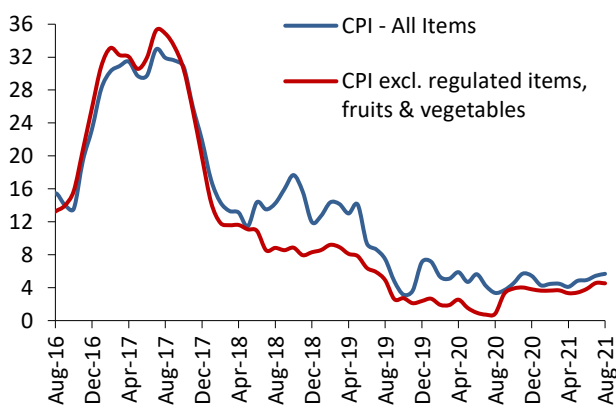


Headline and Core Inflation – August 2021

- Annual headline urban inflation^{1/} accelerated in August 2021 to 5.7 percent from 5.4 percent in July 2021, driven by unfavorable base effects. This comes as monthly headline urban inflation recorded 0.1 percent in August 2021 compared to negative 0.2 percent in August 2020, which mainly reflected price declines of fresh vegetables against its seasonal pattern during August 2020 which could be attributed partially to the impact of the outbreak of COVID-19 and its related containment measures on inventory levels and consumption patterns.
- Monthly headline urban inflation^{1/} in August 2021 was exclusively driven by non-food items, as food prices remained unchanged in August 2021 on monthly basis. Stable food prices reflected the combined effect of higher volatile food prices which were offset by lower core food prices. In the meantime, the increase in the prices of non-food items was mainly driven by higher prices of regulated items caused by higher prices of some fuel products as per the Fuel Pricing Committee's most recent price hike on July 23rd, 2021.
- On an annual basis, the acceleration of the headline inflation figure during August 2021 was, however, driven by the higher annual inflation of food items, which was partially offset by lower annual inflation of nonfood items. Annual food inflation increased for the fourth consecutive month to reach 6.6 percent in August 2021, up from 4.8 percent in July 2021, reflecting mainly higher annual contribution of volatile as well as core food items, but by a lesser extent. On the other hand, annual non-food inflation declined to 5.3 percent in August 2021 from 5.7 percent in July 2021, supported by favorable base effects of last year's increases of regulated and medical items.
- Driven by the weaker annual contribution of non-food items, annual core inflation declined in August 2021 to 4.5 percent from 4.6 percent in July 2021. This comes as monthly core inflation recorded negative 0.3 percent in August 2021 compared to negative 0.2 in August 2020.
- Nationwide annual inflation^{1/} and annual rural inflation increased to record 6.4 percent and 7.1 percent in August 2021 from 6.1 percent and 6.8 percent in July 2021, respectively.

Headline and Core CPI Inflation ^{3/}

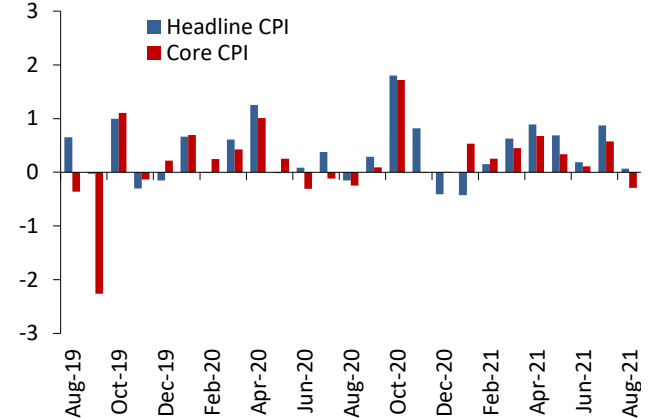
(y/y, in percent)



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.

1/ Published by the Central Agency for Public Mobilization and Statistics.

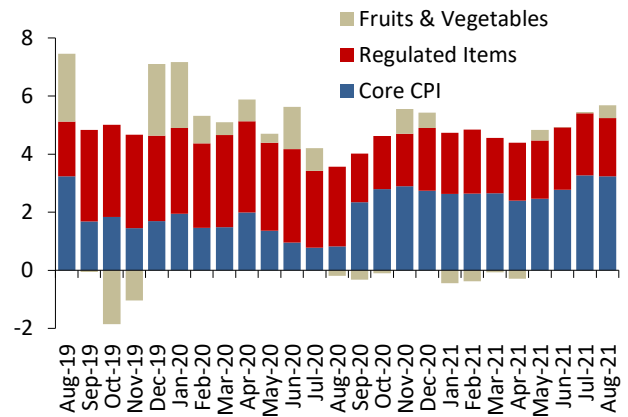
2/ Computed by the Central Bank of Egypt.

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.

Key Highlights:

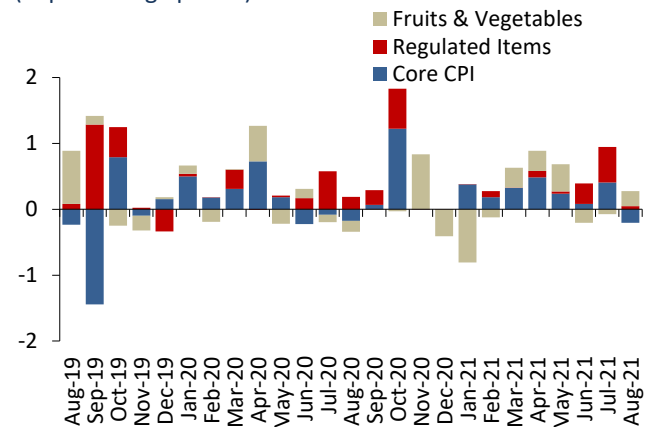
- Prices of fresh vegetables and fresh fruits increased by 5.0 percent and 3.8 percent, respectively. Together, fresh vegetables and fresh fruits contributed by 0.23 percentage points to monthly headline inflation.
- Prices of poultry declined by 6.6 percent, to contribute by negative 0.27 percentage points to monthly headline inflation.
- Prices of fish and seafood declined by 0.8 percent, to contribute by negative 0.02 percentage points to monthly headline inflation.
- Prices of other core food items, including red meat, cheese, and fats increased to contribute by 0.06 percentage points to monthly headline inflation.
- Prices of regulated items increased by 0.2 percent, to contribute by 0.05 percentage points to monthly headline inflation. This was mainly due to higher prices of select fuel products as announced by automatic indexation mechanism in late July 2021.
- Prices of services slightly increased by 0.05 percent, to contribute by 0.02 percentage points to monthly headline inflation. This was

Contribution to Annual Headline CPI Inflation
(in percentage points)



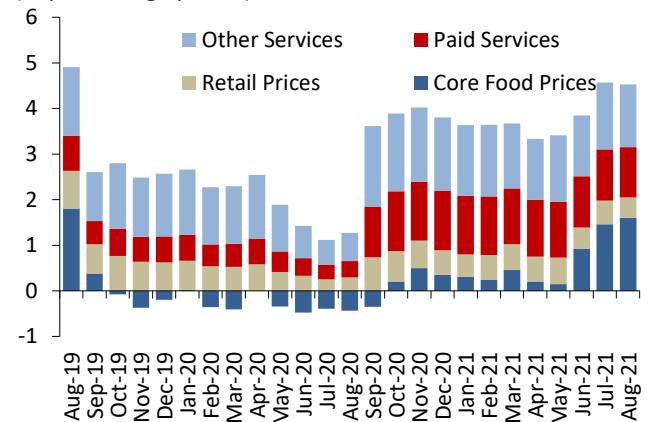
Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

Contribution to Annual Core CPI Inflation
(in percentage points)

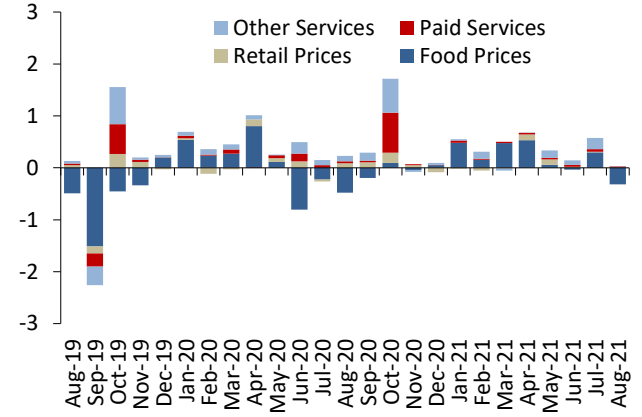


Source: Central Bank of Egypt.

mainly due to higher prices of restaurants and outpatient services.

- Prices of retail items slightly increased by 0.05 percent, to contribute by 0.01 percentage points to monthly headline inflation. This was mainly due to higher prices of personal care products.
- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Core food items contributed by negative 0.32 percentage points to monthly core inflation. In the meantime, services and retail items contributed by 0.02 and 0.01 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/	August 2020	August 2021	August 2021 to July 2021	August 2021 to August 2020
	(in percent)	(index)		(percentage change)	
	(Average 2018/2019 = 100)				
Headline - All items	100.00	107.91	114.04	0.07	5.68
Food and beverages	32.73	98.97	105.48	0.00	6.57
Tobacco and related products	4.41	113.86	117.34	0.04	3.05
Clothing and footwear	4.38	105.34	108.26	-0.17	2.77
Housing, water, electricity, gas and other fuels	19.46	108.46	112.77	-0.03	3.98
Furnishings, household equipment and routine maintenance of the dwelling	3.93	104.61	108.09	0.32	3.33
Medical care	8.59	116.31	118.24	0.12	1.66
Transportation	6.66	117.70	124.05	0.58	5.40
Communications	2.75	104.53	104.61	0.00	0.08
Recreation and Culture	2.24	113.00	126.83	0.08	12.24
Education	5.49	125.86	150.97	0.00	19.95
Hotels, cafes and restaurants	4.98	116.57	118.69	0.13	1.82
Miscellaneous goods and services	4.37	107.54	115.73	0.14	7.62
Selective aggregates					
Fruits & vegetables 3/	5.46	100.67	109.46	4.55	8.73
Regulated items	21.44	117.70	127.77	0.19	8.55
Food excl. fruits & vegetables	24.51	98.52	103.56	-1.01	5.12
Retail items	14.34	107.74	110.15	0.05	2.24
Paid services	6.96	115.29	127.51	0.16	10.59
Other services	27.30	108.30	112.19	0.01	3.59
Core CPI	73.09	103.68	108.37	-0.29	4.53

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits