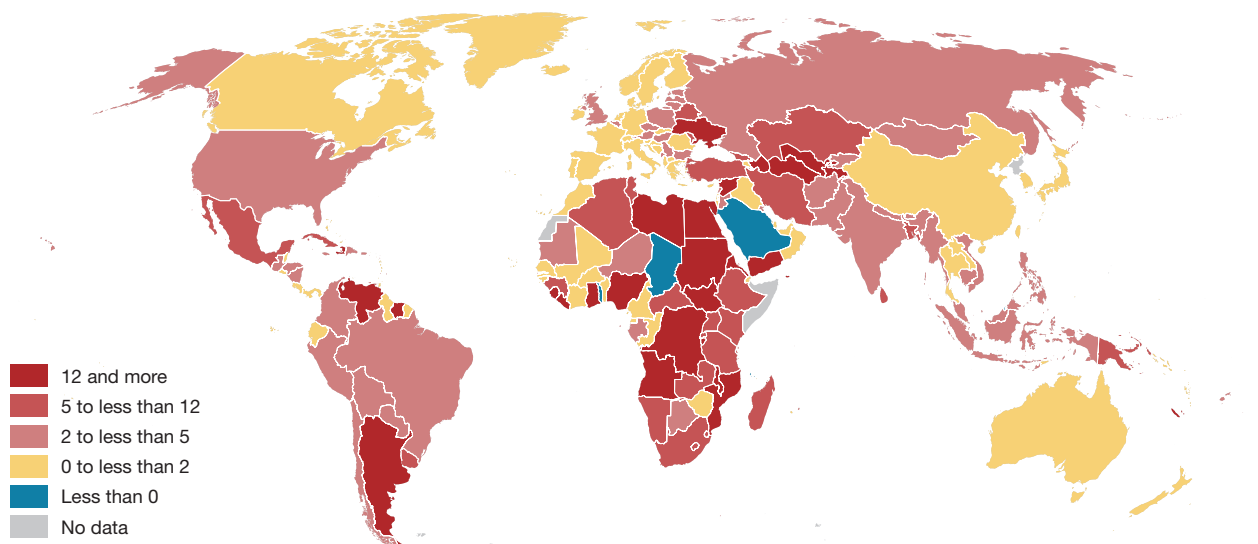




Fact sheet #10: Prices

Map 1

Annual growth of consumer prices, 2017
(Percentage)



Concepts and definitions

Changes in consumer prices are measured by the consumer price index that depicts the price of a basket of consumer goods and services, representing average consumption by private households, relative to the base year 2005.

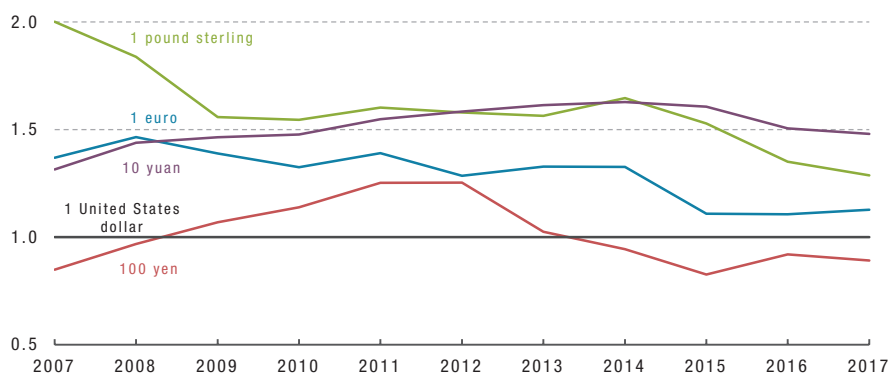
The FMCPPI measures the average price of main primary commodities exported by developing economies, relative to the base year 2015. The weights used in the calculation of the average price represent the shares of the individual commodity groups in developing economies' total commodity exports, observed over a three-year period from 2014 to 2016. The overall index is decomposed into sub-indices displaying the price movements of individual commodity groups. The basket of the FMCPPI has been entirely overhauled in 2018. For further details, see UNCTAD Handbook of Statistics 2018, annex 6.3 and UNCTAD (2018e).

Consumer prices and exchange rates

In 2017, most African economies experienced strong increases in their consumer prices, especially South Sudan where the inflation rate reached almost 190 per cent. Prices rose by more than 12 per cent also in Argentina, Haiti, Ukraine, Azerbaijan and several Central Asian economies, and escalated rapidly in Venezuela, at a rate of more than 1000 per cent. By contrast, in most developed economies as well as in larger parts of Eastern Asia and Western Africa, prices remained stable, with inflation rates below 2 per cent.

Currencies of main exporting economies, with the exception of the euro, depreciated against the United States dollar in 2017 compared with the year before. The price of a pound sterling fell from US\$1.350 to US\$1.287, a fall of almost 5 per cent, thereby continuing a descent that had begun in 2015. The value of the yuan and the yen reduced by lower rates than the pound. The euro appreciated by 2 per cent.

Figure 1 Exchange rates against the United States dollar
(Annual average)

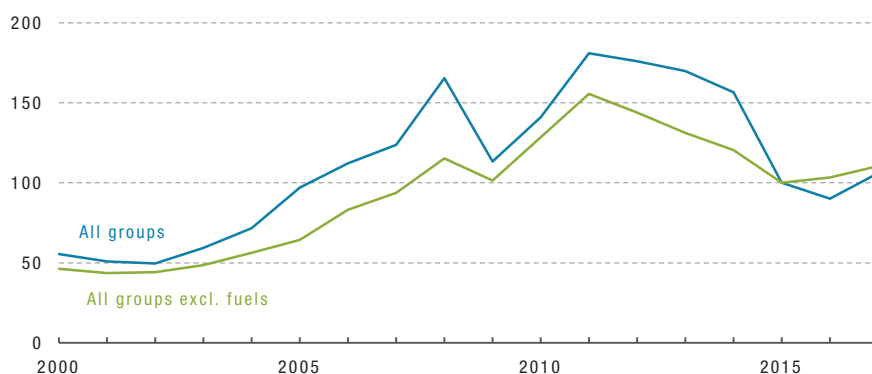




Free market commodity prices

In 2017, the UNCTAD free market commodity price index (FMCPI) increased by 18 per cent compared with the previous year. This was the first increase in the index in five years. This recovery had been heralded in 2016 by a slowdown in the decline of the 'All groups' index and an increase in the index excluding fuels. The rise in commodity prices in 2017 was driven primarily by a surge in fuel prices (+26 per cent) which was only slightly dampened by falling prices for tropical beverages (-3 per cent) and food (-1 per cent).

Figure 2 | Free market commodity price index
(2015=100)

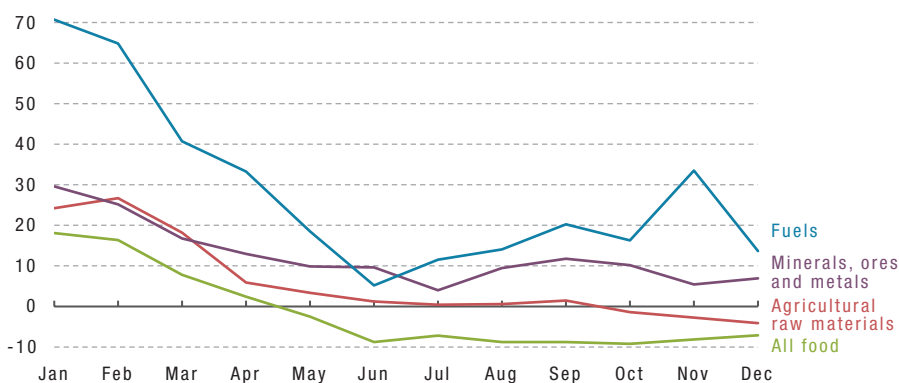


Monthly trends by commodity group in 2017

The upturn in commodity prices lost momentum during the first half of 2017. The year-over-year growth rate – the percentage increase compared with 12 months before – of all commodity groups bottomed out around June.

During the second half of the year, fuel, mineral, ore and metal prices rebounded, although unevenly and to varying degrees. In contrast, increases in agricultural raw material prices continued to slow, and eventually declined in October. Rising food prices stalled in May and thereafter fell continually at rates of around 8 to 9 per cent, year over year.

Figure 3 | Growth rate of prices by commodity group, 2017
(Percentage*)



* Compared to the same month in the previous year, as indicated by FMCPI sub-indices.

For references, see UNCTAD Handbook of Statistics 2018, annex 6.4.

Consumer prices rose in large parts of Africa in 2017



Euro appreciated slightly against the United States dollar: +2%



Upturn in commodity prices driven by fuels



In May 2017, food prices decreased again

