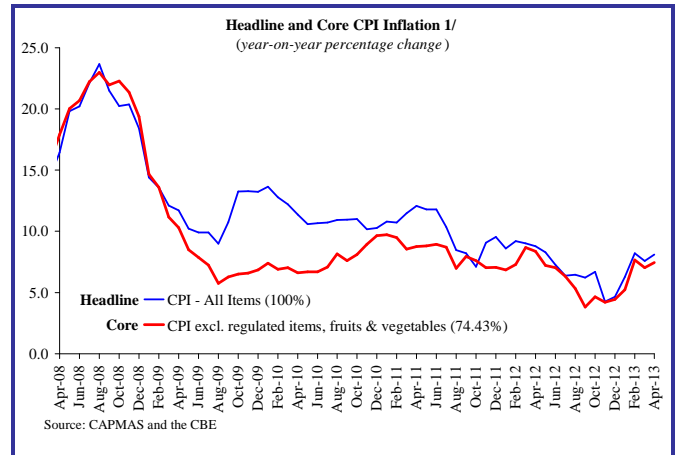
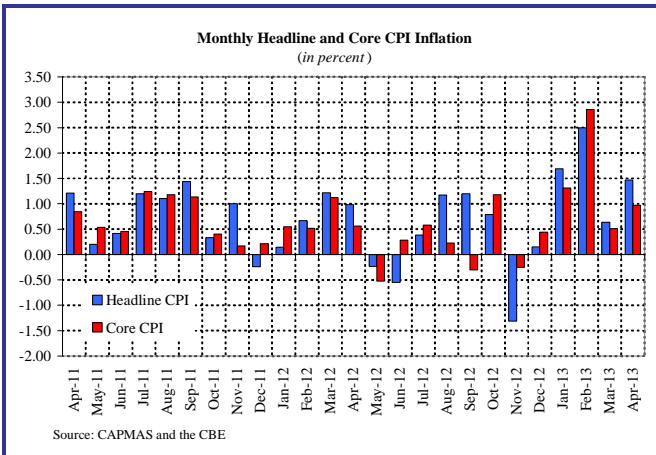


## Headline and Core Inflation – April 2013

Headline CPI published by the Central Agency for Public Mobilization and Statistics on May 9, 2013, increased by 1.47 percent (m/m) in April compared to 0.64 percent (m/m) in March. The annual rate increased to 8.11 percent in April from 7.59 percent in March. The bulk of the monthly increase was driven by higher prices of fresh vegetables which accounted for over 40 percent of the monthly headline development as well as the rise in the prices of other food items. In the meantime, core CPI increased by 0.97 percent (m/m) in April compared to 0.51 percent (m/m) in March. The annual rate inched up to 7.47 percent in April from 7.03 percent in March. Meanwhile, prices of retail items increased while prices of paid and other services remained broadly unchanged.<sup>1</sup>

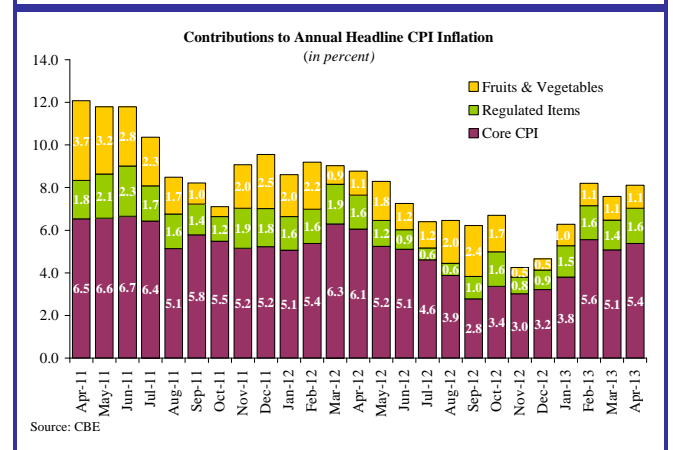
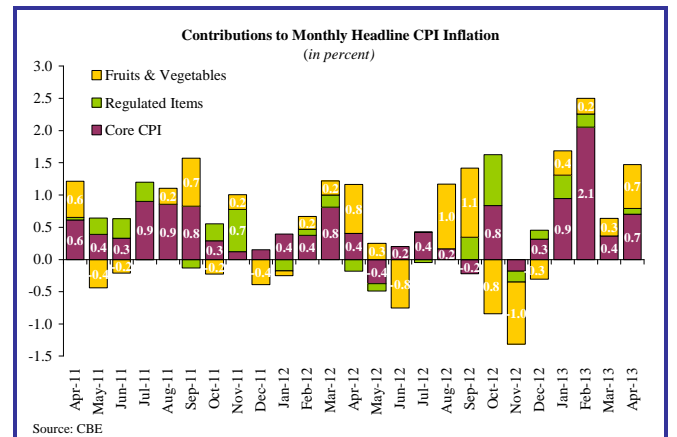


### 1. Headline CPI<sup>2</sup>

Headline CPI increased by 1.47 percent (m/m) in April compared to 0.64 percent (m/m) in March, standing in line with the average monthly pace of 1.61 percent recorded in the first quarter of 2013. The annual rate increased to 8.11 percent in April from 7.59 percent in March.

#### Key Highlights

- After declining between October and December 2012, prices of fresh vegetables rose for the fourth consecutive month by 8.34 percent (m/m) in April following a cumulative 11.51 percent (m/m) increase in the first quarter of 2013. In the meantime, prices of fresh fruits rose by 2.58 percent (m/m) in April compared to a 0.87 percent inch up in the previous month. Together, the prices of fruits and vegetables contributed by 0.68 percentage points to monthly headline inflation in April.
- Poultry prices increased by 2.22 percent (m/m) in April to bring the cumulative monthly increase since the beginning of 2013 to 21.73 percent. This month's increase contributed by



0.11 percentage points to monthly headline inflation and is higher than the monthly pace of 1.61 percent recorded during 2012. In the meantime, red meat prices inched up slightly in April after remaining mostly unchanged for five consecutive months.

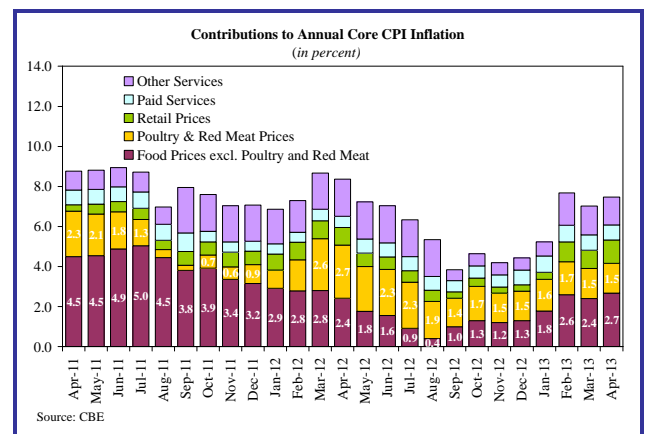
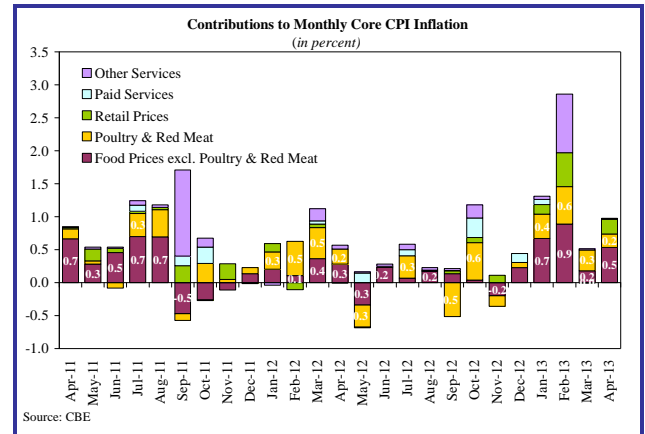
- After declining by 14.06 percent (m/m) in November 2012, the price of butane gas cylinders increased by 9.27 (m/m) percent in April on the back of disruptions in transport networks and resulting limited supply, which contributed by 0.09 percentage points to monthly headline inflation.
- Prices of fish and seafood accelerated by 2.71 percent (m/m) in April, following a 1.52 percent (m/m) inch up in the previous month. The monthly rate observed in April is higher than the average monthly pace of 1.01 percent (m/m) recorded during 2012.
- Rice prices increased by 3.15 percent in April to contribute by 0.07 percentage points to monthly headline inflation, bringing the cumulative monthly increase to 17.91 percent since the beginning of the year.
- Prices of several food items witnessed increases in April, including eggs, soft drinks, market tea, wheat flour, cheese, pulses and maize, contributing by 0.23 percentage points to monthly headline inflation.
- Meanwhile, retail prices recorded a 1.30 percent (m/m) increase in April on the back of sporadic increases in the prices of several retail items including clothing, household textiles, fridges, furniture, washing machines, household cleaning products and personal care products. Retail prices contributed by 0.16 percentage points to monthly headline inflation.
- Prices of other services experienced a marginal increase in April, on the back of higher prices of restaurants and cafes. In the meantime, prices of paid services remained unchanged.

## 2. Core Inflation<sup>2</sup>

Core CPI increased by 0.97 percent (m/m) in April compared to 0.51 percent (m/m) in March. This month's increase is lower than the average monthly pace of 1.56 percent recorded in the first quarter of

2013. The annual rate inched up to 7.47 percent in April from 7.03 percent in March

The bulk of the monthly increase in March was driven by the higher food prices mentioned above which contributed by 0.74 percentage points to monthly core inflation. The remaining portion is mostly accounted for by the increase in the prices of retail items which contributed by 0.22 percentage points to monthly core inflation.



1/ CAPMAS publishes three CPI series: (1) the CPI for urban areas which include Cairo, Alexandria, urban Lower Egypt, urban Upper Egypt, Canal cities and Frontier governorates, (2) the CPI for rural areas, and (3) the CPI for All areas. Numbers quoted in this note refer to CPI-Urban.

2/ It is important to underscore that the monthly percentage changes of both headline and core CPI between September 2009 and July 2010 do not match rates of changes presented in previous inflation notes given the replacement of the 8<sup>th</sup> CPI series by the 9<sup>th</sup> series starting from August 2009 (Full details are discussed in the Technical Appendix of the August 2010 Inflation Note).

**Table 1.**  
Classification of All Items included in Core CPI

<b>Food</b>	<b>Retail</b>	<b>Paid Services</b>	<b>Other Services</b>
Bread and cereals	Clothing	Tailors, laundry & shoe repair	Rentals (new law)
Meat	Fabrics	Dwelling maintenance services	Rental value of owner occupied housing
Fish and other seafood	Footwear	Portman & gardener's services	Hospital services
Eggs & Dairy products	Products related to dwelling repairment	Cook & maid's services	Transportation Services
Oils and fats	Furniture	Technicians to HH appliances	Mobile & internet services
Dried fruits	Carpets and other floor covering	Repairs of Audio-visual equipment	Recreational & sporting services
Processed vegetables	Household (HH) textiles	Physicians	Cultural services
Pulses	HH appliances	Mechanics	Hajj & Omra trips
Sugar and confectionery	Glassware, tableware and HH utensils	Teachers	Restaurants and Cafes
Other food products	HH small tools & supplies	Hairdressers	Accommodation services
Beverages	HH cleaning products		Private schools
	HH miscellaneous products		
	Purchase of vehicles		
	Spare parts		
	Motor oil		
	Telephone & telefax equipment		
	Home entertainment equipment		
	Recreational equipment		
	Personal care supplies and products		
	Personal effects		
	Books		
	School supplies		
	Medical care goods		

**Table 2.**  
**Consumer Price Index and Major Components 1/**

	Weight in basket 2/	April 2012	April 2013	April 2013 to March 2013	April 2013 to April 2012
	(in percent)	(index)	(index)	(percentage change)	(percentage change)
(January 2010 = 100)					
<b>Headline - All items</b>	<b>100.00</b>	<b>123.80</b>	<b>133.84</b>	<b>1.47</b>	<b>8.11</b>
Food and beverages	39.92	140.12	152.76	2.68	9.02
Tobacco and related products	2.19	201.78	217.38	0.01	7.73
Clothing and footwear	5.41	106.84	112.95	2.31	5.71
Housing, water, electricity, gas and other fuels	18.37	108.43	114.25	0.58	5.37
Furnishings, household equipment and routine maintenance of the dwelling	3.77	110.69	120.08	1.12	8.48
Medical care	6.33	102.05	114.83	0.00	12.52
Transportation	5.68	104.50	106.58	0.07	1.99
Communications	3.12	95.53	95.47	0.00	-0.06
Recreation and Culture	2.43	116.13	125.20	0.00	7.81
Education	4.63	136.59	152.18	0.00	11.41
Hotels, cafes and restaurants	4.43	116.33	138.49	0.22	19.04
Miscellaneous goods and services	3.73	104.76	106.23	0.54	1.40
<b>Selective aggregates</b>					
Fruits & vegetables 3/	6.90	179.57	198.95	6.97	10.80
Regulated items	18.66	118.85	129.78	0.50	9.20
Food excl. fruits & vegetables	31.08	133.67	145.59	1.57	8.92
Retail items	14.48	107.31	114.47	1.30	6.67
Paid services	5.87	117.34	128.86	0.00	9.81
Other services	23.00	109.76	115.17	0.05	4.93
Core CPI	74.43	119.87	128.82	0.97	7.47

1/ Source: CAPMAS and CBE calculations

2/ Based on 2008/2009 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits