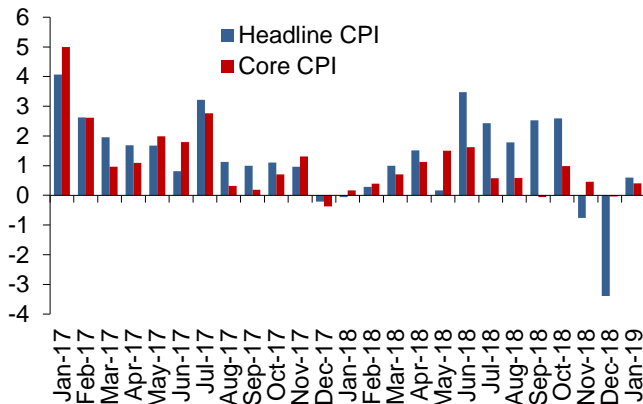


## Headline and Core Inflation – January 2019

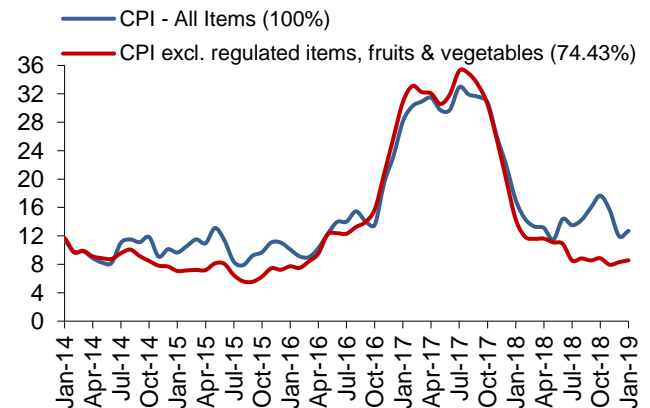
- Annual headline inflation<sup>1/</sup> increased to 12.7 percent in January 2019 from 12.0 percent in December 2018, while annual core inflation increased to 8.6 percent in January 2019 from 8.3 percent in December 2018.
- The increase in annual inflation rates was due to unfavorable base effects.
- Monthly headline inflation rose to 0.6 percent in January 2019 from negative 3.4 percent in December 2018, in line with seasonality pattern.
- Price increases during January 2019 were mainly driven by higher prices of select fresh vegetables, in addition to select core food and miscellaneous services items.
- As a result, monthly core inflation<sup>2/</sup> recorded 0.4 percent in January 2019 after recording zero percent in December 2018.

**Headline and Core CPI Inflation** <sup>3/4/</sup>  
(m/m, in percent)



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

**Headline and Core CPI Inflation** <sup>3/4/</sup>  
(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.

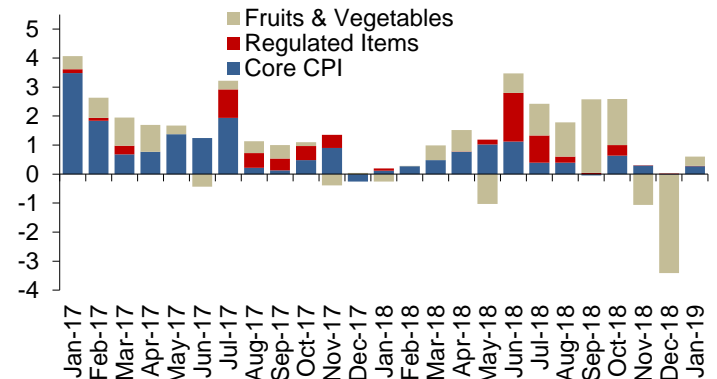
4/ It is important to underscore that the monthly percentage changes of both headline and core CPI between September 2009 and July 2010 do not match rates of changes presented in previous inflation notes given the replacement of the 8<sup>th</sup> CPI series by the 9<sup>th</sup> series starting from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

## Key Highlights:

- Prices of fresh vegetables increased by 3.52 percent, while prices of fresh fruits declined by 4.45 percent, respectively. Together they contributed by 0.32 percentage points to monthly headline inflation. Prices of tomatoes increased, after declining over the last two months, to contribute by 0.38 percentage points to monthly headline inflation. Prices of potatoes declined for the second consecutive month, after recording price increases for nine consecutive months, to contribute by negative 0.20 percentage points to monthly headline inflation.
- Prices of poultry increased slightly by 0.22 percent to contribute by 0.01 percentage points to monthly headline inflation.
- Prices of rice increased by 2.41 percent, registering the fourth consecutive increase and contributing by 0.08 percentage points to monthly headline inflation.
- Prices of red meat declined slightly by 0.48 percent, registering the second consecutive decline and contributing by negative 0.04 percentage points to monthly headline inflation.

### Contributions to Monthly Headline CPI Inflation

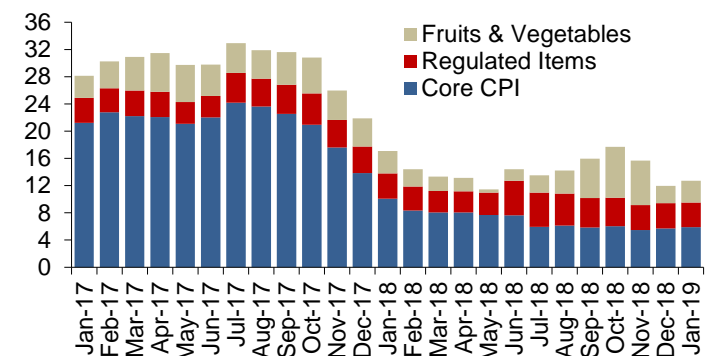
(in percentage point)



Source: Central Bank of Egypt.

### Contributions to Annual Headline CPI Inflation

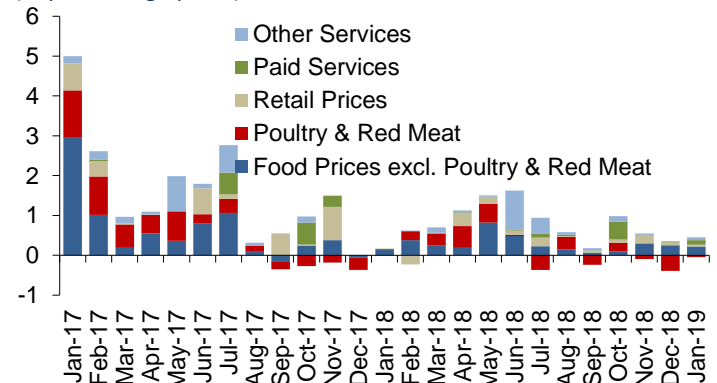
(in percentage point)



Source: Central Bank of Egypt.

### Contributions to Monthly Core CPI Inflation

(in percentage point)

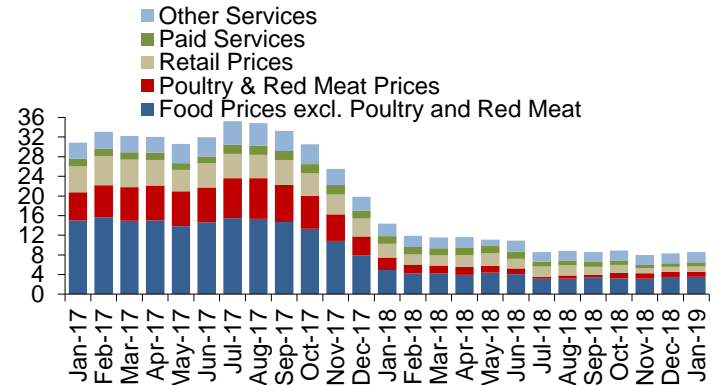


Source: Central Bank of Egypt.

- Prices of other core food items, including pulses, fish, pasta and wheat flour increased to contribute jointly by 0.07 percentage points to monthly headline inflation.
- Prices of retail items increased by 0.30 percent to contribute by 0.03 percentage points to monthly headline inflation. This was mainly due to higher prices of personal care products.
- Prices of services increased by 0.60 percent to contribute by 0.12 percentage points to monthly headline inflation. This was mainly due to higher prices of restaurants, cafes, haircuts and out- patient services.
- Prices of regulated items increased slightly by 0.06 percent to contribute by 0.01 percentage points to monthly headline inflation. This was mainly due to higher prices of butane gas cylinders.
- Monthly core inflation was affected by price changes of the aforementioned core food items which contributed by 0.17 percentage points to monthly core inflation. Meanwhile, prices of services and retail items contributed by 0.19 and 0.05 percentage points to monthly core inflation, respectively.

### Contributions to Annual Core CPI Inflation

(in percentage point)



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		
	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/	January 2018	January 2019	January 2019 to December 2018	January 2019 to January 2018
	(in percent)	(index)		(percentage change)	
	(January 2010 = 100)				
<b>Headline - All items</b>	<b>100.00</b>	<b>257.89</b>	<b>290.68</b>	<b>0.60</b>	<b>12.71</b>
Food and beverages	39.92	325.26	365.92	0.87	12.50
Tobacco and related products	2.19	518.35	572.50	0.05	10.45
Clothing and footwear	5.41	198.23	213.29	0.02	7.60
Housing, water, electricity, gas and other fuels	18.37	155.85	179.13	0.22	14.93
Furnishings, household equipment and routine maintenance of the dwelling	3.77	223.76	234.82	0.05	4.94
Medical care	6.33	209.06	219.62	0.54	5.05
Transportation	5.68	205.11	285.80	0.20	39.34
Communications	3.12	109.41	109.44	0.00	0.03
Recreation and Culture	2.43	293.88	318.06	0.07	8.23
Education	4.63	294.16	337.27	0.00	14.65
Hotels, cafes and restaurants	4.43	292.51	325.87	0.92	11.41
Miscellaneous goods and services	3.73	185.31	200.02	2.06	7.94
<b>Selective aggregates</b>					
Fruits & vegetables 3/	6.90	500.71	619.49	2.21	23.72
Regulated items	18.66	247.87	298.34	0.06	20.36
Food excl. fruits & vegetables	31.08	300.09	325.90	0.33	8.60
Retail items	14.48	205.91	219.59	0.30	6.64
Paid services	5.87	255.51	279.76	1.33	9.49
Other services	23.00	169.45	185.71	0.33	9.60
Core CPI	74.43	237.88	258.26	0.41	8.57

1/ Source: CAPMAS and CBE calculations

2/ Based on 2008/2009 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits