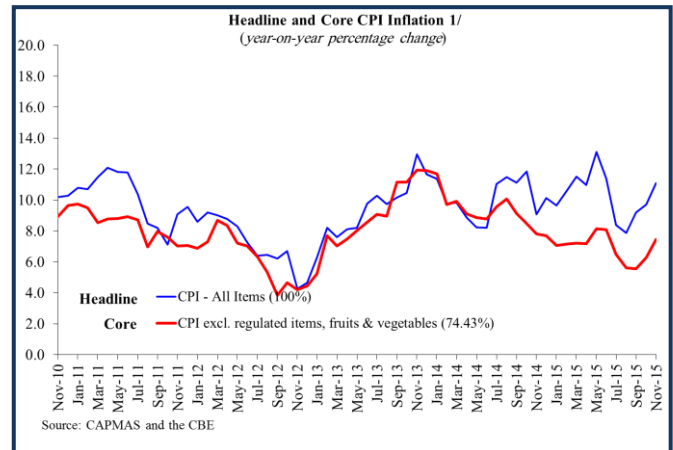
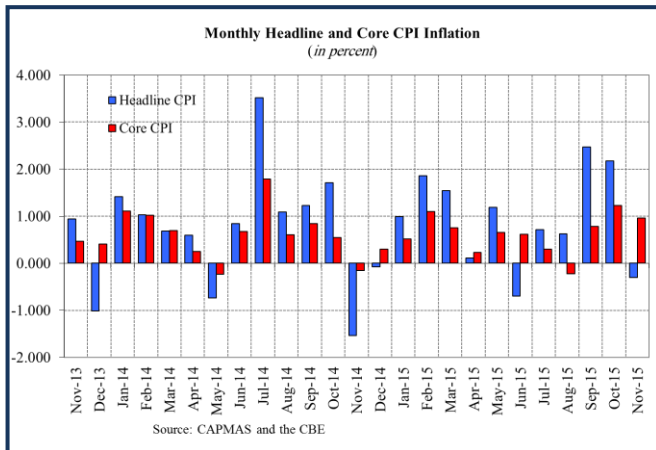


Headline and Core Inflation – November 2015

Headline CPI published by the Central Agency for Public Mobilization and Statistics on December 10, 2015, declined by 0.30 percent (m/m) in November 2015 compared to an increase by 2.17 percent (m/m) in October. The annual rate increased to 11.08 percent in November from 9.70 percent in October, on the back of unfavorable base effect. The bulk of the monthly decline was driven by the drop in the prices of fresh vegetables and fish and sea food, which was partly offset by the inch up in the prices of other food in addition to the increase in the prices of paid services, retail and other services. Meanwhile, core CPI computed by the Central Bank of Egypt increased by 0.96 percent (m/m) in November 2015 compared to an increase of 1.23 percent (m/m) in October. The annual rate increased to 7.44 percent in November from 6.26 percent in October. Meanwhile, the prices of paid services, other services and retail items increased by varying degrees¹.

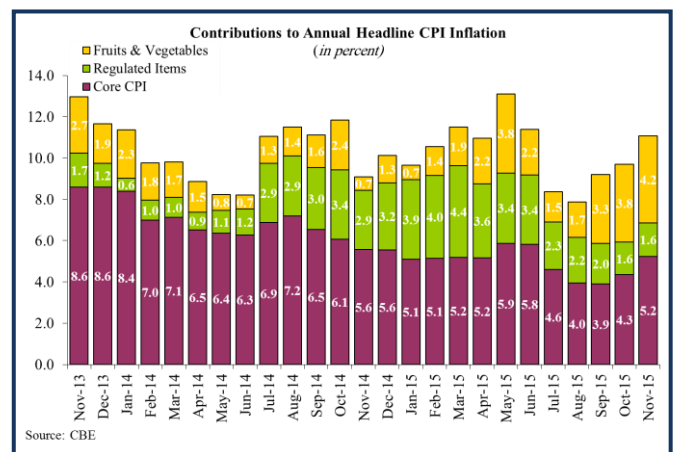
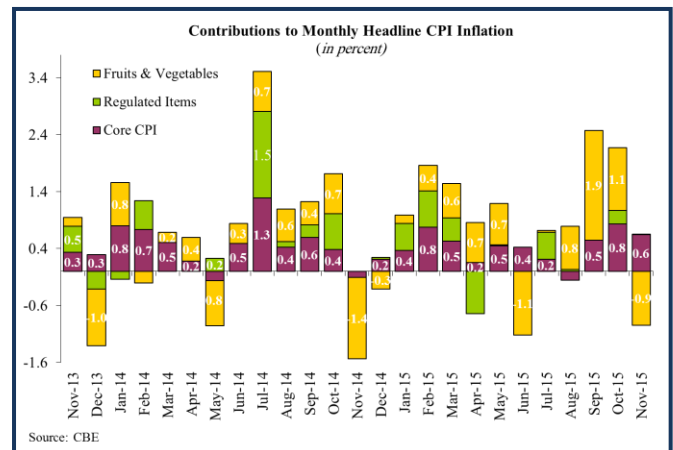


1. Headline CPI²

Headline CPI declined by 0.30 percent (m/m) in November 2015 compared to an increase by 2.17 percent (m/m) in October, which is below the monthly pace of 1.10 percent recorded during the first ten months of 2015. The annual rate increased to 11.08 percent in November from 9.70 percent in October, on the back of unfavorable base effect.

Key Highlights

- The prices of fresh vegetables declined in November by 8.12 percent (m/m), while the prices of fresh fruits increased by 1.17 percent (m/m). Together, they contributed by negative 0.95 percentage points to monthly headline inflation.
- The prices of poultry inched up in November by 2.24 percent (m/m), to contribute by 0.10 percentage points to monthly headline inflation. In the meantime the prices of red meat remained stable in November.
- Moreover, the prices of eggs increased by 1.40 percent (m/m) in November to contribute by 0.03 percentage points to monthly headline inflation.

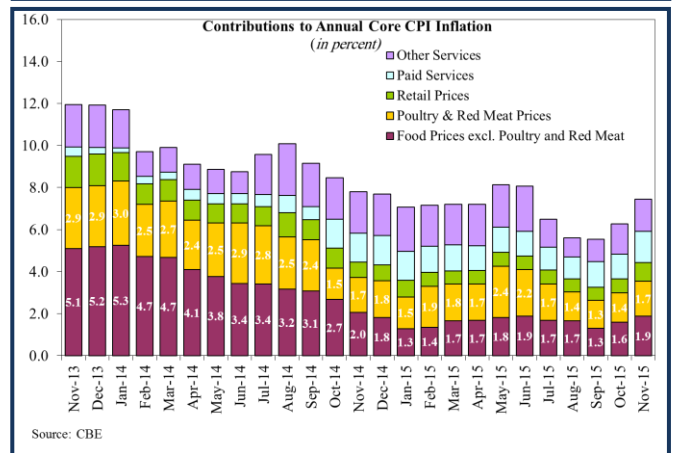
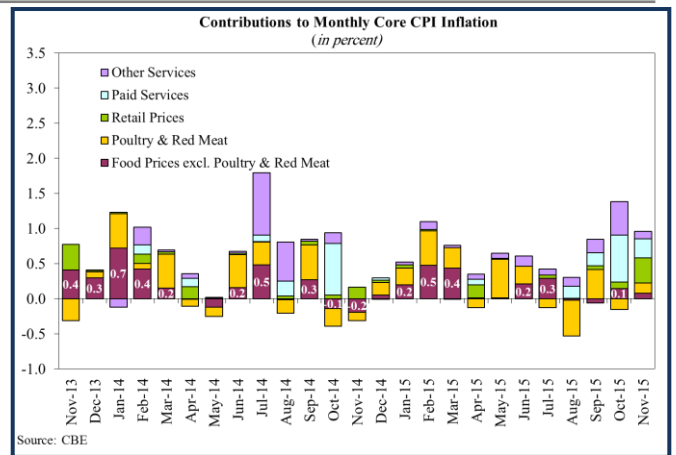


- Prices of fish and sea food declined by 1.03 percent (m/m) in November, contributing by negative 0.03 percentage points to monthly headline inflation .
- While the prices of a number of food items including pulses, bakery products and other bakery products picked up to jointly contribute by 0.05 percentage points to monthly headline inflation.
- The prices of paid services increased by 3.02 percent (m/m) in November to contribute by 0.18 percentage points to monthly headline inflation. This came on the back of the increase in the prices of out- patient services.
- The prices of other services increased by 0.39 percent (m/m) in November to contribute by 0.07 percentage points to monthly headline inflation, which was mainly driven by the increase in the prices of private hospital and cafe services.
- The prices of retail items increased by 2.25 percent (m/m) in November to contribute by 0.24 percentage points to monthly headline inflation, which was mainly due to the increase in the prices of clothing and footwear, furniture and products relating to the dwelling repair.

2. Core Inflation²

Core CPI computed by the Central Bank of Egypt, increased by 0.96 percent (m/m) in November 2015 compared to an increase by 1.23 percent (m/m) in October, which is above the average monthly pace of 0.60 percent recorded during the first ten months of 2015. The annual rate increased to 7.44 percent in November from 6.26 percent in October.

The monthly dynamics in November was mainly driven by the developments in the prices of the previously mentioned paid services, other services and retail items which contributed by 0.73 percentage points to monthly core inflation. Moreover the increase in the prices of food items contributed by 0.23 percentage points to monthly core inflation.



1/ 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 .

2/ 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).

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 2014	November 2015	November 2015 to October 2015	November 2015 to November 2014
	(in percent)	(index) (January 2010 = 100)		(percentage change)	
Headline - All items	100.00	154.74	171.88	-0.30	11.08
Food and beverages	39.92	177.72	203.81	-1.66	14.68
Tobacco and related products	2.19	283.73	316.60	0.00	11.58
Clothing and footwear	5.41	118.28	130.94	4.21	10.70
Housing, water, electricity, gas and other fuels	18.37	121.32	128.62	0.10	6.02
Furnishings, household equipment and routine maintenance of the dwelling	3.77	137.11	145.02	0.73	5.77
Medical care	6.33	131.17	143.32	4.89	9.26
Transportation	5.68	137.51	140.79	0.04	2.38
Communications	3.12	96.91	96.85	0.00	-0.07
Recreation and Culture	2.43	161.89	179.37	0.04	10.80
Education	4.63	196.93	219.01	0.00	11.21
Hotels, cafes and restaurants	4.43	167.35	193.64	0.27	15.71
Miscellaneous goods and services	3.73	110.76	113.97	1.43	2.89
Selective aggregates					
Fruits & vegetables 3/	6.90	238.12	332.99	-6.63	39.84
Regulated items	18.66	157.25	170.56	0.03	8.46
Food excl. fruits & vegetables	31.08	168.95	181.38	0.46	7.36
Retail items	14.48	123.33	129.96	2.25	5.38
Paid services	5.87	156.01	183.44	3.02	17.58
Other services	23.00	127.91	135.20	0.39	5.70
Core CPI	74.43	146.37	157.27	0.96	7.44
1/ Source: CAPMAS and CBE calculations					
2/ Based on 2008/2009 Household Expenditure Survey					
3/ Excluding pulses, processed vegetables and dried fruits					