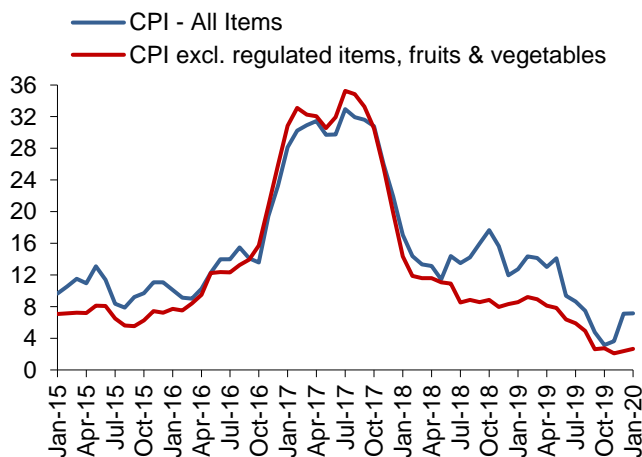


Headline and Core Inflation – January 2020

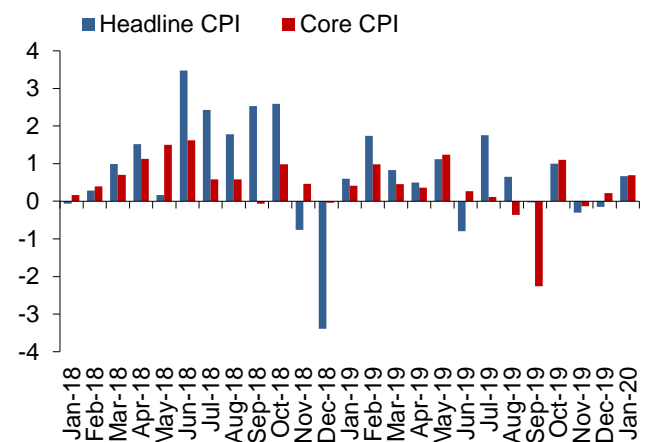
- Annual headline urban inflation^{1/} increased slightly to 7.2 percent in January 2020 from 7.1 percent in December 2019, as monthly inflation recorded 0.7 percent in January 2020 compared to 0.6 percent in January 2019.
- Monthly headline inflation was mainly driven by higher food prices as well as by higher nonfood prices but with a lesser extent. Higher food prices mainly reflected seasonally higher prices of poultry but with a stronger magnitude as well as higher prices of fresh vegetables which was partly offset by lower prices of fresh fruits. Prices of services inched up slightly mainly due to higher rental values. Meanwhile, prices of other CPI items remained broadly stable.
- Against this background, monthly core inflation^{2/} recorded 0.7 percent in January 2020 compared to 0.4 percent in January 2019. Accordingly, annual core inflation increased to 2.7 percent in January 2020 from 2.4 percent in December 2019.
- Nationwide and rural annual inflation^{1/} remained stable at 6.8 percent and 6.5 percent in January 2020, 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.

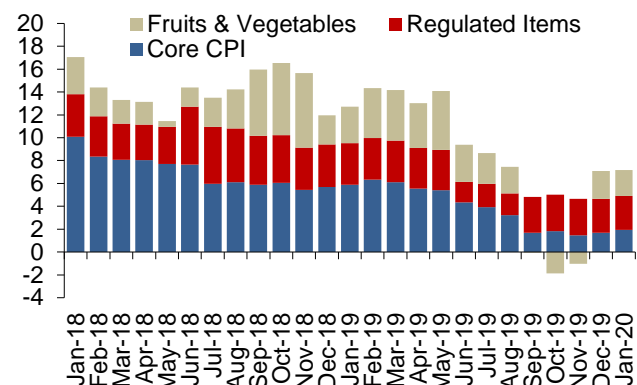
3/ CAPMAS publishes three CPI series: (1) the CPI for urban areas which include Cairo, Alexandria, urban Lower Egypt, urban Upper Egypt, Canal cities and Frontier governorates, (2) the CPI for rural areas, and (3) the CPI for All areas. Numbers quoted in this note refer to CPI-Urban.

Key Highlights:

- Prices of fresh vegetables increased by 5.57 percent, registering the first increase after three consecutive months of decline. Meanwhile, prices of fresh fruits declined by 3.66 percent, to resume their decline since August 2019, except for December 2019. Prices of fresh vegetables and fruits contributed together by 0.13 percentage points to monthly headline inflation.
- Prices of poultry increased by 9.25 percent, registering the second consecutive increase after six consecutive months of decline, to contribute by 0.34 percentage points to monthly headline inflation.
- Prices of other core food items, including rice, fish, seafood, eggs and pulses, increased to contribute together by 0.05 percentage points to monthly headline inflation.
- Prices of services increased by 0.25 percent, to contribute by 0.09 percentage points to monthly headline inflation. This was mainly due to higher rental values as well as higher prices of cafes and restaurants.
- Prices of regulated items increased slightly by 0.17 percent, to contribute by 0.04 percentage points to monthly headline inflation. This was due to higher prices of medical products as well as vehicle operating expenses.
- Prices of retail items increased slightly by 0.15 percent, to contribute by 0.02 percentage points

Contribution to Annual Headline CPI Inflation

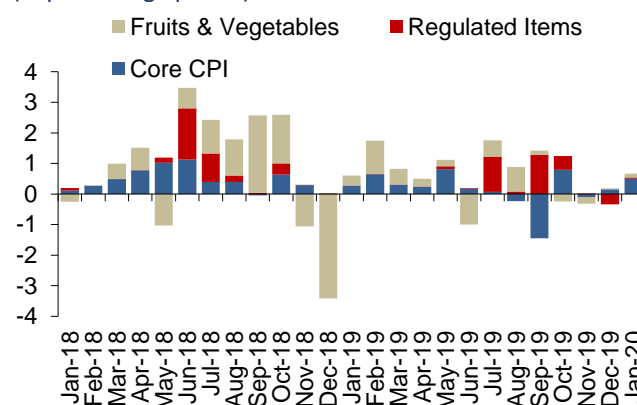
(in percentage points)



Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation

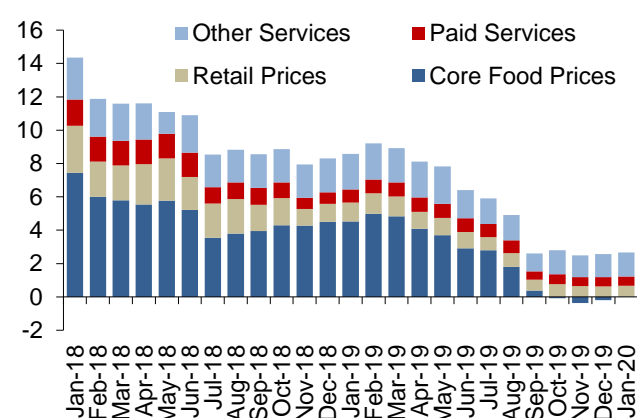
(in percentage points)



Source: Central Bank of Egypt.

Contribution to Annual Core CPI Inflation

(in percentage points)

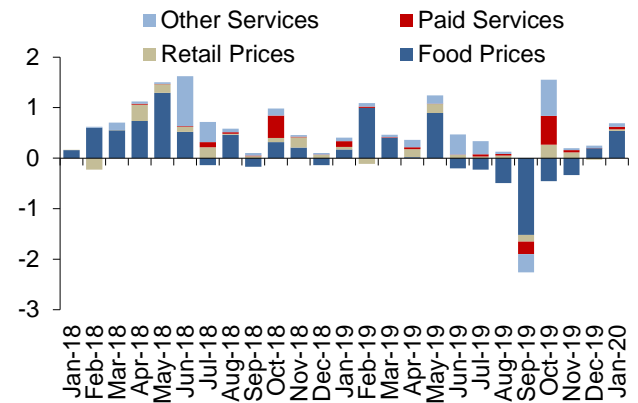


Source: Central Bank of Egypt.

to monthly headline inflation. This was mainly due to higher prices of medical products and clothing.

- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Core food items and services items contributed by 0.54 and 0.12 percentage points to monthly core inflation, respectively. Meanwhile, retail items contributed slightly by 0.03 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

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/	January 2019	January 2020	January 2020 to December 2019	January 2020 to January 2019
	(in percent)	(index)		(percentage change)	
	(Average 2018/2019 = 100)				
Headline - All items	100.00	98.56	105.62	0.7	7.17
Food and beverages	32.73	96.69	99.22	1.70	2.62
Tobacco and related products	4.41	100.35	101.79	0.01	1.44
Clothing and footwear	4.38	101.23	105.30	0.15	4.03
Housing, water, electricity, gas and other fuels	19.46	100.30	104.88	0.21	4.57
Furnishings, household equipment and routine maintenance of the dwelling	3.93	100.16	101.98	0.00	1.82
Medical care	8.59	99.65	111.26	0.40	11.66
Transportation	6.66	100.14	116.40	0.43	16.24
Communications	2.75	99.99	102.00	-0.02	2.01
Recreation and Culture	2.24	98.75	112.25	-0.07	13.67
Education	5.49	103.30	125.86	0.00	21.83
Hotels, cafes and restaurants	4.98	99.94	110.21	0.35	10.27
Miscellaneous goods and services	4.37	101.31	105.06	0.39	3.70
Selective aggregates					
Fruits & vegetables 3/	5.46	91.37	100.76	2.50	10.27
Regulated items	21.44	100.56	111.51	0.17	10.89
Food excl. fruits & vegetables	24.51	99.06	98.83	1.72	-0.23
Retail items	14.34	100.74	106.45	0.15	5.67
Paid services	6.96	101.77	110.99	0.48	9.07
Other services	27.30	99.84	106.28	0.19	6.45
Core CPI	73.09	99.73	102.39	0.69	2.66

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits