



## Inflation Report — April 2012

### Inflation

	Monthly change	Annual change
April 2012	0.2	5.3
March 2012	0.3	5.4

Year-on-year inflation dipped to 5.3 percent in April from 5.4 percent in March. Lower food price inflation was the main reason for the decline. Rental inflation picked up.

### Annual change in inflation (percent)

	2011		2012			
	Nov	Dec	Jan	Feb	Mar	Apr
Food & beverages	4.2	4.0	3.9	4.3	5.1	4.3
Fabrics, clothing & footwear	0.9	2.1	2.5	2.7	2.7	2.9
Housing & related items	8.0	8.0	9.1	9.3	8.9	9.2
Home furniture	2.9	3.1	3.0	3.2	3.0	3.1
Medical care	-0.1	-0.1	0.0	0.0	0.0	0.0
Transport & telecoms	2.4	2.4	2.5	2.3	2.2	1.8
Education & entertainment	3.4	3.4	3.5	3.6	3.5	3.5
Other expenses & services	9.4	9.6	8.1	8.1	7.1	6.9
<b>Total</b>	<b>5.2</b>	<b>5.3</b>	<b>5.3</b>	<b>5.4</b>	<b>5.4</b>	<b>5.3</b>

Inflation in food prices, the largest component of the cost of living index, fell back to the February level of 4.3 percent in April, after jumping over 5 percent in March. Prices of some fresh vegetables fell in April after leaping in March, suggesting that the previous rise was the result of temporary local conditions, though difficulties securing fresh products from Syria and neighboring countries continue to push up the prices of other fresh products. A jump in food price inflation in April 2011, which distorted the base from which the inflation number was calculated, also had a dampening effect.

Partially offsetting the impact of lower food price inflation was a rebound in rental inflation, which climbed back over 9 percent to close to a two-year high. We think that higher consumer incomes are putting upward pressure on rents at a time when the bulk of anticipated new supply has still to reach the market.

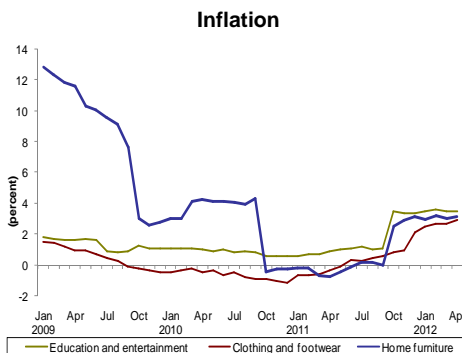
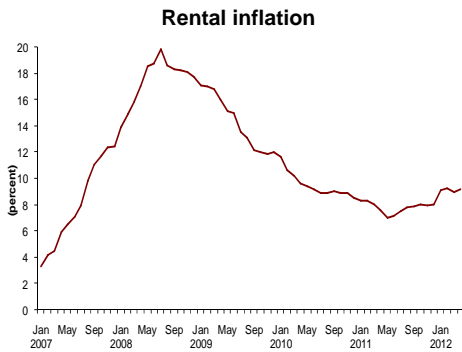
Elsewhere, inflation for clothing and footwear hit its high point since at least January 2003. Prices rises were fairly widespread, rather than focused on one or two specific products. In contrast, inflation for other components of the cost of living index that are generally driven by consumer demand (home furniture and education and entertainment) has stabilized in the past few months and in the case of transport and telecoms, fell to its lowest level since July 2011.



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### Monthly change in inflation (percent)

	2011		2012			
	Nov	Dec	Jan	Feb	Mar	Apr
Food & beverages	0.6	-0.1	-0.6	0.5	0.7	0.1
Fabrics, clothing & footwear	0.0	1.2	0.7	0.2	0.0	0.3
Housing & related items	0.5	0.5	1.7	0.7	0.5	0.8
Home furniture	0.3	0.3	0.0	0.3	0.0	0.1
Medical care	0.0	0.0	0.0	0.0	0.0	0.0
Transport & telecoms	0.4	0.1	0.8	0.1	0.0	0.0
Education & entertainment	-0.1	0.0	0.1	0.1	-0.1	0.0
Other expenses & services	-0.9	0.2	-1.8	0.0	-0.5	0.0
<b>Total</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>

Monthly inflation eased moderately to 0.2 percent in April. Rents remained the main source of monthly inflation, rising at their fastest pace since January. Prices of clothing and footwear increased by 0.3 percent and have only fallen in one month since the end of 2010. Cotton and wool prices jumped in early 2011 and the effects of this may still be working through the local supply chain. Higher wage costs in producer countries and strong domestic demand may also be contributing to higher clothing prices. Food prices posted a very small rise in April; global food prices remain subdued and slipped slightly last month according to the UN Food and Agriculture Organization. Prices of home furniture also edged up, with imported products accounting for the bulk of the rise. The other four components of the cost of living index were unchanged.

### Annual inflation rates (percent)

	2007	2008	2009	2010	2011	2012*
Food & beverages	7.0	14.1	2.0	6.2	5.2	4.4
Fabrics, clothing & footwear	-2.4	0.4	0.5	-0.7	0.4	2.7
Housing & related items	8.1	17.5	14.1	9.5	7.7	9.1
Home furniture	1.3	7.7	8.5	2.8	0.5	3.1
Medical care	4.2	5.0	0.7	0.4	0.8	0.0
Transport & telecoms	-0.9	0.2	1.0	1.1	2.1	2.2
Education & entertainment	0.2	2.1	1.3	0.9	1.6	3.5
Other expenses & services	5.3	10.7	4.3	7.4	9.0	7.6
<b>Total</b>	<b>4.1</b>	<b>9.9</b>	<b>5.1</b>	<b>5.3</b>	<b>5.0</b>	<b>5.4</b>

\* Year to date

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