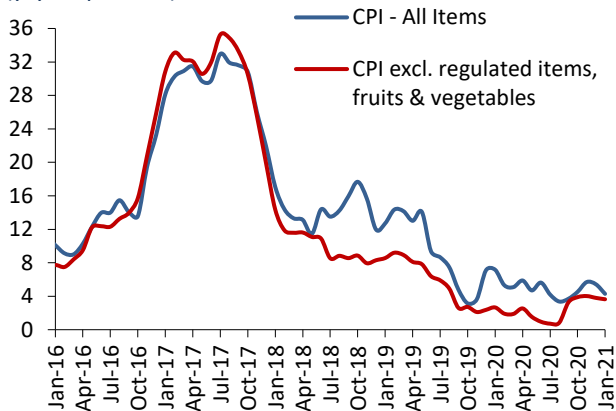


Headline and Core Inflation – January 2021

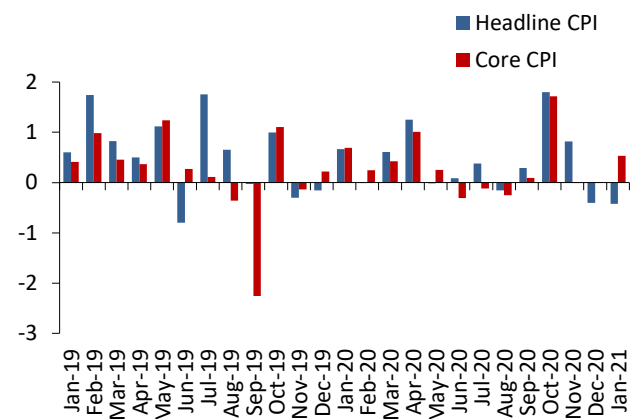
- Annual headline urban inflation^{1/} declined to 4.3 percent in January 2021 from 5.4 percent in December 2020. This comes as monthly headline urban inflation recorded negative 0.4 percent in January 2021, compared to 0.7 percent in January 2020.
- January 2021 monthly headline urban inflation^{1/} was mainly driven by lower prices of tomatoes, which contributed by negative 0.7 p.p. to monthly headline inflation, marking the strongest monthly decline in tomato prices on record. This decline came as tomato prices continued their reversal of the transitory shock witnessed during November 2020, as expected. This was only partly offset by seasonally higher prices of poultry as well as by higher prices of fresh fruits for the second consecutive month. Prices of the remaining CPI basket items contributed only marginally to monthly headline inflation.
- Accordingly, the annual decline in January 2021 was mainly driven by lower annual contribution of fresh vegetables, as well as by the lower annual contribution of other CPI items, but by a lesser extent. This comes as annual food inflation declined to negative 0.5 percent in January 2021 from 2.8 percent in December 2020. In addition, annual nonfood inflation declined to 6.4 percent in January 2021 after recording 6.6 percent in November, and December 2020.
- Against this background, monthly core inflation^{2/} recorded 0.5 percent in January 2021, compared to 0.7 percent in January 2020. Hence, annual core inflation declined to 3.6 percent in January 2021 from 3.8 percent in December 2020.
- Nationwide and rural annual inflation^{1/} declined to record 4.8 percent and 5.3 percent in January 2021 from 6.0 percent and 6.6 percent in December 2020, respectively.

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)

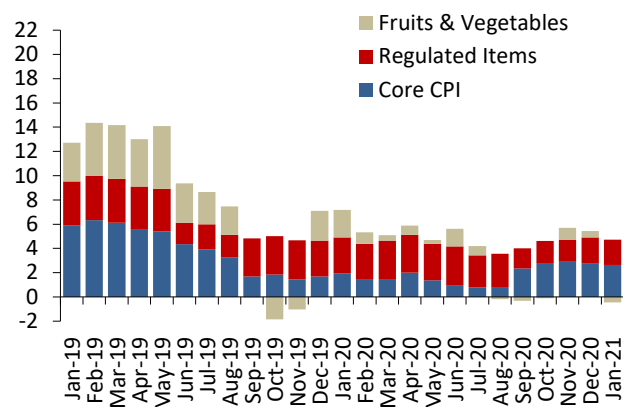


Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt.

Key Highlights:

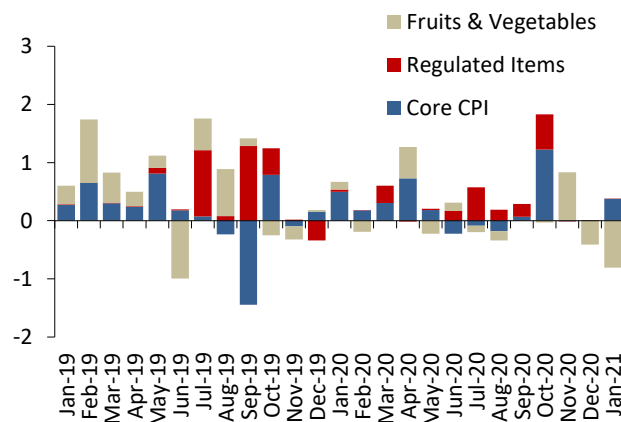
- Prices of fresh vegetables declined for the second consecutive month by 23.6 percent, while prices of fresh fruits increased for the second consecutive month by 2.9 percent. The drop in fresh vegetable prices was mainly driven by a decline in tomato prices by 53.3 percent. Together, fresh vegetables and fresh fruits contributed by negative 0.8 percentage points to monthly headline inflation.
- Prices of poultry increased for the second consecutive month by 8.4 percent, to contribute by 0.3 percentage points to monthly headline inflation.
- Prices of fish and seafood increased for the third consecutive month by 0.7 percent, to contribute by 0.01 percentage points to monthly headline inflation.
- Prices of other core food items, including eggs, pasta, oil and fats, increased slightly to contribute by 0.05 percentage points to monthly headline inflation.
- Prices of retail items declined slightly by 0.08 percent, to contribute by negative 0.01 percentage points to monthly headline inflation. This was mainly due to lower prices of clothing.

Contribution to Annual Headline CPI Inflation
(in percentage points)



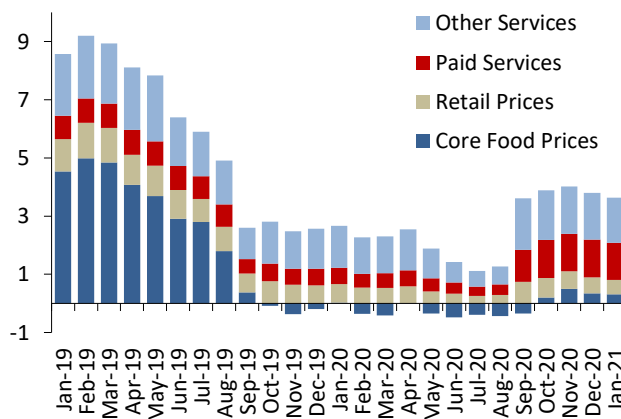
Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

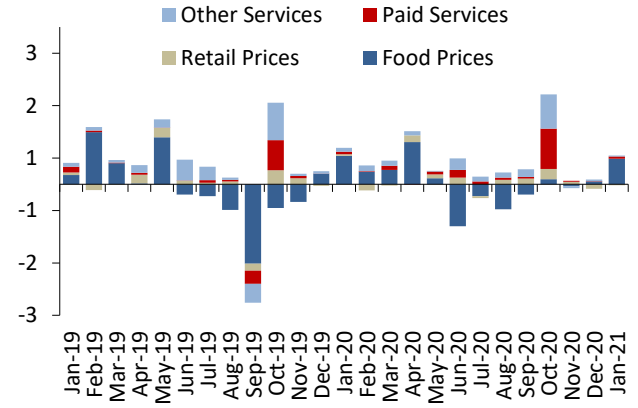
Contribution to Annual Core CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

- Prices of services increased slightly by 0.13 percent, to contribute by 0.05 percentage points to monthly headline inflation. This was mainly due to higher prices of outpatient services, haircuts and rental values of occupied housing.
- Prices of regulated items remained broadly unchanged.
- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Core food items and services items contributed by 0.48 and 0.06 percentage points to monthly core inflation, respectively. Meanwhile, retail items contributed by negative 0.02 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/	January 2020	January 2021	January 2021 to December 2020	January 2021 to January 2020
	(in percent)	(index)		(percentage change)	
	(Average 2018/2019 = 100)				
Headline - All items	100.00	105.62	110.15	-0.43	4.28
Food and beverages	32.73	99.22	98.73	-1.56	-0.50
Tobacco and related products	4.41	101.79	113.29	0.01	11.30
Clothing and footwear	4.38	105.30	106.82	-0.17	1.44
Housing, water, electricity, gas and other fuels	19.46	104.88	109.36	0.06	4.27
Furnishings, household equipment and routine maintenance of the dwelling	3.93	101.98	106.39	0.04	4.32
Medical care	8.59	111.26	117.18	0.24	5.32
Transportation	6.66	116.40	120.57	-0.09	3.58
Communications	2.75	102.00	104.54	0.05	2.48
Recreation and Culture	2.24	112.25	117.37	0.04	4.56
Education	5.49	125.86	150.97	0.00	19.95
Hotels, cafes and restaurants	4.98	110.21	117.54	0.14	6.65
Miscellaneous goods and services	4.37	105.06	113.18	0.19	7.73
Selective aggregates					
Fruits & vegetables 3/	5.46	100.76	92.17	-15.08	-8.52
Regulated items	21.44	111.51	121.88	0.02	9.30
Food excl. fruits & vegetables	24.51	98.83	99.79	1.58	0.97
Retail items	14.34	106.45	109.08	-0.08	2.47
Paid services	6.96	110.99	125.03	0.40	12.64
Other services	27.30	106.28	110.61	0.05	4.08
Core CPI	73.09	102.39	106.11	0.53	3.64

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits