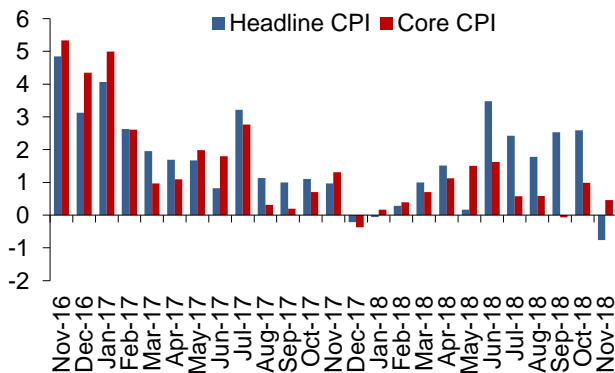


Headline and Core Inflation – November 2018

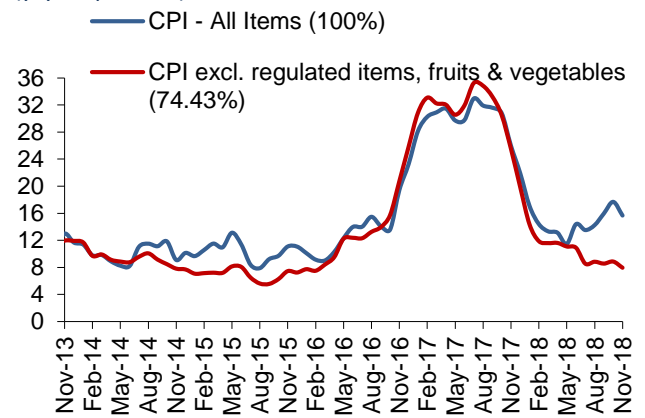
- Annual headline inflation^{1/} declined to 15.7 percent in November 2018 from 17.7 percent in October 2018, while monthly headline inflation declined to negative 0.8 percent in November 2018 from 2.6 percent in October 2018 in line with seasonal patterns.
- The negative monthly headline inflation rate was mainly driven by the negative inflation of fresh vegetables. This comes after fresh vegetables inflation was elevated during September and October 2018 due to seasonal factors that were amplified by supply shocks. Meanwhile, services prices were broadly stable and core food as well as retail prices rose only slightly, with the latter reflecting expected seasonal increases in clothing prices.
- As a result, monthly core inflation^{2/} registered 0.5 percent in November 2018 compared to 1.0 percent in October 2018; and annual core inflation declined to 7.9 percent in October 2018 from 8.9 percent in October 2018, recording the lowest rate since February 2016.

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.

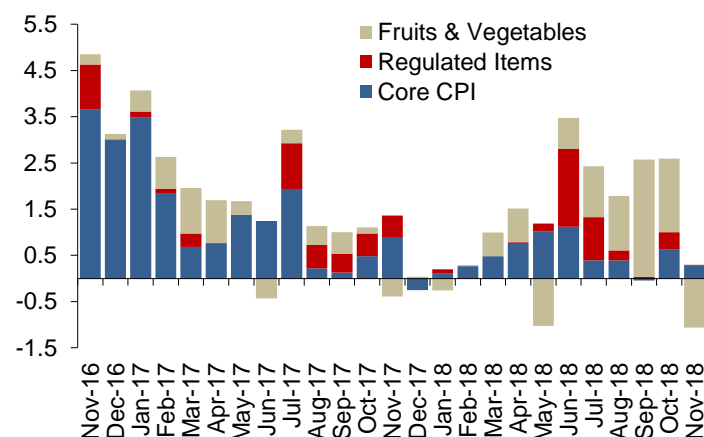
4/ It is important to underscore that the monthly percentage changes of both headline and core CPI between September 2009 and July 2010 do not match rates of changes presented in previous inflation notes given the replacement of the 8th CPI series by the 9th series starting from August 2009 (Full details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

Key Highlights:

- Prices of fresh vegetables and fruits declined by 4.73 percent and 12.15 percent, respectively, to contribute together by negative 1.06 percentage points to monthly headline inflation. Prices of tomatoes declined after recording price increases for four consecutive months, to contribute by negative 1.42 percentage points to monthly headline inflation. However, prices of potatoes rose for the ninth consecutive month, to contribute by 0.83 percentage points to monthly headline inflation.
- Prices of poultry declined by 1.72 percent to contribute by negative 0.07 percentage points to monthly headline inflation.
- Prices of rice increased by 1.58 percent to contribute by 0.05 percentage points to monthly headline inflation.
- Prices of fish and seafood increased by 1.54 percent to contribute by 0.05 percentage points to monthly headline inflation.
- Prices of red meat increased by 0.14 percent to contribute by 0.01 percentage points to monthly headline inflation.
- Prices of other core food items, including pasta, pulses, bakery and dairy products

Contributions to Monthly Headline CPI Inflation

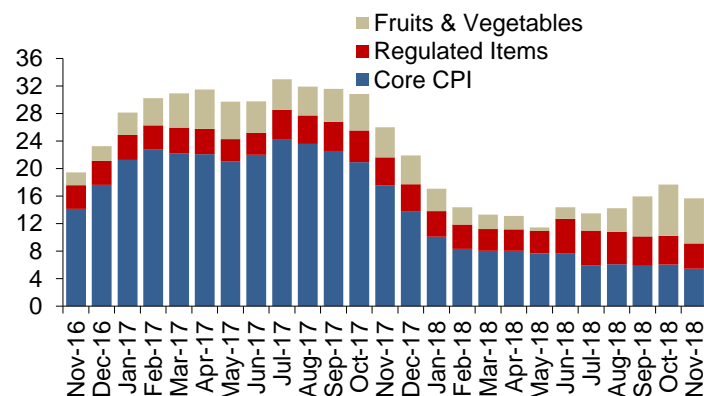
(in percentage point)



Source: Central Bank of Egypt.

Contributions to Annual Headline CPI Inflation

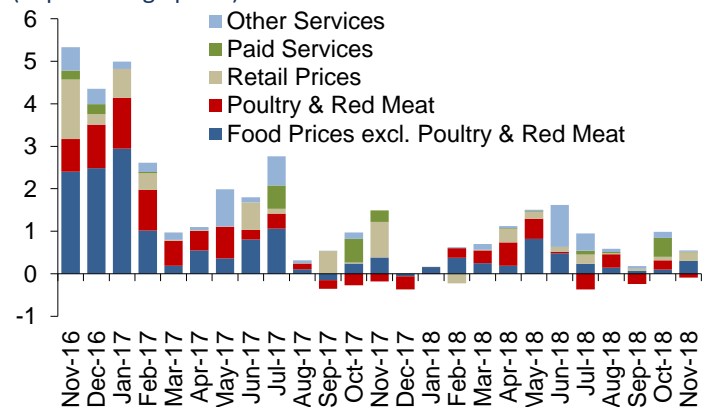
(in percentage point)



Source: Central Bank of Egypt.

Contributions to Monthly Core CPI Inflation

(in percentage point)



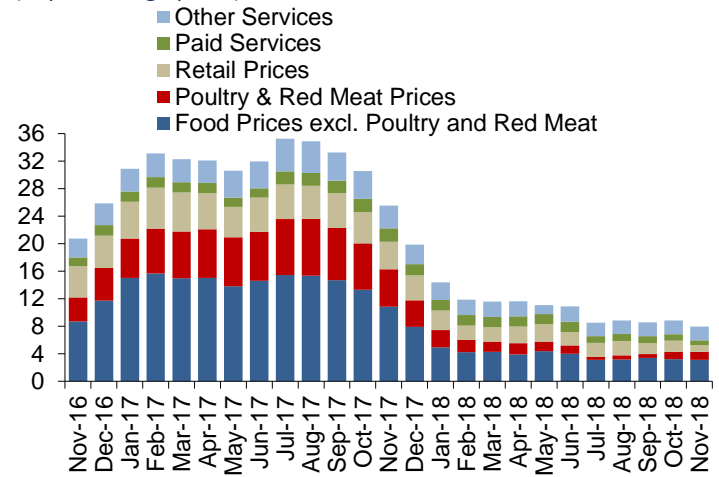
Source: Central Bank of Egypt.

increased to contribute jointly by 0.09 percentage points to monthly headline inflation.

- Prices of retail items increased by 1.23 percent to contribute by 0.13 percentage points to monthly headline inflation, mainly due to higher prices of clothing and footwear.
- Prices of services increased by 0.16 percent to contribute by 0.03 percentage points to monthly headline inflation, mainly due to higher prices of restaurants.
- Prices of regulated items increased by 0.03 percent to contribute by 0.01 percentage points to monthly headline inflation, mainly due to higher prices of public hospitals.
- Monthly core inflation was affected by price changes of the aforementioned core food and retail items, which contributed by 0.21 and 0.20 percentage points to monthly core inflation, respectively. Meanwhile, prices of services items contributed by 0.05 percentage points to monthly core inflation.

Contributions to Annual Core CPI Inflation

(in percentage point)



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/	November 2017	November 2018	November 2018 to October 2018	November 2018 to November 2017
	(in percent)	(index)		(percentage change)	
		(January 2010 = 100)			
Headline - All items	100.00	258.60	299.08	-0.76	15.66
Food and beverages	39.92	327.59	388.81	-1.77	18.69
Tobacco and related products	2.19	518.35	571.13	0.08	10.18
Clothing and footwear	5.41	198.23	211.15	2.62	6.52
Housing, water, electricity, gas and other fuels	18.37	155.52	178.55	-0.01	14.81
Furnishings, household equipment and routine maintenance of the dwelling	3.77	223.76	234.71	0.27	4.89
Medical care	6.33	209.06	218.30	0.19	4.42
Transportation	5.68	205.11	284.92	0.27	38.91
Communications	3.12	109.41	109.44	0.00	0.02
Recreation and Culture	2.43	293.88	317.78	0.07	8.14
Education	4.63	294.16	337.27	0.00	14.65
Hotels, cafes and restaurants	4.43	292.51	321.87	0.43	10.04
Miscellaneous goods and services	3.73	180.87	195.62	0.45	8.16
Selective aggregates					
Fruits & vegetables 3/	6.90	508.72	752.78	-5.80	47.97
Regulated items	18.66	246.73	297.83	0.03	20.71
Food excl. fruits & vegetables	31.08	301.30	325.68	0.40	8.09
Retail items	14.48	205.83	218.06	1.23	5.95
Paid services	5.87	255.51	275.84	0.19	7.95
Other services	23.00	169.45	184.88	0.14	9.11
Core CPI	74.43	238.37	257.31	0.5	7.9

1/ Source: CAPMAS and CBE calculations

2/ Based on 2008/2009 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits