

## Sudan: Update on Consumer Price Index and Inflation rate during the first half of 2018

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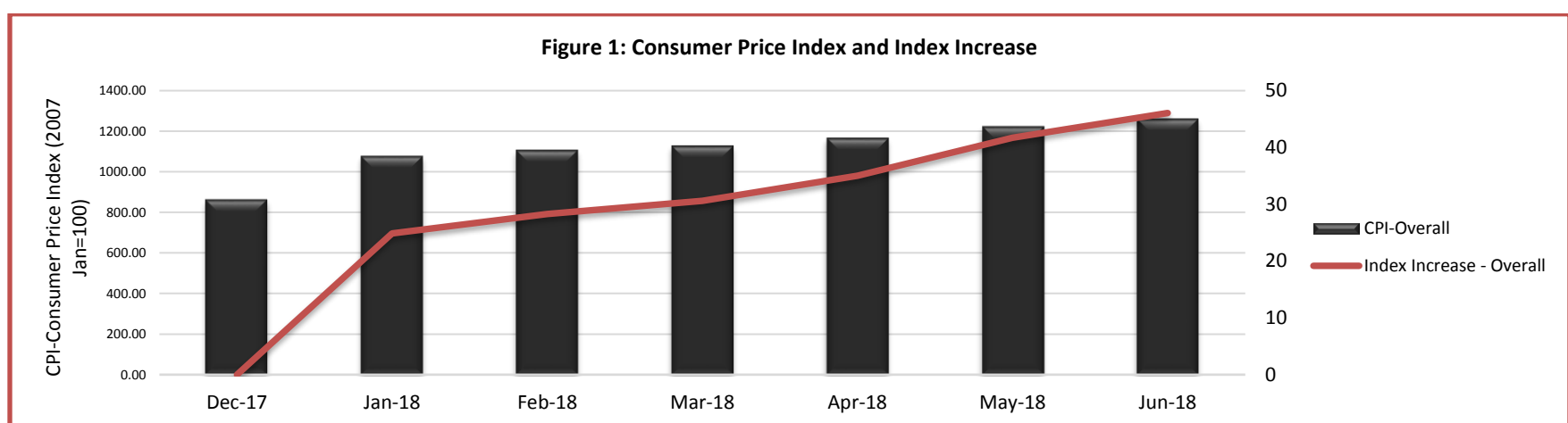
**A summary:** The devaluation of the local currency and high inflation- along with the growing stress on macroeconomic discipline in recent months- continue to corrode the purchasing power of households and increase the cost of living in the country. Inflation in Sudan exhibited a significant jump during

### Consumer Price Index during the first half of 2018:

The Consumer Price Index has increased by 46 percent from December 2017 to June 2018. An analysis of CBS-CPI data shows that CPI in the Urban setting revealed an increase of 42.6 percent in June 2018 from December 2017, while the Rural setting revealed an increase of 49 percent in the CPI. The Rural

the month of January 2018 compared to its level during the preceding month of December 2017. Inflation reached 63.86 percent in June 2018, Food and drinks group is the main source of inflation. **The Rural areas are expected to be affected by increasing inflation and economic deterioration more severely than Urban areas.** At States level, the Red Sea State recorded the highest level among all States with 98.44 percent in May 2018. Food and drinks inflation was highest in North Darfur, River Nile and Northern States during June 2018, it stood at 91.83 ,91.66 and 88.97 percent respectively.

areas is expected to be affected by increasing inflation and economic deterioration more severely than Urban areas because CPI in the Rural areas is higher than in the Urban areas in origin, and inflation pace (percentage of price increase) is higher in the Rural areas. (see figure 1)

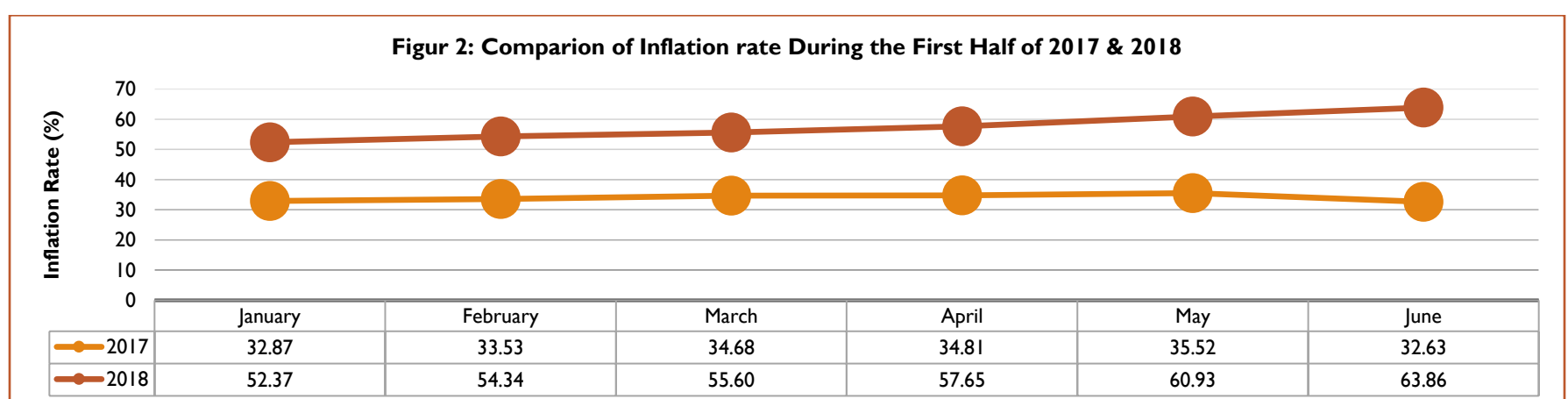


Source: Generated by UNDP using official data from CBS  
\*Consumer Price Index is calculated in comparison to reference base of 100 in 2007 January.

### Inflation During the first half of 2018

Inflation in Sudan exhibited a significant jump during the month of January 2018 compared even to its level during the preceding Month of December 2018. Almost all item groups have witnessed an increase because of multiple factors, e.g. supply shock caused by banning of the importation of some commodities, the increase in US Dollar applicable to customs, increase in the transportation cost because of Lack of fuel supply and the removal of subsidies on flour imports under

2018 Government budget. At national level, inflation rate (average) reached 57.5 percent during the first half of 2018 compared to 34 percent for the same period of 2017. According to the data compiled from the Central Bureau of Statistics (CBS), the inflation rate witnessed an upward trend from 52.37 percent in January 2018 to 63.86 percent in June 2018. It's worth mentioning that IMF projects Sudan's inflation at 43.5 percent for 2018. (Source: IMF: World Economic Outlook, April 2018, P:66, electronic version)



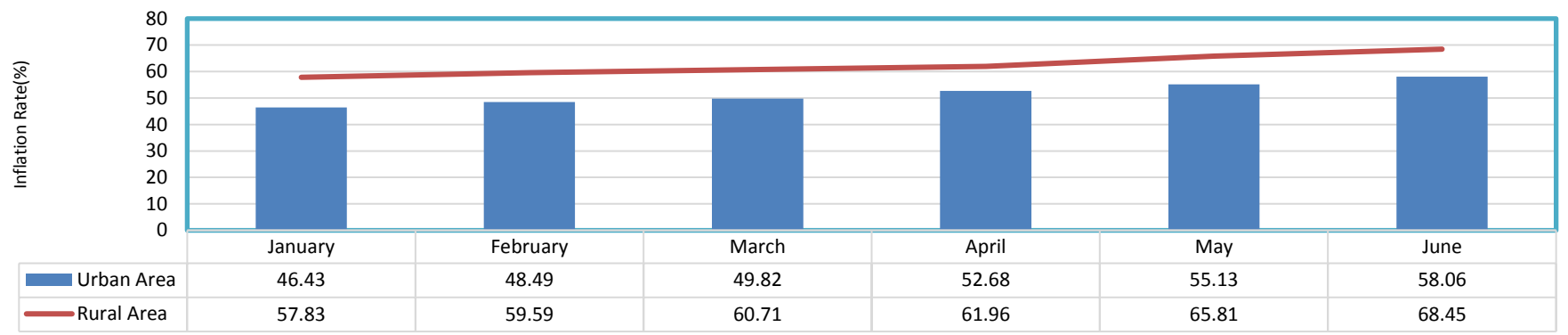
Source: Generated by UNDP using official data from CBS

### Monthly Trend in Inflation during the first half of 2018 by Rural and Urban Settings

Tracking the trend of inflation rates for Urban and Rural areas for the whole period of the first half of 2018, rural areas in Sudan steadily exhibited higher inflation rates than urban areas.

This could largely be attributed to infrastructure deficits in rural areas (especially roads), the fuel shortage which resulted in an increase in the transportation cost as well as multiple layers of taxes and fees imposed by states. (see the figure3)

**Figure 3: Comparison of Inflation rate by Urban & Rural Areas During the first Half of 2018**



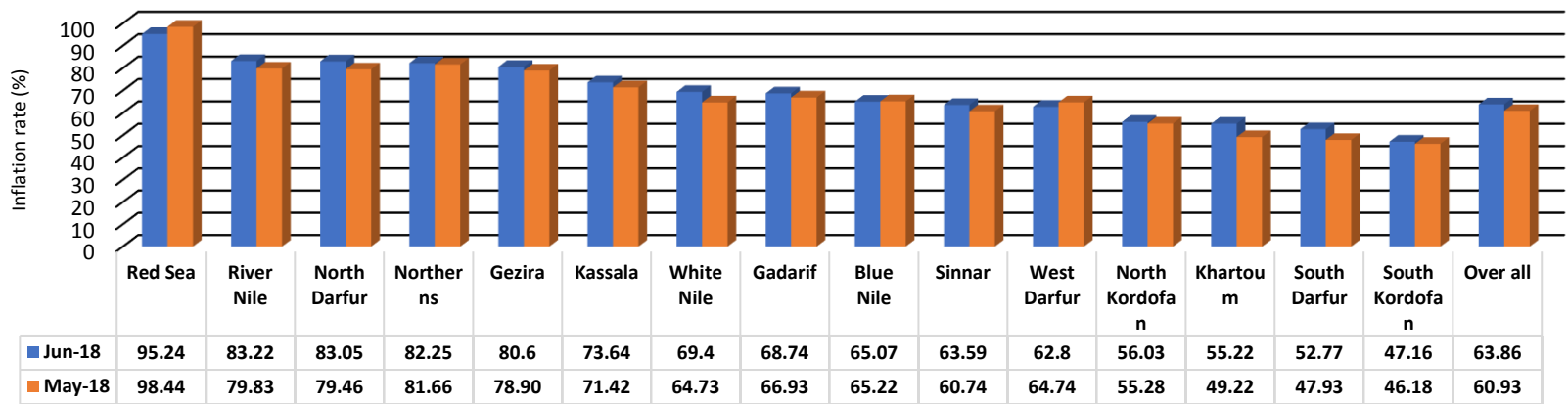
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**Inflation at States level during May & June 2018**

Red Sea State recorded the highest level among all States with 98.44 percent in May whereas the lowest rate was in South Kordofan State in which inflation rate reached 46.18 percent

while the rate of inflation in the state of Khartoum stood at 49.22 and 55.22 percent in May and June respectively. Food and beverages group is the main source of inflation in the states. (see the below figure)

**Figure 4: Inflation in the States during May & June 2018**



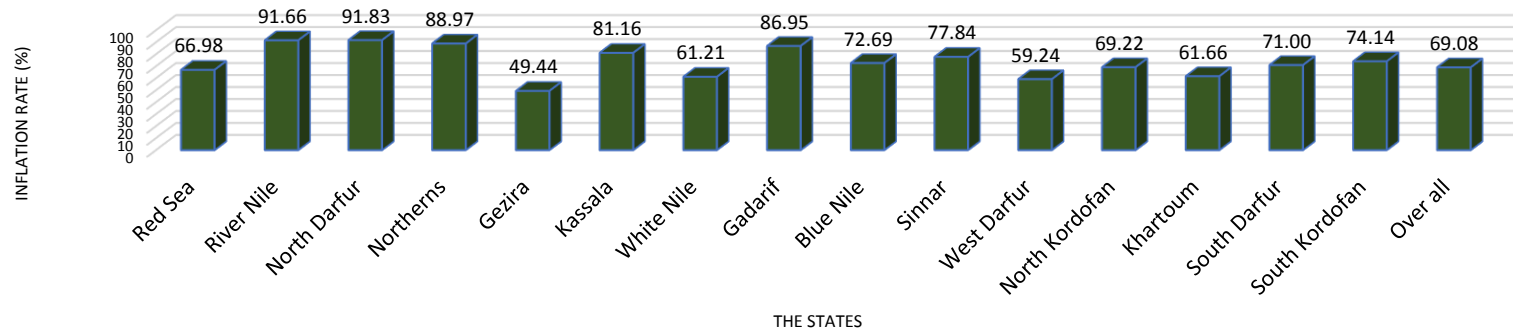
Source: Generated by UNDP using official data from CBS

**Food and drinks inflation contribution to general inflation by states:**

Food and drinks group inflation was highest in North Darfur, River Nile and the Northern States during June 2018, it stood at 91.83, 91.66 and 88.97 percent respectively. Hence, the bulk

of income of households- the poor households in particular- are expected to be devoted for the consumption of this group. The lowest food and drinks group inflation reported in Gezira State at 49.44 percent under the Overall level. (see the figure below)

**Figure 5: Food And drinks inflation rate by State in June 2018**



Source: Generated by UNDP using official data from CBS



