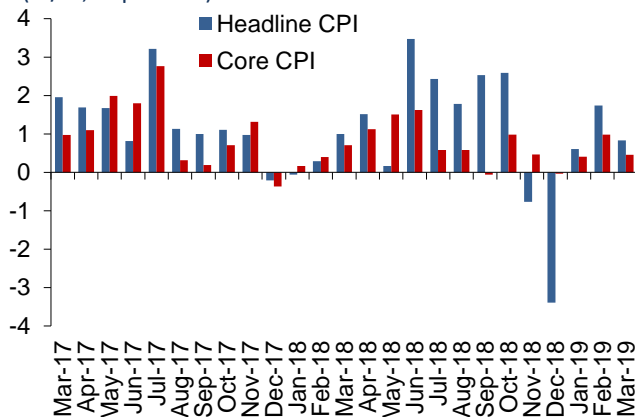


Headline and Core Inflation – March 2019

- Annual headline urban inflation^{1/} declined to 14.2 percent in March 2019 from 14.4 percent in February 2019.
- Annual inflation of services and retail items continued to record single digits for the sixth and fifth consecutive month, respectively, while annual inflation of core food items continued to record single digits for the tenth consecutive month. In the meantime, annual inflation of volatile food and regulated items remained elevated.
- Monthly headline inflation recorded 0.8 percent in March 2019, compared to 1.0 percent in March 2018. Monthly inflation was mainly driven by food prices, while non-food prices remained broadly unchanged. Food prices rose mainly due to higher prices of volatile food items, particularly potatoes for the second consecutive month, as well as due to higher prices of core food items, particularly poultry for the third consecutive month.
- As a result, monthly core inflation^{2/} recorded 0.5 percent in March 2019, compared to 0.7 percent in March 2018, while annual core inflation declined to 8.9 percent in March 2019 from 9.2 percent in February 2019, recording single digits for the ninth consecutive month.

Headline and Core CPI Inflation ^{3/4/}

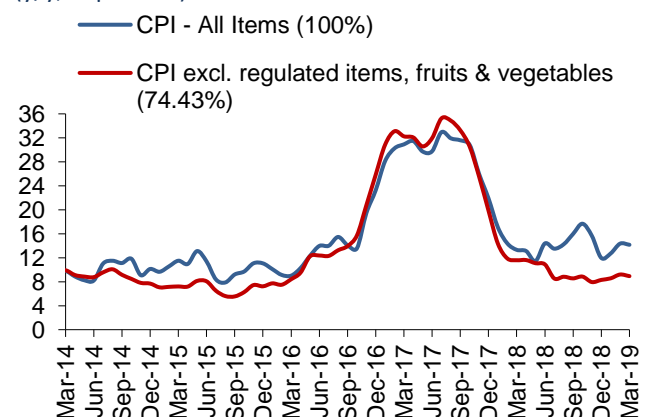
(m/m, in percent)



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.

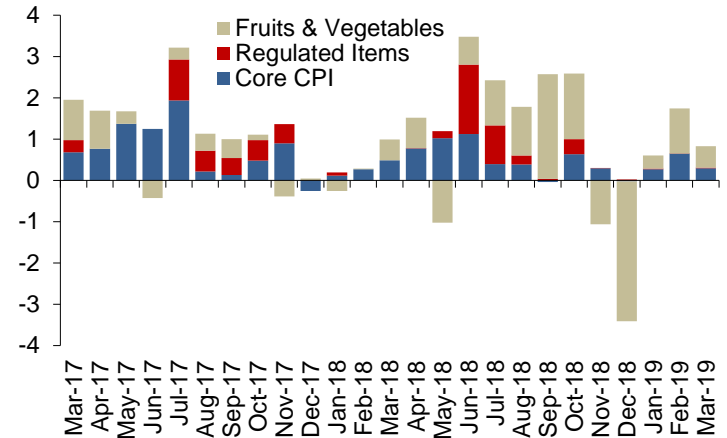
4/ It is important to underscore that the monthly percentage changes of both headline and core CPI between September 2009 and July 2010 do not match rates of changes presented in previous inflation notes given the replacement of the 8th CPI series by the 9th series starting from August 2009 (Full details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

Key Highlights:

- Prices of fresh vegetables and fruits increased by 3.21 percent and 4.04 percent, respectively. Together they contributed by 0.52 percentage points to monthly headline inflation. Prices of potatoes increased for the second consecutive month, to contribute by 0.30 percentage points to monthly headline inflation. Furthermore, prices of onions and garlic contributed together by 0.23 percentage points to monthly headline inflation. Meanwhile, prices of tomatoes declined after increasing for two consecutive months, to contribute by negative 0.26 percentage points to monthly headline inflation.
- Prices of poultry increased by 3.76 percent, registering the third consecutive increase and contributing by 0.16 percentage points to monthly headline inflation.
- Prices of fish and sea food increased by 1.81 percent to contribute by 0.06 percentage points to monthly headline inflation.
- Prices of rice increased by 0.47 percent, registering the sixth consecutive increase and contributing by 0.02 percentage points to monthly headline inflation.

Contribution to Monthly Headline CPI Inflation

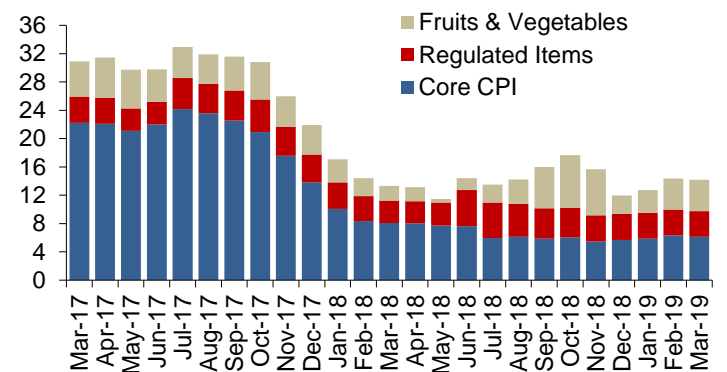
(in percentage points)



Source: Central Bank of Egypt.

Contribution to Annual Headline CPI Inflation

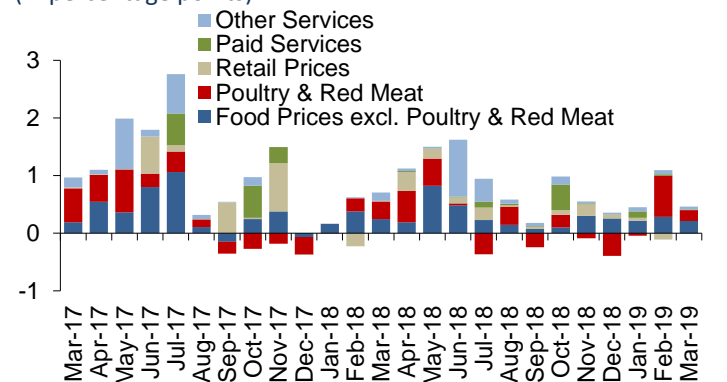
(in percentage points)



Source: Central Bank of Egypt.

Contribution to Monthly Core CPI Inflation

(in percentage points)

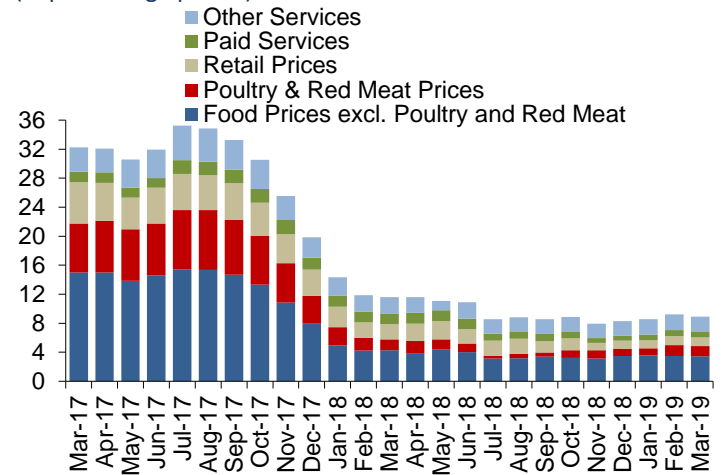


Source: Central Bank of Egypt.

- Prices of red meat declined by 0.46 percent to contribute by negative 0.04 percentage points to monthly headline inflation.
- Prices of other core food items, including pasta, dairy products, pulses and sugar increased to contribute jointly by 0.07 percentage points to monthly headline inflation.
- Prices of retail items declined by 0.06 percent to contribute by negative 0.01 percentage points to monthly headline inflation. This was mainly due to lower prices of gold.
- Prices of services increased by 0.20 percent to contribute by 0.04 percentage points to monthly headline inflation. This was mainly due to higher prices of restaurants and cafes as well as outpatient services.
- Prices of regulated items remained broadly unchanged.
- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Core food items contributed by 0.40 percentage points to monthly core inflation, while services and retail items contributed by 0.06 percentage points and negative 0.01 percentage points to monthly core inflation, respectively.

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/	March 2018	March 2019	March 2019 to February 2019	March 2019 to March 2018
	(in percent)	(index)		(percentage change)	
	(January 2010 = 100)				
Headline - All items	100.00	261.20	298.19	0.83	14.16
Food and beverages	39.92	333.80	384.42	1.52	15.16
Tobacco and related products	2.19	518.35	573.26	0.13	10.59
Clothing and footwear	5.41	190.99	209.95	0.02	9.93
Housing, water, electricity, gas and other fuels	18.37	155.85	179.11	-0.01	14.92
Furnishings, household equipment and routine maintenance of the dwelling	3.77	223.46	234.11	0.01	4.77
Medical care	6.33	209.06	220.65	0.16	5.55
Transportation	5.68	205.51	286.93	0.25	39.62
Communications	3.12	109.41	109.45	0.00	0.03
Recreation and Culture	2.43	304.00	318.13	0.01	4.65
Education	4.63	294.16	337.27	0.00	14.65
Hotels, cafes and restaurants	4.43	293.23	330.12	0.48	12.58
Miscellaneous goods and services	3.73	185.31	200.01	-0.13	7.93
Selective aggregates					
Fruits & vegetables 3/	6.90	520.38	687.54	3.33	32.12
Regulated items	18.66	247.87	298.59	0.07	20.46
Food excl. fruits & vegetables	31.08	306.68	334.54	0.75	9.08
Retail items	14.48	203.26	217.97	-0.06	7.24
Paid services	5.87	255.51	281.15	0.17	10.03
Other services	23.00	170.68	186.72	0.22	9.40
Core CPI	74.43	240.50	261.98	0.45	8.93

1/ Source: CAPMAS and CBE calculations

2/ Based on 2008/2009 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits