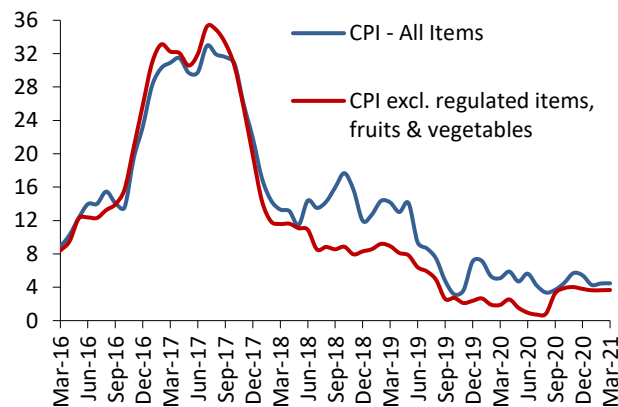


Headline and Core Inflation – March 2021

- Annual headline urban inflation^{1/} stabilized at 4.5 percent in March and February 2021, after registering 4.3 percent in January 2021. This comes as monthly headline urban inflation recorded 0.6 percent in both March 2021 and March 2020.
- March 2021's monthly headline urban inflation^{1/} was driven by higher prices of food items, reflecting broadly equal contribution from both core and volatile food items. Higher core food prices reflected mainly seasonally higher poultry prices, while seasonally higher volatile food prices were driven by increases in both fresh fruits and fresh vegetables prices. On the other hand, non-food prices remained broadly stable, reflecting price declines of clothing items and lower rent values, contributing only marginally to headline monthly inflation.
- Accordingly, annual headline inflation stabilized in March 2021, on the back of the combined effect of the higher annual inflation of food items, and the lower annual inflation of non-food items. Annual food inflation registered 1.0 percent in March 2021, from negative 0.5 percent recorded in January and February 2021. The increase was driven by higher annual contribution of volatile food items as well as core food items, but by a lesser extent. Meanwhile, annual non-food inflation declined to 6.0 percent in March 2021 from 6.6 percent in February 2021, the lowest rate recorded since June 2014. The decline was driven by lower contribution of regulated items as well as of services items, but by a lesser extent.
- Against this background, monthly core inflation^{2/} recorded 0.5 percent in March 2021, compared to 0.4 percent in March 2020. Meanwhile, annual core inflation increased slightly to 3.7 percent in March 2021 from 3.6 percent in February 2021.
- Nationwide annual inflation^{1/} and annual rural inflation declined marginally to record 4.8 percent and 5.2 percent in March 2021, from 4.9 percent and 5.3 percent in February 2021, respectively.

Headline and Core CPI Inflation ^{3/}

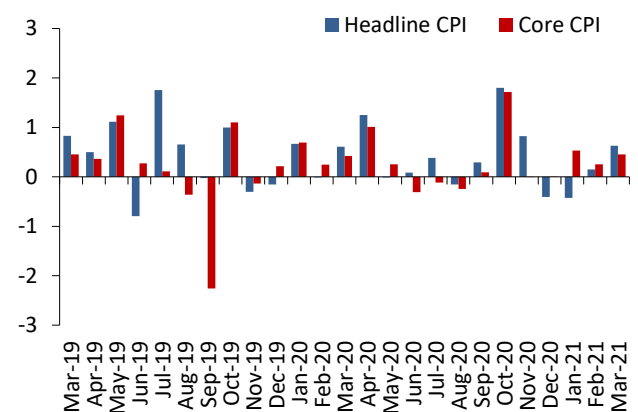
(y/y, in percent)



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

Headline and Core CPI Inflation ^{3/}

(m/m, in percent)

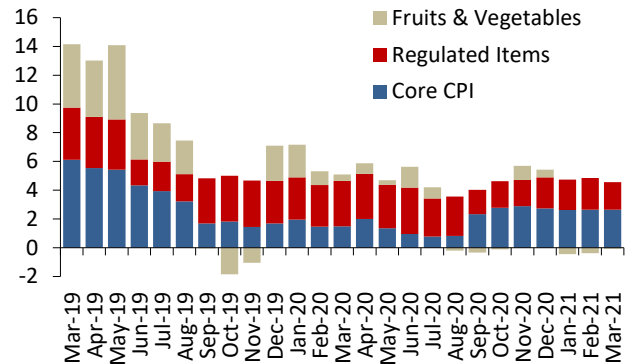


Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt.

Key Highlights:

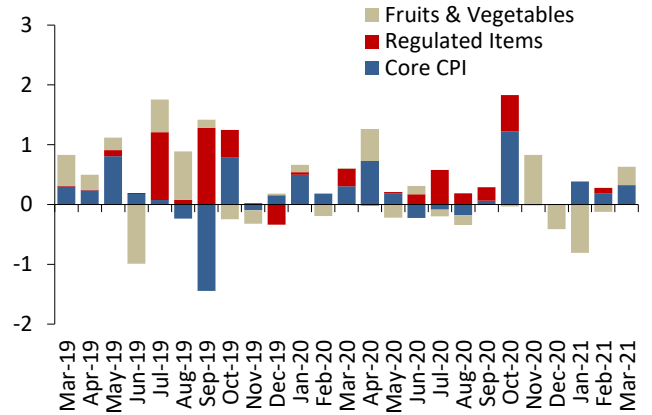
- Prices of fresh vegetables increased after three months of decline by 4.7 percent, in addition prices of fresh fruits increased by 10.0 percent. The increase in fresh fruits prices in March 2021 was the strongest monthly increase witnessed during March historically since 2008. Together, fresh vegetables and fresh fruits contributed by 0.30 percentage points to monthly headline inflation.
- Prices of poultry increased for the fourth consecutive month by 6.5 percent, to contribute by 0.24 percentage points to monthly headline inflation.
- Prices of red meat increased for the third consecutive month by 0.6 percent, to contribute by 0.02 percentage points to monthly headline inflation.
- Prices of eggs increased for the third consecutive month by 0.8 percent to contribute by 0.01 percentage points to monthly headline inflation.
- Prices of other core food items, including milk, cheese, pasta, oils and fats, increased to contribute by 0.07 percentage points to monthly headline inflation.

Contribution to Annual Headline CPI Inflation
(in percentage points)



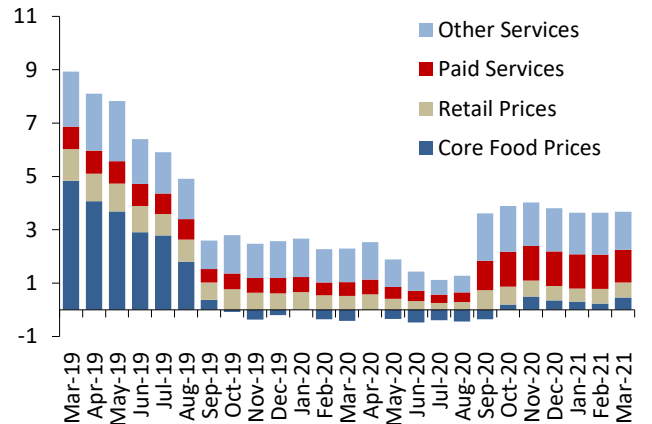
Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

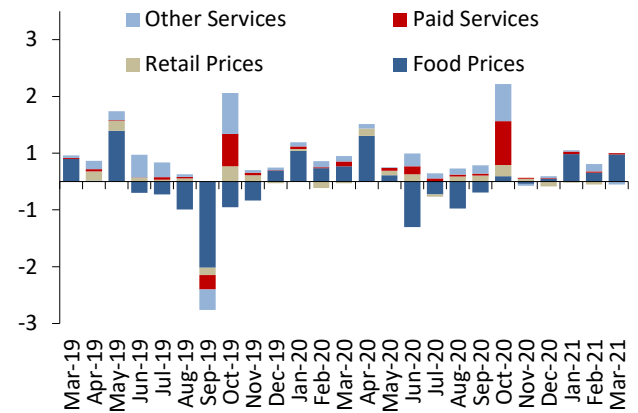
Contribution to Annual Core CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

- Prices of services declined slightly by 0.04 percent, to contribute by negative 0.01 percentage points to monthly headline inflation. This was mainly due to lower prices of rental values of occupied housing.
- Prices of retail items declined slightly by 0.04 percent, to contribute by negative 0.01 percentage points to monthly headline inflation. This was mainly due to lower prices of clothing items.
- Prices of regulated items increased slightly by 0.02 percent, to contribute by zero percentage points to monthly headline inflation. This was due to higher prices of medical products, which were offset by lower prices of inland transportation.
- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Core food items contributed by 0.48 percentage points to monthly core inflation. Meanwhile, services items and retail items contributed by negative 0.02 and negative 0.01 percentage points to monthly core inflation, respectively.

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/	March 2020	March 2021	March 2021 to February 2021	March 2021 to March 2020
	(in percent)	(index)		(percentage change)	
	(Average 2018/2019 = 100)				
Headline - All items	100.00	106.26	111.01	0.63	4.48
Food and beverages	32.73	99.81	100.86	2.20	1.05
Tobacco and related products	4.41	108.01	115.69	0.06	7.12
Clothing and footwear	4.38	103.24	105.68	-0.32	2.36
Housing, water, electricity, gas and other fuels	19.46	105.08	109.65	-0.20	4.35
Furnishings, household equipment and routine maintenance of the dwelling	3.93	102.33	106.72	0.21	4.29
Medical care	8.59	111.76	117.54	0.24	5.17
Transportation	6.66	115.96	120.49	-0.09	3.91
Communications	2.75	104.56	104.30	-0.03	-0.25
Recreation and Culture	2.24	112.24	117.34	0.09	4.55
Education	5.49	125.86	150.97	0.00	19.95
Hotels, cafes and restaurants	4.98	112.00	117.82	0.14	5.20
Miscellaneous goods and services	4.37	105.72	113.34	0.04	7.21
Selective aggregates					
Fruits & vegetables 3/	5.46	97.22	95.75	6.80	-1.52
Regulated items	21.44	112.96	122.38	0.02	8.34
Food excl. fruits & vegetables	24.51	100.41	101.84	1.54	1.43
Retail items	14.34	105.69	108.73	-0.04	2.87
Paid services	6.96	112.11	125.54	0.23	11.98
Other services	27.30	106.85	110.87	-0.11	3.76
Core CPI	73.09	103.08	106.86	0.45	3.67

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits