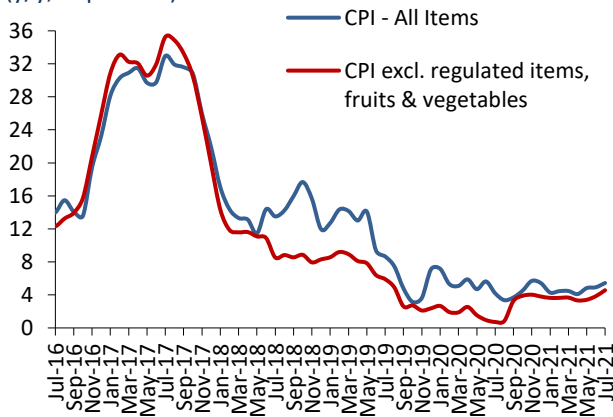


Headline and Core Inflation – July 2021

- Annual headline urban inflation^{1/} accelerated in July 2021 to 5.4 percent from 4.9 percent in June 2021, mainly affected by unfavorable base effects. This comes as monthly headline urban inflation recorded 0.9 percent in July 2021 compared to 0.4 percent in July 2020, which reflected the impact of the outbreak of COVID-19 on inventory levels and consumption patterns, especially of food items.
- Monthly headline urban inflation^{1/} in July 2021 reflected higher prices of regulated items, core food items as well as services. The increase in regulated items mainly reflected higher prices of electricity as announced by the Ministry of Electricity, as well as higher tobacco prices in line with the health insurance law's mandate to increase taxes on tobacco products. On the other hand, prices of volatile food items continued to decline for the second consecutive month, while prices of retail items remained broadly unchanged.
- On an annual basis, the acceleration of the headline inflation figure during July 2021 was driven by the higher annual inflation of food items and was further supported by the higher annual inflation of nonfood items. Annual food inflation increased for the third consecutive month to reach 4.8 percent in July 2021 from 3.4 percent in June 2021, reflecting mainly higher annual contribution of core food items. In addition, annual nonfood inflation increased slightly to 5.7 percent in July 2021 from 5.6 percent in June 2021.
- Driven by the higher annual contribution of core food items, annual core inflation increased in July 2021 to 4.6 percent, from 3.8 percent in June 2021. This comes as monthly core inflation recorded 0.6 percent in July 2021 compared to negative 0.1 percent in July 2020.
- Nationwide annual inflation^{1/} and annual rural inflation increased to record 6.1 percent and 6.8 percent in July 2021, from 5.3 percent and 5.7 percent in June 2021, respectively.

Headline and Core CPI Inflation ^{3/}

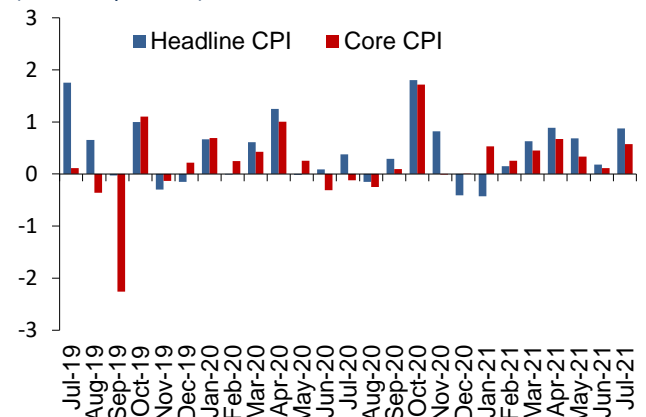
(y/y, in percent)



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.

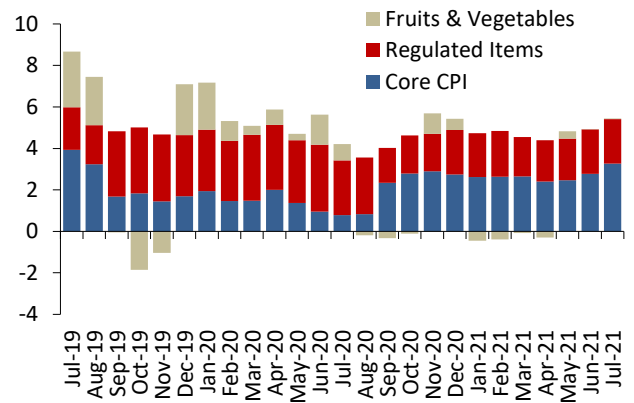
2/ Computed by the Central Bank of Egypt.

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:

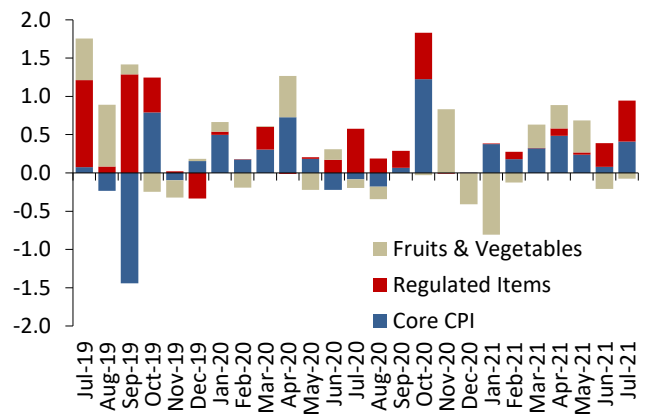
- Prices of regulated items increased by 2.3 percent, to contribute by 0.54 percentage points to monthly headline inflation. This was mainly due to higher prices of electricity, tobacco products as well as fees for getting official papers.
- Prices of fresh vegetables slightly increased by 0.4 percent, while prices of fresh fruits declined for the second consecutive month by 4.1 percent. Together, fresh vegetables and fresh fruits contributed by negative 0.07 percentage points to monthly headline inflation.
- Prices of eggs increased sharply by 7.7 percent, to contribute by 0.08 percentage points to monthly headline inflation.
- Prices of poultry increased by 1.5 percent after declining for two consecutive months, to contribute by 0.06 percentage points to monthly headline inflation.
- Prices of red meat increased for the seventh consecutive month by 0.8 percent, to contribute by 0.03 percentage points to monthly headline inflation.
- Prices of other core food items, including fish and seafood, rice, and oil, increased to

Contribution to Annual Headline CPI Inflation
(in percentage points)



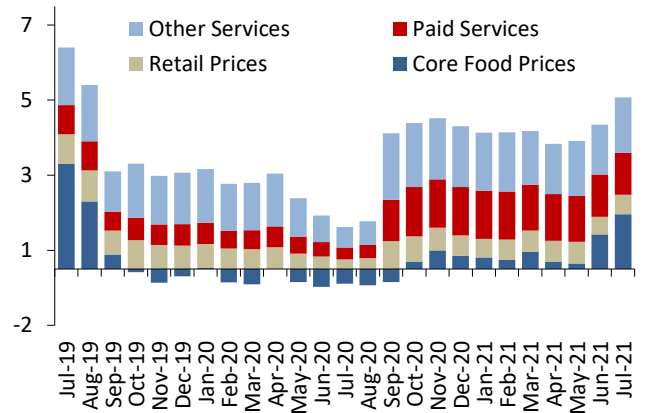
Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

Contribution to Annual Core CPI Inflation
(in percentage points)

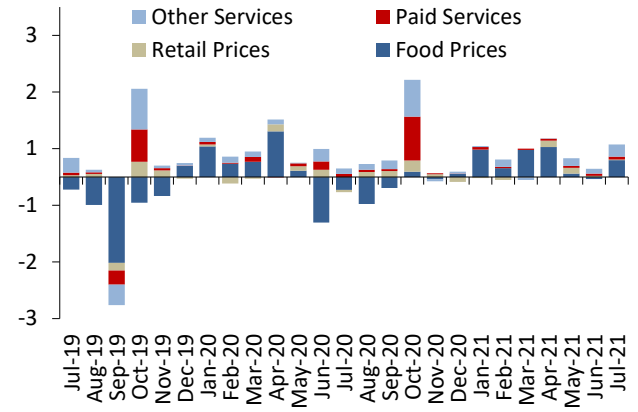


Source: Central Bank of Egypt.

contribute by 0.04 percentage points to monthly headline inflation.

- Prices of services increased by 0.5 percent, to contribute by 0.19 percentage points to monthly headline inflation. This was mainly due to higher international travel fees, as well as higher prices of haircuts and rental values.
- Prices of retail items increased slightly by 0.1 percent, to contribute by 0.01 percentage points to monthly headline inflation. The slight increase reflected marginally higher prices of personal care products and household appliances.
- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Core food items contributed by 0.30 percentage points to monthly core inflation. In the meantime, services and retail items contributed by 0.26 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/	July 2020	July 2021	July 2021 to June 2021	July 2021 to July 2020
	(in percent)	(index)		(percentage change)	
	(Average 2018/2019 = 100)				
Headline - All items	100.00	108.07	113.96	0.87	5.45
Food and beverages	32.73	100.64	105.47	0.45	4.81
Tobacco and related products	4.41	114.02	117.29	1.58	2.87
Clothing and footwear	4.38	105.85	108.44	0.02	2.45
Housing, water, electricity, gas and other fuels	19.46	108.35	112.80	2.43	4.11
Furnishings, household equipment and routine maintenance of the dwelling	3.93	104.17	107.74	0.20	3.43
Medical care	8.59	113.57	118.10	0.09	3.99
Transportation	6.66	115.75	123.34	0.03	6.55
Communications	2.75	104.54	104.61	0.00	0.06
Recreation and Culture	2.24	113.17	126.73	5.01	11.99
Education	5.49	125.86	150.97	0.00	19.95
Hotels, cafes and restaurants	4.98	116.43	118.53	0.16	1.80
Miscellaneous goods and services	4.37	107.47	115.57	1.27	7.54
Selective aggregates					
Fruits & vegetables 3/	5.46	103.90	104.70	-1.43	0.77
Regulated items	21.44	116.76	127.52	2.27	9.22
Food excl. fruits & vegetables	24.51	100.02	104.61	0.94	4.60
Retail items	14.34	107.27	110.10	0.07	2.64
Paid services	6.96	114.86	127.30	0.43	10.83
Other services	27.30	108.01	112.17	0.57	3.85
Core CPI	73.09	103.93	108.68	0.57	4.57

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits