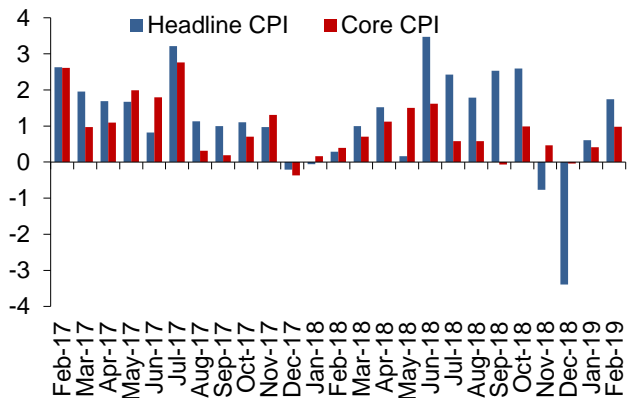


Headline and Core Inflation – February 2019

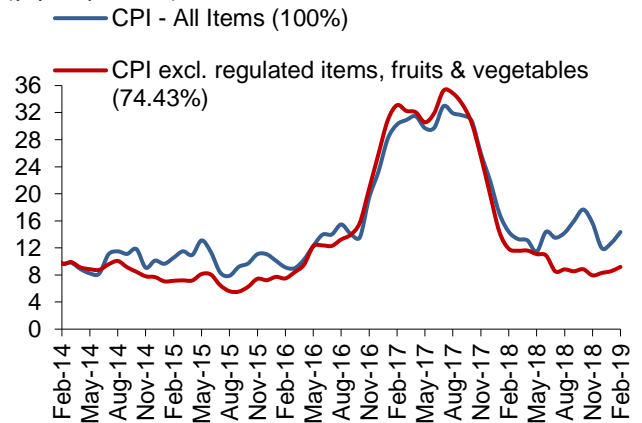
- Annual headline urban inflation^{1/} increased to 14.4 percent in February 2019 from 12.7 percent in January 2019, partly due to an unfavorable base effect.
- Monthly headline inflation recorded 1.7 percent in February 2019, compared to 0.3 percent in February 2018. Monthly inflation was mainly driven by food prices, while non-food prices remained broadly unchanged.
- Food prices rose due to higher prices of volatile food items, particularly potatoes and tomatoes, as well as due to higher prices of core food items, particularly poultry.
- As a result, monthly core inflation^{2/} recorded 1.0 percent in February 2019, compared to 0.4 percent in February 2018; and annual core inflation increased to 9.2 percent in February 2019 from 8.6 percent in January 2019.

Headline and Core CPI Inflation ^{3/4/}
(m/m, in percent)



Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt.

Headline and Core CPI Inflation ^{3/4/}
(y/y, in percent)



Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt.

1/ Published by the Central Agency for Public Mobilization and Statistics.

2/ Computed by the Central Bank of Egypt.

3/ 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.

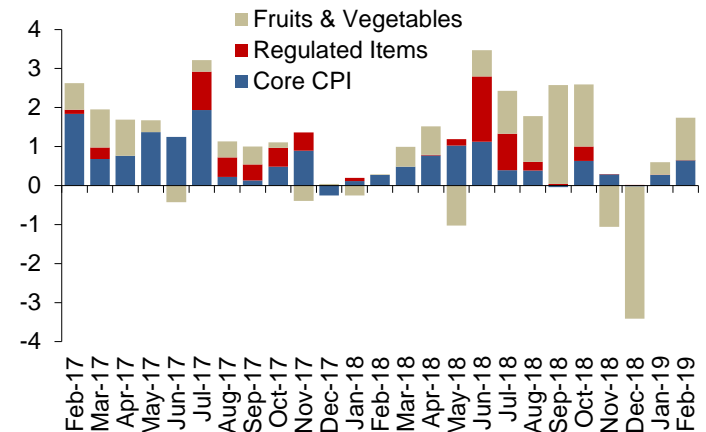
4/ It is important to underscore that the monthly percentage changes of both headline and core CPI between September 2009 and July 2010 do not match rates of changes presented in previous inflation notes given the replacement of the 8th CPI series by the 9th series starting from August 2009 (Full details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

Key Highlights:

- Prices of fresh vegetables increased by 8.76 percent, while prices of fresh fruits remained broadly unchanged. Together they contributed by 1.09 percentage points to monthly headline inflation. Prices of potatoes increased, after recording price declines for two consecutive months, to contribute by 0.41 percentage points to monthly headline inflation. Meanwhile, prices of tomatoes increased for the second consecutive month, after declining over the last two months, to contribute by 0.20 percentage points to monthly headline inflation.
- Prices of poultry increased by 12.55 percent to contribute by 0.47 percentage points to monthly headline inflation.
- Prices of rice increased by 0.90 percent, registering the fifth consecutive increase and contributing by 0.03 percentage points to monthly headline inflation.
- Prices of red meat remained broadly stable after declining for two consecutive months.
- Prices of other core food items, including fish, pasta, dairy products, pulses, sugar and wheat flour increased to contribute jointly by 0.16

Contribution to Monthly Headline CPI Inflation

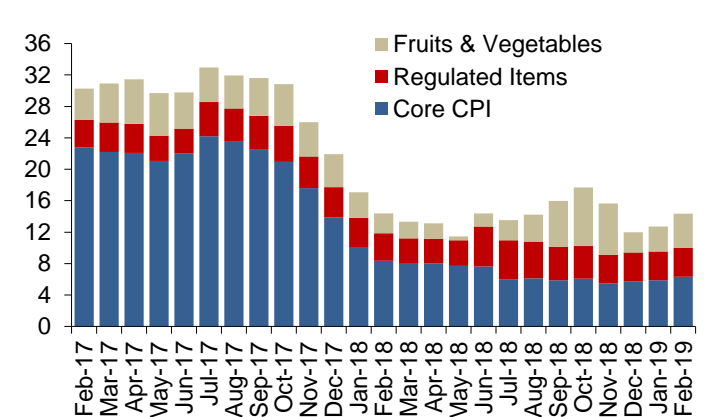
(in percentage points)



Source: Central Bank of Egypt.

Contribution to Annual Headline CPI Inflation

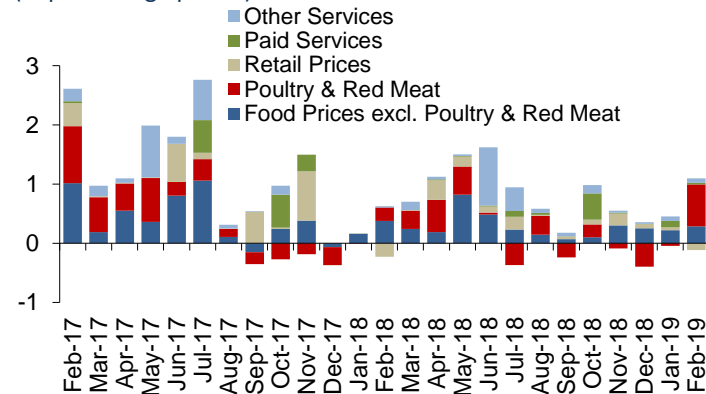
(in percentage points)



Source: Central Bank of Egypt.

Contribution to Monthly Core CPI Inflation

(in percentage points)



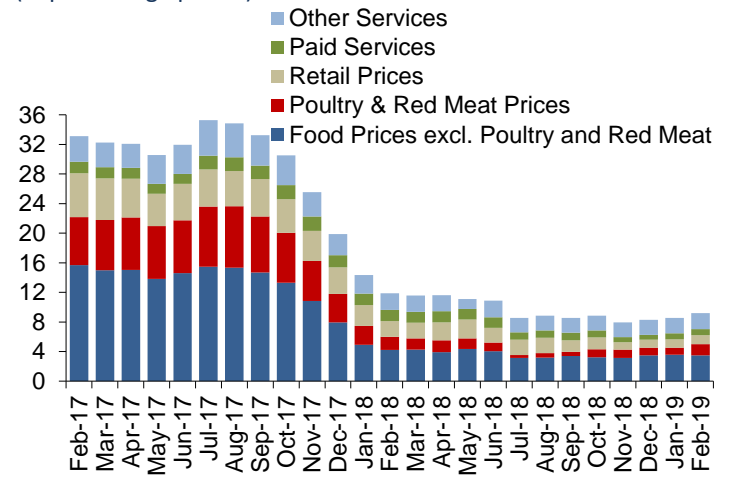
Source: Central Bank of Egypt.

percentage points to monthly headline inflation.

- Prices of retail items declined by 0.68 percent to contribute by negative 0.07 percentage points to monthly headline inflation. This was mainly due to lower prices of clothing and cars.
- Prices of services increased by 0.32 percent to contribute by 0.07 percentage points to monthly headline inflation. This was mainly due to higher prices of restaurants and cafes.
- Prices of regulated items remained broadly unchanged.
- Monthly core inflation was affected by price changes of the aforementioned core food items, which contributed by 0.99 percentage points to monthly core inflation. Prices of services contributed by 0.10 percentage points to monthly core inflation, while prices of retail items contributed by negative 0.11 percentage points to monthly core inflation.

Contribution to Annual Core CPI Inflation

(in percentage points)



Source: Central Bank of Egypt.

Table 1.
Classification of All Items included in Core CPI

Food	Retail	Paid Services	Other Services
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/	February 2018	February 2019	February 2019 to January 2019	February 2019 to February 2018
	(in percent)	(index)		(percentage change)	
		(January 2010 = 100)			
Headline - All items	100.00	258.63	295.75	1.74	14.35
Food and beverages	39.92	328.05	378.65	3.48	15.42
Tobacco and related products	2.19	518.35	572.54	0.01	10.45
Clothing and footwear	5.41	190.99	209.91	-1.58	9.91
Housing, water, electricity, gas and other fuels	18.37	155.85	179.13	0.00	14.93
Furnishings, household equipment and routine maintenance of the dwelling	3.77	223.46	234.09	-0.31	4.76
Medical care	6.33	209.06	220.31	0.31	5.38
Transportation	5.68	205.11	286.21	0.14	39.54
Communications	3.12	109.41	109.45	0.00	0.03
Recreation and Culture	2.43	293.88	318.11	0.02	8.25
Education	4.63	294.16	337.27	0.00	14.65
Hotels, cafes and restaurants	4.43	293.23	328.53	0.81	12.04
Miscellaneous goods and services	3.73	185.24	200.26	0.12	8.11
Selective aggregates					
Fruits & vegetables 3/	6.90	501.28	665.39	7.41	32.74
Regulated items	18.66	247.87	298.39	0.02	20.38
Food excl. fruits & vegetables	31.08	303.54	332.05	1.89	9.39
Retail items	14.48	203.11	218.10	-0.68	7.38
Paid services	5.87	255.51	280.68	0.33	9.85
Other services	23.00	169.59	186.31	0.32	9.86
Core CPI	74.43	238.82	260.79	0.98	9.20

1/ Source: CAPMAS and CBE calculations

2/ Based on 2008/2009 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits