



# Inflation Report

4th Quarter, 2014



Monetary Policy and Financial Stability Department  
**Saudi Arabian Monetary Agency**



## Cost of Living Index

The annual cost of living index registered an annual increase of 2.4% in December 2014, as compared to a monthly rise of 0.1%. During the fourth quarter of 2014, it registered an annual increase of 2.5%, against a quarterly rise of 0.6% (Chart 1).

## Developments in the Fourth Quarter, 2014

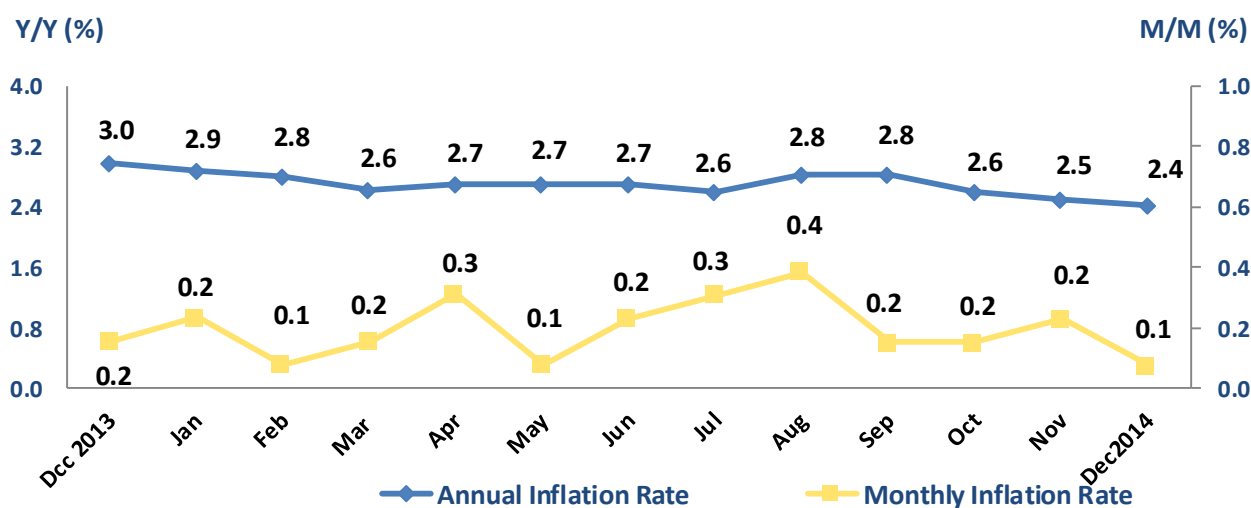
The general cost of living index rose by 0.6% in the fourth quarter of 2014 as compared to the preceding quarter, and by 2.5% compared to the corresponding quarter of the previous year.

Food and beverages group recorded the highest inflation rate during the fourth quarter of 2014 as compared to

the preceding quarter, registering a quarterly inflation rate of 1.9%. Furnishings, household equipment and maintenance group came second with 1.4%; next was clothing and footwear group and health group with 0.7% each; followed by recreation and culture group and education group with 0.5% each; next was Tobacco group with 0.4% and transportation group with 0.1%. (Table 1 and Chart 2).

In contrast, miscellaneous goods and services group recorded the highest quarterly deflation rate of 0.5% during the fourth quarter of 2014 as compared to the corresponding quarter of the previous year. Restaurants and hotels group came second with 0.4%; followed by telecommunication group with 0.2%. (Table 1 and Chart 2).

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



Source: Central Department of Statistics and Information.

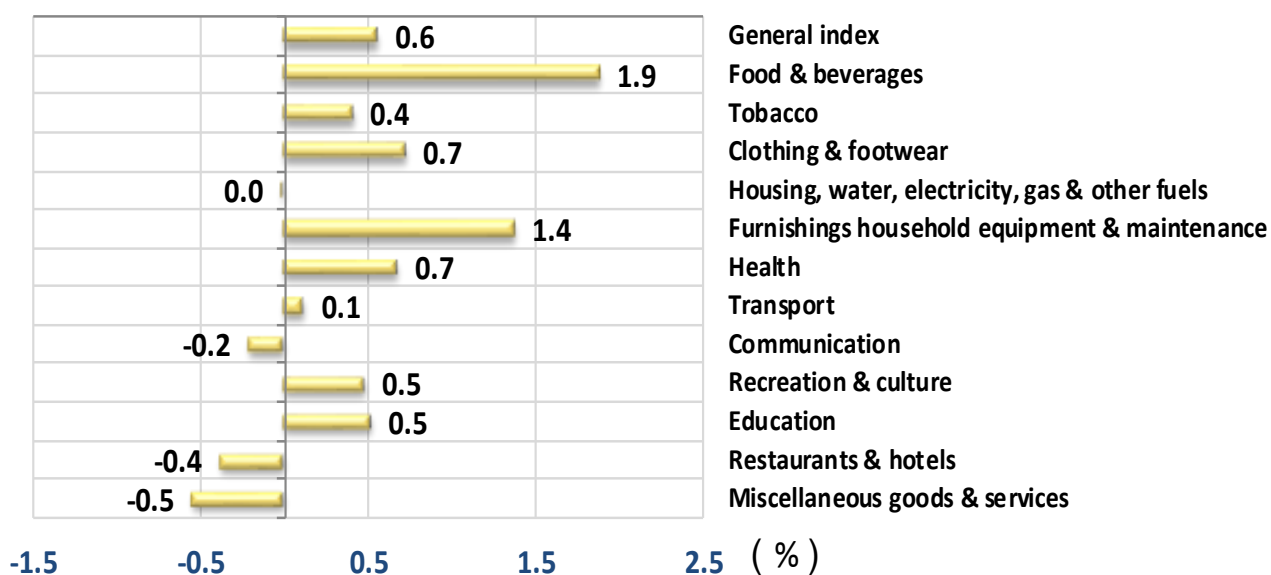


**TABLE 1: COST OF LIVING INDEX**  
(2007=100)

	Weights	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	(% ) change	
							Q4 2014/ Q3 2014	Q4 2014/ Q4 2013
<b>General index</b>	<b>100.0</b>	<b>128.1</b>	<b>128.8</b>	<b>129.6</b>	<b>130.6</b>	<b>131.3</b>	<b>0.6</b>	<b>2.5</b>
Food & beverages	21.7	143.4	143.6	143.8	145.1	147.8	1.9	3.1
Tobacco	0.5	157.2	161.2	161.6	162.8	163.5	0.4	4.0
Clothing & footwear	8.4	104.8	105.0	104.9	105.7	106.4	0.7	1.5
Housing, water, electricity, gas & other fuels	20.5	155.5	157.7	159.4	159.7	159.7	0.0	2.7
Furnishings, household equipment & maintenance	9.1	126.0	127.0	127.2	128.4	130.2	1.4	3.3
Health	2.6	110.0	111.2	112.0	113.1	113.9	0.7	3.6
Transport	10.4	109.5	109.5	110.4	110.8	110.9	0.1	1.3
Communication	8.1	94.3	93.6	93.5	93.9	93.7	-0.2	-0.6
Recreation & culture	3.5	108.9	109.1	110.8	117.7	118.3	0.5	8.6
Education	2.7	115.7	115.7	115.7	115.7	116.3	0.5	0.5
Restaurants & hotels	5.7	128.2	129.0	129.9	130.0	129.5	-0.4	1.0
Miscellaneous goods & services	6.8	117.5	118.2	120.0	121.5	120.8	-0.5	2.8

Source: Central Department of Statistics and Information.

**Chart 2: Inflation Rate of the Cost of Living Index by Main Groups**  
(Q4 2014/Q3 2014)\*



\* Latest Available Data

Source: Central Department of Statistics and Information.

Housing, water, electricity, gas and other fuels group remained unchanged during the fourth quarter of 2014.

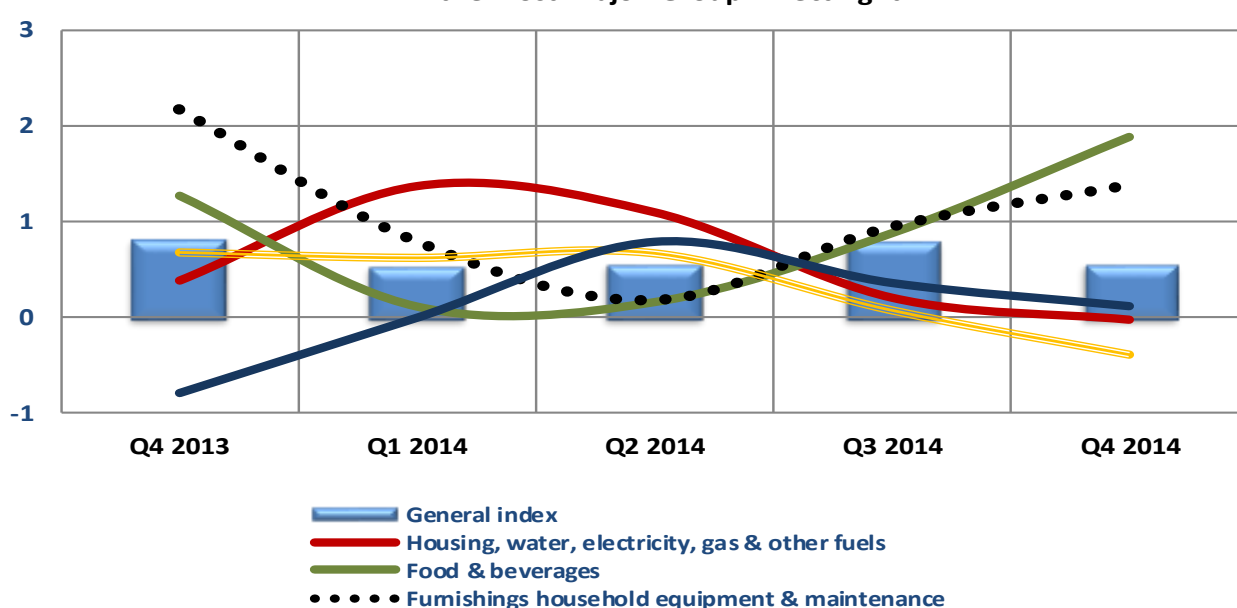
### Major Groups' Effects on the General Cost of Living Index

The general cost of living index is affected relatively by the changes taking place in its various groups. In terms of the influence on the cost of living index, the food and beverages group ranked first with 55.3% during the fourth quarter of 2014 compared to 28.5% in the same quarter of the previous year; followed by the furnishings, household equipment and maintenance group with an influence rate of 16.9% compared to 20.3% in the same quarter of the previous year and clothing

and footwear group with an influence rate of 8.2% compared to 2.2% in the corresponding quarter of the preceding year. Miscellaneous goods and services group came next with an influence rate of 5.1% compared to 0.8% in the corresponding quarter of the preceding year.

The total rate of effect of the three major groups (food and beverages; furnishings, household equipment and maintenance; and clothing and footwear groups) stood at 80.4% during the fourth quarter of 2014 against 51.0% in the respective quarter of the previous year (Charts 4 and 5).

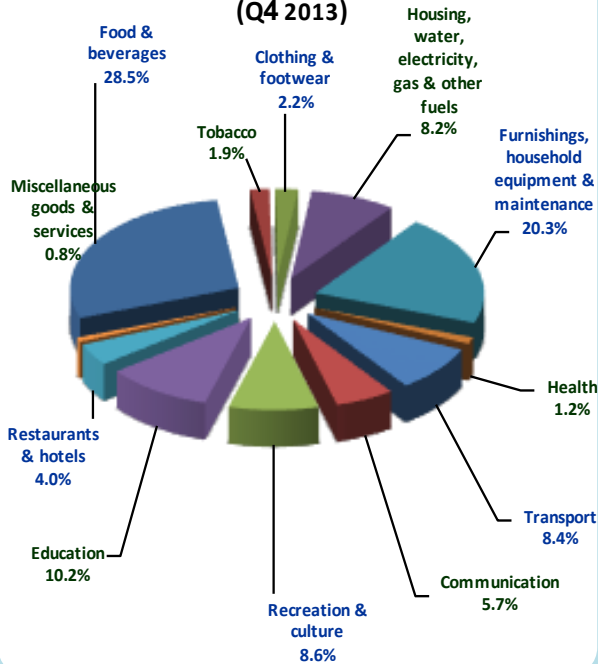
**Chart 3: Quarterly Inflation Rate of the General Cost of Living Index and the Most Major Group Affecting it**



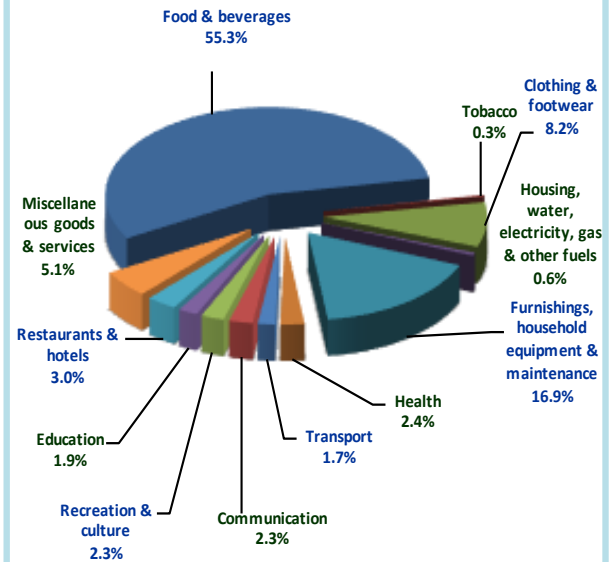
Source: Central Department of Statistics and Information.



**Chart 4: Percentage Impact Of Major Groups On The General Inflation Rate (Q4 2013)**



**Chart 5: Percentage Impact Of Major Groups On The General Inflation Rate (Q4 2014)**



## Wholesale Price Indices

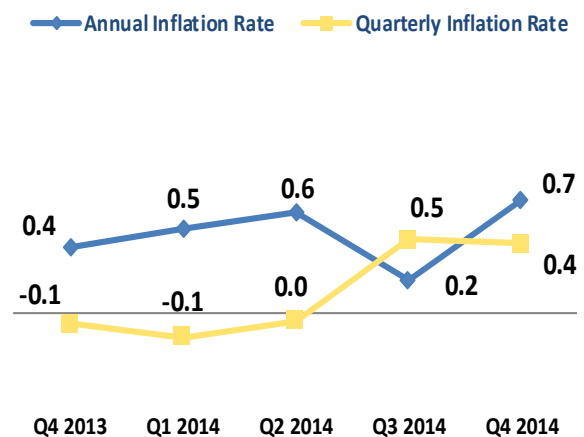
The wholesale price index registered a quarterly increase of 0.4% and an annual increase of 0.7% in the fourth quarter of 2014. It had recorded a quarterly increase of 0.2% during the third quarter of 2014 (Chart 6).

### Wholesale Price Indices by Groups

The group of chemicals and other related materials recorded the highest annual increase during the fourth quarter of 2014 compared to the same quarter of the preceding year. This group denoted an inflation rate of 4.6% due to a rise in the subgroup of industrial gases by 22.8% during the same period. The group of

miscellaneous categorized articles recorded the second highest inflation rate of 1.8%. This group was affected by an increase of 3.5% in the subgroup of other manufactured goods. The group of food and live animals came third with an

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



Source: Central Department of Statistics and Information.





annual inflation rate of 1.2% during the fourth quarter of 2014 due to the increase in the subgroup of fish and crustaceans by 18.9% (Table 2 and Chart 7).

In contrast, the group of oils and fats registered the highest deflation rate during the fourth quarter of 2014. This group's inflation rate went down by 1.6%. The group of raw materials excluding fuels, the group of manufactured goods classified by material and the group of machinery and transport equipment came second with a deflation rate of 0.5% each (Table 2 and Chart 7).

## Cost of Living Index by Cities during the Fourth Quarter of 2014

All cities Cost of Living Index recorded a quarterly increase of 0.7% during the fourth quarter of 2014. Jazan city registered the highest rise of 2.7%. Riyadh ranked second by 1.5%. Dammam and Buraidah ranked third by 0.6% each, then Jeddah and Abha by 0.5% each, followed by Skaka by 0.3% and Madinah by 0.2% (Table 3).

In contrast, cost of living index for Hofuf registered the highest deflation rate during the fourth quarter of 2014 by 1.1%.

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

	Weights	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	(% change)	
							Q4 2014/ Q3 2014	Q4 2014/ Q4 2013
<b>General Index</b>	<b>100.0</b>	<b>158.9</b>	<b>158.6</b>	<b>158.6</b>	<b>159.3</b>	<b>160.0</b>	<b>0.4</b>	<b>0.7</b>
Food & Live Animals	31.9	188.4	184.3	184.8	187.1	190.7	1.9	1.2
Beverages & Tobacco	1.2	175.4	175.9	177.5	178.6	177.0	-0.9	0.9
Crude Materials	0.3	204.3	204.8	204.6	203.2	203.2	0.0	-0.5
Minerals & Fuels	10.1	186.3	186.3	186.3	186.3	186.3	0.0	0.0
Oils & Fats	0.4	150.9	149.9	147.8	149.3	148.5	-0.6	-1.6
Chemicals	9.8	204.8	213.7	209.3	209.9	214.3	2.1	4.6
Manufactured Goods	26.2	143.7	143.6	143.4	143.9	142.9	-0.7	-0.5
Machinery & Transport	13.4	143.5	144.1	143.4	143.3	142.8	-0.3	-0.5
Misc, Manufactured Articles	6.4	134.0	135.1	138.1	138.4	136.4	-1.4	1.8
Other Commodities	0.3	253.4	259.2	260.7	254.6	254.8	0.1	0.6

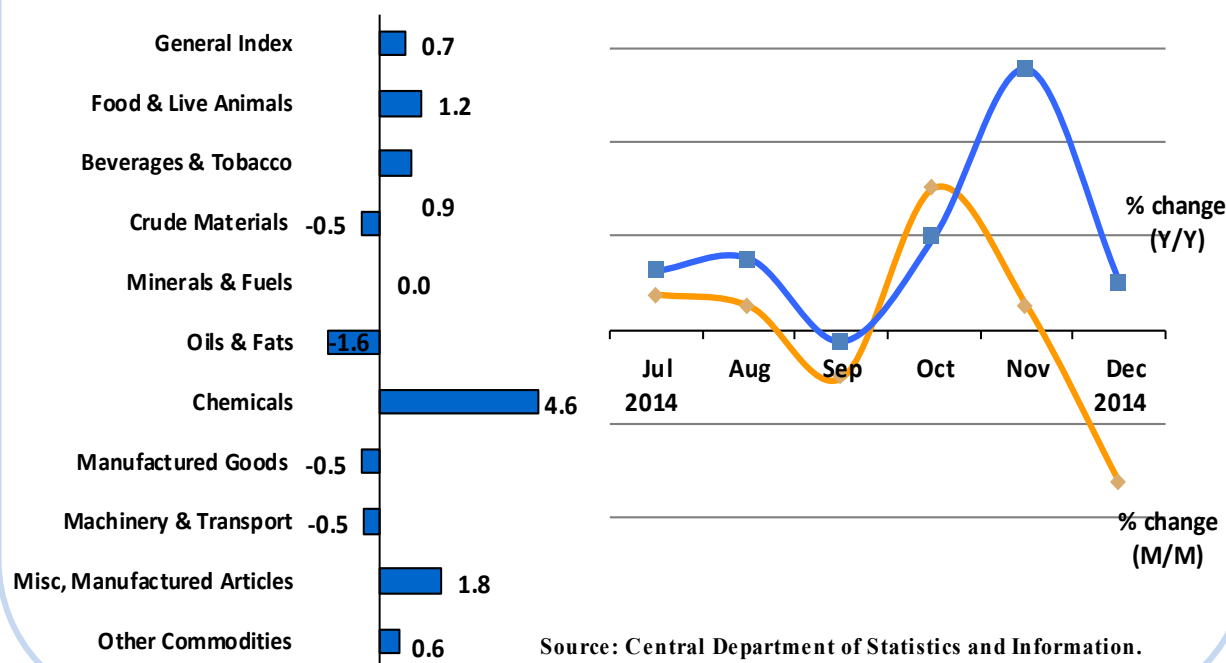
Source: Central Department of Statistics and Information.



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

**% Change (Q4 2014/ Q4 2013)**

**Annual & Monthly Inflation of the WPI**



Al-Baha ranked second by 1.0%, followed by Tabouk by 0.7%. Then Ha'il and Makkah by 0.6% and 0.5% respectively, followed by Najran by 0.4% and Ara'ar by 0.1% (Table 3).

## GDP Deflator

According to the latest data available by the Central Department of Statistics and Information, the non-oil GDP deflator contracted by 0.9% during the second quarter of 2014 as compared to the previous quarter. It recorded an increase of 2.0% compared to the same

quarter of the preceding year (Table 4 and Chart 8).

The GDP deflator measures inflation rate at the macroeconomic level, which is different 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



**TABLE 3 : AVERAGE COST OF LIVING INDEX BY CITY**  
(2007=100)

General Index	2013	2014	Inflation Rate				
			Q2 2014	Q3 2014	Q4 2014	2014/2013	Q4 2014/ Q3 2014
<b>All Cities Index</b>	126.7	130.1	129.6	130.6	131.3	2.7	0.6
Riyadh	129.9	135.0	133.8	135.7	137.7	3.9	1.5
Makkah	122.6	126.9	127.7	127.5	126.9	3.5	-0.5
Jeddah	126.1	129.3	128.7	130.4	131.1	2.6	0.5
Al-Dammam	135.0	133.7	133.1	134.2	135.0	-0.9	0.6
Al-Madinah	120.6	124.7	124.6	125.1	125.4	3.4	0.2
Ta'if	123.1	127.2	126.8	127.6	127.5	3.3	-0.1
Al-Hufuf	122.6	124.6	124.7	125.0	123.6	1.6	-1.1
Abha	120.3	123.2	122.3	124.3	124.9	2.4	0.5
Buraydah	122.5	123.9	121.2	124.4	125.2	1.1	0.6
Tabuk	119.5	128.9	134.0	122.7	121.9	7.8	-0.7
Ha'il	125.7	127.2	127.2	127.5	126.8	1.1	-0.6
Jazan	134.1	142.1	141.2	142.9	146.7	6.0	2.7
Najran	125.1	128.5	128.4	129.0	128.5	2.7	-0.4
Al-Bahah	125.1	130.5	128.4	130.6	129.3	4.4	-1.0
Sakaka	124.6	127.5	126.6	128.0	128.4	2.3	0.3
'Ar'ar	114.5	120.1	118.3	122.4	122.3	4.9	-0.1

Source: Central Department of Statistics and Information, Ministry of Economy and Planning.

impact of change in oil prices on the domestic economy.

Over the last three years, the non-oil GDP deflator recorded the highest annual increase of 9.0% during the third quarter of 2012 compared to the same quarter of 2011. Then, it started to decrease gradually, registering increases in the first and second quarters of 2014 by 1.7% and 2.0% respectively. (Table 4 and chart 8).

An analysis of the GDP deflator data (at constant prices for

1999) by economic activity shows that the activity of electricity, gas and water registered the highest increase of 6.0% in the second quarter of 2014 as compared to the preceding quarter. The activity of community, social and personal services came second with 3.3%; followed by finance, insurance, real estate and business services with 2.9% as a result of a rise in other services by 3.5%. The manufacturing activity ranked fourth with an increase of 2.2% in the second quarter of 2014 compared to the second quarter of 2013.





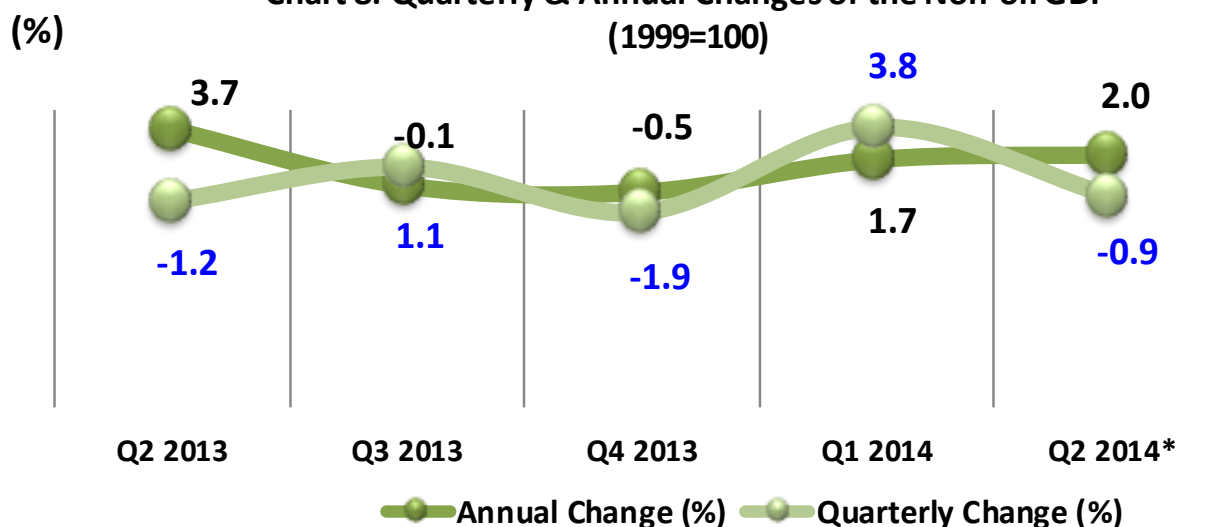
**TABLE 4: GDP Deflator**  
(1999=100)

	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014*
<b><u>GDP (Million Rls):</u></b>					
At Current Prices	676,884	711,999	713,980	734,375	710,137
At Constant Prices	314,326	318,194	323,164	336,567	326,196
<b>GDP Deflator</b>	<b>215.3</b>	<b>223.8</b>	<b>220.9</b>	<b>218.2</b>	<b>217.7</b>
<b>Quarterly Change (%)</b>	<b>-1.4</b>	<b>3.9</b>	<b>-1.3</b>	<b>-1.2</b>	<b>-0.2</b>
<b>Annual Change (%)</b>	<b>-3.8</b>	<b>0.6</b>	<b>-0.5</b>	<b>-0.1</b>	<b>1.1</b>
<b><u>Non-oil GDP (Million Rls):</u></b>					
At Current Prices	357,367	360,460	361,769	396,298	381,945
At Constant Prices	247,567	246,972	252,722	266,766	259,321
<b>Non-oil GDP Deflator</b>	<b>144.4</b>	<b>146.0</b>	<b>143.1</b>	<b>148.6</b>	<b>147.3</b>
<b>Quarterly Change (%)</b>	<b>-1.2</b>	<b>1.1</b>	<b>-1.9</b>	<b>3.8</b>	<b>-0.9</b>
<b>Annual Change (%)</b>	<b>3.7</b>	<b>-0.1</b>	<b>-0.5</b>	<b>1.7</b>	<b>2.0</b>

\* Latest Available Data      Source: Central Department of Statistics and Information.



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



\* Latest Available Data

Source: Central Department of Statistics and Information.

Import duties activity registered the highest deflation in the GDP deflator of 4.5% during the second quarter of 2014 as compared to the corresponding quarter in the preceding year (Chart 9).

A comparison of annual inflation measures in the domestic market indicates that the annual inflation rate of the cost of living index registered the highest increase of 2.7% in the second quarter of 2014. Non-oil GDP deflator came second with 2.0% during the same period, while the annual change rate of the wholesale price index rose by 0.6% during the same period (Chart 10).

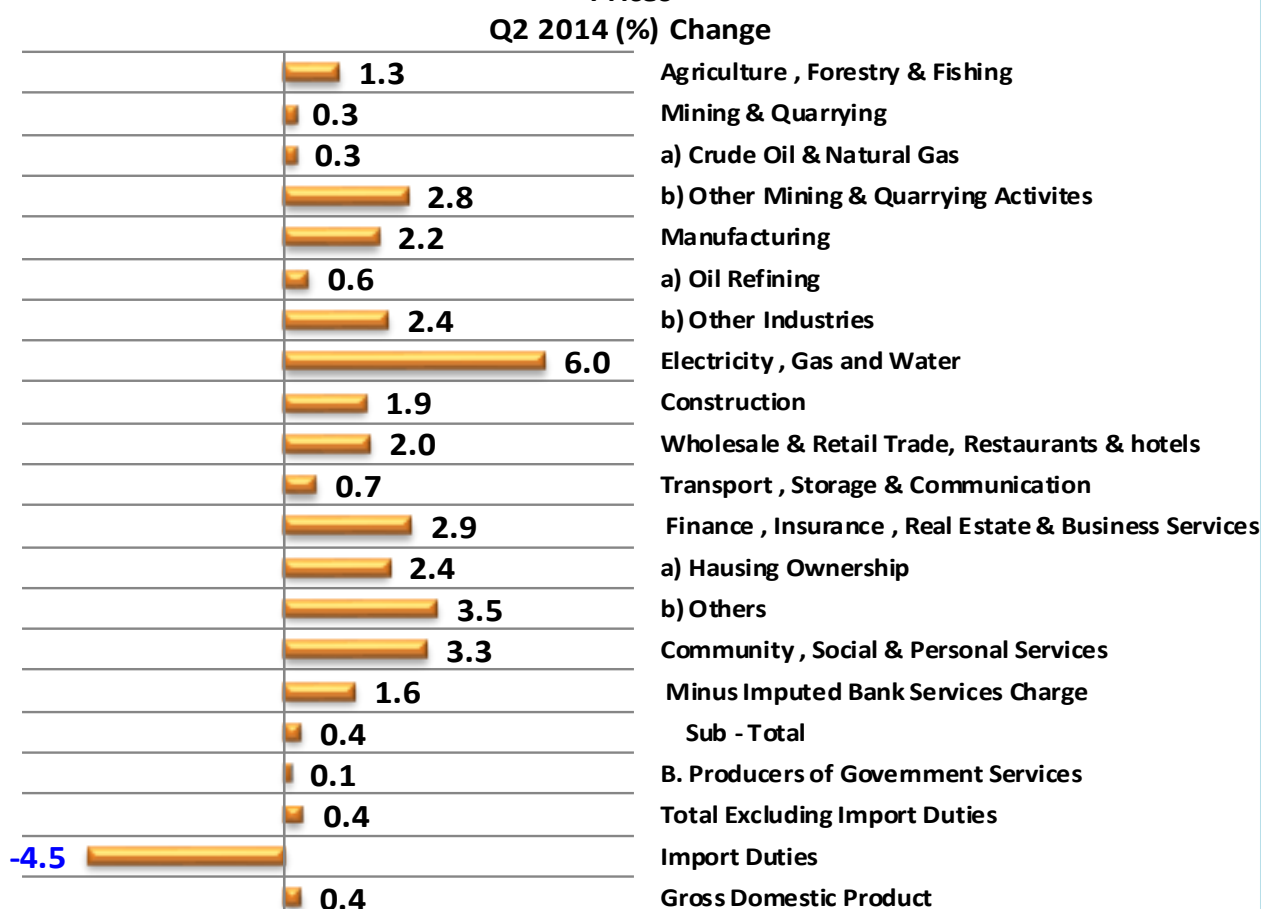
## Foreign Trade with Major Trading Partners

According to the latest available data, total value of the Kingdom's imports stood at SAR 155 billion during the third quarter of 2014, registering a quarterly decrease of 8.5% from the previous quarter. The Kingdom's imports recorded an annual decline of 0.5% compared to the corresponding quarter of the previous year.

China came at the top of the Kingdom's trading partners during the third quarter of 2014. The Kingdom's imports from China amounted to SAR 24.7 billion or 15.9% of the Kingdom's total value of imports during the third



**Chart 9: GDP Deflator by Type of Economic Activity at 1999 Constant Prices**



\*Latest Available Data

Source: Central Department of Statistics and Information.

quarter of 2014, recording an annual increase of 19.0%. The United States came second with SAR 21.5 billion or 13.9% of the total value of the Kingdom's imports with an annual increase of 4.4%. Germany came third with SAR 11.3 billion or 7.3% of the Kingdom's total value of imports and with an annual decrease of 1.2%. Japan came next with SAR 9.7 billion or 6.3% of the total value of imports and an annual increase of 17.2%. The United

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

Countries	Q2 2013	Q2 2014	Change (%)
CHINA	20760	24703	19.0
U.S.A	20624	21533	4.4
GERMANY	11462	11330	-1.2
JAPAN	8281	9707	17.2
SOUTH KOREA	7896	8259	4.6
<b>Total</b>	<b>69023</b>	<b>75532</b>	<b>9.4</b>
<b>Ratio To Total</b>	<b>44.3</b>	<b>44.7</b>	<b>0.9</b>

\*Latest Available Data . Source: Central Department of Statistics and Information.

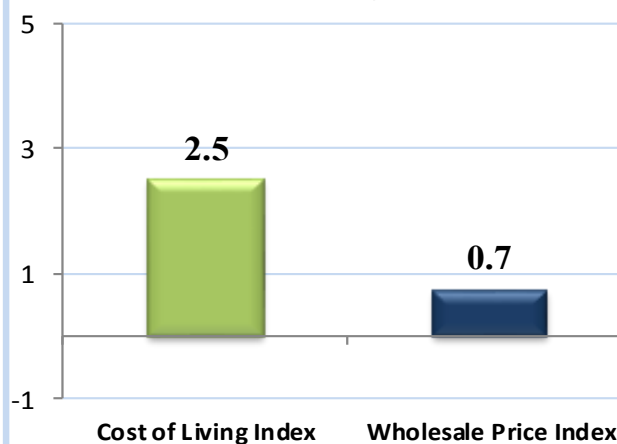


Arab Emirates came fifth with SAR 8.2 billion or 5.3% of the Kingdom's total imports, registering an annual increase of 4.6% (Table 5).

According to the latest available data, the total value of the Kingdom's imports in 2013 stood at SAR 614.5 billion. The order of the countries from which the Kingdom imported was as follows:

1. The United States with a value of SAR 85.4 billion or 13.5% of the Kingdom's total value of imports. The annual inflation rate in the U.S. was 1.5% in 2013.
2. China with a value of SAR 78.1 billion or 12.4% of the Kingdom's total value of imports. The annual inflation rate in China was 2.5% in 2013.
3. Germany with a value of SAR 44.8 billion or 7.1% of the Kingdom's total value of imports. The annual inflation rate in Germany was 1.5% in 2013.
4. South Korea with a value of SAR 36 billion or 5.7% of the Kingdom's total value of imports. The annual inflation rate in South Korea was 0.9% in 2013.
5. Japan with a value of SAR 35.2 billion or 5.6% of the Kingdom's total value of imports. The annual inflation rate in

**Chart 10: Inflation Measurements  
in Q4, 2014  
(%) Change**



Source: Central Department of Statistics and Information.

Japan was 1.2% in 2013.

6. United Arab Emirates with a value of SAR 31.9 billion or 5.1% of the Kingdom's total value of imports. The annual inflation rate in U.A.E. was 1.4% in 2013.
7. India with a value of SAR 21.8 billion or 3.5% of the Kingdom's total value of imports. The annual inflation rate in India was 9.8% in 2013.
8. Italy with a value of SAR 20.4 billion or 3.2% of the Kingdom's total value of imports. The annual inflation rate in Italy was 0.7% in 2013.
9. Switzerland with a value of SAR 19.7 billion or 3.1% of the Kingdom's total value of imports. The annual inflation rate in Switzerland was 0.1% in 2013.



10. France with a value of SAR 19.7 billion or 3.1% of the Kingdom's total value of imports. The annual inflation rate in France was 0.7% in 2013.

11. The United Kingdom with a value of SAR 16 billion or 2.5% of the Kingdom's total value of imports. The annual inflation rate in the UK was 2.5% in 2013.

12. Thailand with a value of SAR 13.5 billion or 2.1% of the Kingdom's total value of imports. The annual inflation rate in Thailand was 2.1% in 2013.

13. Turkey with a value of SAR 12.5 billion or 2.0% of the Kingdom's total value of imports. The annual inflation rate in Turkey was 7.4% in 2013.

14. Brazil with a value of SAR 12.3 billion or 1.9% of the Kingdom's total value

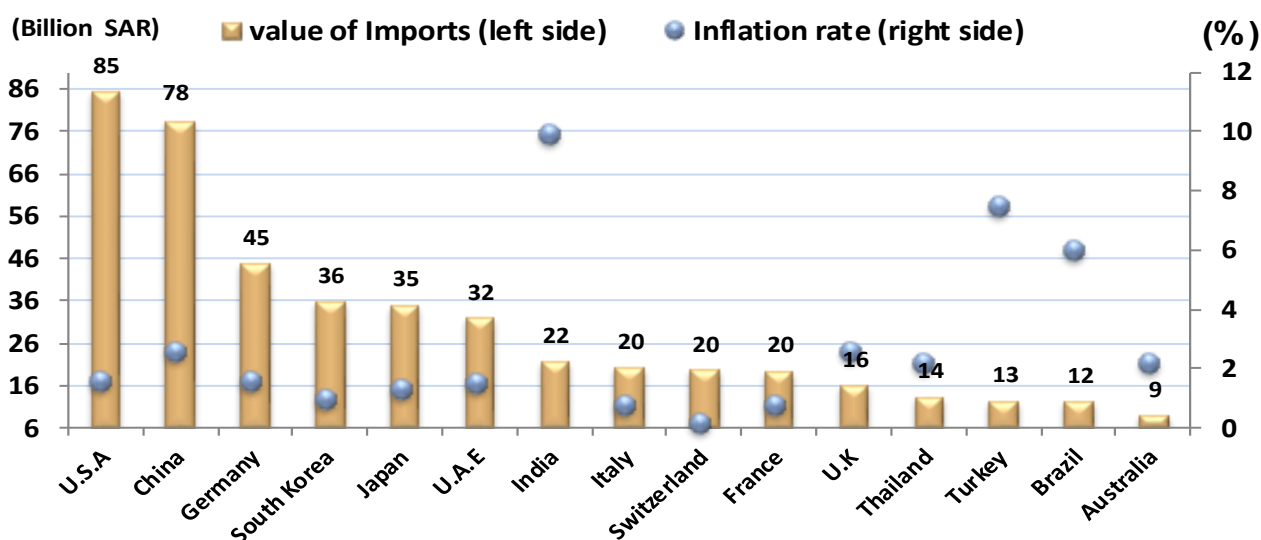
of imports. The annual inflation rate in Brazil was 5.9% in 2013.

15. Australia with a value of SAR 9.0 billion or 1.4% of the Kingdom's total value of imports. The annual inflation rate in Australia was 2.1% in 2013.

## Inflation Projections for the First Quarter of 2015

Inflation rates in the fourth quarter of 2014 were affected by the increase of 80.4% recorded in the group of food and beverages, the group of furnishings, household equipment and maintenance and the group of clothing and footwear. The group of food and beverages registered the highest ratio of effect on the general inflation rate in December 2014, as it recorded an effect ratio of 23.1% (Chart

Chart 11: Top Trading Partners by Value of Imports 2013



Source: Central Department of Statistics and Information.



**TABLE 6: Top Trading Partners by value of Imports for First Eleven Months of 2013\***

Countries	Value (Million SR)	Ratio To Total (%)	Accum. Ratio (%)	Inflation Rate (%)	Most Imported Commodities  Commodity Name
<b>U.S.A</b>	85376	13.54	13.5	1.5	Private Cars, Jeeps, Parts Of Aeroplanes Or Helicopters.
<b>China</b>	78488	12.45	26.0	2.5	Telephones For Cellular Networks And Wireless, Portable Auto Data Processing Machines, Machines For Reception, Conversion And Transmission.
<b>Germany</b>	44812	7.11	33.1	1.5	Cigarettes, Private Cars, Gas Turbines.
<b>South Korea</b>	36018	5.71	38.8	0.9	Private Cars, Telephones For Cellular Networks And Wireless.
<b>Japan</b>	35153	5.57	44.4	1.2	Jeeps, Private Cars, Light Trucks, Chassis-Cabs.
<b>U.A.E</b>	31940	5.07	49.4	1.4	Gold Ingots, Brass, Bars And Rods Of Refined Copper.
<b>India</b>	21822	3.46	52.9	9.8	Rice, Telephones For Cellular Networks Or For Other Wireless Networks, Benzene .
<b>Italy</b>	20374	3.23	56.1	0.7	Cocks, Medicine Containing Penicillins Or Derivatives, Safety .
<b>Switzerland</b>	19740	3.13	59.3	0.1	Gold Ingots, Cigarettes, Wrist Watches.
<b>France</b>	19663	3.12	62.4	0.7	Uncut Frozen Meat, Perfumes, Medicine Containing Penicillins Or Derivatives.
<b>U.K</b>	16043	2.54	64.9	2.5	Parts Of Aeroplanes Or Helicopters, Generating Medicine Containing Antibiotics.
<b>Thailand</b>	13508	2.14	67.1	2.1	Pickups.
<b>Turkey</b>	12500	1.98	69.1	7.4	Semi-Finished Iron And Steel Products, Partially-Worked Iron Or Steel Bars, Non-Alloy Pig Iron.
<b>Brazil</b>	12283	1.95	71.0	5.9	Uncut Frozen Meat, Agglomerated Iron, Frozen Chickens.
<b>Australia</b>	8952	1.42	72.4	2.1	Solid milk not exceeding, Wheat normal, Private cars.

\* Provisional.

Source: Central Department of Statistics and Information, and IMF.



12).

Some commodity prices may witness inflationary pressures due to the royal decree issued on 9/4/1436H (January 29, 2015) providing for the payment of two-month salary grant to all Saudi state employees. However, the projections still show a stable domestic inflation rate as a result of the global decrease in commodity prices, which will have positive impact on the value of Saudi imports, especially with the increase in the purchasing power of the U.S. dollar, to which the Saudi riyal is pegged. Consequently, the general level of prices is expected to be relatively stable during the first quarter of 2015.

The IMF projections for commodity prices indicate a contraction in the inflationary pressures on the main groups for 2015. The IMF's projections for 2015 show a deflation in energy prices by 36.2%, metal prices by 10.9%, food and beverages prices by 10.8% and 10.1% respectively, and raw and agricultural materials prices with the least expected deflation rate of 2.2% in 2015. (Table 7).

## Conclusion

The most significant results of the

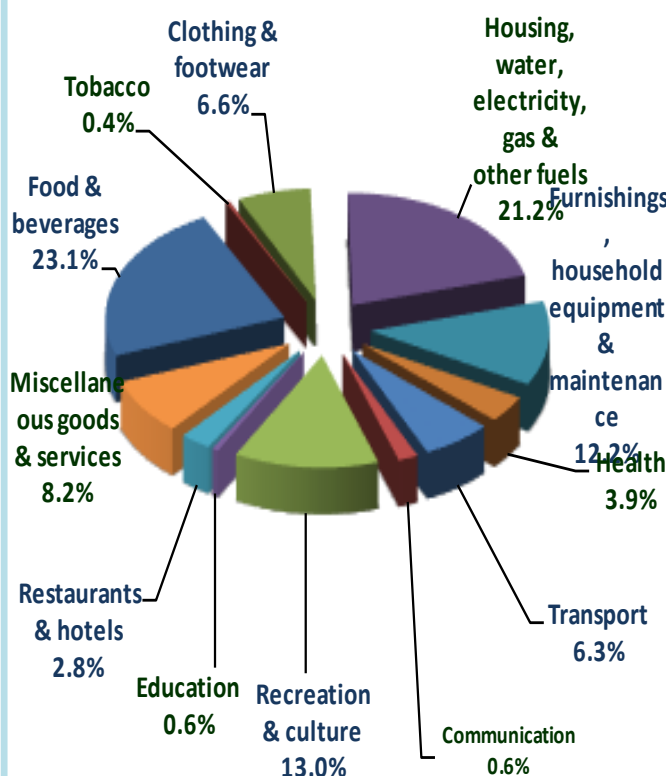
analysis of the inflation rates during the fourth quarter of 2014 in the Kingdom can be concluded as follows:

1. The annual cost of living index registered an annual rise of 2.4% in December 2014 against a monthly increase of 0.1%. It recorded an annual increase of 2.5% during the fourth quarter of 2014 against a quarterly increase of 0.6%.
2. The group of food and beverages registered the highest quarterly inflation rates during the fourth quarter of 2014 as compared to the previous quarter, registering 1.9%. In contrast, miscellaneous goods and services group recorded the highest quarterly deflation rate of 0.5%.
3. The wholesale price index recorded a quarterly increase of 0.4% during the fourth quarter of 2014 and an annual increase of 0.7% for the same quarter.
4. The group of chemicals and related materials recorded the highest annual increase rate of 4.6%. In contrast, oils and fats group recorded the highest annual deflation rate of 1.6%.
5. According to the latest available data, the non-oil GDP deflator recorded a deflation of 0.9% during the second

quarter of 2014 compared to the preceding quarter. The GDP deflator increased by 2.0% in the second quarter of 2014 compared to the same quarter of the preceding year.

6. According to the latest available data, total value of the Kingdom's imports stood at SAR 155 billion during the third quarter of 2014, registering a quarterly decrease of 8.5% from the previous quarter. The Kingdom's imports recorded an annual decline of 0.5% compared to the corresponding quarter of the previous year.

**Chart 12: Percentage Impact Of Major Groups On The General Inflation Rate (Dec 2014)**



**TABLE 7: IMF Commodity Price Index (2005=100)**  
(Percentage From Previous Period)

	Weights	Actual			Projections			
		2012	2013	2014	2015	2016	2017	2018
<b>All Primary Commodities</b>	100.0	-3.2	-1.5	-6.3	-26.8	5.5	2.9	2.0
<b>Food</b>	16.7	-2.4	1.1	-4.1	-10.8	-2.2	-0.3	-0.4
<b>Beverages</b>	1.8	-18.6	-11.9	20.7	-10.1	1.2	-4.0	-1.4
<b>Agricultural Raw Materials</b>	7.7	-12.7	1.6	2.0	-2.2	2.1	-2.0	-2.5
<b>Metals</b>	10.7	-16.8	-4.3	-10.3	-10.9	-0.6	0.4	0.4
<b>Energy</b>	63.1	0.7	-1.7	-7.4	-36.2	10.2	5.3	3.7

Source: IMF



7. Some commodity prices may witness inflationary pressures as a result of the increase in consumption demand after the royal decree issued on 9/4/1436H (January 29, 2015) providing for the payment of two-

month salary grant to all Saudi state employees. However, the projections still show a stable domestic inflation rate as a result of the global decrease in commodity prices.