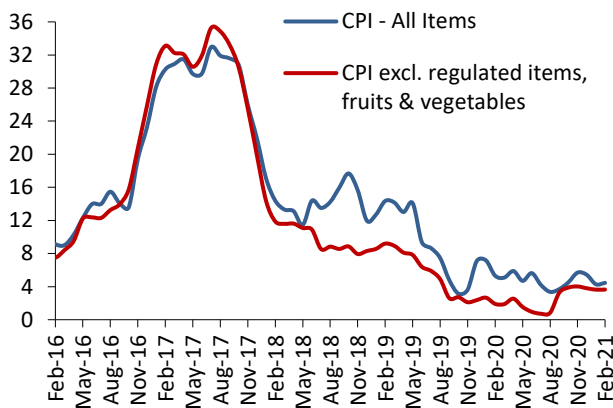


Headline and Core Inflation – February 2021

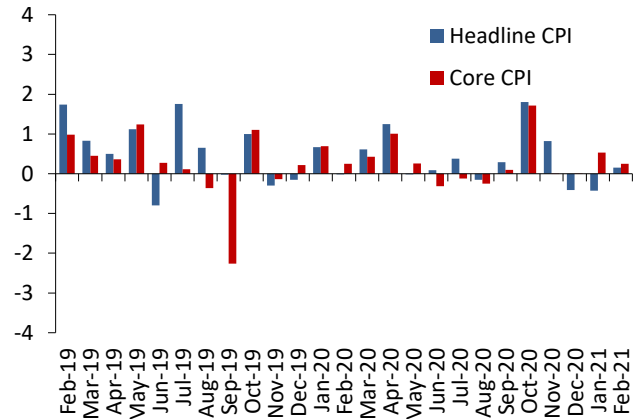
- Annual headline urban inflation^{1/} increased to 4.5 percent in February 2021 from 4.3 percent in January 2021. This comes as monthly headline urban inflation recorded 0.2 percent in February 2021, compared to zero in February 2020.
- February 2021's monthly headline urban inflation^{1/} was driven by higher prices of nonfood items. That mainly reflected higher prices of tobacco, rental values and haircuts, which more than offset seasonally lower prices of clothing. On the other hand, the decline in food prices contributed only marginally to monthly headline inflation, as lower prices of volatile food items more than offset the higher prices of core food items.
- Accordingly, the annual increase in February 2021 was mainly driven by the higher annual contribution of nonfood items. This came as annual nonfood inflation increased back to the 6.6 percent recorded in November and December 2020, after it had declined to 6.4 percent in January 2021. Meanwhile, annual food inflation remained broadly stable at negative 0.5 percent for the second consecutive month, after it had declined in January 2021 from 2.8 percent in December 2020.
- Against this background, monthly core inflation^{2/} recorded 0.3 percent in February 2021, compared to 0.2 percent in February 2020. Meanwhile, annual core inflation remained stable at 3.6 percent for the second consecutive month in February 2021.
- Nationwide annual inflation^{1/} increased to 4.9 percent in February 2021 from 4.8 percent in January 2021. Meanwhile, rural annual inflation remained stable at 5.3 percent in February 2021.

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



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

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

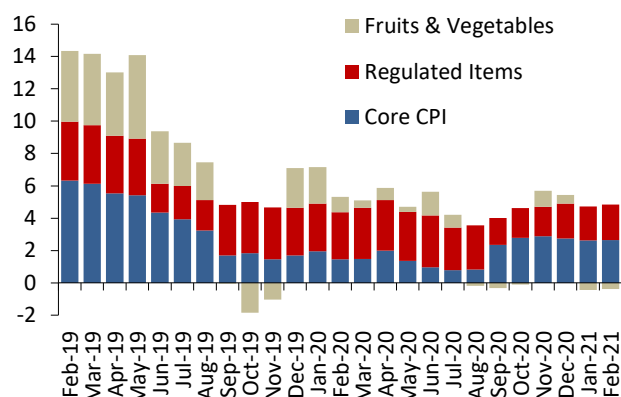


Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt.

Key Highlights:

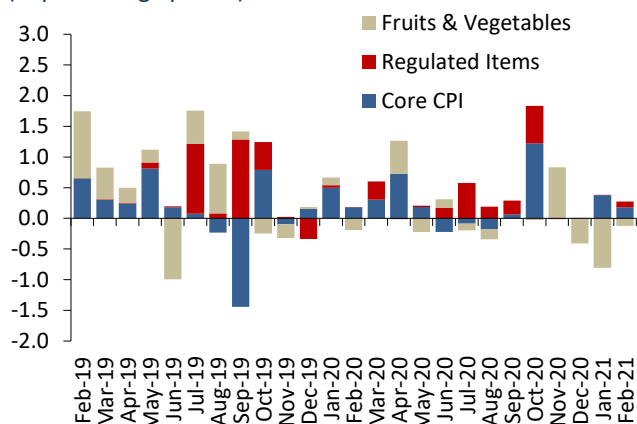
- Prices of fresh vegetables declined for the third consecutive month by 4.0 percent, while prices of fresh fruits declined by 0.7 percent for the first time in three months. Together, fresh vegetables and fresh fruits contributed by negative 0.13 percentage points to monthly headline inflation.
- Prices of poultry increased for the third consecutive month by 1.1 percent, to contribute by 0.04 percentage points to monthly headline inflation.
- Prices of eggs increased for the second consecutive month by 1.9 percent to contribute by 0.02 percentage points to monthly headline inflation.
- Prices of other core food items, including cheese, pasta, oils and fats, increased to contribute by 0.06 percentage points to monthly headline inflation.
- Prices of regulated items increased by 0.4 percent, to contribute by 0.09 percentage points to monthly headline inflation. This was due to higher prices of tobacco products.
- Prices of services increased by 0.3 percent, to contribute by 0.11 percentage points to monthly headline inflation. This was mainly

Contribution to Annual Headline CPI Inflation
(in percentage points)



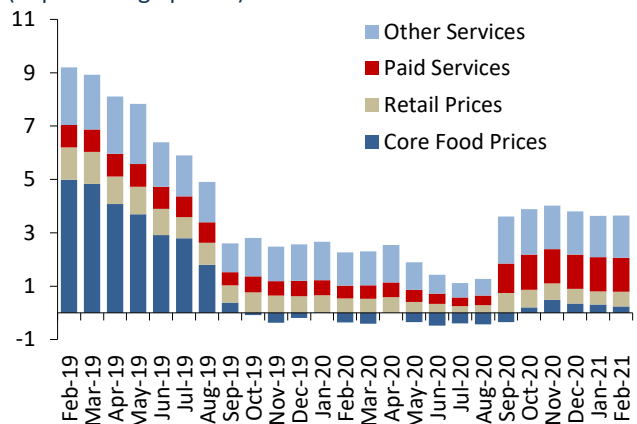
Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

Contribution to Annual Core CPI Inflation
(in percentage points)

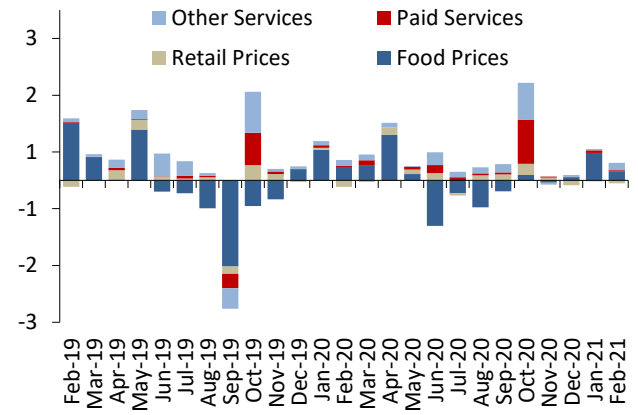


Source: Central Bank of Egypt.

due to higher prices of rental values of occupied housing, haircuts as well as cafes and restaurants.

- Prices of retail items declined by 0.3 percent, to contribute by negative 0.04 percentage points to monthly headline inflation. This was mainly due to seasonally lower prices of clothing items.
- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Core food items and services items contributed by 0.16 and 0.15 percentage points to monthly core inflation, respectively. Meanwhile, retail items contributed by negative 0.05 percentage points to monthly core inflation.

Contribution to Monthly 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		Summer & Winter Vacations
	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 2020	February 2021	February 2021 to January 2021	February 2021 to February 2020
	(in percent)	(index)		(percentage change)	
	(Average 2018/2019 = 100)				
Headline - All items	100.00	105.61	110.32	0.15	4.46
Food and beverages	32.73	99.16	98.68	-0.04	-0.48
Tobacco and related products	4.41	101.80	115.62	2.05	13.58
Clothing and footwear	4.38	103.31	106.01	-0.76	2.61
Housing, water, electricity, gas and other fuels	19.46	104.96	109.87	0.47	4.67
Furnishings, household equipment and routine maintenance of the dwelling	3.93	102.06	106.49	0.09	4.34
Medical care	8.59	111.43	117.25	0.06	5.22
Transportation	6.66	116.39	120.60	0.02	3.62
Communications	2.75	102.00	104.33	-0.19	2.29
Recreation and Culture	2.24	112.06	117.24	-0.11	4.62
Education	5.49	125.86	150.97	0.00	19.95
Hotels, cafes and restaurants	4.98	111.46	117.65	0.09	5.56
Miscellaneous goods and services	4.37	105.17	113.30	0.10	7.72
Selective aggregates					
Fruits & vegetables 3/	5.46	97.08	89.65	-2.73	-7.65
Regulated items	21.44	111.51	122.36	0.40	9.73
Food excl. fruits & vegetables	24.51	99.56	100.30	0.51	0.74
Retail items	14.34	105.84	108.78	-0.28	2.77
Paid services	6.96	111.18	125.25	0.18	12.65
Other services	27.30	106.58	110.99	0.34	4.14
Core CPI	73.09	102.64	106.38	0.25	3.65

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits