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The inflation rate for consumer prices in Ethiopia moved over the past 58 years between -9.1% and 44.4%. For 2024, an inflation rate of 23.9% was calculated.During the observation period from 1966 to 2024, the average inflation rate was 10.7% per year. Overall, the price increase was 27,098.77%. An item that cost 100 birrs in 1966 costs 27,198.77 birrs at the beginning of 2025. Inflation rates in global comparisonBack to overview: EthiopiaIn only a few countries are negative inflation rates achieved. This means that the general price level is declining and
consumer prices get cheaper. This is called deflation. In comparison to most other countries, the drastic price increases are no longer average. Usually this is a sign of political and economic turmoil.Performance based on 100% in 1965: Ethiopia USAIn the last 5 years alone up to the end of 2024, the inflation rate averaged 27.0%. Cumulatively, it was 229.8%. In the USA, on the other hand, it was 4.2% on average and 22.7% cumulatively in the same period.Enter any amount, a start year and an end year here. You will then be shown the amount that resulted
from the original amount after inflation.100 birrs in 1966 will still be 100 birrs in 2025. The nominal value does not change. What does change, is the purchasing power. In other words, the amount of goods that can be bought with this money. As inflation increases, this amount decreases.Example: The purchasing power of 100 birrs in 1966 corresponds to that of 27,198.77 birrs at the beginning of 2025. Conversely, in 1966 you could buy as much with 0.91 birrs as you can today with 1000 birrs.Note: Inflation rates after 2024 are not yet available here. For the
following years, the last available rate of 23.90% is used in this calculator. Source: World Bank Release: World Development Indicators Units: Frequency: Notes: Inflation as measured by the consumer price index reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly. The Laspeyres formula is generally used.International Monetary Fund, International Financial Statistics and data files. World Bank, Inflation, consumer prices for
Ethiopia [FPCPITOTLZGETH], retrieved from FRED, Federal Reserve Bank of St. Louis; . Understanding inflation trends is crucial for financial planning, economic forecasting, and investment strategies. Below, you will find a comprehensive breakdown of inflation rates in Ethiopia from 1966 to 2024. This page includes a detailed table and an interactive graph to help you analyze inflation trends over time.Understanding Inflation in Ethiopia (1966 - 2024)Inflation represents the rate at which the prices of goods and services increase over time. A moderate level
of inflation is a sign of a growing economy, whereas high inflation can reduce purchasing power and create economic instability.Between 1966 and 2024, Ethiopia has experienced fluctuations in its inflation rate, influenced by economic policies, global events, and market conditions. Below, we explore the historical inflation data for Ethiopia, helping you understand trends and changes over the years.Inflation Trends in EthiopiaOver the period of 1966 to 2024, inflation in Ethiopia has varied significantly, influenced by economic factors, government policies, and
global events. Highest Annual Inflation: The highest inflation rate was 44.36% in 2008. Lowest Annual Inflation: The lowest inflation rate was -9.81% in 1986. Average Annual Inflation Rate: The overall average inflation rate during this period was 10.17%. Most Recent Annual Inflation Rate: As of 2024, the annual inflation rate stands at 23.9%.How Inflation Impacts Ethiopia Cost of Living: As inflation rises, purchasing power declines, making essentials like food, housing, and transportation more expensive. Interest Rates: Central banks often adjust interest
rates in response to inflation, impacting loans and savings. Wages & Employment: Inflation influences wage growth and job market stability. Investment & Savings: High inflation erodes savings but can benefit certain investments like real estate and commodities.Historical Inflation Trends in EthiopiaThe economic landscape of Ethiopia has seen inflation rates fluctuate due to various economic pressures. Understanding past trends allows economists and policymakers to predict future economic behavior.When comparing 1966 to 2024, key insights can be
drawn: Long-Term Trends: Ethiopia has historically experienced inflation cycles, with high periods coinciding with global economic crises or monetary expansion. Policy Impact: Interest rate adjustments and government fiscal policies have directly influenced inflation. Economic Growth Correlation: Periods of higher inflation have often coincided with rapid economic expansion or external shocks.Inflation Rate Table (Ethiopia)Inflation Rates 1966 - 2024YearInflation Rate (%)YearInflation Rate (%)YearInflation Rate
(%)202423.9%20043.33%19848.42%202330.22%200313.67%1983-0.68%202233.89%20020.68%19825.89%202126.84%2001-8.24%19816.14%202020.36%20000.66%19804.48%201915.81%19997.94%197916.03%201813.83%19980.89%197814.31%201710.69%19972.4%197716.66%20166.63%1996-8.48%197628.54%20159.57%199510.02%19756.55%20146.89%19947.59%19748.59%20137.46%19933.54%19738.91%201223.6%199210.53%1972-
6.08%201133.25%199135.72%19710.54%20108.15%19905.15%197010.12%20098.48%19897.82%19691.43%200844.36%19887.08%19680.18%200717.24%1987-2.43%19670.81%200612.3%1986-9.81%1966-1.36%20059.97%198519.06%Inflation Rate Graph (Ethiopia)The graph below provides a visual representation of inflation trends in Ethiopia, helping you see fluctuations over the years.Inflation Peaks & Troughs in EthiopiaOver the years, Ethiopia has witnessed several sharp inflation rises and declines, each influencing wages, cost of living, and
economic stability.Top 5 Inflation Spikes The following years saw the biggest inflation jumps compared to the previous year, leading to increased costs for goods and services: 2008: Inflation increased by 35.88%.1985: Inflation increased by 28.87%.1991: Inflation increased by 25.19%.1995: Inflation increased by 18.5%.2012: Inflation increased by 16.14%.Top 5 Inflation Drops These years experienced the sharpest inflation declines, affecting purchasing power and economic policies: 1966: Inflation dropped by -2.17%.2005: Inflation dropped by -2.33%.1994:
Inflation dropped by -2.43%.2014: Inflation dropped by -2.68%.2017: Inflation dropped by -3.14%.Impact of Inflation on Salaries in EthiopiaInflation doesnt just affect the cost of goods and servicesit directly influences wages and savings. During periods of sustained inflation increases, salaries often struggle to keep pace, reducing real income.Use our Salary Inflation Calculator for Ethiopia to analyze how inflation has impacted wages over the years.Frequently Asked Questions (FAQs) About Inflation in Ethiopia What is the current inflation rate in Ethiopia?As
of 2024, the most recent recorded annual inflation rate in Ethiopia is 23.9%. Use the interactive table and graph to compare this with historical trends. What was the highest inflation rate in Ethiopia?The highest recorded inflation rate in Ethiopia was 44.36% in 2008. This spike was influenced by economic conditions, government policies, and global market trends. What year had the lowest inflation rate in Ethiopia?The lowest inflation rate in Ethiopia was -9.81% in 1986. This period reflected economic stability and controlled price growth. How does inflation
impact the cost of living in Ethiopia?Inflation directly affects the cost of living in Ethiopia. As inflation rises, everyday expenses such as food, housing, and transportation become more expensive, reducing purchasing power unless wages increase proportionally. How has inflation in Ethiopia changed over the past decade?Over the past 10 years, the average inflation rate in Ethiopia has been 10.17%. Some years have seen sharp increases, while others have been more stable. Explore our interactive graph for detailed trends. How does inflation affect salary
growth in Ethiopia?Inflation influences wage growth by reducing the real value of earnings. If wages do not increase at the same rate as inflation, purchasing power declines. Understanding historical inflation trends in Ethiopia can help assess whether wages are keeping up with the cost of living. What economic factors influence inflation rates in Ethiopia?Inflation rates in Ethiopia fluctuate due to various economic factors, including central bank policies, changes in the global economy, supply chain disruptions, and consumer demand. Government
interventions, such as adjusting interest rates, also play a critical role in controlling inflation. Where can I find historical inflation rate data for Ethiopia?You can view detailed historical inflation rate data for Ethiopia from 1966 to 2024 in our interactive inflation trends table and graph. How We Handle Inflation Rates at iCalculator At iCalculator, we strive to use the most accurate, up-to-date, and officially published annual inflation rates available from trusted statistical offices and global financial institutions. For the majority of years, including those in our
historical inflation datasets, this means referencing the exact figures released by a countrys government or central bank. However, in some instances official annual figures may not yet be published or accessible. In these cases, we use reliable economic indicators like composite business climate indices, exchange trends, or fiscal performance signals to provide an estimated benchmark rate. These figures help ensure that our tax and finance calculators maintain relevance and directional accuracy during periods of economic transition or delay in official data.
Disclaimer The inflation rate estimates provided are for informational and directional purposes only. While we use robust analytical methods and verified indicators, users are encouraged to apply their discretion when interpreting or using estimated data within tools and calculations. If you believe any figure especially those related to recent or estimated years appears to be incorrect or needs refinement, we welcome your input. Please contact us here and our data team will review the submission promptly. Together, we can ensure the most accurate and
useful financial tools possible for everyone Commerzbank on Overnight News MT Newswires 05/27 06:21 Rising Bond Yields Damp European Bourses Midday MT Newswires 05/22 07:44 SocGen's Overnight Economic News Summary MT Newswires 05/22 05:44 Commerbank on Overnight Economic News Summary MT Newswires 05/21 06:26 Ethiopia inflation rate for 2022 was 33.89%, a 7.05% increase from 2021. Ethiopia inflation rate for 2021 was 26.84%, a 6.48% increase from 2020. Ethiopia inflation rate for 2020 was 20.36%, a 4.55% increase from
2019. Inflation as measured by the consumer price index reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly. The Laspeyres formula is generally used. NoneAggregatesSame regionSimilar valuesHighest valuesLowest
values202320222021202020192018201720162015201420132012201120102009200820072006200520042003200220012000199919981997199619951994199319921991199019891988198719861985198419831982198119801979197819771976197519741973197219711970196919681967196620232022202120202019201820172016201520142013201220112010200920082007200620052004200320022001200019991998199719961995199419931992199119901989198819871986198519841983198219811980197919781977197619751974197319721971197
During the period between 20152025. IntroductionOver the past decade, Ethiopia has undergone significant economic transformations, characterized by rapid GDP growth, structural economic reforms, and profound challenges such as recurrent inflationary pressures (African Development Bank Group, 2025). Moreover, between 2015 and 2025, inflation emerged as one of the countrys most critical macroeconomic issues, influencing economic stability and the broader political landscape (MacroTrends, 2024; Trading Economics, 2024). Additionally, persistent
inflation can exacerbate social tensions, fuel political discontent, and erode trust in governance (Financial Times, 2025; Reuters, 2025). Therefore, this article examines the inflation trends during this period, explores the underlying causes, and assesses the potential political risks associated with continued inflationary pressures. Inflation Trends (20152025)Ethiopias inflation rate has shown significant fluctuations over the past decade. The table below summarizes the annual inflation rates from 2015 to 2024:Ethiopias annual inflation rates from 2015 to
2024YearInflation Rate (%)20159.5720166.63201710.69201813.83201915.81202020.36202126.84202233.89202330.22202417.00Source: MacroTrends (2024); Trading Economics (2024)As shown above, inflation remained relatively moderate until 2018 but sharply accelerated starting in 2019. The inflation rate peaked at an alarming 33.89% in 2022, driven by domestic and external factors. However, recent reports indicate that inflation declined to 17% by December 2024, signaling some stabilization efforts (Addis Standard, 2024). Factors Contributing to
InflationSeveral domestic and international factors have contributed to Ethiopias high inflation rates during the 20152025 period: One of the most significant contributors has been the depreciation of the Ethiopian birr. Conversely, in July 2024, the National Bank of Ethiopia (NBE) devalued the birr by 30% against the U.S. dollar to transition toward a market-based foreign exchange system (Birr Metrics, 2024). While this reform aimed to attract investment and promote exports, it also led to an immediate increase in the prices of imported goods, exacerbating
inflationary pressures. Internal conflicts, particularly the Tigray war and associated unrest in regions such as Oromia and Amhara, severely disrupted supply chains across the country (Financial Times, 2025). As a result, the destruction of infrastructure, impediments to transportation, and general insecurity restricted the movement of goods, reduced supply, and pushed prices upwards. External shocks, including the COVID-19 pandemic and geopolitical tensions such as the Russia-Ukraine war, significantly impacted global commodity prices. Furthermore,
rising food, fuel, and fertilizer costs transmitted inflationary pressures to Ethiopia (African Development Bank Group, 2025). Consequently, Ethiopias dependence on imported goods made the economy particularly vulnerable to such external disturbances. Fiscal and Monetary PoliciesExpansionary fiscal policies aimed at financing ambitious infrastructure projects, coupled with significant budget deficits, have also fueled inflation. Although the government attempted monetary tightening measures, such as maintaining a policy rate of 15% (Addis Insight, 2024),
these efforts were often insufficient to fully contain inflationary dynamics. Recent Developments and ProjectionsEncouraging signs have emerged over the past year. By December 2024, Ethiopias inflation rate had declined to 17%, down from above 30% in 2022 and 2023 (Reuters, 2025). Meanwhile, the National Bank of Ethiopia has adopted a more restrictive monetary policy stance, is maintaining high policy rates, and closely monitoring liquidity (Fitch Solutions, 2024).Additionally, Ethiopia has embarked on an economic reform program in collaboration
with the International Monetary Fund (IMF), involving a four-year, $3.4 billion package focused on macroeconomic stabilization, debt restructuring, and foreign exchange liberalization (Ethiopian Tribune, 2025). The IMF forecasts that inflation will further decline to around 10% in the 2025/2026 fiscal yearthe lowest rate Ethiopia will have achieved in over a decade.However, analysts caution that inflation could remain vulnerable to supply-side shocks, ongoing political instability, and global market volatilities. A sustainable solution will require structural
reforms that go beyond monetary constraints. For instance, Ndikumana et al. (2021) stipulate that the empirical results show that disequilibria in the monetary sector, grains sector, and food markets have long-term effects on inflation. Alternatively, in the short run, inflation is driven by structural factors (notably, cereal output gaps and imported inflation) as well as demand-side factors (notably, money growth and public sector borrowing). Potential Political RisksPersistent or resurging inflation poses several political risks that could destabilize Ethiopias
fragile socio-political environment: Rising food and energy prices directly impact household welfare, particularly among low- and middle-income groups. Furthermore, inflation erodes real incomes, reduces purchasing power, and increases living costs, thereby fostering widespread public dissatisfaction. Meanwhile, historical evidence from Ethiopia and other countries suggests that economic grievances often catalyze protests and civil unrest (Financial Times, 2025). Erosion of Trust in GovernmentIf inflation remains high or resurges, it could severely
undermine public trust in the governments ability to manage the economy. As a result, failure to control inflation would likely fuel narratives of mismanagement and inefficiency, which would be particularly damaging in an already polarized political environment (African Development Bank Group, 2025). Worsening Social InequalityInflation disproportionately affects the poor, who spend a larger share of their incomes on food and basic necessities. Consequently, persistent price increases without corresponding wage growth widen income inequality,
exacerbate social divisions, and deepen grievances among marginalized communities (African Development Bank Group, 2025). Regions already experiencing tensions, such as Oromia and Amhara, could see inflation compound existing grievances, leading to heightened political instability. In fact, economic hardship might strengthen radical political groups and intensify demands for greater regional autonomy or political reform. Furthermore, with Ethiopias scheduled general elections in 2025, inflation and economic performance will likely play a central role
in shaping public opinion and voter behavior (Fitch Solutions, 2025). The ongoing tensions between Ethiopias federal government and the Tigray region could be further aggravated by persistent inflation, which disproportionately affects conflict-affected areas like Tigray, where supply chain disruptions and economic dislocation have exacerbated price volatility (International Crisis Group, 2024). ConclusionsWhile recent reforms and monetary policy adjustments have shown promise in curbing inflation, Ethiopia must remain vigilant in addressing its structural
economic weaknesses. As a result, sustainable inflation control requires a holistic approach: enhancing agricultural productivity, strengthening manufacturing sectors, ensuring peace and security, reforming fiscal policy, and continuing financial sector reforms.Alternatively, failure to manage inflation effectively could trigger broader political crises, undermining governance, social cohesion, and Ethiopias long-term development trajectory. Thus, continued collaboration with international partners like the IMF, prudent economic management, and targeted
social safety nets are crucial for maintaining macroeconomic and political stability over the next decade. References
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