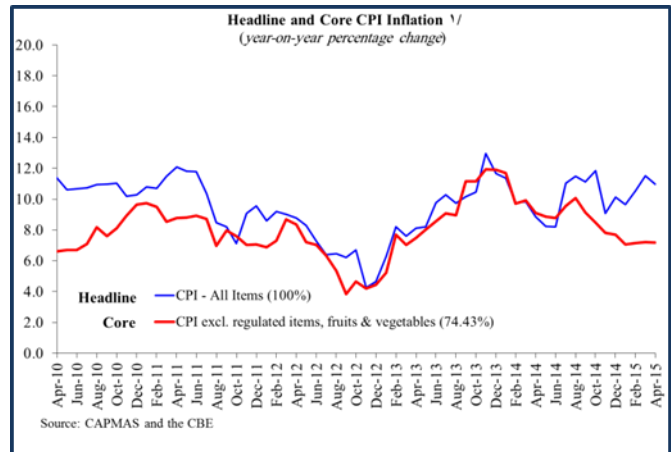
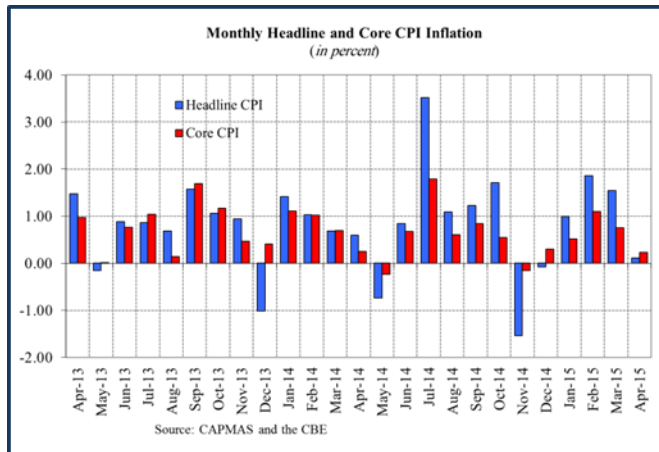


Headline and Core Inflation – April ٢٠١٥

Headline CPI published by the Central Agency for Public Mobilization and Statistics on May 10, 2015, inched up by 0.11 percent (m/m) in April 2015 compared to an increase of 1.55 percent (m/m) in March. The annual rate declined to 10.96 percent in April from 11.51 percent in March. The bulk of the monthly increase was driven by the acceleration in the prices of fresh vegetables and fruits and the increase in the prices of clothing and footwear. This was partially offset by the decline in the prices of regulated items, primarily butane cylinders, which had witnessed sizable increases in previous months. Meanwhile, core CPI computed by the Central Bank of Egypt increased by 0.23 percent (m/m) in April 2015 compared to an increase of 0.76 percent (m/m) in March. The annual rate declined slightly to 7.19 percent in April compared to 7.21 percent in March. Meanwhile, the prices of retail items, paid services and other services increased by varying degrees¹.

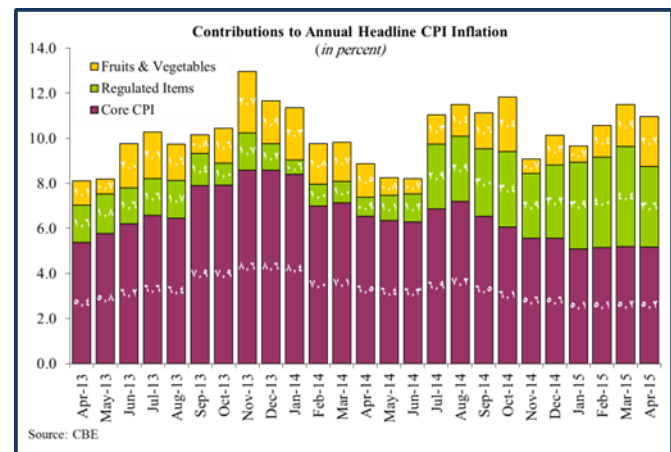
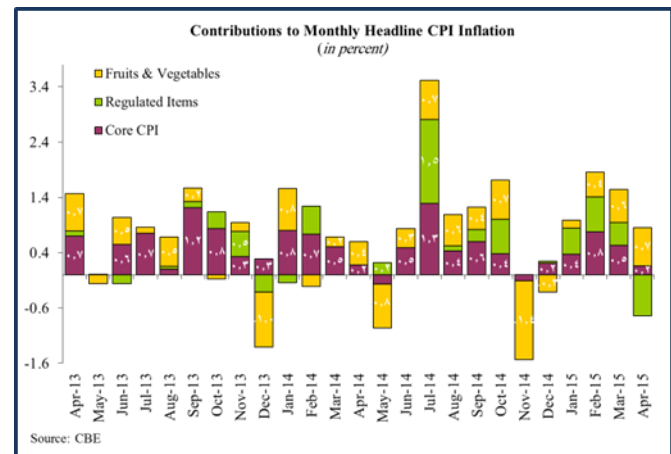


1. Headline CPI¹

Headline CPI inched up by 0.11 percent (m/m) in April 2015 compared to 1.55 percent (m/m) in March, which is below the average monthly pace of 1.46 percent recorded during the first three months of 2015. Meanwhile, the annual rate declined to record 10.96 percent in April compared to 11.51 percent in March.

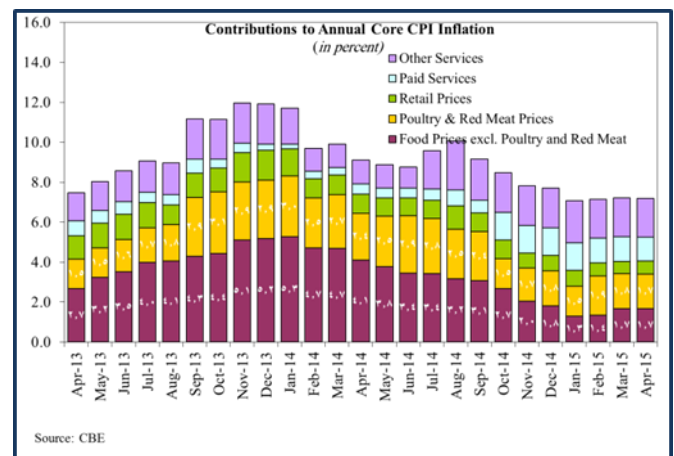
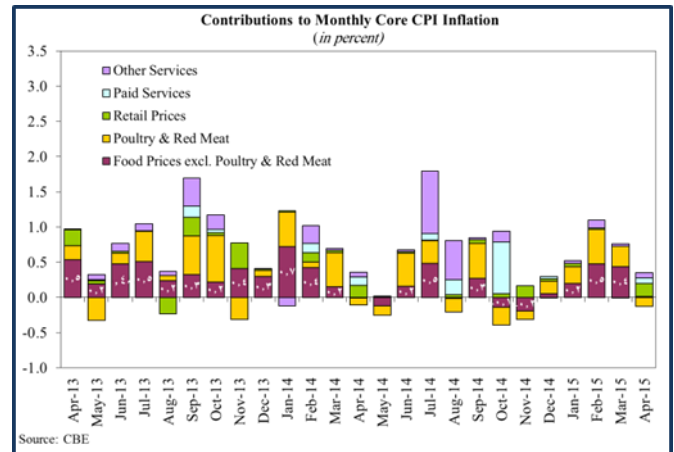
Key Highlights

- Prices of regulated items declined sharply by 3.78 percent (m/m) in April, contributing by negative 0.74 percentage points to monthly headline inflation. This was attributed to the decline in the prices of butane cylinders, which retreated by 41.90 percent after an increase during the last three months by a cumulative 99.08 percent, due to supply bottlenecks in the distribution channels.
- The prices of fresh vegetables and fruits increased in April by 6.55 percent and 5.23 percent (m/m), respectively. Together, they contributed by 0.70 percentage points to monthly headline inflation.



- The prices of poultry declined by 3.20 percent in April to contribute by negative 0.17 percentage points to monthly headline inflation. In the meantime, the prices of red meat increased slightly by 1.15 percent to contribute by 0.08 percentage points to monthly headline inflation.
- The prices of fish and seafood increased by 0.79 percent (m/m) in April, contributing by 0.03 percentage points to monthly headline inflation.
- Moreover, the prices of eggs declined by 1.51 percent (m/m) in April to contribute by negative 0.03 percentage points to monthly headline inflation.
- The prices of retail items increased by 1.17 percent (m/m) in April to contribute by 0.13 percentage points to monthly headline inflation, which was mainly driven by the increase in the prices of clothing and footwear.
- The prices of other services increased by 0.28 percent (m/m) in April to contribute by 0.05 percentage points to monthly headline inflation, which was mainly driven by the increase in the prices of restaurant and cafe services and Haj and Omra trips.
- Meanwhile, the prices of paid services increased by 0.96 percent (m/m) in April to contribute by 0.05 percentage points to monthly headline inflation, which was mainly driven by the increase in the prices of vehicle maintenance, tailoring, laundry and shoe repair.

food items which subtracted 0.11 percentage points from monthly core inflation.



∩/ CAPMAS publishes three CPI series: (∩) the CPI for urban areas which include Cairo, Alexandria, urban Lower Egypt, urban Upper Egypt, Canal cities and Frontier governorates, (∩) the CPI for rural areas, and (∩) the CPI for All areas. Numbers quoted in this note refer to CPI-Urban .

∩/ 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 1st CPI series by the 2nd series starting from August 2009 (Full details are discussed in the Technical Appendix of the August 2010 Inflation Note).

∩. Core Inflation ∩

Core CPI computed by the Central Bank of Egypt, increased by 0.23 percent (m/m) in April 2015 compared to 0.76 percent (m/m) in March, which is below the average monthly pace of 0.79 percent recorded during the first three months of 2015. The annual rate declined slightly to 7.19 percent in April from 7.21 percent in March.

The monthly dynamics in April was mainly driven by the developments in the prices of the previously mentioned retail items, paid services and other services, which contributed by 0.34 percentage points to monthly core inflation. Nevertheless, the monthly pace was partially offset by the decline in the prices of

Table \.
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 ٢.
 Consumer Price Index and Major Components ١/

	Weight in basket ٢/	April ٢٠١٤	April ٢٠١٥	April ٢٠١٥ to March ٢٠١٥	April ٢٠١٥ to April ٢٠١٤
	(in percent)	(index) (January ٢٠١٠ = ١٠٠)		(percentage change)	
Headline - All items	١٠٠,٠٠	١٤٥,٧١	١٦١,٦٩	٠,١١	١٠,٩٦
Food and beverages	٣٩,٩٢	١٧٣,٢٣	١٩٠,٢٣	١,٣٣	٩,٨١
Tobacco and related products	٢,١٩	٢٣٥,٢٠	٣١٤,٥٧	٠,٠٠	٣٣,٧٤
Clothing and footwear	٥,٤١	١١٣,٨٦	١٢٣,١١	٣,٤٦	٨,١٢
Housing, water, electricity, gas and other fuels	١٨,٣٧	١١٥,٣١	١٢٤,٠٤	-٥,٠٦	٧,٥٧
Furnishings, household equipment and routine maintenance of the dwelling	٣,٧٧	١٣٤,٤٣	١٣٩,٠٠	٠,١٢	٣,٤٠
Medical care	٦,٣٣	١٢٨,٥٩	١٣١,١٧	٠,٠٠	٢,٠٠
Transportation	٥,٦٨	١١٤,٢٥	١٣٨,٨٦	٠,٧٤	٢١,٥٤
Communications	٣,١٢	٩٧,٠٢	٩٦,٨٥	٠,٠٠	-٠,١٨
Recreation and Culture	٢,٤٣	١٤٣,٨٩	١٦٥,٢٥	٠,٧٥	١٤,٨٤
Education	٤,٦٣	١٥٧,٩٤	١٩٦,٩٣	٠,٠٠	٢٤,٦٨
Hotels, cafes and restaurants	٤,٤٣	١٤٨,٥٤	١٧٣,٢٩	٠,٨٧	١٦,٦٦
Miscellaneous goods and services	٣,٧٣	١٠٦,٢٩	١١١,٦٤	٠,٢٨	٥,٠٣
Selective aggregates					
Fruits & vegetables ٣/	٦,٩٠	٢٢٧,٨٣	٢٧٤,٥٧	٦,٢٩	٢٠,٥٢
Regulated items	١٨,٦٦	١٣٥,٩٠	١٦٣,٩٠	-٣,٧٨	٢٠,٦١
Food excl. fruits & vegetables	٣١,٠٨	١٦٥,٤٧	١٧٦,٩١	-٠,٢٣	٦,٩١
Retail items	١٤,٤٨	١٢٠,٧٩	١٢٥,٤٨	١,١٧	٣,٨٨
Paid services	٥,٨٧	١٣٧,٠٣	١٥٨,١٨	٠,٩٦	١٥,٤٤
Other services	٢٣,٠٠	١٢٠,٢٣	١٢٩,١٣	٠,٢٨	٧,٤٠
Core CPI	٧٤,٤٣	١٤٠,٥٦	١٥٠,٦٦	٠,٢٣	٧,١٩
١/ Source: CAPMAS and CBE calculations					
٢/ Based on ٢٠٠٨/٢٠٠٩ Household Expenditure Survey					
٣/ Excluding pulses, processed vegetables and dried fruits					