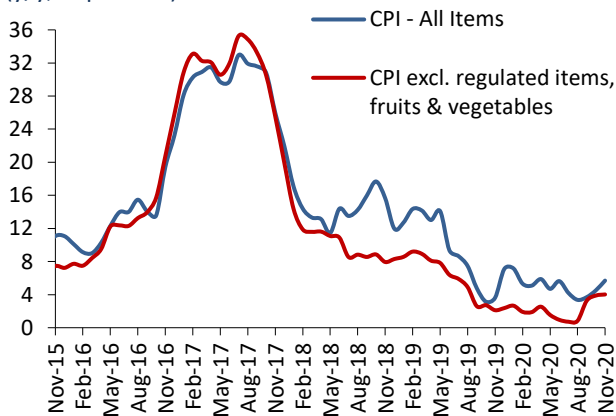


Headline and Core Inflation – November 2020

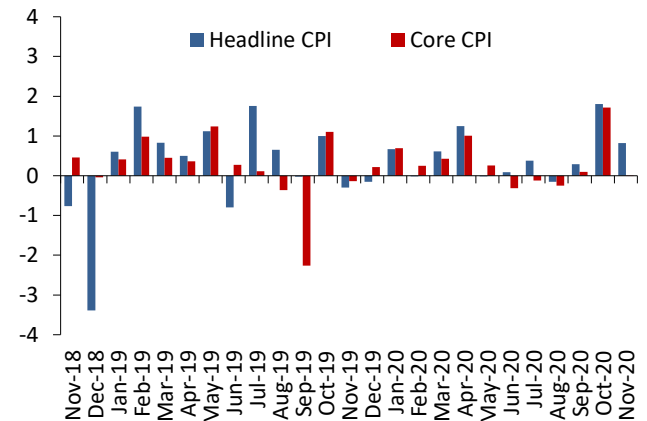
- Annual headline urban inflation^{1/} increased to 5.7 percent in November from 4.5 percent in October 2020. This comes as monthly headline urban inflation recorded 0.8 percent in November 2020 compared to negative 0.3 percent in November 2019.
- November 2020 monthly headline urban inflation^{1/} was driven by higher prices of tomatoes which came broadly against their seasonal pattern and contributed by 0.9 p.p. to monthly headline inflation. This was slightly offset by lower prices of fresh fruits. Meanwhile, prices of other CPI items remained broadly stable, contributing marginally to monthly headline inflation.
- Accordingly, annual food inflation increased to 3.6 percent in November 2020 from negative 0.7 percent in October 2020. Meanwhile, annual nonfood inflation declined to 6.6 percent in November 2020 from 6.9 percent in October 2020, following three consecutive months of increases. This was due to broadly stable non-food prices, compared to the same month of previous year. Hence, the increase in annual headline urban inflation in November 2020 came due to higher annual contribution of food items, mainly fresh vegetables.
- Against this background, monthly core inflation^{2/} recorded zero percent in November 2020 compared to negative 0.1 percent in November 2019. Annual core inflation increased slightly to 4.0 percent in November 2020 from 3.9 percent in October 2020.
- Nationwide and rural annual inflation^{1/} increased to record 6.3 percent and 6.9 percent in November 2020, from 4.6 percent and 4.7 percent in October 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.

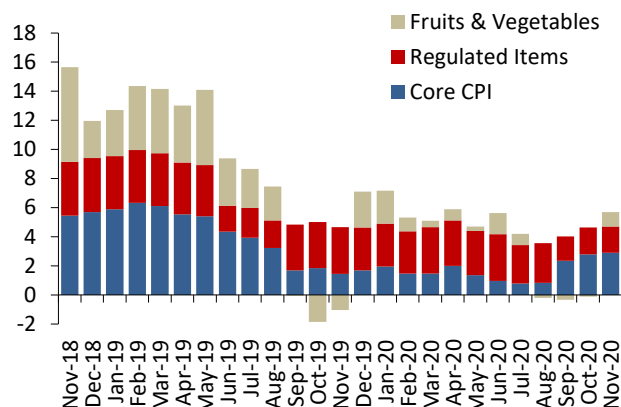
2/ Computed by the Central Bank of Egypt.

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:

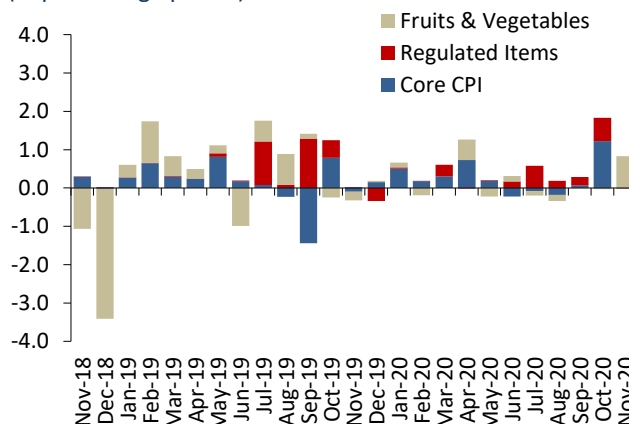
- Prices of fresh vegetables increased for the third consecutive month by 28.1 percent, while prices of fresh fruits declined for the fifth consecutive month by 4.5 percent. Higher prices of fresh vegetables came as prices of tomatoes increased by 134.6 percent, contributing alone by 0.9 percentage points to monthly headline inflation. Together, fresh vegetables and fresh fruits contributed by 0.8 percentage points to monthly headline inflation.
- Prices of poultry declined by 1.0 percent, to contribute by negative 0.03 percentage points to monthly headline inflation.
- Prices of red meat declined for the second consecutive month by 0.3 percent, to contribute by negative 0.01 percentage points to monthly headline inflation.
- Prices of other core food items remained broadly unchanged.
- Prices of retail items increased slightly by 0.25 percent, to contribute by 0.04 percentage points to monthly headline inflation. This was mainly due to seasonally slightly higher prices clothing.

Contribution to Annual Headline CPI Inflation
(in percentage points)



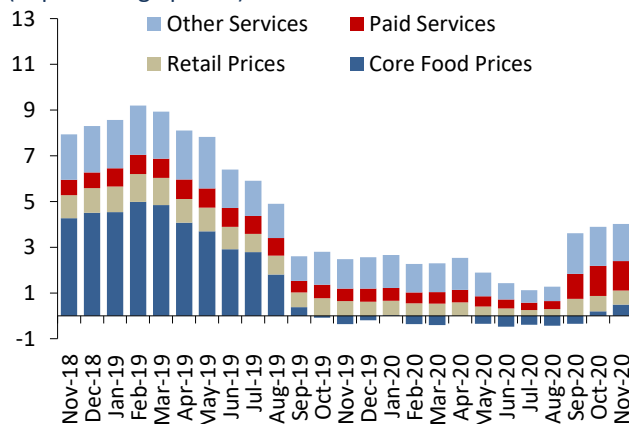
Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

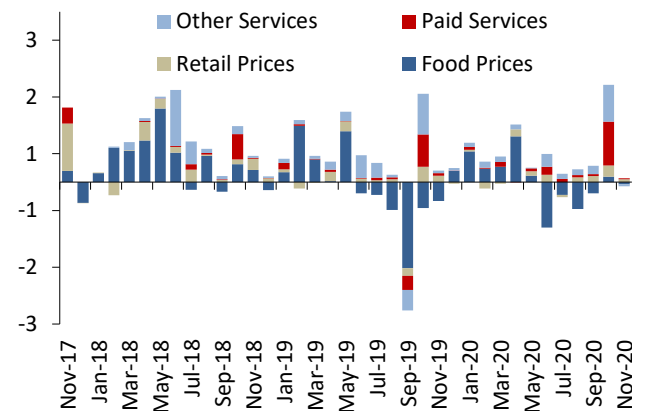
Contribution to Annual Core CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

- Prices of services declined slightly by 0.03 percent, to contribute by only negative 0.01 percentage points to monthly headline inflation. This came as slightly lower rental values of occupied housing were mostly offset by slightly higher expenditure on restaurants & cafes.
- Prices of regulated items remained broadly unchanged.
- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Core food items and services items contributed by negative 0.04 and negative 0.02 percentage points to monthly core inflation, respectively. Meanwhile, retail items contributed by positive 0.05 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/	November 2019	November 2020	November 2020 to October 2020	November 2020 to November 2019
	(in percent)	(index)		(percentage change)	
	(Average 2018/2019 = 100)				
Headline - All items	100.00	105.09	111.07	0.82	5.70
Food and beverages	32.73	98.05	101.56	2.74	3.58
Tobacco and related products	4.41	101.80	113.28	-0.11	11.27
Clothing and footwear	4.38	105.69	108.32	0.97	2.49
Housing, water, electricity, gas and other fuels	19.46	104.66	109.17	-0.21	4.32
Furnishings, household equipment and routine maintenance of the dwelling	3.93	101.89	106.40	0.12	4.43
Medical care	8.59	110.60	116.85	0.06	5.65
Transportation	6.66	115.84	120.57	0.04	4.08
Communications	2.75	102.01	104.48	-0.05	2.43
Recreation and Culture	2.24	112.26	117.26	0.01	4.45
Education	5.49	125.86	150.97	-0.02	19.95
Hotels, cafes and restaurants	4.98	109.97	117.40	0.34	6.76
Miscellaneous goods and services	4.37	104.67	113.34	-0.14	8.29
Selective aggregates					
Fruits & vegetables 3/	5.46	97.78	116.83	16.76	19.49
Regulated items	21.44	112.97	121.87	-0.02	7.88
Food excl. fruits & vegetables	24.51	96.55	98.07	-0.13	1.58
Retail items	14.34	106.45	109.64	0.25	3.00
Paid services	6.96	110.44	124.44	0.16	12.67
Other services	27.30	105.95	110.46	-0.09	4.26
Core CPI	73.09	101.46	105.54	-0.01	4.02

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits