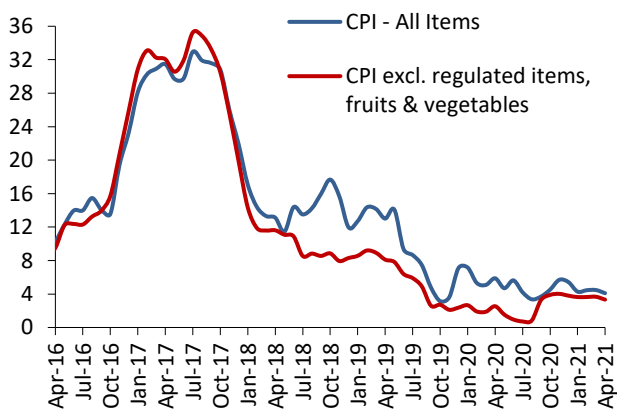


Headline and Core Inflation – April 2021

- Annual headline urban inflation^{1/} decelerated to 4.1 percent in April 2021 from 4.5 percent in March and February 2021. This comes as monthly headline urban inflation registered 0.9 percent in April 2021, compared to 1.3 percent in April 2020.
- April 2021's monthly headline urban inflation^{1/} reflected its normal seasonal pattern as well as the seasonal effect of Ramadan. The seasonal increase in food prices was driven by broadly equal contributions of both volatile and core food items for the second consecutive month, albeit with a slightly higher magnitude recorded in core food items' contribution. Higher core food prices were mainly driven by seasonally higher poultry prices, while higher volatile food prices reflected broad-based increases in fresh vegetable prices, as prices of fresh fruits declined against their seasonal pattern. On the other hand, non-food prices increased, mainly reflecting seasonally higher prices of clothing items and higher driving license renewal fees.
- Accordingly, annual headline inflation decelerated in April 2021 on the back of the lower annual inflation of food items. Annual food inflation declined back to negative territory and registered negative 0.3 percent in April 2021, from positive 1.0 percent in March 2021, and compared to negative 0.5 percent recorded in January and February 2021. The decline was driven by the lower annual contributions of volatile food and core food items. Meanwhile, annual non-food inflation increased slightly to 6.1 percent in April 2021, from 6.0 percent in March 2021, and compared to 6.6 percent in February 2021. The slight increase was driven by the higher contribution of regulated items, which was partly offset by the lower contribution of services items.
- Against this background, monthly core inflation^{2/} recorded 0.7 percent in April 2021, compared to 1.0 percent in April 2020. Accordingly, annual core inflation declined to 3.3 percent in April 2021 from 3.7 percent in March 2021.
- Nationwide annual inflation^{1/} and annual rural inflation declined to record 4.4 percent and 4.7 percent in April 2021, from 4.8 percent and 5.2 percent in March 2021, respectively.

Headline and Core CPI Inflation ^{3/}

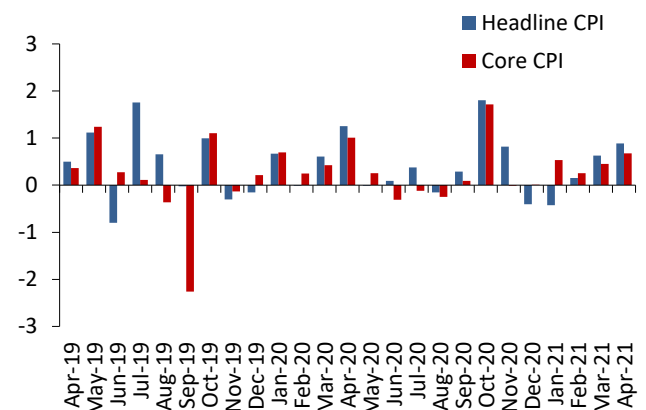
(y/y, in percent)



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

Headline and Core CPI Inflation ^{3/}

(m/m, in percent)

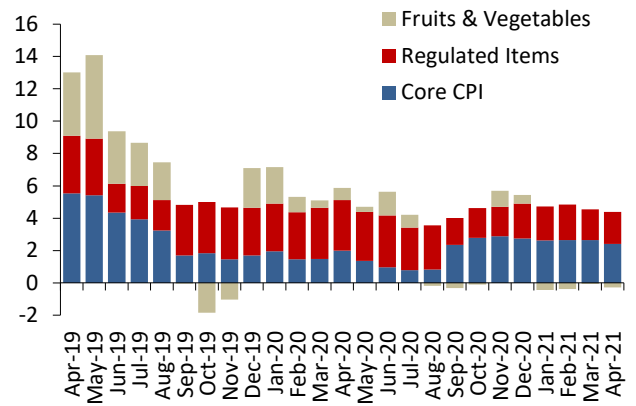


Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt.

Key Highlights:

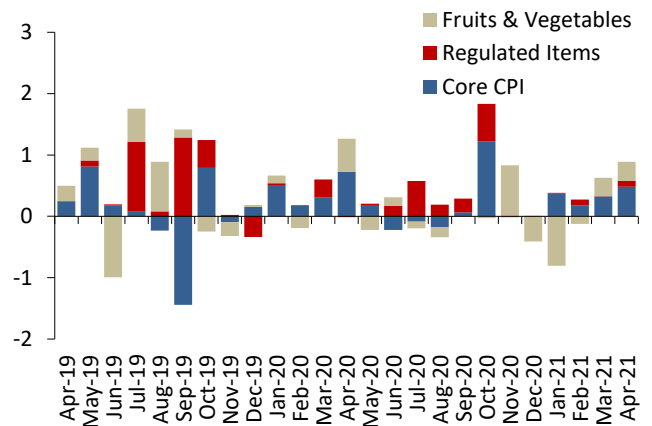
- Prices of fresh vegetables increased for the second consecutive month by 12.0 percent, while prices of fresh fruits declined by 1.5 percent. The increase in fresh vegetable prices marked the strongest increase registered in the month of April historically since 2007. Together, fresh vegetables and fresh fruits contributed by 0.31 percentage points to monthly headline inflation.
- Prices of poultry increased for the fifth consecutive month by 7.5 percent, to contribute by 0.29 percentage points to monthly headline inflation.
- Prices of red meat increased for the fourth consecutive month by 0.8 percent, to contribute by 0.03 percentage points to monthly headline inflation.
- Prices of fish and seafood increased slightly after two consecutive months of declines by 0.6 percent, to contribute by 0.01 percentage points to monthly headline inflation.
- Prices of other core food items, including milk, eggs, cheese, pasta, and oils, increased to contribute by 0.04 percentage points to monthly headline inflation.

Contribution to Annual Headline CPI Inflation
(in percentage points)



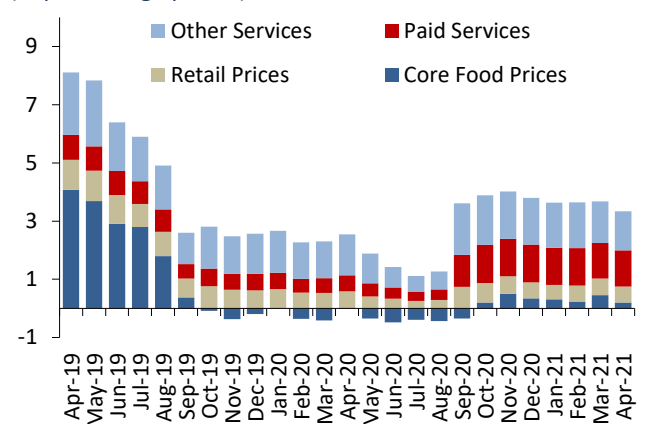
Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

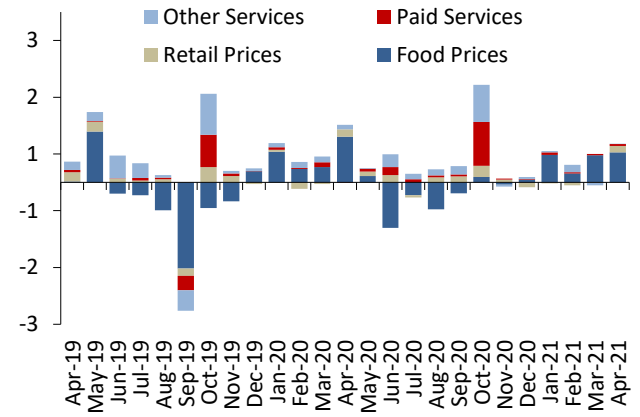
Contribution to Annual Core CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

- Prices of regulated items increased by 0.42 percent, to contribute by 0.1 percentage points to monthly headline inflation. This was due to higher driving license renewal fees.
- Prices of retail items increased by 0.6 percent, to contribute by 0.08 percentage points to monthly headline inflation. This was mainly due to seasonally higher prices of clothing items.
- Prices of services increased slightly by 0.07 percent, to contribute by 0.02 percentage points to monthly headline inflation. This was mainly due to higher prices of haircuts and slightly higher prices of outpatient services.
- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Core food items contributed by 0.53 percentage points to monthly core inflation. Meanwhile, retail items and services items contributed by 0.11 and 0.03 percentage points to monthly core inflation, respectively.

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/ | April 2020 | April 2021 | April 2021 to March 2021 | April 2021 to April 2020 |
|--|---------------------------|---------------|---------------|--------------------------|--------------------------|
| | (in percent) | (index) | | (percentage change) | |
| | (Average 2018/2019 = 100) | | | | |
| Headline - All items | 100.00 | 107.59 | 112.00 | 0.89 | 4.10 |
| Food and beverages | 32.73 | 103.45 | 103.18 | 2.31 | -0.26 |
| Tobacco and related products | 4.41 | 109.12 | 115.65 | -0.04 | 5.98 |
| Clothing and footwear | 4.38 | 103.92 | 107.18 | 1.42 | 3.14 |
| Housing, water, electricity, gas and other fuels | 19.46 | 105.48 | 109.62 | -0.03 | 3.92 |
| Furnishings, household equipment and routine maintenance of the dwelling | 3.93 | 103.86 | 106.90 | 0.17 | 2.92 |
| Medical care | 8.59 | 111.99 | 117.60 | 0.06 | 5.01 |
| Transportation | 6.66 | 114.17 | 122.38 | 1.57 | 7.19 |
| Communications | 2.75 | 104.54 | 104.32 | 0.02 | -0.21 |
| Recreation and Culture | 2.24 | 112.37 | 117.51 | 0.15 | 4.57 |
| Education | 5.49 | 125.86 | 150.97 | 0.00 | 19.95 |
| Hotels, cafes and restaurants | 4.98 | 112.33 | 117.93 | 0.09 | 4.99 |
| Miscellaneous goods and services | 4.37 | 105.82 | 113.75 | 0.36 | 7.49 |
| Selective aggregates | | | | | |
| Fruits & vegetables 3/ | 5.46 | 107.68 | 101.95 | 6.48 | -5.32 |
| Regulated items | 21.44 | 112.90 | 122.89 | 0.42 | 8.85 |
| Food excl. fruits & vegetables | 24.51 | 102.93 | 103.56 | 1.69 | 0.62 |
| Retail items | 14.34 | 106.37 | 109.36 | 0.57 | 2.80 |
| Paid services | 6.96 | 112.04 | 125.89 | 0.28 | 12.36 |
| Other services | 27.30 | 107.08 | 110.87 | 0.00 | 3.54 |
| Core CPI | 73.09 | 104.11 | 107.58 | 0.68 | 3.33 |

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits