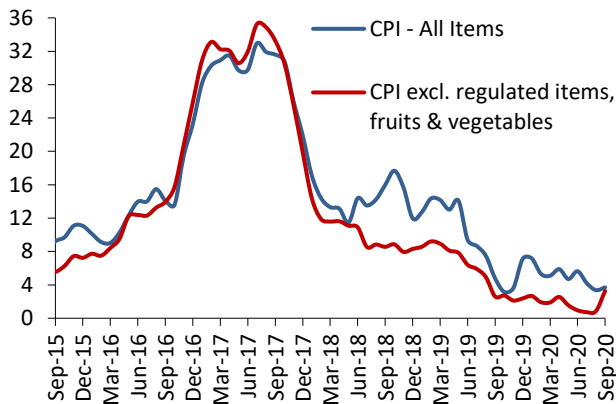


Headline and Core Inflation – September 2020

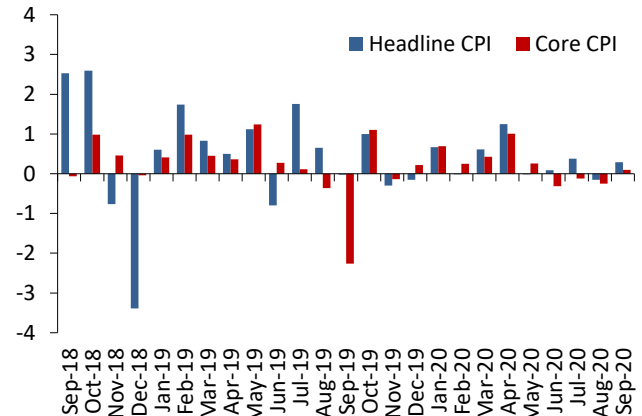
- Annual headline urban inflation^{1/} increased to record 3.7 percent in September 2020 from 3.4 percent in August 2020. This comes as monthly headline urban inflation recorded 0.3% in September 2020 compared to zero in September 2019.
- The annual increase was mainly driven by higher annual contribution of food items, as it recorded lower magnitude of monthly price declines in September 2020 compared to September 2019. Annual food inflation increased in September 2020, driven mainly by higher annual contribution of core food items. However, it continued to record negative rate for the third consecutive month. In addition, annual inflation of services items increased, while annual inflation of retail and regulated items declined.
- September 2020 monthly headline urban inflation^{1/} continued to reflect higher non-food prices and lower food prices for the fifth consecutive month. It reflected higher prices of subsidized bread, vehicle operating expenses, personal care products as well as seasonally higher prices of clothing. This more than offset lower prices of poultry.
- Against this background, monthly core inflation^{2/} recorded positive 0.1 percent in September 2020 compared to negative 2.3 percent in September 2019. Hence, annual core inflation increased to 3.3 percent in September 2020 from 0.8 percent in August 2020, due to the strong unfavorable base effect as expected.
- Nationwide and rural annual inflation^{1/} declined to record 3.3 percent and 3.0 percent in September 2020, from 3.6 percent and 3.8 percent in August 2020, 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.

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

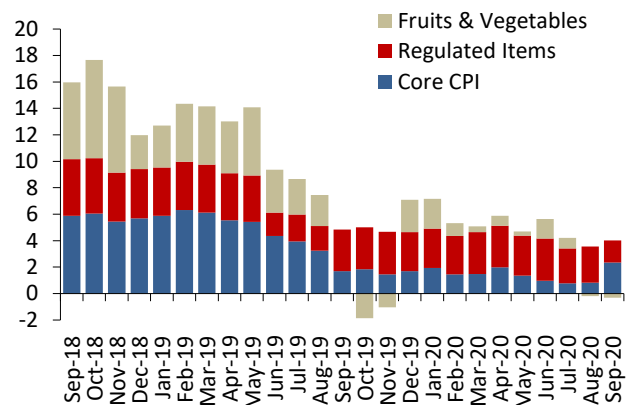
2/ Computed by the Central Bank of Egypt.

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:

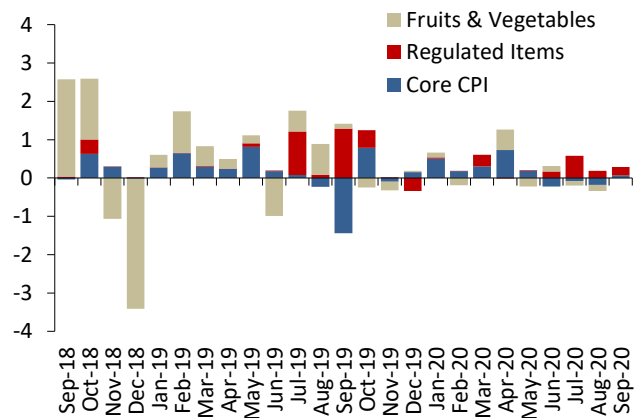
- Prices of regulated items increased by 0.95 percent to contribute by 0.22 percentage points to monthly headline inflation. This was mainly due to higher prices of other vehicle operating expenses and subsidized bread.
- Prices of fresh fruits declined for the third consecutive month by 3.02 percent, while prices of fresh vegetables increased by 2.10 percent after four consecutive months of decline. Together they contributed by zero percentage points to monthly headline inflation.
- Prices of poultry declined for the fourth consecutive month by 3.56 percent, to contribute by negative 0.13 percentage points to monthly headline inflation.
- Prices of fish and seafood declined for the fifth consecutive month by 0.47 percent, to contribute by negative 0.01 percentage points to monthly headline inflation.
- Prices of other core food items remained broadly stable.
- Prices of services item increased by 0.37 percent to contribute by 0.13 percentage points to monthly headline inflation. This was mainly due to higher prices of rental values.

Contribution to Annual Headline CPI Inflation
(in percentage points)



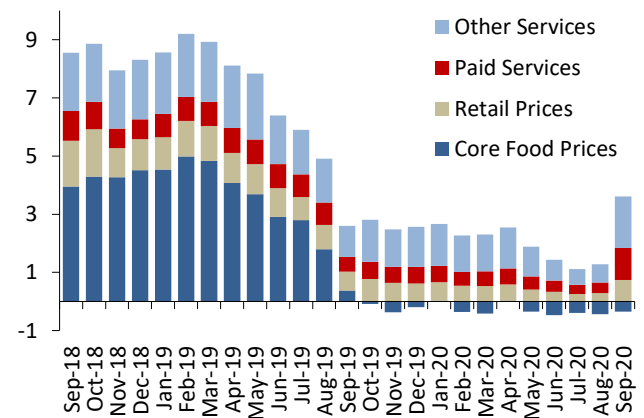
Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

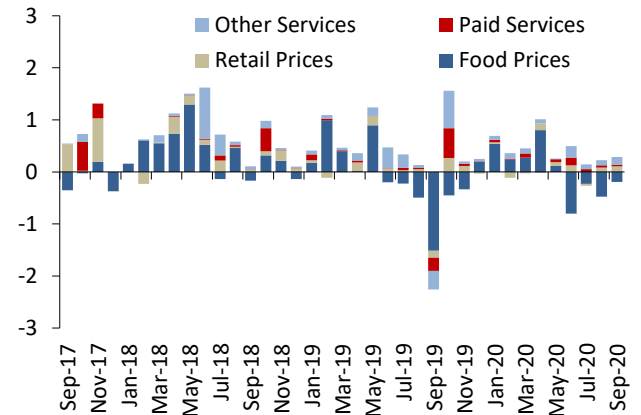
Contribution to Annual Core CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

- Prices of retail items increased by 0.54 percent, to contribute by 0.08 percentage points to monthly headline inflation. This was mainly due to higher prices of personal care products, medical products, clothing and purchase of vehicles.
- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Services and retail items contributed by 0.18 and 0.11 percentage points to monthly core inflation, respectively. Meanwhile, core food items contributed by negative 0.20 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

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/	September 2019	September 2020	September 2020 to August 2020	September 2020 to September 2019
	(in percent)	(index)		(percentage change)	
	(Average 2018/2019 = 100)				
Headline - All items	100.00	104.36	108.22	0.29	3.69
Food and beverages	32.73	101.38	98.73	-0.25	-2.62
Tobacco and related products	4.41	101.42	113.26	-0.52	11.68
Clothing and footwear	4.38	103.23	105.57	0.22	2.27
Housing, water, electricity, gas and other fuels	19.46	104.33	109.11	0.60	4.59
Furnishings, household equipment and routine maintenance of the dwelling	3.93	101.21	105.18	0.55	3.92
Medical care	8.59	109.71	116.70	0.33	6.37
Transportation	6.66	116.26	120.41	2.30	3.57
Communications	2.75	102.00	104.54	0.00	2.48
Recreation and Culture	2.24	104.89	113.39	0.35	8.11
Education	5.49	103.16	125.86	0.00	22.00
Hotels, cafes and restaurants	4.98	107.56	116.63	0.06	8.43
Miscellaneous goods and services	4.37	104.26	108.30	0.71	3.87
Selective aggregates					
Fruits & vegetables 3/	5.46	106.87	100.66	0.00	-5.81
Regulated items	21.44	110.65	118.83	0.95	7.39
Food excl. fruits & vegetables	24.51	98.97	97.90	-0.63	-1.08
Retail items	14.34	104.45	108.31	0.54	3.70
Paid services	6.96	103.81	115.66	0.32	11.41
Other services	27.30	103.86	108.72	0.39	4.68
Core CPI	73.09	100.49	103.77	0.09	3.26

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits