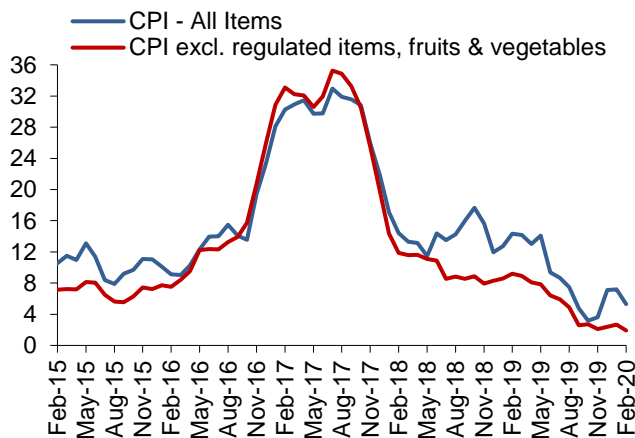


## Headline and Core Inflation – February 2020

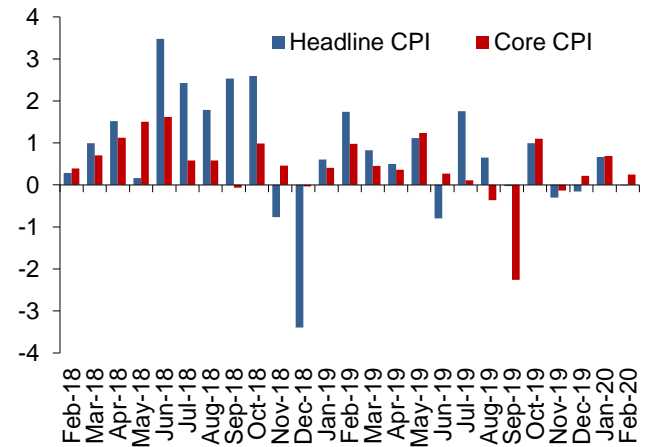
- Annual headline urban inflation<sup>1/</sup> declined to 5.3 percent in February 2020 from 7.2 percent in January 2020, supported by favorable base effect as well as contained underlying inflationary pressures. Monthly headline inflation recorded zero in February 2020 compared to 1.7 percent in February 2019.
- Annual food inflation declined in February 2020 after increasing for three consecutive months, while annual non-food inflation continued to remain broadly stable. Accordingly, the decline of annual headline inflation was mainly driven by lower annual food contribution, mainly volatile food items, while the contribution of non-food items remained broadly stable.
- Monthly headline urban inflation<sup>1/</sup> reflected lower prices of fresh vegetables, mainly prices of potatoes and tomatoes, as well as seasonally lower prices of clothing. Both largely offset higher prices of core food prices, mainly poultry prices, as well as higher prices of services, mainly restaurants and cafes prices.
- Against this background, monthly core inflation<sup>2/</sup> recorded 0.2 percent in February 2020 compared to 1.0 percent in February 2019. Hence, annual core inflation<sup>2/</sup> declined to 1.9 percent in February 2020 from 2.7 percent in January 2020, the lowest rate on record.
- Nationwide annual inflation<sup>1/</sup> declined to 4.9 percent in February 2020 from 6.8 percent in January 2020, and rural annual inflation<sup>1/</sup> declined to 4.5 percent in February 2020 from 6.5 percent in January 2020.

**Headline and Core CPI Inflation<sup>3/</sup>**  
(y/y, in percent)



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

**Headline and Core CPI Inflation<sup>3/</sup>**  
(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.

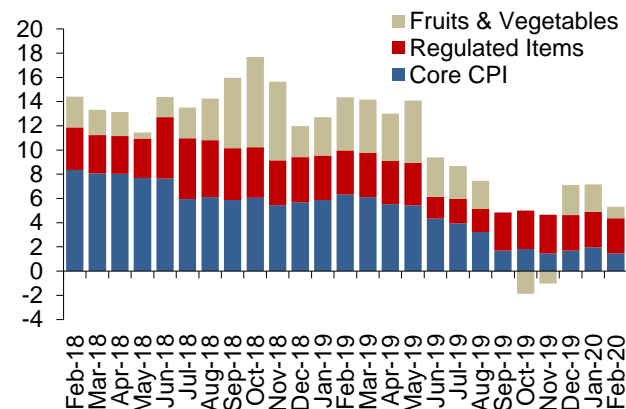
3/ CAPMAS publishes three CPI series: (1) the CPI for urban areas which include Cairo, Alexandria, urban Lower Egypt, urban Upper Egypt, Canal cities and Frontier governorates, (2) the CPI for rural areas, and (3) the CPI for All areas. Numbers quoted in this note refer to CPI-Urban.

## Key Highlights:

- Prices of fresh vegetables declined against their seasonal pattern to record negative 5.32 percent, resuming their monthly decline since October 2019, except for January 2020. This is mainly due to lower prices of potatoes and tomatoes which recorded negative 19.72 percent and negative 8.36 percent, respectively. Meanwhile, prices of fresh fruits increased slightly by 0.02 percent. Prices of fresh vegetables and fruits contributed together by negative 0.19 percentage points to monthly headline inflation.
- Prices of poultry increased by 2.91 percent, registering the third consecutive increase after six consecutive months of decline, to contribute by 0.12 percentage points to monthly headline inflation.
- Prices of other core food items, including bread and cereals, red meat, and eggs increased while prices of cheese, fish and seafood slightly declined; to contribute together by 0.05 percentage points to monthly headline inflation.
- Prices of retail items declined by 0.57 percent, to contribute by negative 0.08 percentage points to monthly headline inflation. This was

### Contribution to Annual Headline CPI Inflation

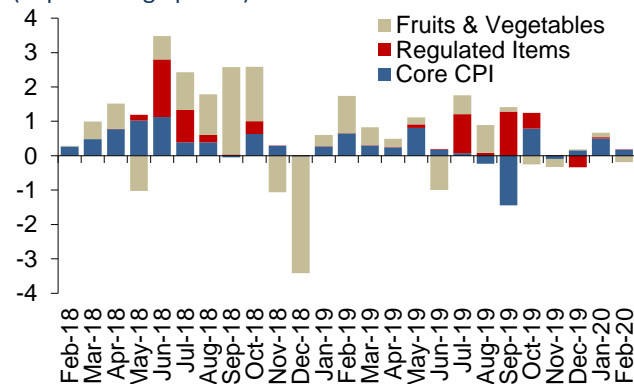
(in percentage points)



Source: Central Bank of Egypt.

### Contribution to Monthly Headline CPI Inflation

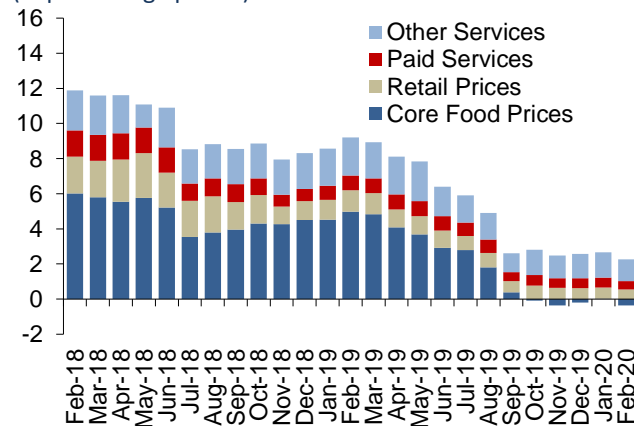
(in percentage points)



Source: Central Bank of Egypt.

### Contribution to Annual Core CPI Inflation

(in percentage points)

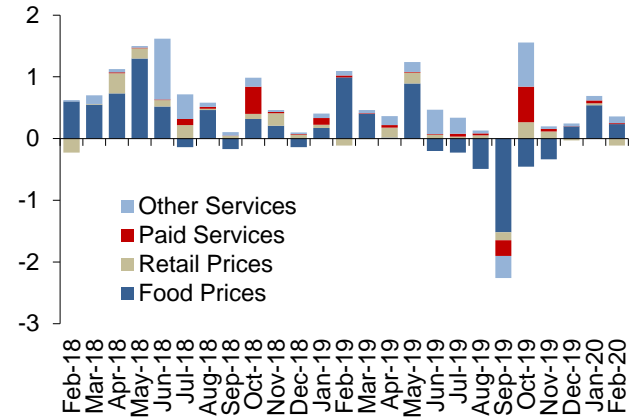


Source: Central Bank of Egypt.

mainly due to seasonally lower prices of clothing.

- Prices of services increased by 0.26 percent, to contribute by 0.09 percentage points to monthly headline inflation. This was mainly due to higher prices of restaurants and cafes.
- Prices of regulated items remained stable.
- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Core food items and services items contributed by 0.24 and 0.13 percentage points to monthly core inflation, respectively. Meanwhile, retail items contributed by negative 0.11 percentage points to monthly core inflation.

**Contribution to Monthly Core CPI Inflation**  
 (in percentage points)



Source: Central Bank of Egypt.

**Table 1:**  
Classification of All Items included in Core CPI

<b>Food</b>	<b>Retail</b>	<b>Paid Services</b>	<b>Other Services</b>
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 <sup>1/</sup>

	Weight in basket 2/	February 2019	February 2020	February 2020 to January 2020	February 2020 to February 2019
	(In percent)	(Index)		(Percentage change)	
	(Average 2018/2019 = 100)				
<b>Headline - All items</b>	<b>100.00</b>	<b>100.28</b>	<b>105.61</b>	<b>-0.01</b>	<b>5.32</b>
Food and beverages	32.73	100.05	99.16	-0.07	-0.89
Tobacco and related products	4.41	100.36	101.80	0.01	1.44
Clothing and footwear	4.38	99.62	103.31	-1.89	3.70
Housing, water, electricity, gas and other fuels	19.46	100.30	104.96	0.08	4.65
Furnishings, household equipment and routine maintenance of the dwelling	3.93	99.85	102.06	0.07	2.21
Medical care	8.59	99.96	111.43	0.15	11.48
Transportation	6.66	100.28	116.39	-0.01	16.05
Communications	2.75	100.00	102.00	0.00	2.00
Recreation and Culture	2.24	98.77	112.06	-0.17	13.46
Education	5.49	103.30	125.86	0.00	21.83
Hotels, cafes and restaurants	4.98	100.76	111.46	1.13	10.62
Miscellaneous goods and services	4.37	101.43	105.17	0.11	3.69
<b>Selective aggregates</b>					
Fruits & vegetables 3/	5.46	98.14	97.08	-3.65	-1.08
Regulated items	21.44	100.58	111.51	0.00	10.87
Food excl. fruits & vegetables	24.51	100.93	99.56	0.74	-1.35
Retail items	14.34	100.05	105.84	-0.57	5.79
Paid services	6.96	102.10	111.18	0.17	8.89
Other services	27.30	100.16	106.58	0.29	6.41
Core CPI	73.09	100.71	102.64	0.25	1.92

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits