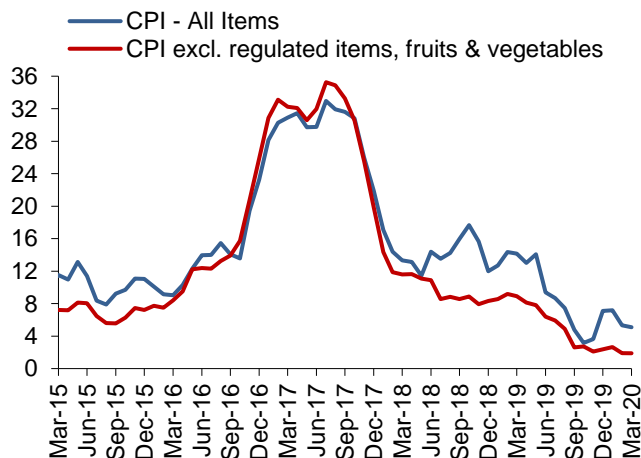


Headline and Core Inflation – March 2020

- Annual headline urban inflation^{1/} declined to 5.1 percent in March 2020 from 5.3 percent in February 2020, as monthly headline inflation recorded 0.6 percent in March 2020 compared to 0.8 percent in March 2019.
- Annual food inflation declined in March 2020 for the second consecutive month, after increasing for three consecutive months, mainly due to lower annual contribution of fresh vegetables. Meanwhile, annual non-food inflation increased, due to higher contribution of regulated and services items. Accordingly, the decline of annual headline inflation was driven by lower annual food contribution, mainly volatile food items, which offset higher contribution of non-food items.
- Monthly headline urban inflation^{1/} reflected higher prices of tobacco resulted from higher taxes announced by the government, higher core food prices mainly due to higher prices of poultry and red meat, as well as higher services prices mainly due to higher prices of internet services, restaurants and cafés as well as outpatient services. This came along broadly stable prices of retail items as well as volatile food as seasonally higher prices of fresh fruits offset lower prices of fresh vegetables which came against its seasonal pattern for the second consecutive month.
- Against this background, monthly core inflation^{2/} recorded 0.4 percent in March 2020 compared to 0.5 percent in March 2019. Hence, annual core inflation^{2/} remained broadly unchanged at 1.9 percent in March 2020.
- Nationwide annual inflation^{1/} declined to 4.6 percent in March 2020 from 4.9 percent in February 2020, and rural annual inflation^{1/} declined to 4.1 percent in March 2020 from 4.5 percent in February 2020.

Headline and Core CPI Inflation ^{3/}

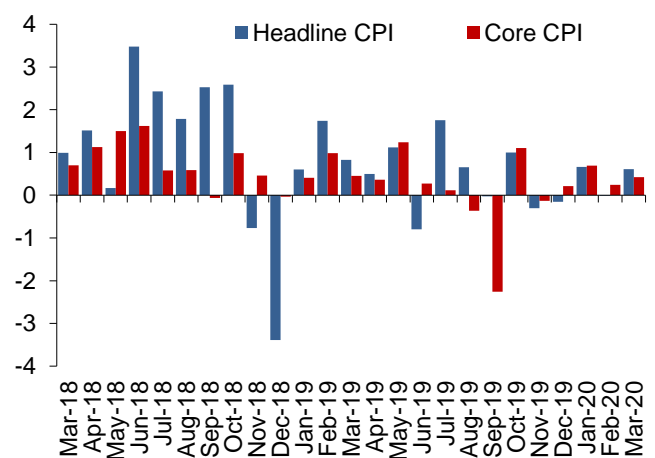
(y/y, in percent)



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.

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

2/ Computed by the Central Bank of Egypt.

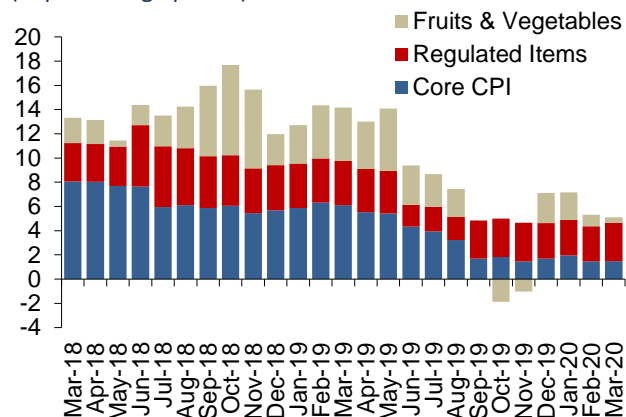
3/ CAPMAS publishes three CPI series: (1) the CPI for urban areas which include Cairo, Alexandria, urban Lower Egypt, urban Upper Egypt, Canal cities and Frontier governorates, (2) the CPI for rural areas, and (3) the CPI for All areas. Numbers quoted in this note refer to CPI-Urban.

Key Highlights:

- Prices of regulated items increased by 1.30 percent to contribute by 0.29 percentage points to monthly headline inflation. This is mainly due to higher prices of tobacco.
- Prices of poultry increased by 2.52 percent, registering the fourth consecutive increase after six consecutive months of decline, to contribute by 0.10 percentage points to monthly headline inflation.
- Prices of red meat increased by 1.54 percent, registering the third consecutive increase after four consecutive months of decline, to contribute by 0.06 percentage points to monthly headline inflation.
- Prices of Fish and seafood increased by 2.23 percent to contribute by 0.05 percentage points to monthly headline inflation.
- Prices of other core food items, including rice and milk increased slightly while prices of eggs declined; to contribute together by negative 0.02 percentage points to monthly headline inflation.
- Prices of fresh vegetables declined against their seasonal pattern for the second consecutive month by 1.56 percent, resuming

Contribution to Annual Headline CPI Inflation

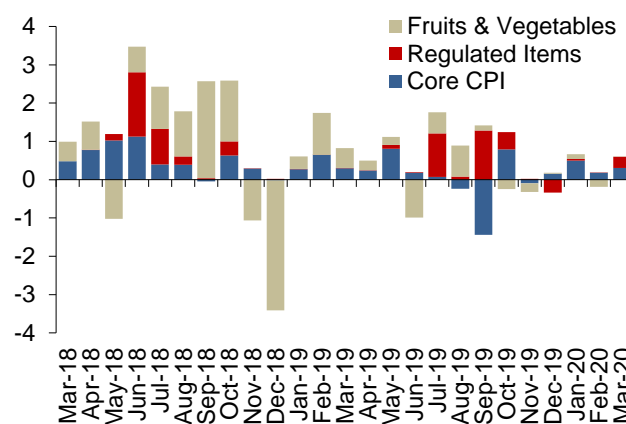
(in percentage points)



Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation

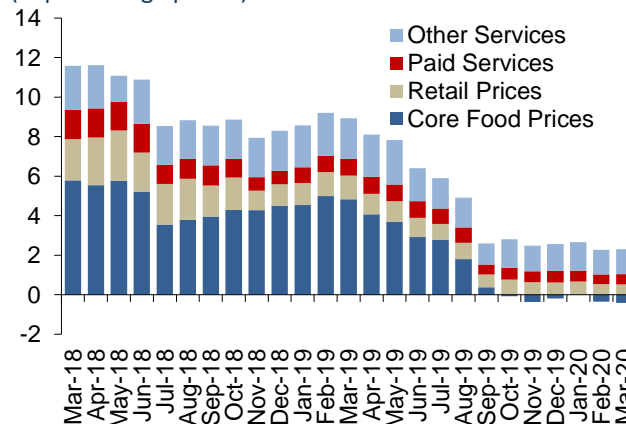
(in percentage points)



Source: Central Bank of Egypt.

Contribution to Annual Core CPI Inflation

(in percentage points)

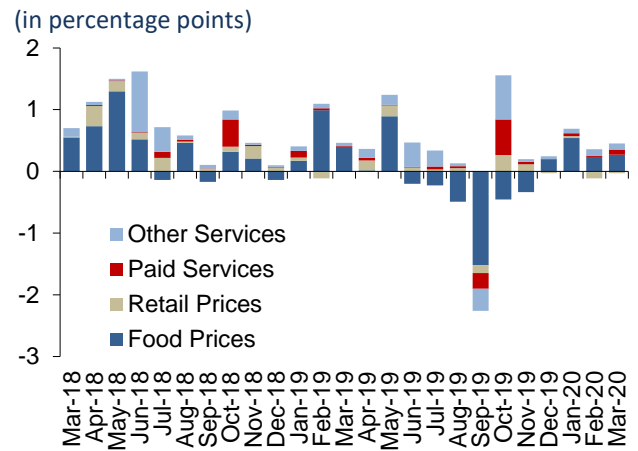


Source: Central Bank of Egypt.

their monthly decline since October 2019, except for January 2020. This is mainly due to lower prices of potatoes which declined by 13.15 percent. Meanwhile, prices of fresh fruits increased by 3.70 percent. Prices of fresh vegetables and fruits contributed together by 0.01 percentage points to monthly headline inflation.

- Prices of services increased by 0.38 percent, to contribute by 0.13 percentage points to monthly headline inflation. This was mainly due to higher prices of internet services, restaurants and cafés as well as outpatient services.
- Prices of retail items declined slightly by 0.14 percent to contribute by negative 0.02 percentage points to monthly headline inflation. This was mainly due to lower prices of purchase of vehicles.
- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Core food items and services items contributed by 0.27 and 0.18 percentage points to monthly core inflation, respectively. Meanwhile, retail items contributed by negative 0.03 percentage points to monthly core inflation.

Contribution to Monthly Core CPI Inflation



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/	March 2019	March 2020	March 2020 to February 2020	March 2020 to March 2019
	(in percent)	(index)		(percentage change)	
	(Average 2018/2019 = 100)				
Headline - All items	100.00	101.11	106.26	0.61	5.09
Food and beverages	32.73	101.58	99.81	0.66	-1.74
Tobacco and related products	4.41	100.48	108.01	6.10	7.49
Clothing and footwear	4.38	99.64	103.24	-0.07	3.61
Housing, water, electricity, gas and other fuels	19.46	100.29	105.08	0.11	4.77
Furnishings, household equipment and routine maintenance of the dwelling	3.93	99.86	102.33	0.27	2.47
Medical care	8.59	100.11	111.76	0.30	11.64
Transportation	6.66	100.54	115.96	-0.36	15.34
Communications	2.75	100.00	104.56	2.51	4.56
Recreation and Culture	2.24	98.77	112.24	0.16	13.63
Education	5.49	103.30	125.86	0.00	21.83
Hotels, cafes and restaurants	4.98	101.24	112.00	0.49	10.63
Miscellaneous goods and services	4.37	101.30	105.72	0.52	4.36
Selective aggregates					
Fruits & vegetables 3/	5.46	101.41	97.22	0.15	-4.13
Regulated items	21.44	100.64	112.96	1.30	12.24
Food excl. fruits & vegetables	24.51	101.68	100.41	0.85	-1.26
Retail items	14.34	100.00	105.69	-0.14	5.70
Paid services	6.96	102.27	112.11	0.84	9.62
Other services	27.30	100.38	106.85	0.25	6.45
Core CPI	73.09	101.17	103.08	0.42	1.89

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits