

Annual inflation rises further ...

Indicator	Feb 2017	Jan 2017
Annual	0.06%	-0.65%
Month-on-Month	0.61%	0.23%

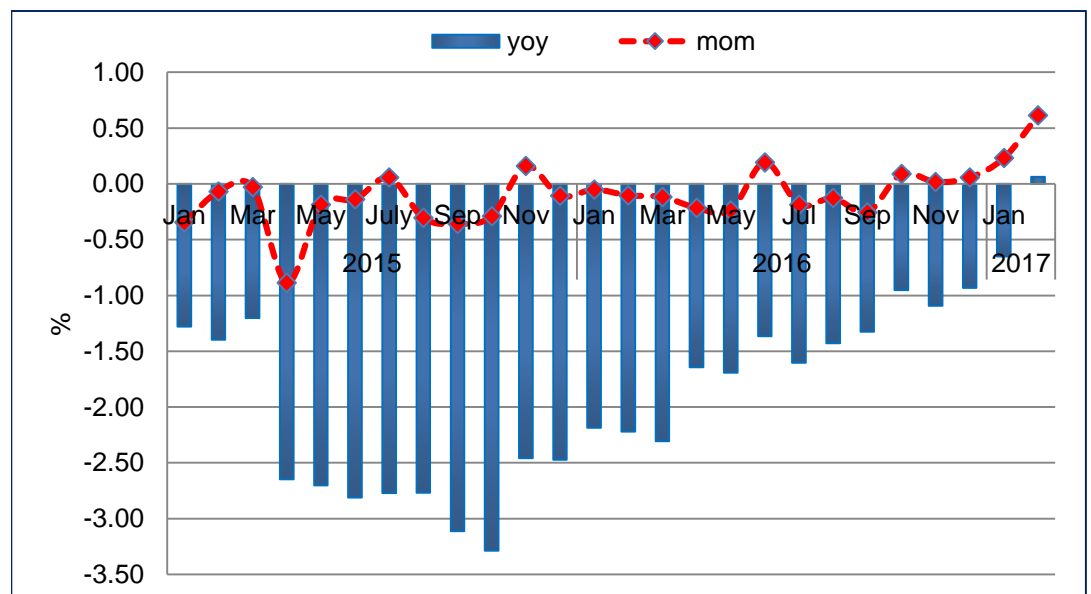
Source: ZimStat

...Annual inflation rose by 0.71 pp. to 0.06% in February 2017...

- The year-on-year “y/y” increased by 0.71 percentage points “pp.” from -0.65% in January 2017 to 0.06% in February 2017, ending a 28-month long deflationary cycle.
- In fact, the y/y food and non-beverages inflation rose from -0.30% in January 2017 to 1.29% in February 2017, whilst the non-food inflation rose from -0.82% in January 2017 to -0.51% in February 2017, lifted by increases in prices of electricity (liquid fuels), furniture and equipment (non-durable household goods), health and transport (fuel and lubricants).
- Meanwhile, the underlying month-on-month “m/m” inflation also increased by 0.38 pp. to 0.61% in February 2017, compared to 0.23% in January 2017.
- The m/m Food and Non-Alcoholic Beverages inflation rate stood at 1.56% in February 2017 in comparison to 0.80% in January 2017. On the other hand, the m/m non-food inflation rate was 0.17% in February 2017, compared to -0.03% in January 2017. **Fig.1** below illustrates the trends in the inflation rates.

....Month on month inflation rose by 0.38 pp. to 0.61% in February 2017...

Fig.1: Inflation trends

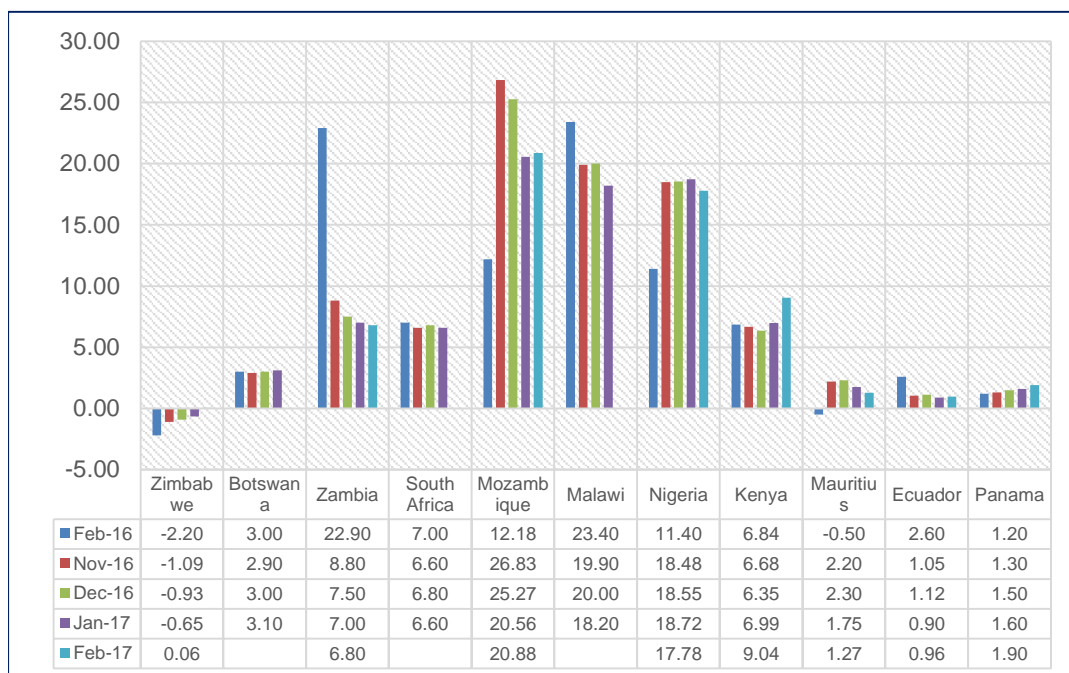


Source: ZimStat

... Inflation rises the fastest in Kenya in February 2017...

- Meanwhile, in terms of regional countries, inflation rose further in Kenya and Mozambique. Most notably, Kenya’s annual inflation jumped from 6.99% in January 2017 to 9.04% in February 2017, lifted by drought-induced higher food prices.
- On the other hand, inflation slowed in Zambia, Nigeria and Mauritius. In fact, according to the National Bureau of Statistics in Nigeria, inflation slowed for the first time in 15 months, representing the effects of slower rises in food and non-food prices and favorable base effects over 2016 prices- **Fig 2** below.

Fig.2: Regional Annual Inflation Trends



Source: Various (Malawi, Botswana, South Africa statistics for February 2017 not yet published)

- Amongst dollarized countries, both Ecuador and Panama recorded increases in annual inflation during the period under review driven by both food and non-food items.

Outlook

Going forward, inflationary pressures are expected to remain generally elevated. However, the high level of uncertainties in the economy largely make it difficult to make long term forecasts.

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