



# Inflation Report

3rd Quarter 2013



Monetary Policy and Financial Stability Department

مؤسسة النقد العربي السعودي

Saudi Arabian Monetary Agency



## Cost of Living Index

The cost of living index went up by 3.2 percent in September 2013, compared to the same month in the preceding year. The index registered the highest inflation rate of 4 percent in April, then it declined gradually due to the decrease in inflation pressures in the groups of transport, restaurants and hotels and goods and services, in addition to the beginning of the decline in Ramadan seasonal effects on the food and beverages group. This led to a decline in the monthly inflation rate from 0.4 percent in July to 0.16 percent in August and September 2013 (Chart 1).

rise of 3.4 percent compared to the corresponding quarter of the previous year.

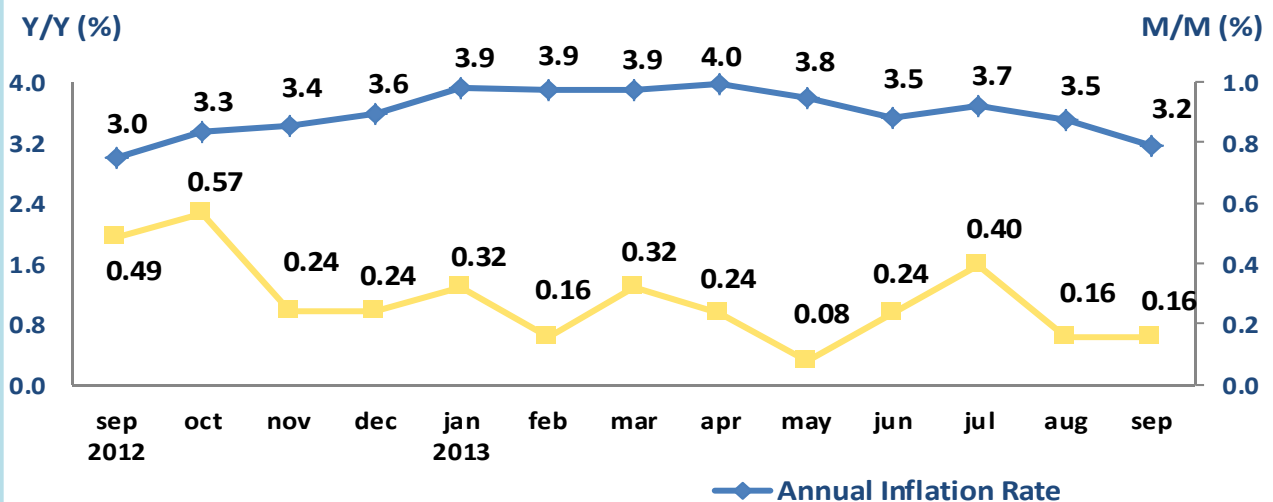
Food and beverages and house furnishing groups registered the highest inflation rates of 1.5 percent each during the third quarter of 2013, compared to the second quarter of the same year. The recreation and culture group ranked third at 1.4 percent, housing and its appurtenances at 1.2 percent, followed by restaurants and hotels at 0.8 percent in the same period (Table 1 and Chart 2).

## Developments of the Third Quarter, 2013

The cost of living index registered a rise of 0.7 percent in the third quarter of 2013, compared to the second quarter of 2013, and a

In contrast, the transport group registered a deflation of 1.1 percent in the third quarter of 2013 compared to the previous quarter. The transport group and the

**Chart 1: Inflation Rate of the General Cost of Living Index (2007=100)**



Source: Central Department of Statistics and Information.

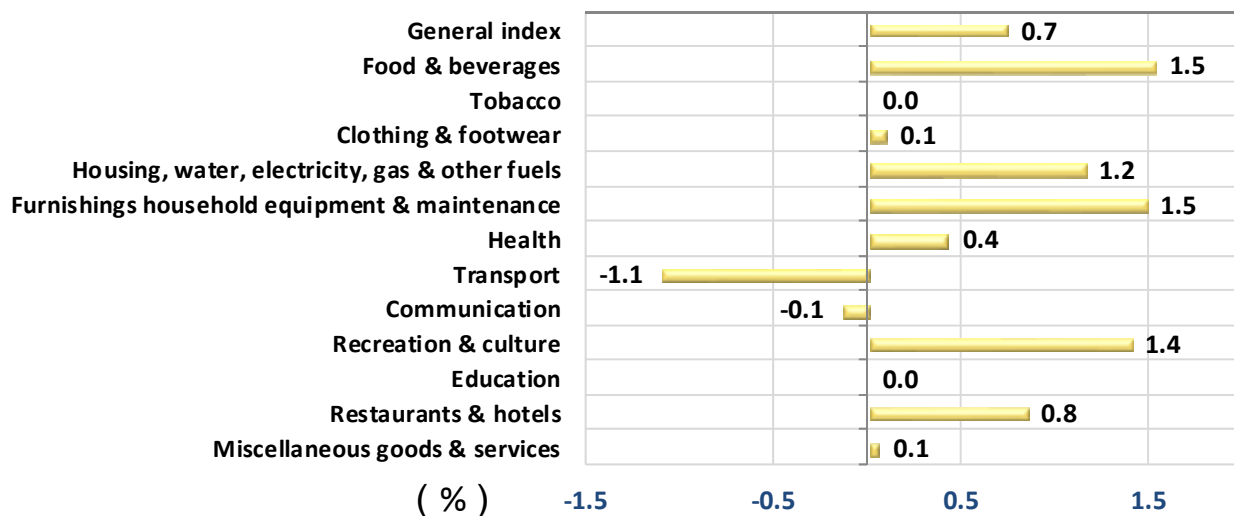


**TABLE 1: COST OF LIVING INDEX  
(2007=100)**

	Weights	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	% change	
							Q3 2013/ Q2 2013	Q3 2013/ Q3 2012
<b>General index</b>	<b>100.0</b>	<b>122.9</b>	<b>124.4</b>	<b>125.4</b>	<b>126.2</b>	<b>127.1</b>	<b>0.7</b>	<b>3.4</b>
Food & beverages	21.7	133.1	136.2	137.4	139.5	141.6	1.5	6.4
Tobacco	0.5	145.2	150.8	151.7	151.7	151.7	0.0	4.5
Clothing & footwear	8.4	104.4	105.5	105.1	104.5	104.6	0.1	0.2
Housing, water, electricity, gas & other fuels	20.5	149.0	150.1	151.7	153.2	154.9	1.2	4.0
Furnishings, household equipment & maintenance	9.1	116.3	118.0	119.7	121.5	123.3	1.5	6.0
Health	2.6	105.4	106.3	107.7	109.0	109.5	0.4	3.9
Transport	10.4	110.1	111.1	112.4	111.6	110.4	-1.1	0.2
Communication	8.1	92.1	92.6	93.4	93.8	93.6	-0.1	1.7
Recreation & culture	3.5	105.3	105.4	105.1	104.9	106.4	1.4	1.0
Education	2.7	109.7	111.6	111.6	111.6	111.6	0.0	1.7
Restaurants & hotels	5.7	123.7	125.1	125.3	126.3	127.4	0.8	3.0
Miscellaneous goods & services	6.8	117.9	119.0	118.5	117.3	117.3	0.1	-0.5

Source: Central Department of Statistics and Information.

**Chart 2: Inflation Rate of the Cost of Living Index by Main Groups  
(Q3 / Q2 2013)**



Source: Central Department of Statistics and Information.



restaurants and hotels group had registered record rises of 4.1 and 3.0 percent respectively in the second quarter of 2012. Chart 3 shows the quarterly change rates in the major groups most affecting the inflation rate in the domestic market from the second quarter 2011 to the third quarter 2013.

### The Impact Ratio of Major Groups on the General Cost of Living Index

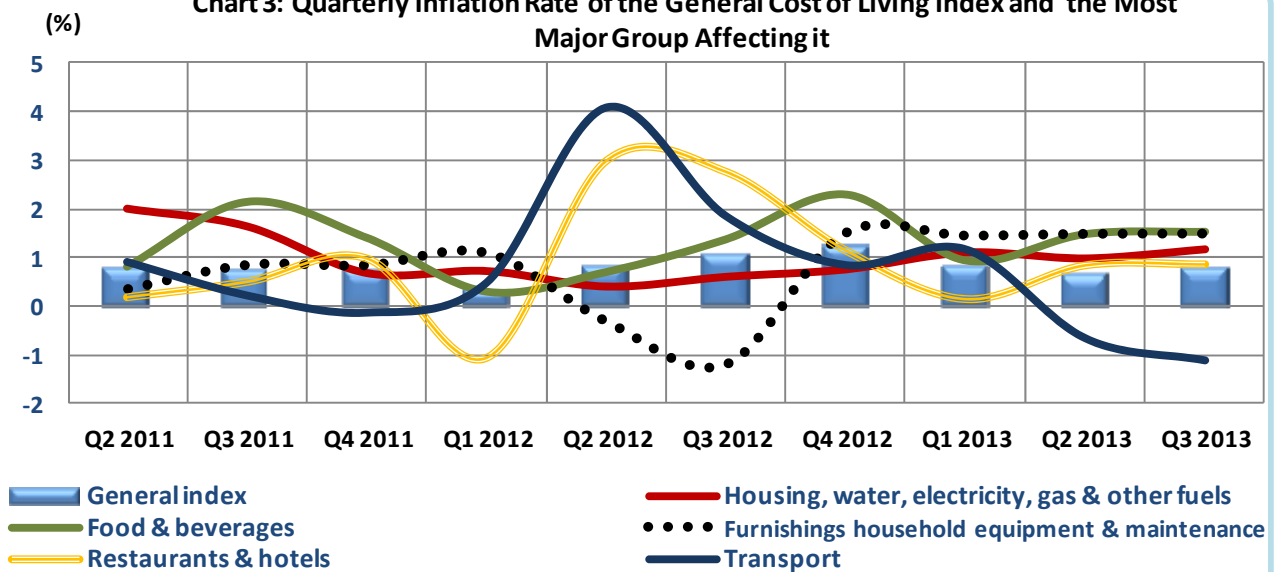
The Inflation rates of the general cost of living index were affected by the rises in the food and beverages group during the third quarter of 2013. The impact ratio of this group on the annual change rate of the general cost of living index increased from 23.7 percent in the third quarter of 2012 to 35 percent in the third quarter of 2013. The impact ratio of housing and its appurtenances (water, electricity, gas and other fuels) group went up

from 9.6 percent to 24.9 percent in the same period. Furnishings, household equipment and maintenance group came third with 14.2 percent. The total impact ratio of these three major groups was 74.0 percent in the third quarter of 2013, compared to no more than 42 percent in the third quarter of 2012 (Chart 4 and 5).

### Wholesale Price Indices

The wholesale price index recorded an increase of 1.4 percent during the third quarter of 2013 compared to the corresponding quarter of the previous year. This index went up by 0.9 percent during the third quarter of 2013 compared with the preceding quarter. It had registered a deflation of 0.3 percent and 0.1 percent during the first and second quarters of 2013, respectively. This resulted in

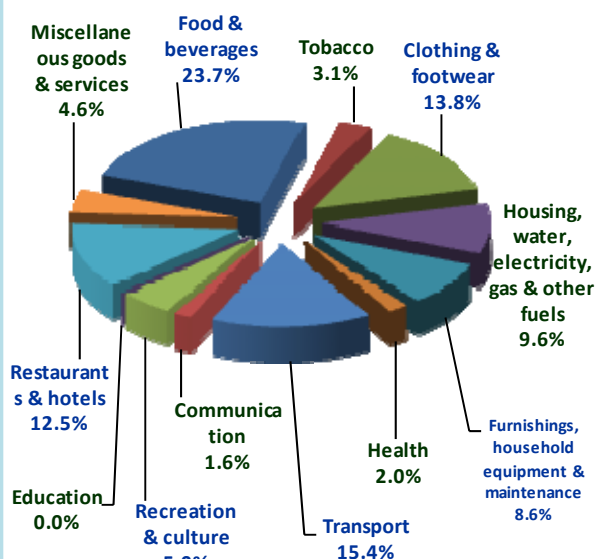
**Chart 3: Quarterly Inflation Rate of the General Cost of Living Index and the Most Major Group Affecting it**



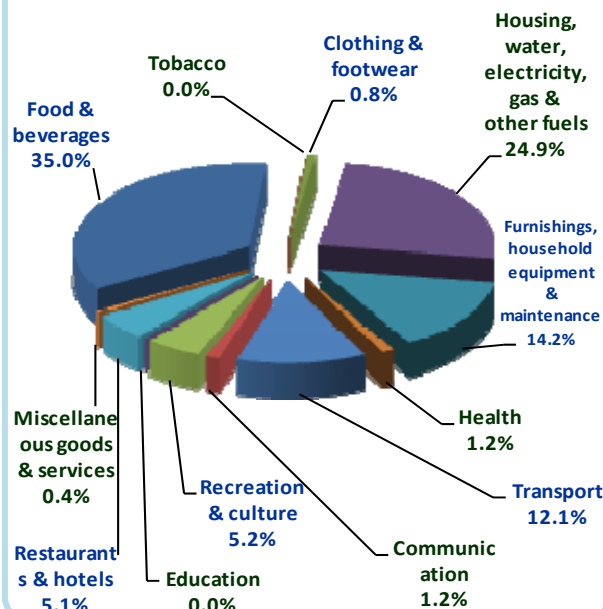
Source: Central Department of Statistics and Information.



**Chart 4: Percentage Impact Of Major Groups On The General Inflation Rate (Q3 2012)**



**Chart 5: Percentage Impact Of Major Groups On The General Inflation Rate (Q3 2013)**



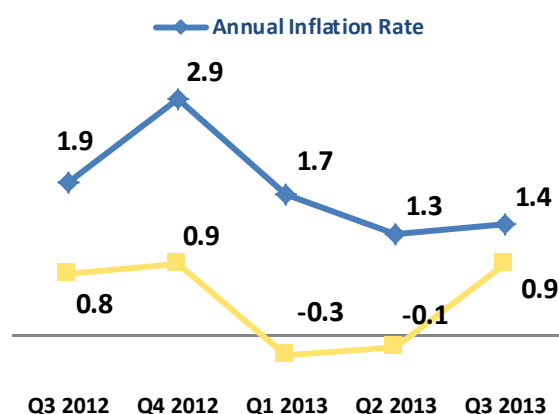
a decline in the annual inflation rate of the wholesale price index from 2.9 percent during the third quarter of 2012 to 1.4 percent during the third quarter of the current year (Chart 6).

### Wholesale Price Indices by Groups

The group of beverages and tobacco recorded the highest increase rate during the third quarter of 2013 compared to the respective quarter of the preceding year. This group's inflation rate stood at 14.8 percent due to an increase of 20.5 percent in the subgroup (beverages) during the same period. The group of machinery and transport equipment recorded the second highest inflation rate of 4.9 percent during the third quarter of 2013 compared to the same quarter of the preceding year. This group was affected by the increase in the subgroup (vehicles and spare parts) due

to a rise in transport vehicles (trucks) by 16.4 percent, passenger vehicles by 8.0 percent, and vehicle spare parts by 4.8 percent during the same period. The group of machinery and transport equipment was also affected by the increase recorded by the subgroup (office equipment and devices) due to a rise in the

**Chart 6: Inflation of the Wholesale Price Index (1988=100)**



Source: Central Department of Statistics and Information.





inflation rate by 5.7 percent in computers during the same period.

The group of food and live animals came third with an annual inflation rate of 4.4 percent during the third quarter of 2013 where most of the group's items were relatively stable, except for the subgroup (live animals) which increased by 15.6 percent and the subgroup (food stuffs) which rose by 48.3 percent during the third quarter of 2013 compared to the same quarter of the previous year.

In contrast, the group of other commodities registered the highest deflation rate during the third quarter of 2013 compared

to the respective quarter of the previous year. This group's inflation rate decreased by 16.9 percent due to a decrease in fine gold group (24 carat) by 17.3 percent during the same period. Annual inflation rate of miscellaneous manufactured articles (furniture, apparel, watches) decreased by 11.7 percent during the third quarter of 2013 as a result of the decrease in prices of jewelry and their components by 22.8 percent, and the prices of apparel and its related materials went down by 11.9 percent (Table 2 and chart 7).

## GDP Deflator

The non-oil GDP deflator declined by 0.5% during the second quarter of 2013 (latest available data) as compared to the first quarter

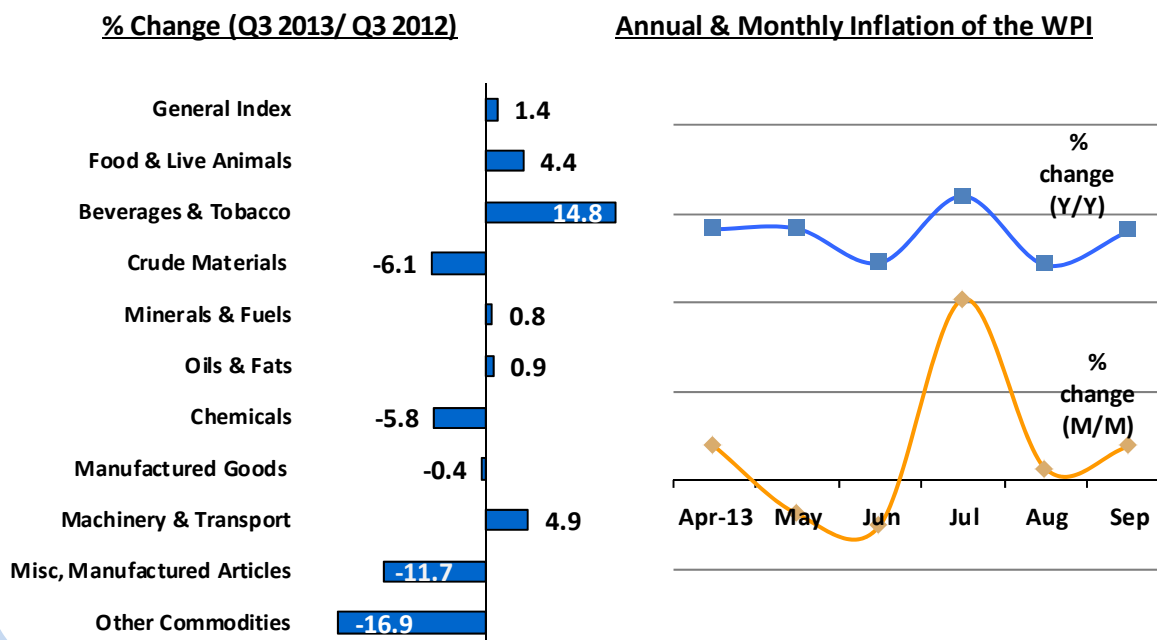
**TABLE 2: WHOLESALE PRICE INDEX (WPI)**  
(1988=100)

	Weights	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	% change	
							Q3 2013/ Q2 2013	Q3 2013/ Q3 2012
<b>General Index</b>	<b>100.0</b>	<b>156.8</b>	<b>158.2</b>	<b>157.8</b>	<b>157.6</b>	<b>159.0</b>	<b>0.9</b>	<b>1.4</b>
Food & Live Animals	31.9	179.8	180.9	178.9	183.0	187.7	2.5	4.4
Beverages & Tobacco	1.2	151.8	151.8	153.1	167.2	174.3	4.2	14.8
Crude Materials	0.3	217.5	217.9	217.9	204.0	204.2	0.1	-6.1
Minerals & Fuels	10.1	184.8	184.8	184.8	186.3	186.3	0.0	0.8
Oils & Fats	0.4	149.3	148.8	149.0	151.0	150.7	-0.2	0.9
Chemicals	9.8	217.2	234.5	227.9	201.2	204.5	1.6	-5.8
Manufactured Goods	26.2	144.7	144.4	145.2	144.3	144.1	-0.1	-0.4
Machinery & Transport	13.4	137.0	136.9	139.8	143.6	143.7	0.1	4.9
Misc, Manufactured Articles	6.4	153.3	153.5	152.5	136.3	135.4	-0.7	-11.7
Other Commodities	0.3	321.0	323.4	307.6	276.1	266.8	-3.4	-16.9

Source: Central Department of Statistics and Information.



**Chart 7: Inflation of the Wholesale Price Index by Main Groups  
(1988=100)**



of the same year, while the GDP deflator rose by 4.2 percent during the second quarter of 2013 compared to the same quarter of the preceding year.

The GDP deflator measures inflation rate at the macroeconomic level and differs from the cost of living index, which only targets final consumption. The GDP deflator, however, targets all consumption, investment and government sectors according to their respective contributions to the GDP. Therefore, the deflator is considered as an indirect measure of the change in the general level of prices. The non-oil GDP deflator is

usually used to exclude the impact of change in oil prices on the domestic economy.

The non-oil GDP deflator recorded the highest increase rate during the last three years and stood at 12.6 percent during the third quarter of 2012 compared to the same quarter of 2011. Then, it started to decrease gradually to 4.2 percent during the second quarter of 2013 (Table 3 and chart 8).

An analysis of the GDP deflator data at constant prices for 1988 by economic activity shows that the activity of “government services producers” registered



TABLE 3: GDP Deflator  
(1999=100)

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
<b>GDP (Million SLR):</b>										
At Current Prices	597037	628761	629815	655038	686199	656779	675199	648258	670579	641637
At Constant Prices	287893	285706	287476	296502	306880	301733	304150	305170	313421	309873
<b>GDP Deflator</b>	<b>207.4</b>	<b>220.1</b>	<b>219.1</b>	<b>220.9</b>	<b>223.6</b>	<b>217.7</b>	<b>222.0</b>	<b>212.4</b>	<b>214.0</b>	<b>207.1</b>
<b>Quarterly Change (%)</b>	<b>3.0</b>	<b>6.1</b>	<b>-0.4</b>	<b>0.8</b>	<b>1.2</b>	<b>-2.7</b>	<b>2.0</b>	<b>-4.3</b>	<b>0.7</b>	<b>-3.2</b>
<b>Annual Change (%)</b>	<b>16.8</b>	<b>21.7</b>	<b>21.2</b>	<b>9.7</b>	<b>7.8</b>	<b>-1.1</b>	<b>1.3</b>	<b>-3.8</b>	<b>-4.3</b>	<b>-4.9</b>
<b>Non-oil GDP (Million SLR):</b>										
At Current Prices	309621	302879	295494	308955	330432	319535	355080	324755	359119	347995
At Constant Prices	227943	222551	220526	228877	238849	232365	235275	238194	249451	242891
<b>Non-oil GDP Deflator</b>	<b>135.8</b>	<b>136.1</b>	<b>134.0</b>	<b>135.0</b>	<b>138.3</b>	<b>137.5</b>	<b>150.9</b>	<b>136.3</b>	<b>144.0</b>	<b>143.3</b>
<b>Quarterly Change (%)</b>	<b>-0.3</b>	<b>0.2</b>	<b>-1.5</b>	<b>0.7</b>	<b>2.5</b>	<b>-0.6</b>	<b>9.8</b>	<b>-9.7</b>	<b>5.6</b>	<b>-0.5</b>
<b>Annual Change (%)</b>	<b>5.6</b>	<b>8.3</b>	<b>5.2</b>	<b>-0.9</b>	<b>1.8</b>	<b>1.0</b>	<b>12.6</b>	<b>1.0</b>	<b>4.1</b>	<b>4.2</b>

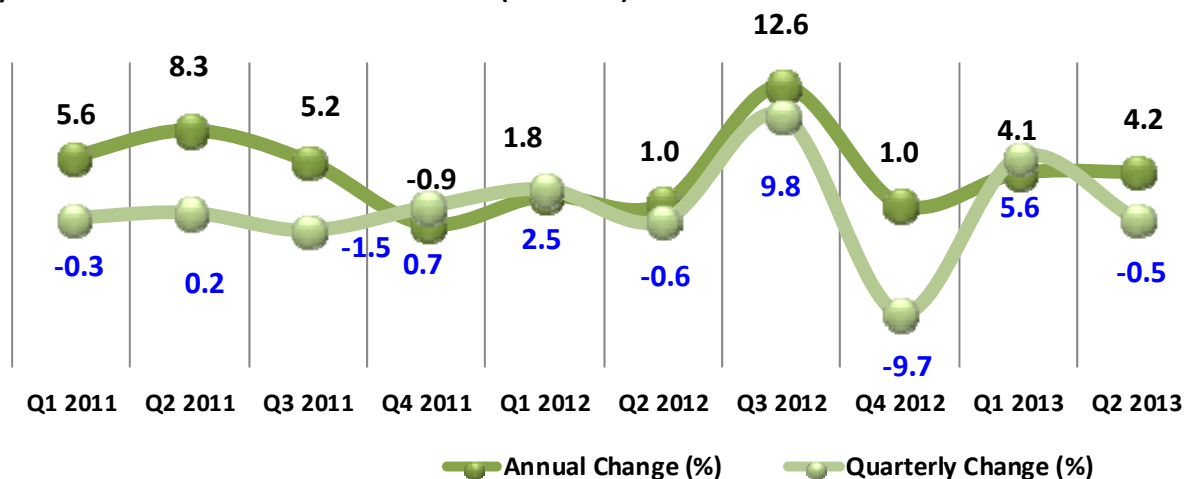
Source: Central Department of Statistics and Information.





Chart 8: Quarterly & Annual Changes of the Non-oil GDP  
(1999=100)

(%)



Source: Central Department of Statistics and Information.

the highest increase of 9.8 percent in the second quarter of 2013 as compared to the second quarter of the preceding year. “Oil refining” came second with 5.4 percent, followed by “wholesale, retail, restaurants and hotels” with 4.3 percent. “Houses ownership” ranked fourth with 3.7 percent in the second quarter of 2013 compared to the second quarter of 2012.

“Mining and quarrying” registered the highest contraction of 10.8 percent in the GDP deflator during the second quarter of 2013 as compared to the corresponding period in the preceding year. This was attributable to the contraction of crude oil and natural gas activity by 10.7 percent. “Electricity, gas and water” activity recorded a contraction of 6.9 percent during the same period (Chart 9).

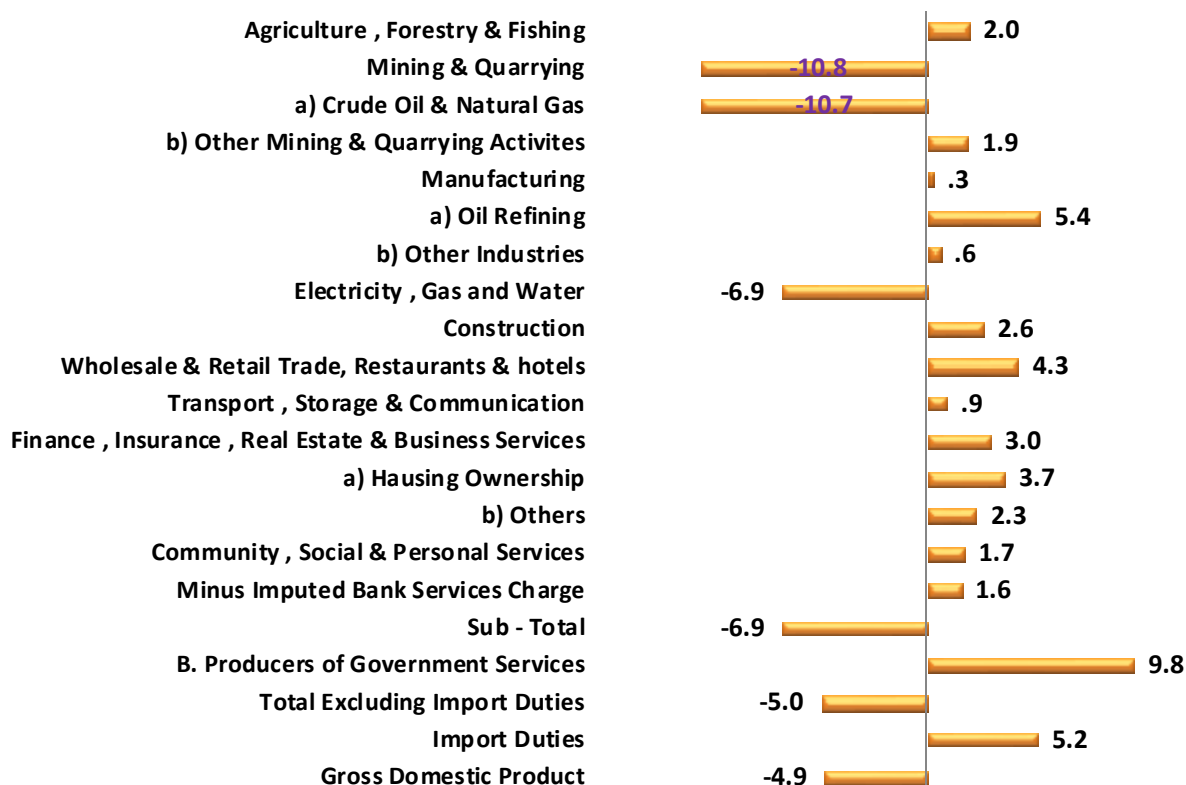
A comparison of annual inflation measures in the domestic market would indicate that annual change in the non-oil GDP deflator registered the highest increase of 4.2 percent in the second quarter of 2013. Annual inflation rate in the cost of living index came second, rising by 3.8 percent during the same period while the annual inflation rate in the wholesale price index did not exceed 1.3 percent during the same period (Chart 10).

## Foreign Trade with Major Trading Partners

Total value of the Kingdom’s imports during the second quarter of 2013 stood at Rls 167.2 billion, increasing by 8.0 percent over the second quarter of 2013 and by 11.2 percent over the second quarter of 2012.



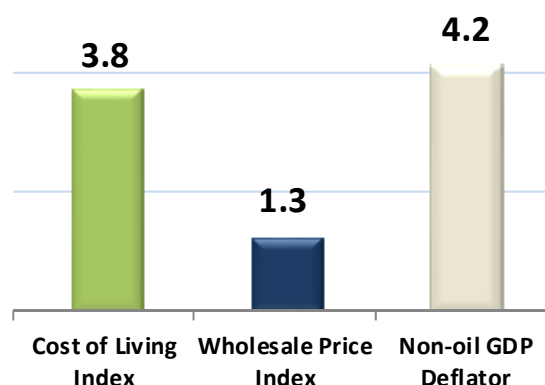
**Chart 9: GDP Deflator by Type of Economic Activity at 1999 Constant Prices  
Q2 2013 (% Change)**



Source: Central Department of Statistics and Information.

The United States came at the top of the Kingdom's trading partners list during the second quarter of 2013. The Kingdom's imports from the United States amounted to Rls 23.0 billion or 13.8 percent of the Kingdom's total imports. China came second with Rls 21.4 billion or 12.4 percent of total value of the Kingdom's imports. Germany came third with the value of imports standing at Rls 11.3 billion or 6.8 percent of the Kingdom's total imports. Korea ranked fourth with Rls 9.3 billion or 5.5 percent of total

**Chart 10: Inflation Measurements in  
Q2 2013  
(% Change)**



Source: Central Department of Statistics and Information.



imports. UAE came fifth with the value of imports standing at Rls 9.0 billion or 5.4 percent of the Kingdom's total imports during the second quarter of 2013 (Table 4).

The total value of the Kingdom's imports during 2012 stood at Rls 583.5 billion, increasing by 18.2 percent over 2011. The most important countries from which the Kingdom imported during 2012 were as follows:

- 1- The U.S. with a value of Rls 78.7 billion, accounting for 13.5 percent of the Kingdom's total imports. The most important commodity imported is private cars with a value of Rls 8.3 billion, accounting for 10.6 percent of total U.S. exports to the Kingdom. The annual inflation rate in the U.S. was 2.1 percent in 2012.
- 2- China with a value of Rls 74.2 billion, representing 12.7 percent of the Kingdom's total imports. The most important commodity imported is telephones for cellular networks with a value of Rls 7 billion, accounting for 9.3 percent of China's total exports to the Kingdom. The annual inflation rate in China was 2.7 percent in 2012.
- 3- Germany with a value of Rls 41.4 billion, accounting for 7.1 percent of the Kingdom's total imports. The most important commodity imported is

**TABLE 4: Top 5 Trading Partners by value of Imports (Rls Million)**

Countries	Q2 2012	Q2 2013	Change (%)
U.S.A	19380	23025	18.8
CHINA	19075	21444	12.4
GERMANY	10452	11340	8.5
SOUTH KOREA	8915	9258	3.8
U.A.E	6783	8963	32.1
<b>Total</b>	<b>64605</b>	<b>74030</b>	<b>14.6</b>
<b>Ratio To Total</b>	<b>43.0</b>	<b>44.3</b>	<b>3.1</b>

Source: Central Department of Statistics and Information.

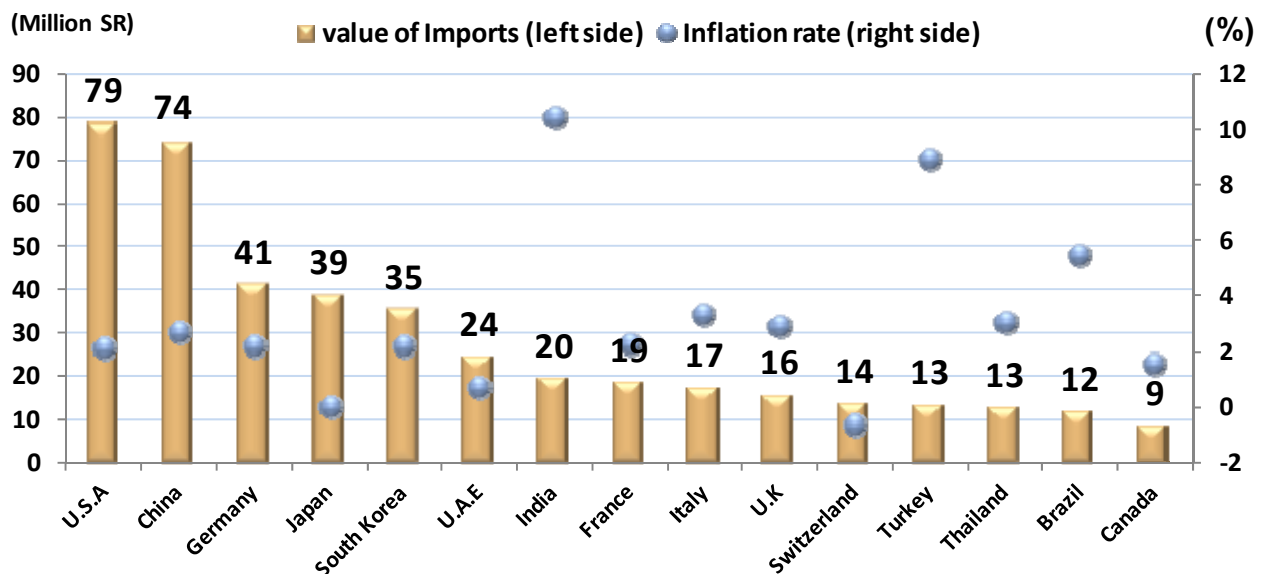
cigarettes with a value of Rls 2.0 billion, accounting for 4.8 percent of Germany's total exports to the Kingdom. The annual inflation rate in Germany was 2.1 percent in 2012.

- 4- Japan with a value of Rls 39.0 billion, accounting for 6.7 percent of the Kingdom's total imports. The most important commodity imported is jeeps with a value of Rls 9.3 billion, accounting for 23.9 percent of Japan's total exports to the Kingdom. The annual inflation rate in Japan decreased by 0.04 percent in 2012.
- 5- South Korea with a value of Rls 35.5 billion, accounting for 6.1 percent of the Kingdom's total imports. The most important commodity imported is private cars with a value of Rls 7.3 billion, accounting for 20.7 percent of South



- Korea's total exports to the Kingdom. The annual inflation rate in South Korea was 2.2 percent in 2012.
- 6- United Arab Emirates with a value of Rls 24.5 billion, accounting for 4.2 percent of the Kingdom's total imports. The most important commodity imported is gold ingots with a value of Rls 1.8 billion, accounting for 7.3 percent of the U.A.E.'s total exports to the Kingdom. The annual inflation rate in U.A.E. was 0.7 percent in 2012.
- 7- India with a value of Rls 19.6 billion, accounting for 3.4 percent of the Kingdom's total imports. The most important commodity imported is rice with a value of Rls 2.9 billion, accounting for 14.2 percent of India's total exports to the Kingdom. The annual inflation rate in India was 10.4 percent in 2012.
- 8- France with a value of Rls 18.6 billion, accounting for 3.2 percent of the Kingdom's total imports. The most important commodity imported is chicken meat with a value of Rls 1.1 billion, accounting for 6.1 percent of France's total exports to the Kingdom. The annual inflation rate in France was 2.2 percent in 2012.
- 9- Italy with a value of Rls 17.5 billion, accounting for 3.0 percent of the Kingdom's total imports. The most important commodity imported is tap industry items with a value of Rls 597 million, accounting for 3.4 percent of Italy's total exports to the Kingdom. The annual inflation rate in Italy was 3.3 percent in 2012.

Chart 11: Top 15 Trading Partners by value of Imports in 2012



Source: Central Department of Statistics and Information.



TABLE 5: Top 15 Trading Partners by value of Imports in 2013

Countries	Value (Million SR)	Ratio To		Accum. Ratio (%)	Inflation Rate (%)	Most Imported Commodities	
		Total (%)				Commodity Name	Value
U.S.A	78770	13.50	13.5	2.1		Private Cars, Jeeps, Parts Of Aeroplanes Or Helicopters.	15623
China	74195	12.72	26.2	2.7		Telephones For Cellular Networks And Wireless, Portable Auto Data Processing Machine, Machines For Reception, Conversion And Transmission.	12498
Germany	41367	7.09	33.3	2.1		Cigarettes, Private Cars, Gas Turbines.	4738
Japan	38989	6.68	40.0	-0.04		Jeeps, Private Cars, light Trucks, Chassis-Cabs.	13692
South Korea	35467	6.08	46.1	2.2		Private Cars, Telephones For Cellular Networks And Wireless,	9565
U.A.E	24495	4.20	50.3	0.7		Gold Ingots, Brass, Bars And Rods Of Refined Copper	4272
India	19581	3.36	53.6	10.4		Rice, Telephones For Cellular Networks Or For Other Wireless Networks, Benzene	4945
France	18603	3.19	56.8	2.2		Uncut Frozen Meat, Perfumes, Medicine Containing Penicillins Or Derivatives.	2371
Italy	17484	3.00	59.8	3.3		Cocks, Medicine Containing Penicillins Or Derivatives, Safety.	1108
U.K	15719	2.69	62.5	2.8		Parts Of Aeroplanes Or Helicopters, Generating, Medicine Containing Antibiotics.	2797
Switzerland	13620	2.33	64.8	-0.7		Gold Ingots, Cigarettes, Wrist Watches.	7486
Turkey	13422	2.30	67.1	8.9		Semi-Finished Iron And Steel Products, Partially-Worked Iron Or Steel Bars, Non-Alloy Pig Iron.	4169
Thailand	12707	2.18	69.3	3.0		Pickups.	4781
Brazil	11810	2.02	71.3	5.4		Uncut Frozen Meat, Agglomerated Iron, Frozen (Chickens).	6212
Canada	8574	1.47	72.8	1.5		Floating Or Submersible Drilling Platforms, Wheat, Jeeps.	2662

Source: Central Department of Statistics and Information.





10-United Kingdom with a value of Rls 15.7 billion, accounting for 2.7 percent of the Kingdom's total imports. The most important commodity imported is parts of aeroplanes and helicopters with a value of Rls 1.8 billion, accounting for 11.6 percent of the U.K.'s total exports to the Kingdom. The annual inflation rate in the U.K. was 2.8 percent in 2012.

11-Switzerland with a value of Rls 13.6 billion, accounting for 2.3 percent of the Kingdom's total imports. The most important commodity imported is gold ingots with a value of Rls 6.6 billion, accounting for 48.3 percent of Switzerland's total exports to the Kingdom. The annual inflation rate in Switzerland decreased by 0.7 percent in 2012.

12-Turkey with a value of Rls 13.4 billion, accounting for 2.3 percent of the Kingdom's total imports. The most important commodity imported is iron and steel products with a value of Rls 2.3 billion, accounting for 17.5 percent of Turkey's total exports to the Kingdom. The annual inflation rate in Turkey was 8.9 percent in 2012.

13-Thailand with a value of Rls 12.7 billion, accounting for 2.2 percent of the Kingdom's total imports. The most important commodity imported is small

trucks with a value of Rls 2.4 billion, accounting for 19.1 percent of Thailand's total exports to the Kingdom. The annual inflation rate in Thailand was 3.0 percent in 2012.

14-Brazil with a value of Rls 11.8 billion, accounting for 2.0 percent of the Kingdom's total imports. The most important commodity imported is frozen meat with a value of Rls 3.7 billion, accounting for 30.9 percent of Brazil's total exports to the Kingdom. The annual inflation rate in Brazil was 5.4 percent in 2012.

15-Canada with a value of Rls 8.5 billion, accounting for 1.5 percent of the Kingdom's total imports. The most important commodity imported is drilling platforms with a value of Rls 1.4 billion, accounting for 16.1 percent of Canada's total exports to the Kingdom. The annual inflation rate in Canada was 1.5 percent in 2012.

## Inflation Projections in Q4 2013

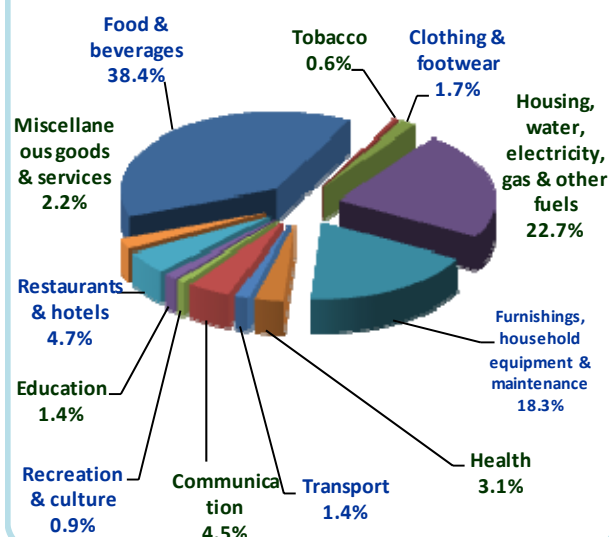
Inflation rates in the third quarter of 2013 were affected by increases recorded in the food and beverages group. This was due to the seasonal effect of the month of Ramadan on the domestic market. Although the seasonal effect started to disappear, the effect of the group of food and beverages on the



general inflation rate stood at 38.4 percent in September 2013. Annual inflation rate of the food group declined from 7.2 percent in July 2013 to 6.2 percent in September 2013 (Chart 12).

It is expected that the general inflation rate will continue to fall below 3 percent during the fourth quarter of 2013, particularly with the decline in the inflationary pressures in the food and beverages group, in addition to the ongoing decrease in the commodity prices in the global markets. IMF expected a fall in the index of the commodity prices by 1.5 percent in 2013 as compared to the preceding year. Although it expects that food prices may witness a small rise in the global market by 0.6 percent in 2013, its projections indicate a

**Chart 12: Percentage Impact Of Major Groups On The General Inflation Rate (September 2013)**



significant decline in the food prices by 6.4 percent in 2014, and the group of food and beverages may record negative inflation rates (deflation) up to the end of 2017 (table 6).

**TABLE 6: IMF Commodity Price Index (2005=100)**  
(Percentage From Previous Period)

	Weights	Actual		Projections				
		2011	2012	2013	2014	2015	2016	2017
<b>All Primary Commodities</b>	100.0	26.2	-3.2	-1.5	-3.4	-4.1	-2.7	-1.8
<b>Food</b>	16.7	19.9	-2.2	0.6	-6.4	-2.6	-1.0	-0.8
<b>Beverages</b>	1.8	16.6	-18.6	-14.7	-3.2	-2.3	-3.8	-1.6
<b>Agricultural Raw Materials</b>	7.7	22.7	-12.7	1.3	2.6	-4.9	-2.7	-3.1
<b>Metals</b>	10.7	13.5	-16.8	-3.9	-4.6	0.4	1.2	1.2
<b>Energy</b>	63.1	31.5	0.7	-1.5	-3.0	-5.2	-3.7	-2.5

Source: IMF



IMF's projections show a decrease in the inflation rate average in fifteen of the most important counties exporting to the Kingdom from 3.1 percent in 2012 to 2.7 percent in 2013.

On the other hand, the FAO food price index went down by 2.3 percent in September 2013 compared to last August. It declined by 5.4 percent in the first nine months of 2013. The fall recorded in September 2013 was the fifth one on a row due to a sharp decrease in grain prices in the global markets.

## Conclusion

The most significant results of the analysis of the inflation rates in the Kingdom can be concluded as follows:

- 1- The cost of living index registered the highest inflation rate of 4 percent in April 2013, then it declined gradually due to a decrease in inflation pressures in the transport group, restaurants and hotels group and goods & services group, in addition to the beginning signs of a decline in Ramadan seasonal effects on the food and beverages group.
- 2- Food & beverages and house furnishing groups registered the highest inflation rates of 1.5 percent during the third quarter of 2013, compared to the preceding quarter.
- 3- The wholesale price index recorded an increase of 1.4 percent during the third quarter of 2013 compared to the corresponding quarter of the previous year.
- 4- The Wholesale prices of the group of beverages and tobacco recorded the highest increase rate during the third quarter of 2013 compared to the respective quarter of the preceding year. The group denoted an inflation rate of 14.8 percent due to an increase of 20.5 percent in the subgroup (beverages) during the same period.
- 5- The non-oil GDP deflator recorded a decline of 0.5% during the second quarter of 2013 as compared to the first quarter of the same year, while the GDP deflator rose by 4.2 percent during the second quarter of 2013 compared to the same quarter of the preceding year.
- 6- The general inflation rate is expected to continue declining below 3 percent during the fourth quarter of 2013, particularly with the decline in the inflationary pressures in the group of food and beverages, in addition to the ongoing decrease in the commodity prices in the global markets.