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General and food consumer price indices inflation rates

March 2022 update

HIGHLIGHTS

- In 2021, the evolution of the COVID-19 pandemic strongly affected the general and food Consumer Price Index (CPI), taking them to levels higher than during the 2007/2008 global food security crisis.
- The annual variation of the global general consumer price index decreased from 3.8 percent in 2019 to 3.5 percent in 2020 before going up to 6.3 percent in 2021.
- The annual variation of the global food consumer price index increased from 1.9 percent in 2016 to 4.4 percent in 2019 and went up to 6.8 percent in 2021 due to the COVID-19 pandemic.
- In 2021, variations of the general and food consumer price indexes were greater than 25 percent when compared to 2020 in Western Asia, South America and Middle Africa.

FAOSTAT CONSUMER PRICE INDEX

GLOBAL

In 2021, the evolution of the COVID-19 pandemic strongly affected the general and food Consumer Price Index (CPI), taking them to levels higher than during the 2007/2008 global food security crisis (Vos *et al.*, 2022). The pandemic affected not only the CPI itself, but also the quality of the data due to the challenges encountered by the national statistical offices in collecting and elaborating the price data (OECD, 2022).

The average global annual variation of the CPI for all items almost doubled during the pandemic, posting a 3.5 percent increase in 2020 and a 6.3 percent increase in 2021. This resulted from a global rebound of the aggregated demand for goods (Gustafson *et al.*, 2021) while businesses were still facing supply chain disruptions due to COVID-19 or recovering from it (Vos *et al.*, 2022). The supply chain disruptions caused a rise in commodity prices, input costs and the cost of shipping (Kalish and Wolf, 2022). The variation in the global food CPI also increased, from 0.6 percent in 2019 over the previous year, to 6.3 percent in 2020 and 6.8 percent in 2021.

Most regions have seen large fluctuations in food prices in 2020 and 2021. The disruption of food supply chains affected both the production and distribution of food worldwide, while weather-related events, such as La Niña, affected agricultural production in the Americas and Asia (WMO, 2021). Currency depreciations, especially in lower-income countries (mainly Southern Asia, sub-Saharan Africa and Latin America), that resulted from the economic downturn due to COVID-19 induced a rise in the cost of imported food, amplifying the fluctuation in food prices (IMF, 2021).

The recession caused by the restrictions and lockdowns due to COVID-19 led to job losses and reduced income. This had a double effect: on the one hand, a fall in prices in 2020 due to the reduced consumption of goods and services during the lockdowns; on the other side, a rebound of prices and a subsequent increase after the reopening in 2021, as consumption went back to its prior level and was

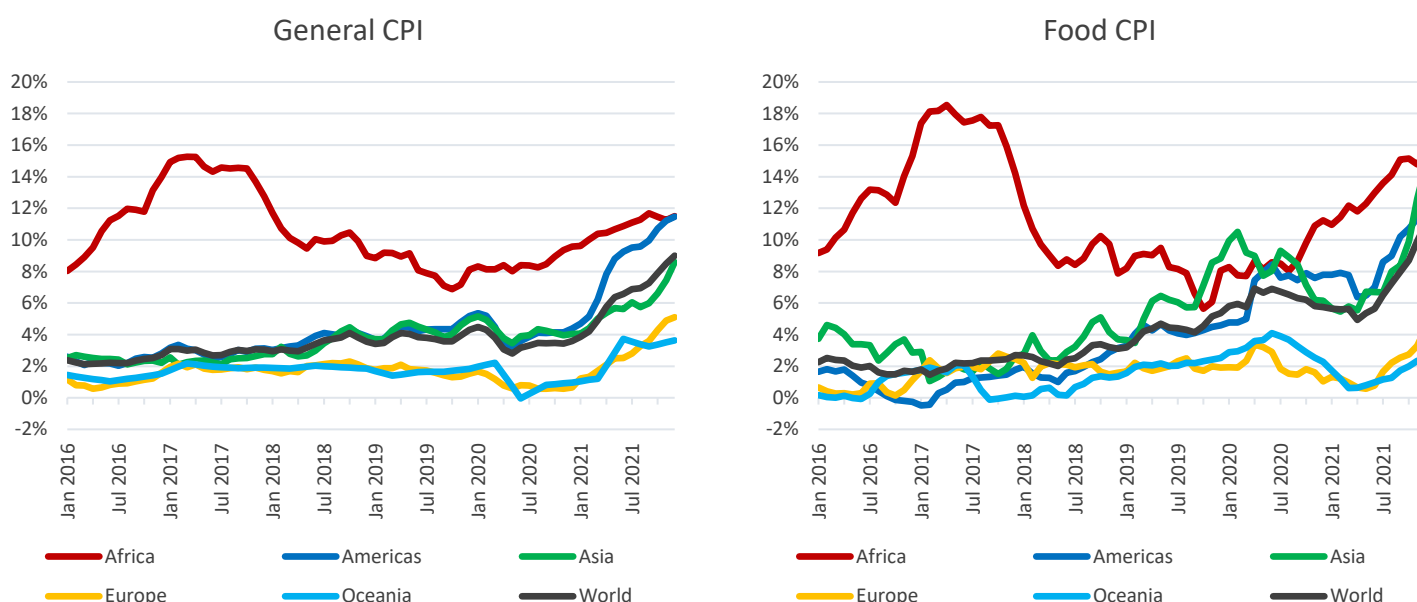


not fully met by the disrupted production and trade facilities (IMF, 2021). In many countries, the production chains are still recovering from economic and financial disruption. They are struggling to fully meet domestic and foreign demand, sustaining the high prices of many commodities. In addition, in the second half of 2021, the fear of a possible conflict in Ukraine pushed international prices further up (Strohecker, 2022).

The average global annual CPI inflation increased between 3.9 percent in January to 9.0 percent in December 2021. All the regions show increases, with the largest in the Americas where it went from 4.7 percent in January to 11.5 percent in December 2021.

In 2021, the average global food CPI inflation continued to increase at a steady pace of 5.6 percent from January to March, decreased slightly to 5.1 percent in April before accelerating up to 11.0 percent again in December. All regions experienced the same upward trend until December 2021.

Figure 1: Consumer Price Indices per region (year-over-year variation)



Source: FAO. 2022. FAOSTAT: Consumer Price Indices. In: FAO. Rome. Cited March 2022.
<https://www.fao.org/faostat/en/#data/CP>

REGIONAL

Africa (excluding the Sudan, South Sudan and Zimbabwe)

The general and food CPI in African countries during 2020 and 2021 have shown the same patterns as other emerging markets, with sub-regional differences characterized by local specific economic and social conditions related mainly to slow domestic responses to the COVID-19 pandemic, trade logistics disruption and the depreciation of local currencies (IMF, 2021).

In Africa, the inflation of the food CPI increased gradually from 9.2 percent in January 2016 to 18.5 percent in April 2017. It then steadily declined to 5.6 percent in October 2019, before increasing gradually to 15.5 percent in December 2021.

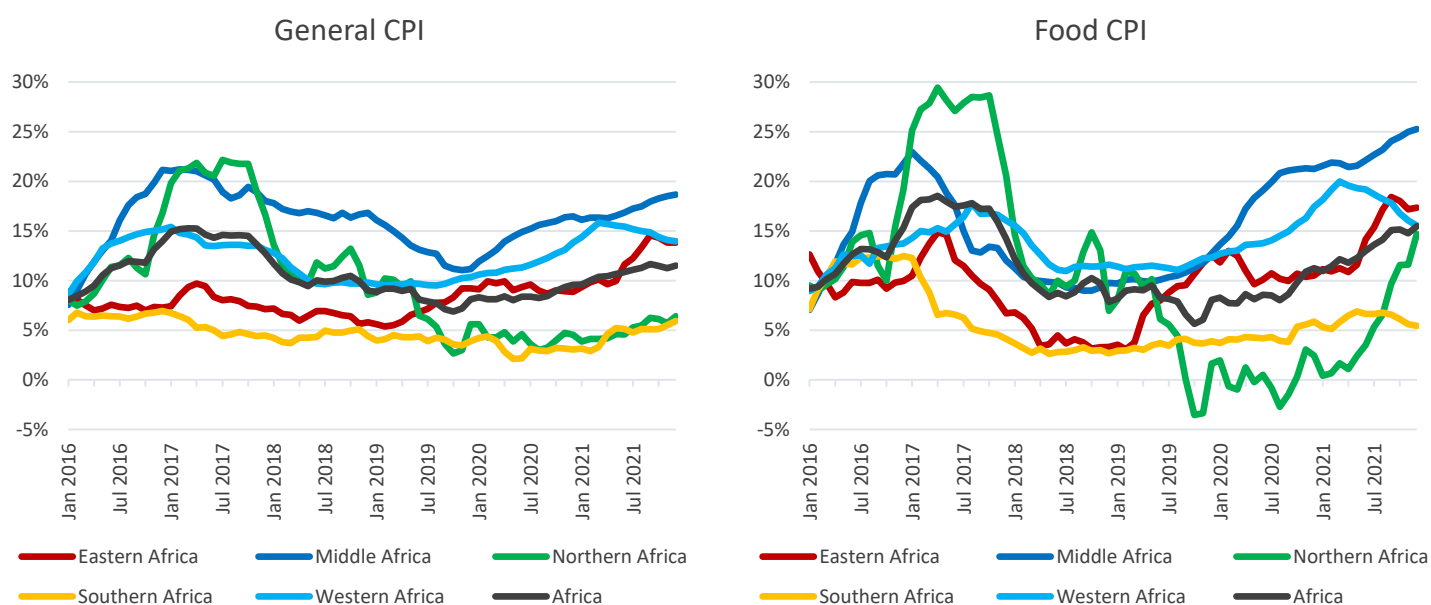
The most remarkable trend in the inflation of the food CPI was recorded in Northern Africa, where it tripled from 9 percent in February 2016 to 29.4 percent in April 2017. It started to decline from 28.7 percent in October 2017 to its minimum of -3.5 percent in October 2019. Afterwards, it fluctuated around 0.1 percent until February 2021 and steadily increased to 14.7 in December 2021. Between May 2020 and May 2021, Egypt recorded a decrease in the prices of fresh vegetables coupled with a decline in purchasing power parity, which caused a decline in the inflation rate in Northern Africa (Magdy and El-Tablawy, 2020; FAO, 2020). After this period, the food CPI in Egypt slightly increased due to the worldwide supply chain distortions, especially for meat, fish, milk, cheese, eggs and seafood (Reuters, 2021).

In Western Africa, the inflation of the food CPI fluctuated between 8.9 percent in January 2016 and 15.5 percent in December 2021. The highest variation of both the food CPI and the general CPI were recorded in Sierra Leone and Nigeria for most of the period.

Middle Africa recorded an increase in the inflation of the general CPI from 7.6 percent in January 2016 to 21.2 percent in February 2017, followed by a gradual decrease to 11.1 percent in December 2019 and a steady increase to 18.7 percent in December 2021. The inflation of the general CPI in Angola was the main driver of the inflation rate in Middle Africa in 2021.

The inflation of the general CPI in Eastern African countries declined from 8.9 percent in January 2016 to 5.4 percent in February 2019 before steadily increasing to 13.8 percent in December 2021. The change in the food CPI increased from 10.9 percent in January 2016 to 14.9 percent in March 2017 before steadily decreasing to 3.1 percent in February 2019. It peaked at 18.4 percent in September 2021 and reached 17.4 percent December 2021.

Figure 2: Variation (year-over-year) of consumer price indices – Africa and sub-regions



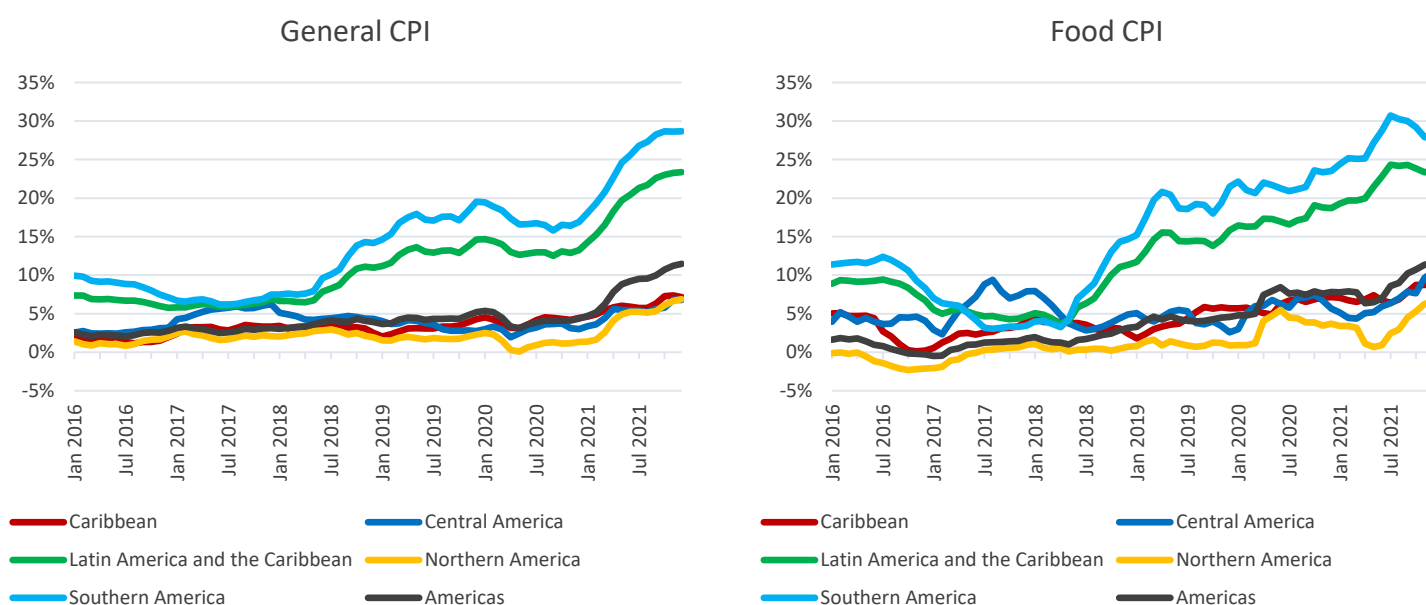
Source: FAO. 2022. FAOSTAT: Consumer Price Indices. In: FAO. Rome. Cited March 2022.
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Americas (excluding the Bolivarian Republic of Venezuela)

In Northern America, the change in the general CPI fluctuated between 0.9 percent and 2.9 percent for most of the 2016–2019 period before falling rapidly in early 2020, stabilizing around 1 percent for the rest of the year before steadily increasing to 6.9 percent in December 2021. In contrast, the variation in the food CPI was negative between January 2016 and June 2017 and fluctuated between 0.1 percent and 1.6 percent from July 2017 to December 2019. The food CPI steadily increased from early 2020 and its variation peaked at 6.5 percent in December 2021, up from 6.3 percent in November 2021. This is linked to the reopening of the economy in 2021, which caused a surge in demand that, combined with the constrained supply of goods and services, drove prices up, especially for non-food and non-energy items, in the United States of America and Canada (OECD, 2022).

In Latin America and the Caribbean, the increase in inflation and exchange rates volatility contributed to the deterioration of the pre-pandemic conditions of a slower growth associated with lagging economic development. Further economic and accounting conditions, as well as international trade tensions and breaks in logistics chains, have also contributed to a rise in regional inflation and the depreciation of some regional currencies (ECLAC, 2022). The food CPI inflation fluctuated around 9.4 percent in the first half of 2016 and then started to sharply decline to 4.9 percent in February 2017 followed by a slower decline to 3.7 percent in April 2018. This variability was largely due to South America, especially Brazil, where the change in the food CPI went from 12.9 percent in January 2016 to -1.9 percent in December 2017. On the contrary, Mexico experienced a high inflation rate in 2017; after this period, the change in the food CPI showed a steep acceleration to 11.4 percent in December 2018, and steadily increased to 23.5 percent in December 2021. The variation of the general CPI followed the same pattern as the food CPI. It slightly decreased from 7.4 percent in January 2016 to 6.7 percent in May 2018; after this period, it steadily increased to 23.7 percent in December 2021, largely driven by Argentina (50.9 percent in December 2021) and Brazil (10.0 percent in December 2021).

Figure 3: Consumer Price Indices in the Americas and sub-regions (year-over-year variation)



Source: FAO. 2022. FAOSTAT: Consumer Price Indices. In: FAO. Rome. Cited March 2022.
<https://www.fao.org/faostat/en/#data/CP>

Asia

Asia experienced lower inflation in 2021 compared to other regions because of the slower pace of recovery from COVID-19 disruptions in lower and medium-income Asian countries as well as a lower variation of the food CPI. This has been backed by a favourable agricultural production in large countries like India, the recovery from the African swine fever in China, reduced inflation of energy prices in high-income Asian countries as well as effective management of the spread of the pandemic in the Republic of Korea (Carrière-Swallow, 2022)

The variation in the general CPI was low in most of 2016 and 2017, fluctuating around 2.1 percent. It gradually increased until the end of 2018 to 4.5 percent and fluctuated around 4.1 percent until October 2019. Afterwards, it steadily increased to 8.6 percent in December 2021.

The inflation in the food CPI shows a declining trend from 3.7 percent in January 2016 to 1.1 percent in February 2017, followed by an increasing trend reaching 10.5 percent in February 2020. In particular, the inflation in the food CPI increased by 5.2 percentage points in 2019 from 3.6 percent in January 2019 to 8.8 percent in December 2019, then decreased from 9.9 percent in January 2020 to 5.7 percent in January 2021 before surging to 14.8 percent in December 2021. This remarkable increase in 2019 was driven by fruit and vegetable prices as well as pork meat prices due to the African swine fever outbreak (Stevenson and Bradsher, 2019).

Western Asia experienced the highest food and general CPI inflation starting in mid-2020. The change in the food CPI increased by more than 20 percentage points in 2020 from 5.5 percent in January 2020 to 26.3 percent in November 2020. It then almost tripled to 72.1 percent in December 2021. The inflation in the general CPI followed a similar trend, from 4.0 percent in October 2019 to 32.8 percent in December 2021. The economic situation in the Syrian Arab Republic and Yemen continued to worsen as both countries faced humanitarian crises.

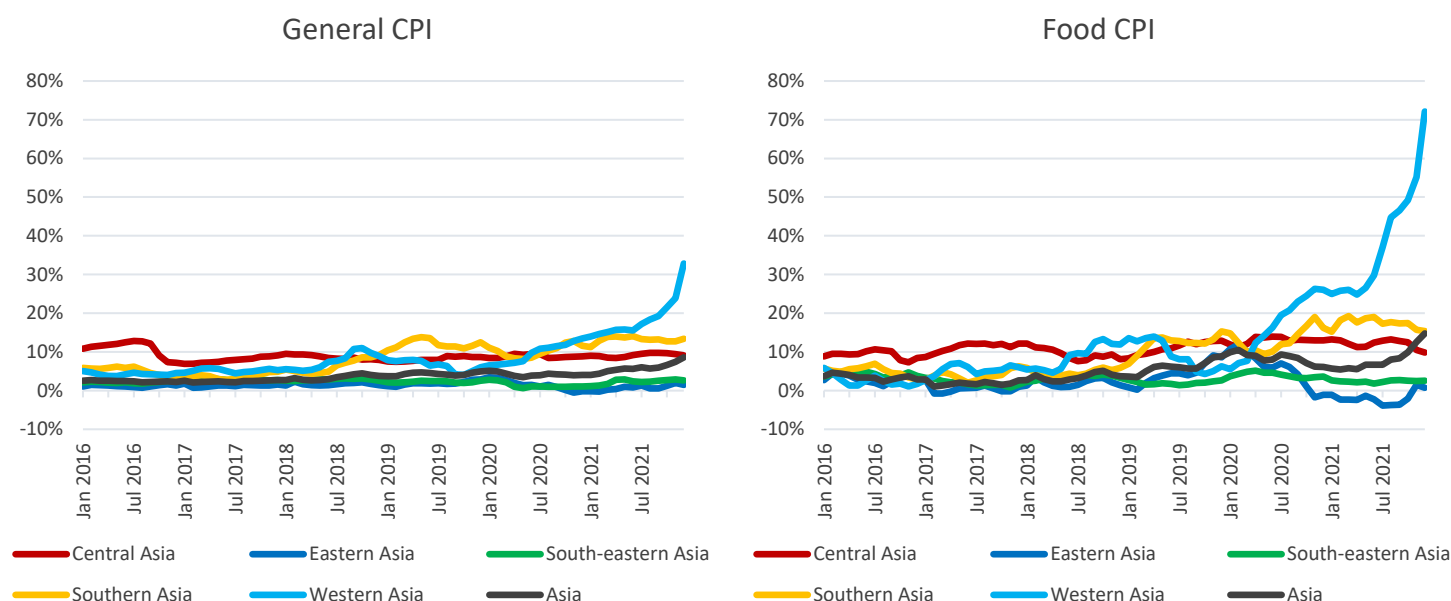
Furthermore, geopolitical tensions continued to have a negative impact on neighbouring economies, particularly Jordan and Lebanon. Several signs of resilience were observed in these economies, and Turkey has experienced a mild recovery from the recession in 2019 (United Nations, 2020). The inflation in the general and food CPI reached 36.1 percent and 43.8 percent respectively in December 2021 due to the devaluation of the Turkish Lira as the central bank slashed interest rates to prioritise credit and exports over currency and price stability (Butler and Spicer, 2022). In Lebanon, the financial crisis that started in mid-2019 is the main driver, with general and food CPI increasing by 224.4 percent and 438.7 percent, respectively in December 2021 compared to December 2020.

In Eastern Asia, the variation of the general CPI was generally low, fluctuating between 0.7 and 2.3 percent from January 2016 to October 2019, and gradually declined until December 2020 to -0.2 percent before increasing slightly to 1.5 percent in December 2021. The main reason of the drop in 2020 and 2021 is the decrease in food prices (especially pork) and the increased supply of fresh vegetables in China (ADB, 2021).

In Southern Asia, the inflation in the general CPI declined from 5.8 percent in January 2016 to 2.8 percent in June 2017, followed by a steady increase to 13.8 percent in May 2018. It dropped again to 8.2 percent until May 2020 followed by an increasing pattern reaching 14.1 percent in June 2021 and a final record of 13.4 percent in December 2021. The change in the general CPI of the Islamic Republic of Iran was the largest in Southern Asia, although it slightly declined from 46.2 percent in January 2021 to 35.9 percent in December 2021.



Figure 4: Consumer Price Indices in Asia and sub-regions (year-over-year variation)



Source: FAO. 2022. FAOSTAT: Consumer Price Indices. In: FAO. Rome. Cited March 2022.
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Europe

In Europe, the general CPI inflation decreased until mid-2021. The change over the previous year remained below 1 percent for most of 2016, fluctuated around 1.9 percent from the end of 2016 to mid-2019, then gradually declined until early 2020 to 0.6–0.8 percent and stayed within that range for the rest of the year due to COVID-19 pandemic restrictions. In 2021, it increased steadily to 5.1 percent in December 2021, driven by energy prices that increased in the wake of the global recovery from the pandemic (ECB, 2021). The inflation of the food CPI broadly followed that of the general CPI during the whole period, although it fluctuated around 2 percent until the end of 2020 with a spike to 3.4 percent in April 2020 and decreased until the middle of 2021 when it started to increase again, reaching 4.4 percent in December 2021.

All sub-regions saw increases in the food and general CPI inflation in the second half of 2021, with the highest CPI inflation in Eastern Europe, especially the Russian Federation (12 percent in December) and Poland (9 percent in December). In contrast, consumers in Northern and Southern Europe

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