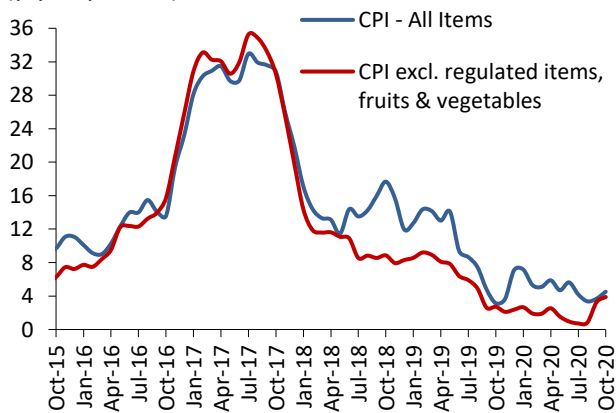


## Headline and Core Inflation – October 2020

- Annual headline urban inflation<sup>1/</sup> increased to 4.5 percent in October 2020 from 3.7 percent in September 2020. This comes as monthly headline urban inflation recorded 1.8 percent in October 2020 compared to 1.0 percent in October 2019.
- The increase in annual headline urban inflation came largely due to higher annual contribution of food items, as broadly stable food prices in October 2020 came against a decline in food prices in October 2019. Meanwhile, annual non-food inflation increased for the third consecutive month, mainly driven by higher annual contribution of regulated and service items, both of which combined, more than offset the lower annual contribution of retail items.
- October 2020 monthly headline urban inflation<sup>1/</sup> was mainly driven by seasonally higher education and education-related prices, which contributed by 1.3 p.p. to monthly headline inflation, reflected in higher inflation of regulated, services and retail items. In addition, non-food inflation also reflected higher marital services fees, clothing prices as well as rental values among others. In the meantime, food items contributed only marginally to monthly headline inflation as slightly higher core food prices were broadly offset by lower prices of volatile food.
- Against this background, and given higher core food prices in October 2020, which came against a decline in the same month of previous year, monthly core inflation<sup>2/</sup> recorded 1.7 percent in October 2020 compared to 1.1 percent in October 2019. Hence, annual core inflation increased to 3.9% in October 2020 from 3.3% in September 2020.
- Nationwide and rural annual inflation<sup>1/</sup> increased to record 4.6 percent and 4.7 percent in October 2020, from 3.3 percent and 3.0 percent in September 2020, respectively.

**Headline and Core CPI Inflation <sup>3/</sup>**

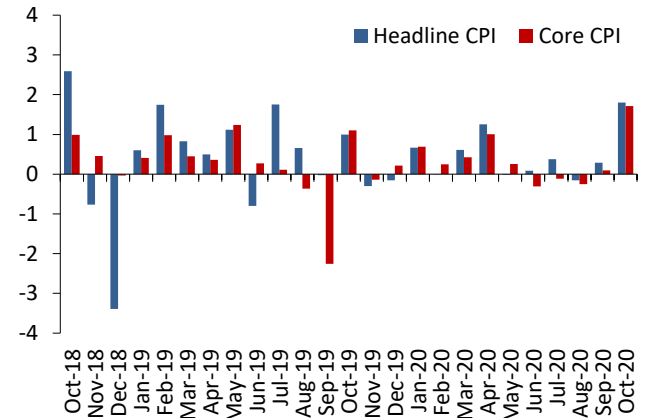
(y/y, in percent)



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

**Headline and Core CPI Inflation <sup>3/</sup>**

(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.

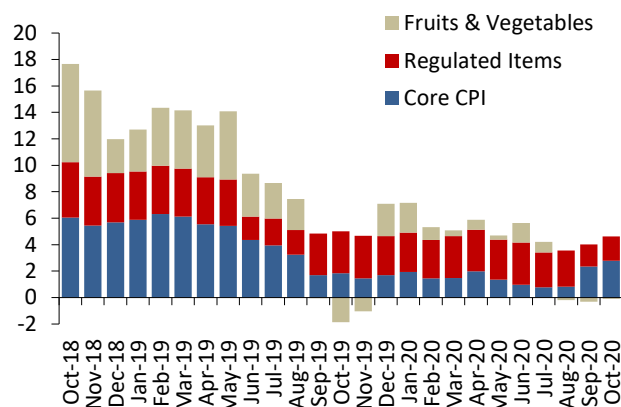
2/ Computed by the Central Bank of Egypt.

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:

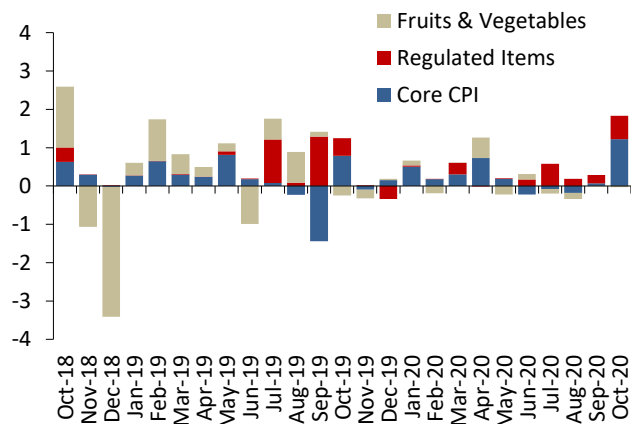
- Prices of fresh fruits declined for the fourth consecutive month by 13.1 percent, while prices of fresh vegetables increased for the second consecutive month by 7.7 percent. Together they contributed by negative 0.03 percentage points to monthly headline inflation.
- Prices of poultry increased for the first time in five months by 2.5 percent, to contribute by 0.08 percentage points to monthly headline inflation.
- Prices of fish and seafood declined for the sixth consecutive month by 0.8 percent, to contribute by negative 0.02 percentage points to monthly headline inflation.
- Prices of red meat declined by 0.5 percent, to contribute by negative 0.02 percentage points to monthly headline inflation.
- Prices of other core food items including eggs and oils, increased slightly to contribute by 0.02 percentage points to monthly headline inflation.
- Prices of regulated items increased by 2.6 percent to contribute by 0.61 percentage points to monthly headline inflation. This was

**Contribution to Annual Headline CPI Inflation**  
(in percentage points)



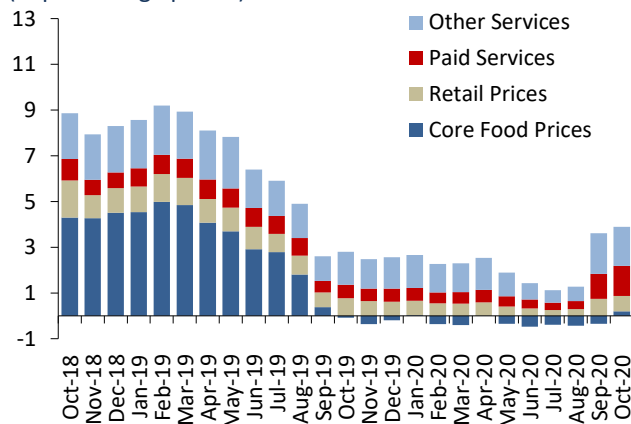
Source: Central Bank of Egypt.

**Contribution to Monthly Headline CPI Inflation**  
(in percentage points)



Source: Central Bank of Egypt.

**Contribution to Annual Core CPI Inflation**  
(in percentage points)

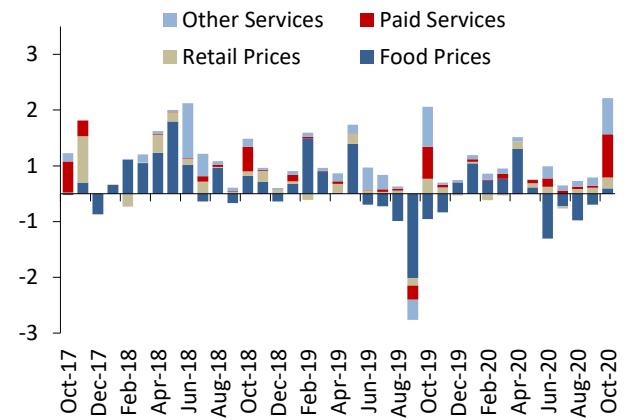


Source: Central Bank of Egypt.

mainly due to seasonally higher tuition fees of public schools and higher marital services fees.

- Prices of services increased by 2.9 percent to contribute by 1.02 percentage points to monthly headline inflation. This was mainly due to higher tuition fees of private schools, private lessons, rental values, household services, and travel abroad services.
- Prices of retail items increased by 1.0 percent, to contribute by 0.14 percentage points to monthly headline inflation. This was mainly due to higher prices of books and clothing.
- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Services and retail items contributed by 1.4 and 0.2 percentage points to monthly core inflation, respectively. In addition, core food items contributed by 0.10 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

<b>Food</b>	<b>Retail</b>	<b>Paid Services</b>	<b>Other Services</b>
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 <sup>1/</sup>

	Weight in basket 2/	October 2019	October 2020	October 2020 to September 2020	October 2020 to October 2019
	(in percent)	(index)		(percentage change)	
	(Average 2018/2019 = 100)				
<b>Headline - All items</b>	<b>100.00</b>	<b>105.40</b>	<b>110.17</b>	<b>1.80</b>	<b>4.52</b>
Food and beverages	32.73	99.55	98.85	0.13	-0.70
Tobacco and related products	4.41	101.63	113.40	0.12	11.58
Clothing and footwear	4.38	103.56	107.28	1.63	3.60
Housing, water, electricity, gas and other fuels	19.46	104.40	109.41	0.27	4.79
Furnishings, household equipment and routine maintenance of the dwelling	3.93	101.66	106.27	1.04	4.54
Medical care	8.59	110.43	116.78	0.07	5.75
Transportation	6.66	115.77	120.52	0.09	4.10
Communications	2.75	102.02	104.53	0.00	2.47
Recreation and Culture	2.24	113.68	117.24	3.40	3.14
Education	5.49	125.86	150.99	19.97	19.97
Hotels, cafes and restaurants	4.98	109.64	117.00	0.31	6.71
Miscellaneous goods and services	4.37	104.41	113.49	4.80	8.70
<b>Selective aggregates</b>					
Fruits & vegetables 3/	5.46	102.12	100.06	-0.60	-2.02
Regulated items	21.44	112.86	121.89	2.58	8.00
Food excl. fruits & vegetables	24.51	97.58	98.20	0.31	0.63
Retail items	14.34	105.85	109.37	0.98	3.33
Paid services	6.96	109.96	124.23	7.41	12.98
Other services	27.30	105.83	110.56	1.69	4.47
Core CPI	73.09	101.60	105.55	1.72	3.89

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits