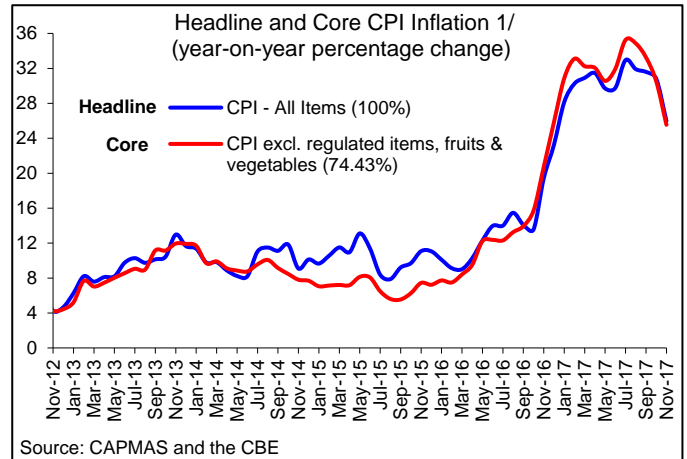
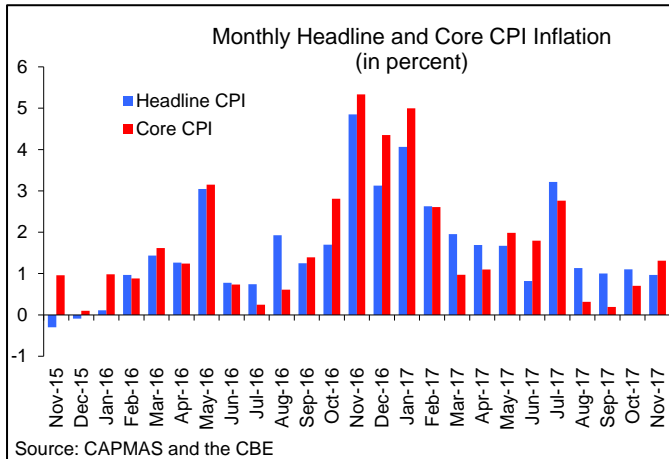


Headline and Core Inflation – November 2017

Annual headline (urban) CPI inflation – published by the Central Agency for Public Mobilization and Statistics – declined for the fourth consecutive month in November 2017 to record 25.98 percent compared to 30.82 percent in October 2017, supported by a favorable base effect. Meanwhile, monthly inflation declined slightly to 0.97 percent in November from 1.10 percent in October. Inflation during November was mainly driven by regulated items, due to higher taxes on tobacco, and by retail items, mainly due to some seasonality in clothing prices. On the other hand, food prices declined for the first time since January 2016 due to the decline of fresh vegetable prices, while core food prices inched up slightly. Annual core inflation – computed by the Central Bank of Egypt – also declined for the fourth consecutive month to record 25.54 percent in November 2017 compared to 30.53 percent in October 2017, also supported by a favorable base effect. Given price increases of core items, monthly core inflation increased to 1.31 percent in November from 0.70 percent in October 2017.¹

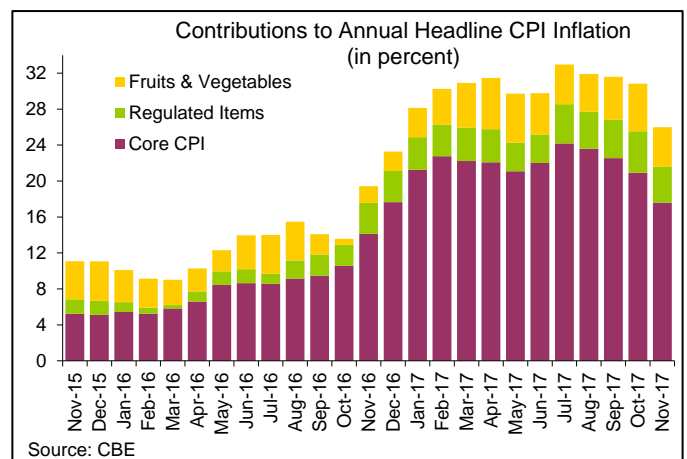
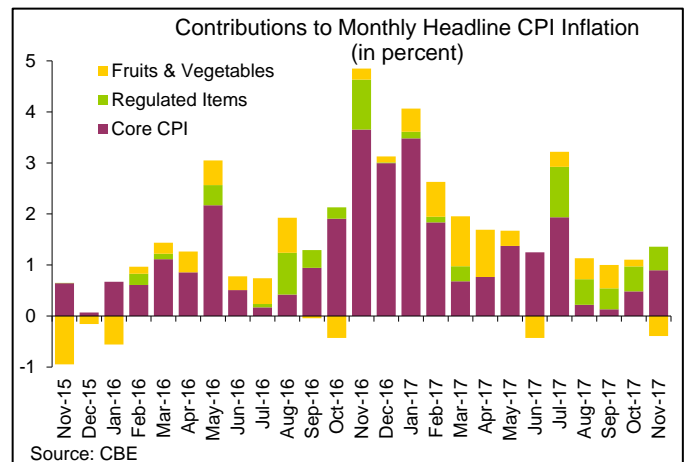


1. Headline CPI²

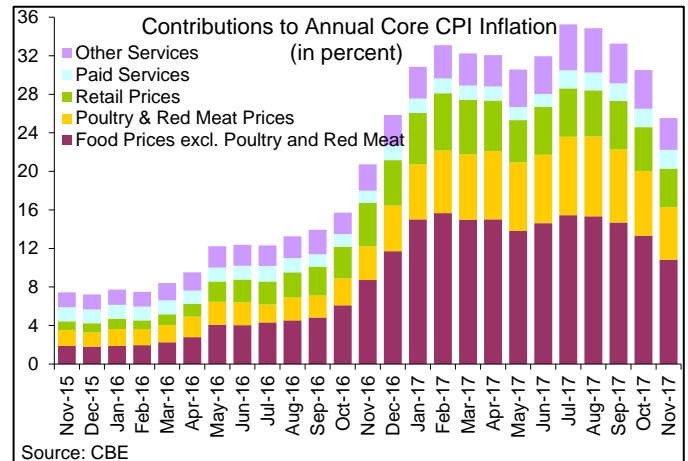
Annual headline inflation in November 2017 declined for the fourth consecutive month to record 25.98 percent compared to 30.82 percent in October 2017. Monthly headline inflation declined slightly to 0.97 percent from 1.10 percent in October 2017.

Key Highlights

- Prices of regulated items rose by 2.64 percent to contribute by 0.46 percentage points to monthly headline inflation. This was due to higher taxes on tobacco.
- Prices of fresh vegetables declined for the first time since June 2017, decreasing by 3.38 percent, while prices of fresh fruits remained broadly unchanged. Together, they contributed by negative 0.39 percentage points to monthly headline inflation.
- Prices of poultry declined for the sixth consecutive month, decreasing by 3.06 percent to contribute by negative 0.13 percentage points to monthly headline inflation. Meanwhile, prices of red meat stabilized for the third consecutive month, after recording increases since April 2016.



- Prices of milk and cheese increased by 6.62 and 4.73 percent, respectively while prices of eggs declined for the second consecutive month by 2.53 percent. Together, they contributed by 0.23 percentage points to monthly headline inflation.
- Prices of other food items contributed jointly by 0.03 percentage points to monthly headline inflation.
- Prices of retail items increased by 5.17 percent to contribute by 0.57 percentage points to monthly headline inflation. This was mainly due to higher prices of clothing and footwear in addition to higher prices of personal care products, household textiles and cleaning products.
- Prices of services increased by 0.91 percent to contribute by 0.19 percentage points to monthly headline 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).

2. Core Inflation²

Annual core inflation declined in November 2017 for the fourth consecutive month to record 25.54 percent compared to 30.53 percent in October 2017. Meanwhile, monthly core inflation increased to 1.31 percent in November from 0.70 percent in October.

Monthly core inflation was mainly affected by price increases of the aforementioned retail and services items, which contributed by 0.84 and 0.28 percentage points to monthly core inflation, respectively. Moreover, core food prices contributed by 0.20 percentage points to monthly core inflation.

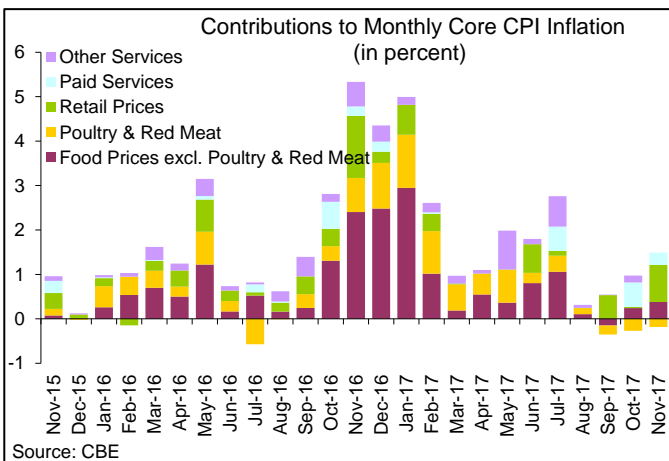


Table 1.
Classification of All Items included in Core CPI

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 2016	November 2017	November 2017 to October 2017	November 2017 to November 2016
	(in percent)	(index) (January 2010 = 100)		(percentage change)	
Headline - All items	100.00	205.27	258.60	0.97	25.98
Food and beverages	39.92	247.63	327.59	-0.50	32.29
Tobacco and related products	2.19	400.66	518.35	11.66	29.37
Clothing and footwear	5.41	156.93	198.23	11.63	26.32
Housing, water, electricity, gas and other fuels	18.37	139.11	155.52	0.00	11.80
Furnishings, household equipment and routine maintenance of the dwelling	3.77	177.75	223.76	2.04	25.89
Medical care	6.33	182.63	209.06	0.00	14.47
Transportation	5.68	171.70	205.11	0.00	19.46
Communications	3.12	98.59	109.41	0.00	10.97
Recreation and Culture	2.43	209.28	293.88	0.00	40.42
Education	4.63	246.00	294.16	0.00	19.58
Hotels, cafes and restaurants	4.43	243.03	292.51	0.00	20.36
Miscellaneous goods and services	3.73	141.70	180.87	10.95	27.65
Selective aggregates					
Fruits & vegetables 3/	6.90	379.26	508.72	-2.77	34.13
Regulated items	18.66	202.32	246.73	2.64	21.95
Food excl. fruits & vegetables	31.08	227.37	301.30	0.37	32.52
Retail items	14.48	166.48	205.83	5.17	23.63
Paid services	5.87	208.69	255.51	3.35	22.43
Other services	23.00	149.12	169.45	0.00	13.63
Core CPI	74.43	189.87	238.37	1.31	25.54
1/ Source: CAPMAS and CBE calculations					
2/ Based on 2008/2009 Household Expenditure Survey					
3/ Excluding pulses, processed vegetables and dried fruits					