and variety samples: Localities are selected by purposive or judgemental sampling. Outlets are selected by enumerators appointed in a data collection center (market place). The basket is first selected during CPI re-basing by 0.05% and above cut off point and sent to branch offices to check the availability of the proposed items in their locality.

Criteria used for selecting an item variety in the outlet in case of loose specifications provided by the central office: Tight specifications are used as much as possible.

E: Data Collection

Approximate number of localities, outlets and price observations: Localities: 11 regions, Outlets: 119, Price observations: 430 items per outlet

Frequency with which prices are collected: All prices are collected monthly except house rent which is collected quarterly

Reference period for data collection: From the 1st to the 15th day of European calendar month (days 1-15).

Methods of Price Collection

- Personal data collection for all items.

Treatment of:

Discounts and sales prices: They are not taken.

Black market prices: Not collected.

Second hand purchases: Not included.

Missing or faulty prices: Missing prices are handled by carrying forward the previous price observation, and extrapolation methods.

Period for allowing imputed missing prices: Prices are carried forward for 3 months and extrapolated after that.

Disappearance of a given type or quality from the market: No replacements are done except carrying forward and extrapolation.

Quality differences: No quality adjustment is made.

Appearance of new items: New items are included at the time of updating the basket of goods and services, when a new HBS is conducted.

Treatment of seasonal items and seasonality

Items that have a seasonal character and their treatment: Fruits and vegetables are highly seasonal in price fluctuations but items are available throughout the year.

Seasonal food items: Seasonal food items are included in the CPI using fixed weights approach: the weights are kept constant over the year, while prices of out-of season products are estimated or imputed.

Seasonal Clothing: There are no extreme weather conditions and as such there are no marked distinctions in the seasons. Weights are fixed.

Method to impute the price of seasonal items: The method used to impute price development of in out-of season periods is carrying forward the last observed price and impute the price by using price development of in-season products.

Treatment of housing

Treatment of owner-occupied housing: Owner occupied housing is only included in weights. Prices are not collected.

Types of dwellings covered by the rent data: Private house rents are collected quarterly. 1-3 roomed house rents are collected. These are mostly for low and middle income groups.

F: Computation

Formula used for calculation of elementary indices: The ratio of geometric mean prices (Jevons index) (Direct form)

Formula to aggregate elementary indices to higher level indices: Standard Laspeyres formula which uses base year values as the weight. Only monthly prices are collected to compute the CPI. The base year expenditure values are determined every five years.

Formula of aggregating regional/population group indices into national index: For each region CPI is compiled using Laspeyres's formula. Then the regional CPI is multiplied with the share that region has in total expenditures and sum up across regions to arrive at the national CPI. There is (are) no national basket(s) but regional.

Monthly and annual average prices: Geometric means are used.

Seasonally adjusted indices: No seasonal adjustment.

Software used for calculating the CPI: Microsoft Excel.

G: Editing and validation procedures

Control procedures used to ensure the quality of data collected: Every month regional supervisors monitor data collection at the spot. Head office subject matter experts visit the data collection centers quarterly at random.

Control procedures used to ensure the quality of data processed: Data is manually cleaned and entered to the CPI worksheets by subject matter experts and checked by senior staff.

H: Documentation and dissemination

Timeliness of dissemination of the CPI data: Price data are collected from 1st – 15th day of the European calendar month and published and disseminated between the 5th – 8th days of the next month. That means the CPI is disseminated within 20 – 23 days after completion of the survey.

Level of detailed CPI published

Paper publication: All items CPI, Division-level (12 Divisions)

Online: All items CPI, Division-level (12 Divisions), Group-level app. 40 groups, Class-level (100 classes), Basic items, Average prices

Separate indices published for specific population groups: No

Documentation

Publications and websites where indices can be found: “Consumer Price Indices” available at www.csa.gov.et and hard copies can be obtained from CSA head office and also available in CSA library in hard copy format.

Publications and websites where methodological information can be found:
Methodological information is not publicly published but available internally. It can be obtained upon request.

I: Other Information

Reported by the country in 2012.