

Inflation Report
First Quarter 2008



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1. Introduction

Inflation (the continuous rise in the general level of prices) is a phenomenon which goes in line with economic growth. Many countries have registered positive rates of inflation at an accelerating pace due to a number of factors, including increased economic activity and high level of employment especially in emerging economies.

In general, the factors causing inflation in an economy vary from factors related to international environment, such as trends of commodity prices and the activity of the global economy, developments of international financial markets, to other domestic factors, such as the aggregate demand and supply in the economy, costs of raw materials and wages as well as other factors associated with money supply, in addition to seasonal factors.

This report highlights inflation rates in the Saudi economy and their general trends, using the general cost of living index in the Kingdom (issued by the Central Department of Statistics and Information.) Some parts of the report also review other indices, such as the general wholesale price index and the GDP deflator, which is used as a measure of the general level of prices for the economy as a whole.

2. Inflation Trends during the Past Five Years

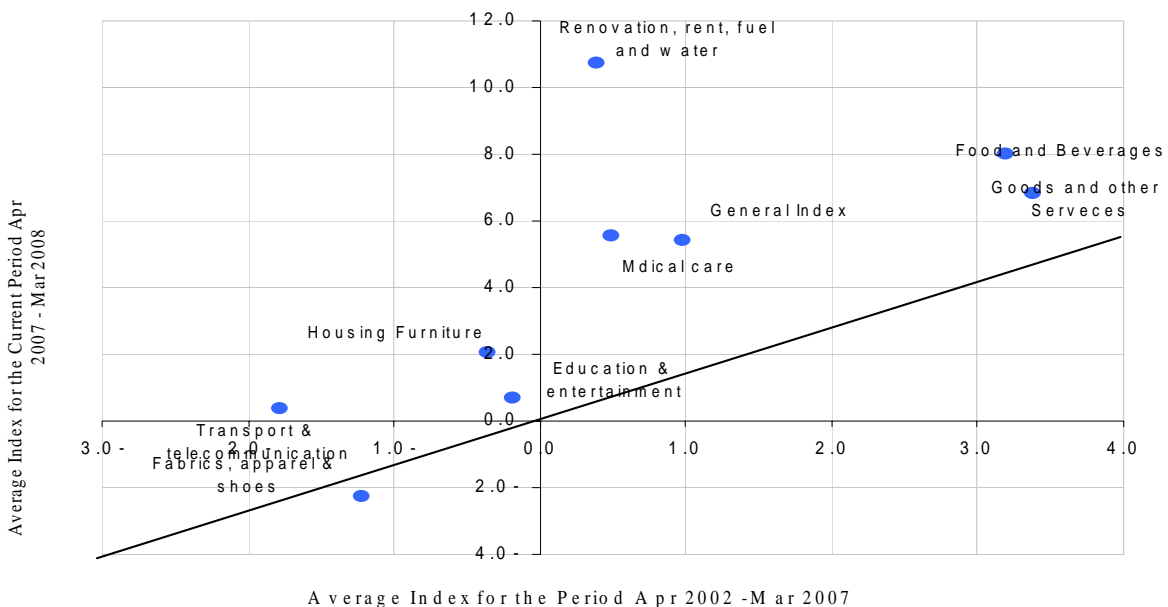
The average inflation rate (moving average) as measured by annual changes in the cost of living indices during the twelve months ended March 2008 rose by 5.4 percent while the average inflation rate during the preceding five years (April 2002 – March 2007) was 1.0 percent. During April 2007- March 2008, inflation rates of goods and services exceeded their levels recorded in the preceding five years. The group of renovation, rent, fuel and water (housing and appurtenances) rose by (10.7 percent), the group of food and beverages (8.0 percent), the group of goods and other services (6.8 percent), the group of medical care (5.6 percent), the group of education and entertainment (0.7 percent) and the group of transport and telecommunications (0.3 percent) (Table 1 and Chart 1). However, the group of fabric, apparel and shoes went down by 2.3 percent.

Chart 1 compares the average level of inflation during the Twelve months ended March 2008 with their level during the preceding five years. Points at the left of Line 45° (in the positive part of the chart) represent higher average inflation in the year ended March 2008 compared to the average of the preceding five years (the opposite in the negative part).

Table 1 : Change in the General Cost of Living Index and its Major Groups (%)			
	Weights (Relative Importance) (%)	Average Index for the Period Apr 2002 -Mar 2007	Average Index for the Current Period Apr 2007 - Mar 2008
General Index	100	1.0	5.4
Foodstuffs & beverages	26	3.2	8.0
Fabrics, Clothing &	8	-1.2	-2.3
Renovation, rent, fuel &	18	0.4	10.7
Home furniture	11	-0.4	2.0
Medical care	2	0.5	5.6
Transport & telecommu-	16	- 1.8	0.3
Education &	6	-0.2	0.7
Other expenses &	13	3.4	6.8

Source; Central Department of Statistics and Information.

Table 1 : Change in the General Cost of Living Index and its Major Groups



As Table 2 shows, the average inflation rate in the Kingdom is still low compare to some countries.

Country	2002	2003	2004	2005	2006	2007	Average
Bahrain	-0.5	1.7	2.3	2.6	2.2	3.4	1.9
Brazil	8.4	14.8	6.6	6.9	4.2	3.6	7.4
China	-0.8	1.2	3.9	1.8	1.5	4.8	2.1
Egypt	2.4	3.2	8.1	8.8	4.2	11.0	6.3
India	4.3	3.8	3.8	4.2	6.2	6.4	4.8
Jordan	1.8	1.6	3.4	3.5	6.3	5.4	3.7
Kuwait	0.8	1.0	1.3	4.1	3.1	5.0	2.5
Oman	-0.3	0.2	0.7	1.9	3.2	5.5	1.8
Qatar	0.2	2.3	6.8	8.8	11.8	13.8	7.3
Saudi Arabia	0.2	0.6	0.4	0.6	2.2	4.2	1.4
Turkey	45.1	25.3	8.6	8.2	9.6	8.8	17.6
United Arab Emirates	2.9	3.2	5.0	6.2	9.3	11.0	6.3
Venezuela	22.4	31.1	21.7	16.0	13.7	18.7	20.6

Source: International Monetary Fund, World Economic Outlook Database, April 2008

3. The Level of Current Performance of Inflation Indicators in the Kingdom

3-1 All Cities Cost of Living Index

This index is the most widely used measure of inflation in the Kingdom. It measures changes in consumer prices of goods and services. This index includes 406 goods and services compiled on a monthly basis for sixteen cities. Table (3) shows all cities' cost of living indexes, quarterly and annual rates of change up to the end of the first quarter of 2008.

Table (3) shows that the average cost of living index for the base year (1999=100) registered an increase of 4.2 percent in 2007, due to rises in the group of renovation, rent, fuel and water by 8.1 percent, the group of food and beverages by 7.0 percent, the group of medical care by 4.2 percent, and the group of other goods by 5.3 percent.

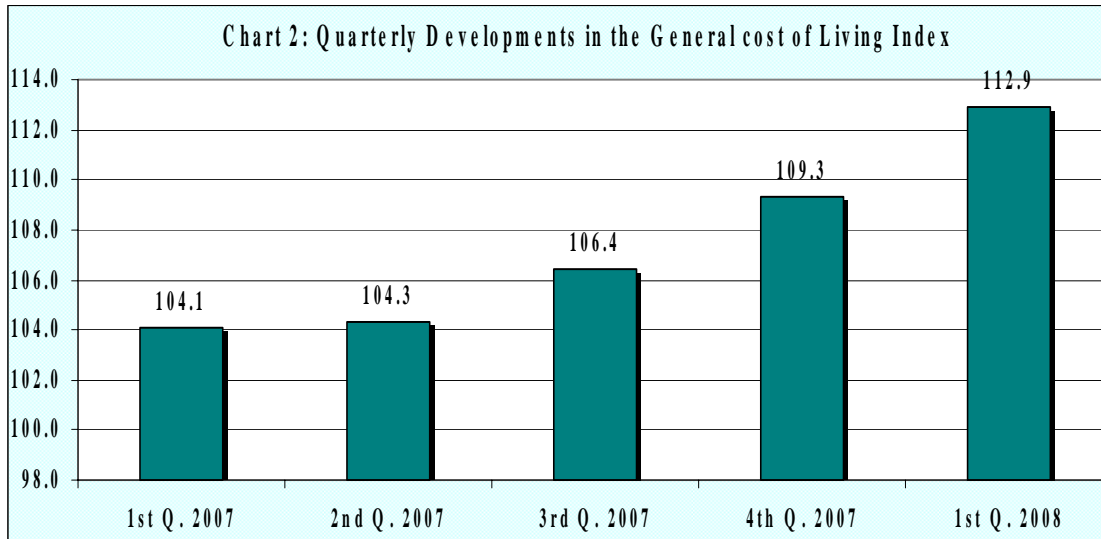
Data in Table (3) and Chart (2) indicate an increase of 8.5 percent in the average* index in the first quarter of 2008 compared to the corresponding quarter of the previous year. This increase was attributable to rises in the group of renovation, rent and fuel by 14.9 percent, the group of food and beverages by 11.7 percent, the group of goods and other services by 12.5 percent, and the group of medical care by 7.5 percent.

Table 3: Quarterly and Annual Cost of Living Indices up to the End of the First Quarter of 2008
1999 = 100

Groups of Goods and Services	Annual Averages		Quarterly Indices					% change of 1st quarter 08 against 4th quarter 07	%change of 1st quarter 08 against corresponding quarter of previous year	Annual Average 2007
	2006	2007	First Quarter 2007	Second Quarter 2007	Third Quarter 2007	Fourth Quarter 2007	First Quarter 2008			
General Index	101.8	106.0	104.1	104.3	106.4	109.3	112.9	3.3	8.5	4.2
Food and Beverages	112.2	120.1	118.6	117.1	119.3	125.2	132.5	5.8	11.7	7.0
Fabrics, Apparel and Shoes	87.7	85.6	86.4	85.6	85.2	85.2	85.3	0.2	-1.3	-2.4
Renovation, Rent, Fuel and Water	101.0	109.2	104.1	107.0	110.9	114.6	119.6	4.4	14.9	8.1
House Furnishing	95.2	96.4	95.9	95.9	95.9	98.1	99.6	1.5	3.9	1.3
Medical Care	102.7	107.0	103.8	104.1	110.0	110.2	111.6	1.3	7.5	4.2
Transport and Telecommunications	88.9	88.1	87.8	87.6	88.4	88.7	87.8	-1.0	0.0	-0.9
Education and Entertainment	98.7	98.9	98.7	98.4	98.1	100.5	100.4	-0.1	1.7	0.2
Goods and other Services	114.6	120.7	116.8	117.9	122.6	125.5	131.4	4.7	12.5	5.3

Source: Central Department of Statistics and Information

* It is worth mentioning that average index in the first three months of 2008 against that of the first three months of 2007 differs from the average inflation rate (moving average) in page 2.



3-2 Wholesale Price Index

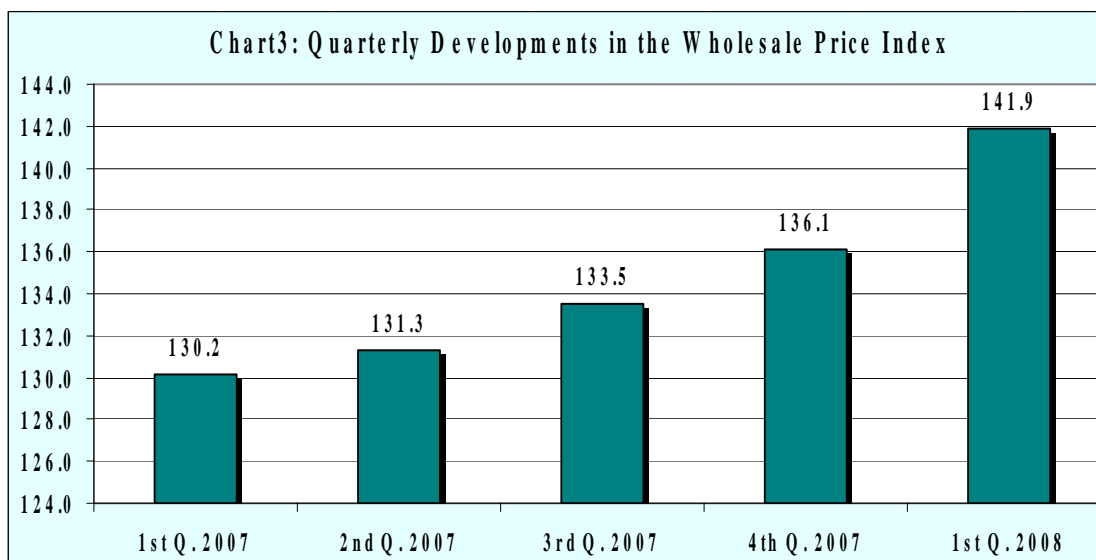
The index measures wholesale prices. It represents a basket containing 160 items sold on primary markets in the Kingdom. Table (4) shows quarterly and annual wholesale price indices up to the end of the first quarter of 2008. The table indicates that the wholesale price index during 2007 was 132.7 against 125.6 during 2006, increasing by 5.7 percent.

The general wholesale price index recorded an increase of 9.0 percent during the first quarter of 2008 compared to the first quarter of 2007 basically due to a rise in the groups of other commodities by 36.2 percent, chemicals by 21.5 percent, animal and vegetable oils and fats by 10.1 percent, food and live animals by 9.3 percent, and manufactured goods by 9.1 percent.

Table 4: Quarterly and Annual Wholesale Price Indices up to the End of the First Quarter of 2008
1988 = 100

Groups of Goods and Services	Annual Averages		Quarterly Indices					% change of 1st Qrt. 08 against 4 th Qrt. 07	% change of 1st Qrt. 08 against corresponding quarter of previous year	Annual Average 2007
	2006	2007	First Quarter 2007	Second Quarter 2007	Third Quarter 2007	Fourth Quarter 2007	First Quarter 2008			
General Index	125.6	132.7	130.2	131.3	133.5	136.1	141.9	4.3	9.0	5.7
Food & Live Animals	132.6	147.1	143.1	144.5	149.3	151.5	156.4	3.2	9.3	10.9
Beverages & Tobacco	128.9	129.7	128.8	129.6	130.3	130.2	130.7	0.4	1.5	0.6
Crude Materials (except fuel)	184.6	193.6	188.7	194.4	195.8	195.8	196.0	0.1	3.9	4.9
Mineral Fuels & related products	192.6	184.8	184.8	184.8	184.8	184.8	184.8	0.0	0.0	-4.0
Animal and vegetable Oils & Fats	114.7	118.3	115.3	116.2	119.7	122.3	127.0	3.8	10.1	3.1
Chemicals & Related Products	143.0	156.4	153.2	151.9	154.4	166.4	186.1	11.8	21.5	9.4
Manufactured Goods classified by substance	120.0	126.2	123.5	125.9	127.2	128.5	134.8	4.9	9.1	5.2
Machinery & Transport Equipment	114.4	119.3	117.3	118.0	119.9	122.2	125.6	2.8	7.1	4.3
Msc. Manufactured Articles	100.9	106.5	104.7	105.2	106.1	110.0	118.3	7.5	13.0	5.6
Other Commodities	127.0	145.7	137.2	139.5	141.5	164.6	186.8	13.5	36.2	14.7

Source: Central Department of Statistics and Information.

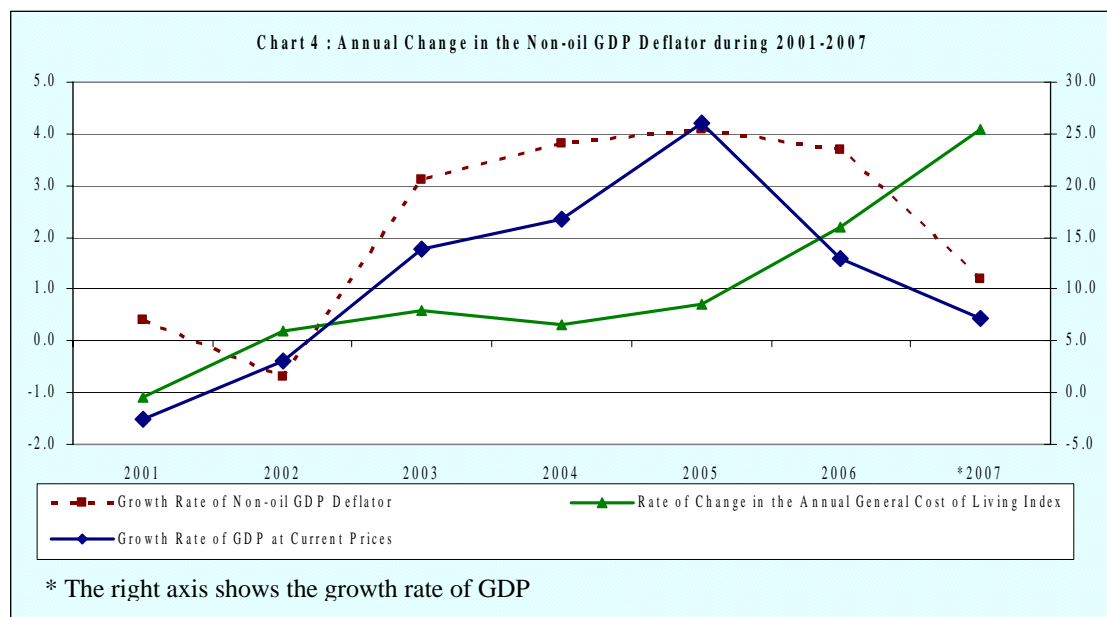


3-3 GDP Deflator

This deflator measures the prices of commodities, which are produced domestically, through the deflator of oil sector, non-oil sector and GDP. The non-oil deflator reflects domestic inflation by excluding change in crude oil prices. Table (5) shows the deflator and the growth rate of the annual GDP from 2002 to 2007, in addition to the rate of change in the general cost of living index. The non-oil deflator registered an increase of 1.2 percent in 2007 compared to 3.7 percent during 2006.

Years	Growth Rate of GDP at Current Prices	Growth Rate of Non-oil GDP Deflator	Rate of Change in the Annual General Cost of Living Index
		(1999 = 100)	
2002	3.0	-0.7	0.2
2003	13.8	3.1	0.6
2004	16.8	3.8	0.3
2005	26.1	4.1	0.7
2006	13.0	3.7	2.2
2007*	7.1	1.2	4.2

* Preliminary.
Source: Central Department of Statistics and Inflation.



4- Geographical Distribution of Inflation Rate in the Kingdom

The general cost of living index (for all cities) registered a rise of 3.3 percent to 112.9 in the first quarter of 2008 compared to the fourth quarter of 2007. Seven cities (Riyadh, Ha'il, Dammam, Hofouf, Buraidah, Arar and Najran) have recorded higher rates than the rate of change in the general cost of living index. The remaining cities (except Abha that registered an inflation rate equal to the general inflation rate) recorded lower rates than the rate of change in the general index (Table 6 and Chart 5).

The general cost of living index (all cities) registered an annual rise of 8.5 percent in the first quarter of 2008 compared to the first quarter of the preceding year. Six cities (Riyadh, Buraidah, Tai'f, Hofouf, Ha'il and Najran) recorded annual rises higher than the rate of change in the general index, while the rest of the cities recorded lower inflation rates than the rate of change in the general index (Table 6 and Chart 6).

Table 6: Cost of Living Indices by City

	First Quarter 2007	Second Quarter 2007	Third Quarter 2007	Fourth Quarter 2007	First Quarter 2008	Quarterly Change* (%)	Annual Change** (%)
General Index (All cities)	104.1	104.3	106.4	109.3	112.9	3.3	8.5
Riyadh	104.2	105.1	107.5	110.6	115.1	4.1	10.5
Makah	104.1	104.2	105.6	107.1	109.6	2.3	5.3
Jedah	103	103.3	105.7	109.0	111.1	1.9	7.9
Taif	104.8	105.5	110.5	112.4	115.3	2.5	10.0
AlMadinah	101.7	101.1	103.0	105.0	107.4	2.3	5.6
Buraidah	105.7	105.1	106.6	111.0	116.2	4.7	9.9
Dammam	106.7	106.8	107.5	111.6	115.5	3.5	8.2
Hafoof	103.6	103.6	105.3	108.6	114.1	5.1	10.2
Abha	101.6	101.8	103.6	106.1	109.7	3.3	7.9
Tabuk	104.4	105.0	105.5	109.3	112.8	3.2	8.1
Hail	104.9	104.8	108.1	111.1	116.9	5.3	11.4
Jazan	103.1	103.5	105.3	108.1	111.6	3.2	8.2
Najran	105.8	105.9	108.7	111.2	115.6	4.0	9.3
AlBaha	106.3	106.8	107.6	111.3	114.9	3.2	8.1
Sakaka	99	98.5	99.2	101.6	104.6	3.0	5.7
Arar	97.9	97.2	98.4	100.2	103.8	3.6	6.0

Source: Central Department of Statistics and Information.

* 1st quarter of 2008 and 4th quarter of 2007.

** 1st quarter of 2008 and 1st quarter of 2007.

Chart 5: Change in the General Index in the 1st Quarter of 2008 Compared to the 4th Quarter of 2007

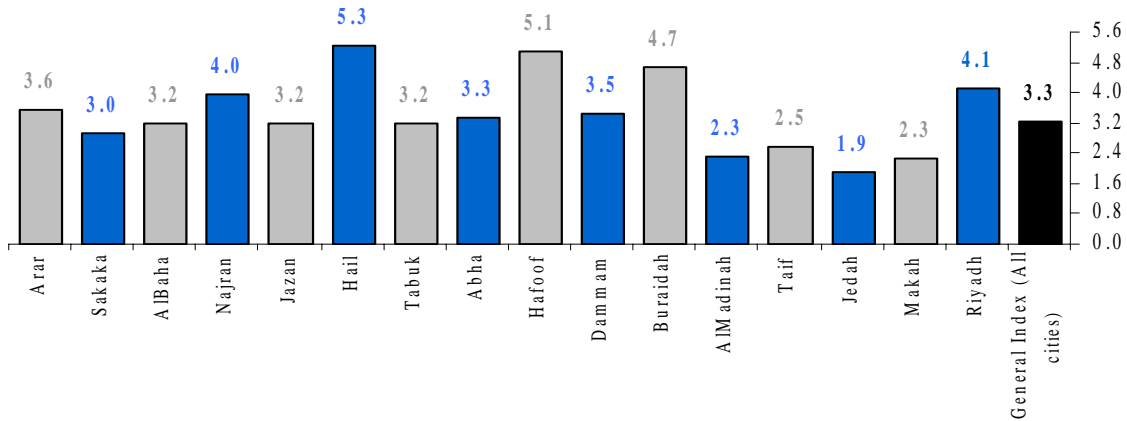
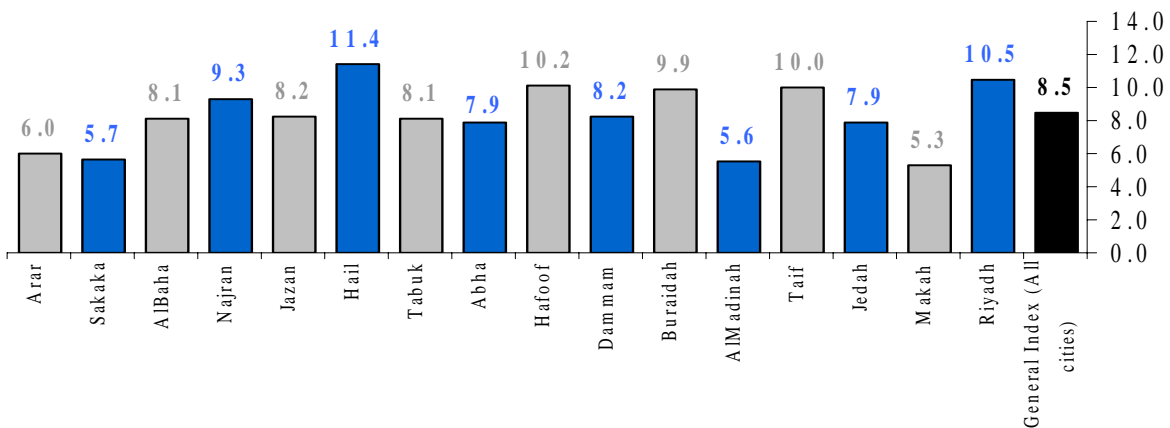


Chart 6: Change in the General Index in the 1st Quarter of 2008 Compared to the 1st Quarter of 2007



5- Inflation and Foreign Trade with Major Trading Partners of the Kingdom

The Saudi economy is an open-market economy which is reflected by data of foreign trade with trading partners of the Kingdom. Therefore, the change in the prices of imported goods is an important factor affecting the level of domestic inflation. High degree of economic openness of a country means a possibility that the domestic inflation

rate would be affected by change in the prices of goods in the country of origin. Table (7) shows the values of the Kingdom's imports from major trading partners during 2007 compared to 2000.

The United States is the largest trading partner of the Kingdom. Imports from the US amounted to Rls 45.8 billion during 2007 against Rls 21.8 billion in 2000, rising by 110.3 percent, though there was a decline in the share of imports from USA during 2007 to 13.6 percent from 19.3 percent in 2000. The rate of inflation in the USA decreased to 2.9 percent during 2007 compared to 3.4 percent in 2000.

The figures indicate a slight decrease in the share of imports from the Euro zone countries which was estimated at 23.1 percent during 2007 compared to 23.7 percent in 2000. Imports from these countries stood at Rls 77.9 billion during 2007 against Rls 26.8 billion in 2000.

Data indicate a decline in the percentage share of the Kingdom's imports from Japan to 8.7 percent and from France to 3.4 percent. Inflation rates in both countries during 2007 decreased to 0.0 percent and 1.6 percent respectively.

Table 7 shows an increase in the inflation rate in the People's Republic of China from 0.4 percent in 2000 to 4.8 percent in 2007, and a rise in the share of its exports to the Kingdom from 4.0 percent in 2000 to 9.7 percent in 2007. It is also noticed that India's share of exports to the Kingdom rose from 2.8 percent in 2000 to 3.4 percent in 2007. Inflation rates in India stood at 4.0 percent and 6.4 percent in 2000 and 2007 respectively.

Table 7: Sources of the Kingdom's Imports and Inflation Rates

Country	Imports (Million Riyals)		(% Share of Imports)		Inflation Rate (%)	
	2000	2007*	2000	2007*	2000	2007
United States	21802	45852	19.3	13.6	3.4	2.9
Japan	11837	29563	10.5	8.7	-0.7	0.0
Republic of China	4485	32664	4.0	9.7	0.4	4.8
United Kingdom	7308	13170	6.5	3.9	0.9	2.3
South Korea	3846	15162	3.4	4.5	2.3	2.5
India	3132	11529	2.8	3.4	4.0	6.4
Australia	2907	7296	2.6	2.2	4.5	2.3
Euro Zone Countries	26787	77942	23.7	23.1	2.2	2.1
of which :						
Germany	9164	30022	8.1	8.9	1.4	2.3
Italy	4698	15381	4.1	4.5	2.6	2.0
France	4675	11499	4.1	3.4	1.8	1.6
Other countries	31136	104910	27.5	31.0		
Total	113240	338088				

* Preliminary figures.

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

6- Indicators of the General Trend and Fluctuation in Inflation Rates

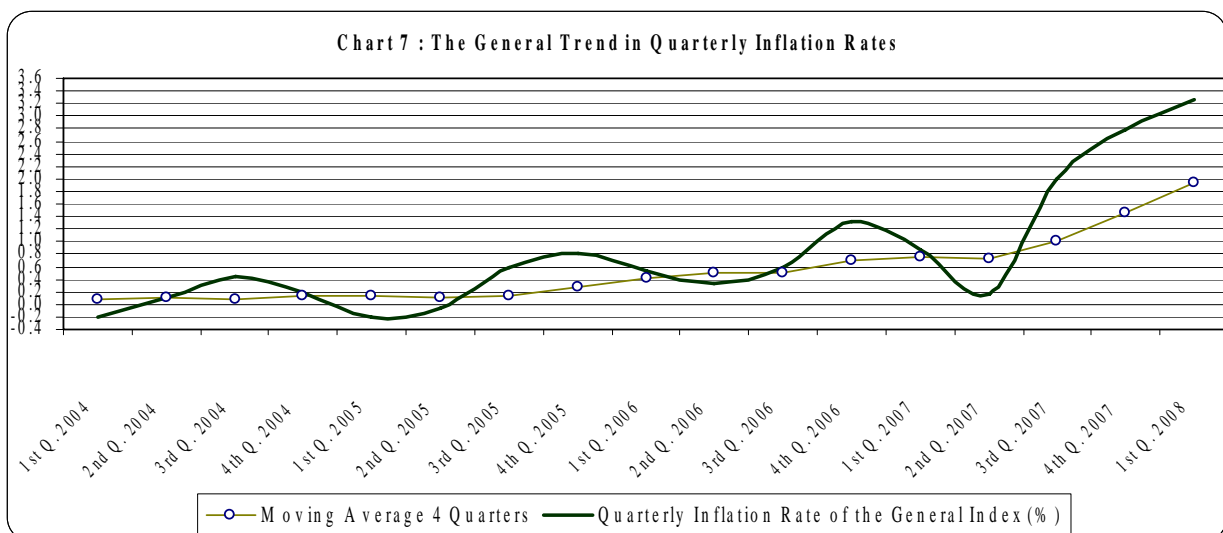
Since stability of the general price level is very important in decision-making at the micro level and in making decisions related to general policies at the macro level, it is imperative, therefore, to measure the overall trend of volatility in prices and observe the volatility range particularly at the medium and long terms. This section of the report highlights the general trend and degrees of volatility in the inflation rates in the Kingdom (according to the general cost of living index).

Tables (8 and 9) provide descriptive statistics on monthly inflation rates in the year ending March 2008 and in the last four years (April 2003 to March 2007), as well as

descriptive statistics for quarterly inflation rates during the period from the first quarter of 2003 to the first quarter of 2008. The average quarterly inflation rate amounted to 1.9 percent for the general index with a standard deviation of 2.0 and range (the difference between the maximum and the minimum values) was 8.2.

Most of the volatility in the quarterly inflation rates from the first quarter of 2003 to the first quarter of 2008 was accounted for by the group of food and beverages (average = 4.4 with a standard deviation = 2.4 and range = 10.2), the group of goods and other services (average = 4.0 with a standard deviation = 3.3 and range = 12.6), the group of renovation, rent, fuel and water (average = 2.3 with a standard deviation = 4.3 and range = 16.2) and the group of medical care (average = 1.4 with a standard deviation = 2.2 and range = 7.7) .

The two charts (7 and 8) below show inflation performance (quarterly in the first and monthly in the second), and its general trend measured by the moving average of inflation rate (each four quarters in the first, and each 12 months in the second). It is obvious that inflation rate has started its uptrend since the beginning of 2006.



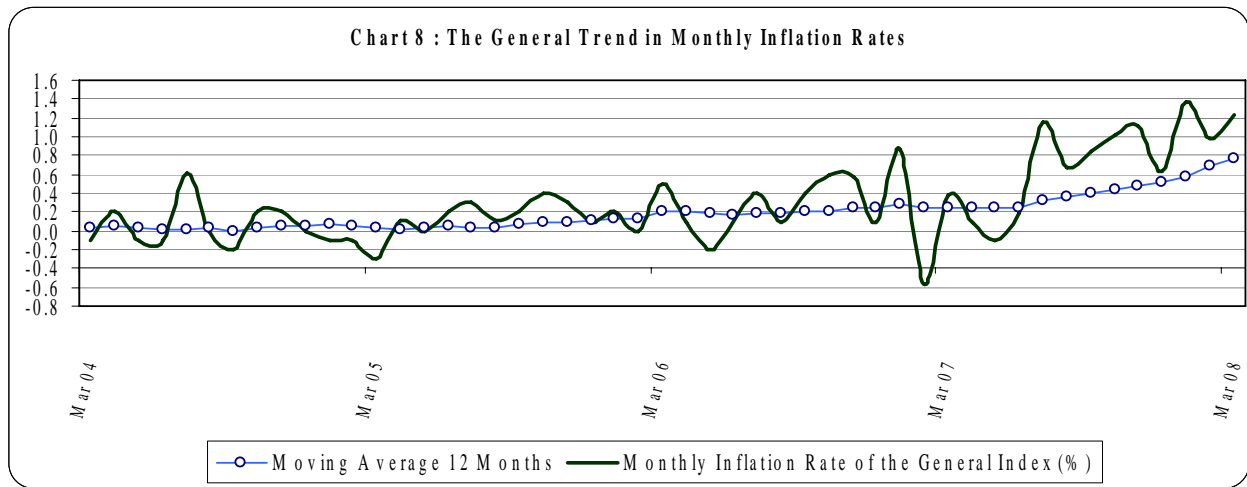


Table 8: Descriptive Statistics for Monthly Inflation Rates
(%) Monthly Inflation Rates per Group*

	General Index	Food and Beverages	Fabrics, Apparel and Shoes	Renovation Rent, Fuel and Water	House Furnishing	Medical Care	Transport and Telecommunication	Education and Entertainment	Goods and other Services
April 2003- March 2007									
Average	1.1	3.8	-1.3	0.5	-0.3	0.6	-2.2	-0.1	3.5
Median	0.7	3.1	-1.3	0.0	-0.3	0.2	-1.8	-0.1	2.4
Standard Deviation	1.0	1.7	0.9	1.3	1.0	0.8	1.9	0.5	3.1
Maximum Amount	3.6	9.4	0.4	4.5	1.4	2.3	1.0	0.6	10.3
Minimum Amount	0.0	1.6	-3.3	-1.4	-2.0	-0.2	-5.4	-1.0	-0.2
Range	3.6	7.7	3.7	5.9	3.3	2.5	6.4	1.6	10.5
April 2007- March 2008									
Average	5.4	8.0	-2.3	10.7	2.0	5.6	0.3	0.7	6.8
Median	5.1	7.4	-2.4	11.4	1.5	6.3	0.9	0.7	5.5
Standard Deviation	2.2	2.8	0.8	3.3	1.2	2.1	1.7	1.1	4.0
Maximum Amount	9.6	14.2	-1.0	15.8	4.2	7.5	1.6	1.8	14.5
Minimum Amount	2.9	5.4	-3.5	5.9	0.8	2.1	-4.6	-0.4	2.0
Range	6.7	8.8	2.5	9.9	3.3	5.5	6.2	2.2	12.5

* A month against a corresponding month in the preceding year.

Table 9: Descriptive Statistics for Quarterly Inflation Rates: First Quarter 2003- First Quarter 2008

(%) Quarterly Inflation Rates per Group									
	General Index	Food and Beverages	Fabrics, Apparel and Shoes	Renovation Rent, Fuel and Water	House Furnishing	Medical Care	Transport and Telecommunication	Education and Entertainment	Goods and other Services
First Qrt. 2003- First Qrt. 2008									
Average	1.9	4.4	-1.5	2.3	0.1	1.4	-1.7	0.0	4.0
Median	0.8	3.2	-1.6	0.2	0.1	0.4	-1.4	0.0	3.1
Standard Deviation	2.0	2.4	0.9	4.3	1.3	2.2	1.7	0.7	3.3
Maximum Amount	8.4	11.7	0.1	14.9	3.9	7.5	1.3	1.8	12.5
Minimum Amount	0.2	1.5	-3.1	-1.3	-1.9	-0.2	-5.3	-0.8	0.0
Range	8.2	10.2	3.2	16.2	5.8	7.7	6.6	2.6	12.6

7. Factors Affecting Inflation Rate in the Kingdom

Many factors play a role in affecting inflation rate, and the influence of these factors differs from one to another according to the nature of the domestic economy. Table 10 shows the relative changes of the most significant domestic factors affecting the inflation rate in the Kingdom. These factors are concentrated in the demand side, resulting from an increase in the government and private expenditure, and its effect on the level of liquidity. Broad money supply (M3) increased slightly by 19.6 percent in 2007, compared to 19.3 percent in the preceding year. In the first quarter of 2008, it rose by an annual rate of 23.0 percent. It is worth mentioning that credit to the private sector increased by a rate lower than the growth rate in banking deposits. This indicates that money multiplier did not play a role in increasing liquidity and the monetary stock resulted from an increase in government and private expenditure.

As for the activity of the government and private sectors, growth rate of the private sector's GDP at current prices stood at 8.0 percent in 2007 while growth rate of

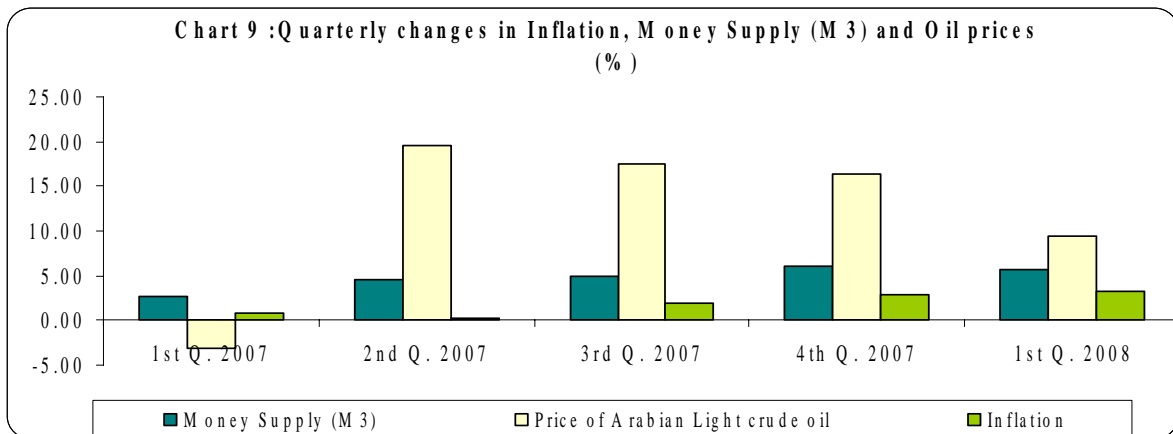
the government sector's GDP stood at 2.9 percent during the same year, while it increased by 23.0 percent compared to the first quarter of 2007.

Table 10: Most Significant Factors Affecting the Inflation Rate in the Kingdom

	2003	2004	2005	2006	2007	% Change of 1st quarter 08 against 4 th quarter 08	% Change of 1st quarter 08 against corresponding quarter of previous year
Money Supply (M3)	6.9	18.8	11.6	19.3	19.6	-	-
Government Expenditure	10.1	11.0	21.5	13.5	18.5	-	-
NDP Growth Rate:	13.9	16.8	26.1	13.0	7.1	-	-
- Private Sector	4.7	7.5	7.8	7.9	8.0	-	-
- Government Sector	11.1	10.4	12.5	10.1	2.9	-	-
						5.6	23.0

Source: SAMA, -Ministry of Finance and Central Department of Statistics and Information

Chart 9 indicates the relationship between quarterly inflation rates, growth in money supply and change in oil prices



8. Inflation Expectations for the Second Quarter of 2008

Projections indicate continued inflationary pressures in the Saudi economy during the second quarter of 2008 but at lower rates than the preceding period. This is due to the expected starting effect of actions taken by the government through subsidizing some key food items and tax reductions. In addition, the supply side began to respond to the increase in the demand side. Among the factors, in general, that could help inflation pressures to continue during the coming period are as follows:

In terms of **domestic factors**, the pace of government and private spending to promote economic development is increasing, which would strengthen the demand for all goods and services which may lead to more inflationary pressures in the economy. With respect to the group of housing, the current shortage in supply of housing units in major cities, limited expansion in construction due to high prices of developed land prepared for construction, and the higher cost of construction due to high inputs of iron, cement and labor wage, are all factors that have contributed and are expected to contribute to raising prices and rentals of residential units especially in the short term. Consequently, inflationary pressures will continue due to high demand for housing coupled with the growth of population and the number of families searching for housing.

In terms of **external factors** that feed domestic inflation level, the openness of the Saudi economy on the world makes it vulnerable to international economic conditions. Unfavorable economic circumstances in certain regions of the world have influenced the supply of food commodities and thus raised the prices of food products in general. Price index of non-oil commodities issued by the International Monetary Fund (Bulletin of April 2008) indicates that food prices as a whole recorded in March 2008 an annual increase of 43.5 percent. Prices of grain rose by 79.4 percent, including wheat that increased by 120.9 percent, rice by 77.8 percent, barley by 45.6 percent and coffee by 40.0 percent.

The rise in prices of food commodities in global and domestic markets as well as the shortage of global supply have led to a rise in global demand. In some grain producing countries such as India and China, for example, per capita consumption of food products increased as a result of improved economic conditions, reducing these countries' exports to world markets. The natural factors such as drought and floods in certain regions of the world such as Australia and some other countries in East Asia, have resulted in declining global supply of such products.

The use of energy substitutes (such as biofuel) for the production of ethanol from wheat, corn, sugar cane, especially in light of the support received from some developed countries has led to a global shortage in supply of such products and, in turn, a considerable rise in prices in the global market. On the other hand, higher oil prices led to higher prices of agricultural inputs such as fertilizers, and intermediate goods like plastic, and higher freight costs. All those factors were reflected on the prices of goods imports in the Kingdom. The U.S. dollar exchange rate, had a contributory role in higher costs of some imported products in other currencies, especially less competitive producer.

8- Conclusion

This report has reviewed the historical and current performance of inflation rates in the Kingdom up to the end of the first quarter of 2008 according to data issued by Central Department of Statistics and Information on retail consumer prices (the General Cost of Living Index), wholesale prices (wholesale prices index), as well as at the economy level as a whole (non-oil GDP deflator) and the most important factors affecting inflation rate. Published data indicate that there is a general trend indicating increased inflation rates in consumer prices during the year ending in March 2008 compared with the historical performance of inflation in the preceding five years. Projections indicate a continued rise in the inflation rate during the second quarter of 2008 but at a slower pace than in the previous periods.