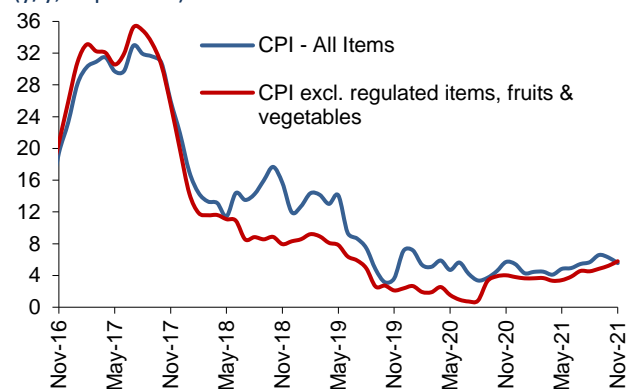


Headline and Core Inflation – November 2021

- Annual headline urban inflation^{1/} declined, for the second consecutive month, to record 5.6 percent in November 2021 from 6.3 percent in October 2021. This comes as monthly headline urban inflation recorded 0.1 percent in November 2021 compared to 0.8 percent in November 2020. The decline came supported by favorable base effects stemming from the transitory supply shock witnessed in tomato prices during November 2020.
- Monthly headline urban inflation^{1/} in November 2021 was mainly driven by non-food items. The increase in non-food items' prices reflected (1) the seasonal increase in clothes' prices, (2) the increase in rental values, (3) the increase in prices of medical products and services and (4) the increase in expenditures on restaurants and cafes. All of which were mainly reflected in retail items and services. Meanwhile, prices of volatile food items declined, broadly in line with their seasonal pattern and the resulting increase of their supply, which was only partly offset by higher core food prices, especially red meat. Moreover, prices of regulated food items increased, reflecting higher prices of subsidized vegetable oils as announced by the ministry of supply and internal trade. This marks the second increase for rationed vegetable oil prices during 2021. This comes along with the broad-based increase of core food prices, especially market prices of edible vegetable oil and sugar, to reflect the continued impact of higher international food prices on domestic inflation as well as possibly the beginning of the impact of higher prices of subsidized fertilizers and higher natural gas prices for fertilizers and food industries factories, as recently announced by the government. It is worth to note that edible vegetable oil and sugar recorded annual inflation of 27.2 percent and 18.2 percent which are their highest rates since October 2017, respectively.
- On an annual basis, the decline in headline inflation during November 2021 was driven by the lower annual contribution of food items, which more than offset the higher annual contribution of non-food items. Annual food inflation decelerated, for the first time since April 2021, to record 8.1 percent in November 2021 from 11.6 percent in October 2021; due to the decline in the annual contribution of volatile food items. On the other hand, annual non- food inflation increased to 4.5 percent in November 2021 from 4.0 percent in October 2021, mainly reflecting higher annual contribution of rental values as well as higher prices of cafes and restaurants.
- Driven by the higher annual contribution of core food items and services, annual core inflation^{2/} increased, for the third consecutive month, to record 5.8 percent in November 2021 from 5.2 percent in October 2021, partly affected by unfavorable base effects which reflect muted inflationary pressures during November 2020. This comes as monthly core inflation recorded 0.5 percent in November 2021 compared to zero in November 2020.
- Nationwide annual inflation^{1/} and annual rural inflation declined to record 6.2 percent and 6.8 percent in November 2021 from 7.3 percent and 8.4 percent in October 2021, respectively.

Headline and Core CPI Inflation ^{3/}

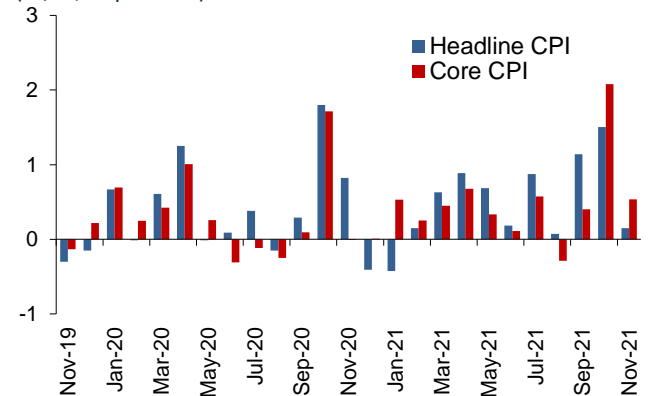
(y/y, in percent)



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.

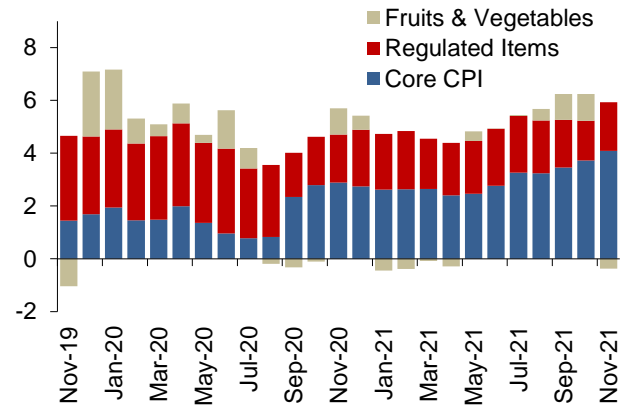
2/ Computed by the Central Bank of Egypt.

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:

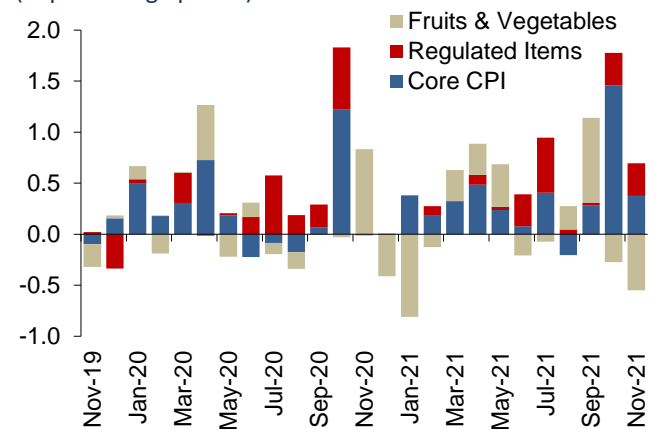
- Prices of **fresh vegetables and fresh fruits** declined by 13.3 percent and 2.3 percent, respectively. Together, **fresh vegetables and fresh fruits** contributed by negative 0.55 percentage points to monthly headline inflation.
- Prices of **poultry** declined by 6.2 percent, to contribute by negative 0.25 percentage points to monthly headline inflation.
- Prices of **red meat** increased by 2.1 percent, which is the highest monthly increase since April 2020, to contribute by 0.08 percentage points to monthly headline inflation.
- Prices of **other edible oils** increased by 8.1 percent, to contribute by 0.04 percentage points to monthly headline inflation.
- Prices of **sugar** increased by 12.2 percent, to contribute by 0.03 percentage points to monthly headline inflation.
- Prices of **other core food items**, including fats dairy products, rice, pasta, wheat flour, pulses and tea increased to contribute by 0.22 percentage points to monthly headline inflation.
- Prices of **regulated items** increased by 1.3 percent, to contribute by 0.32 percentage

Contribution to Annual Headline CPI Inflation
(in percentage points)



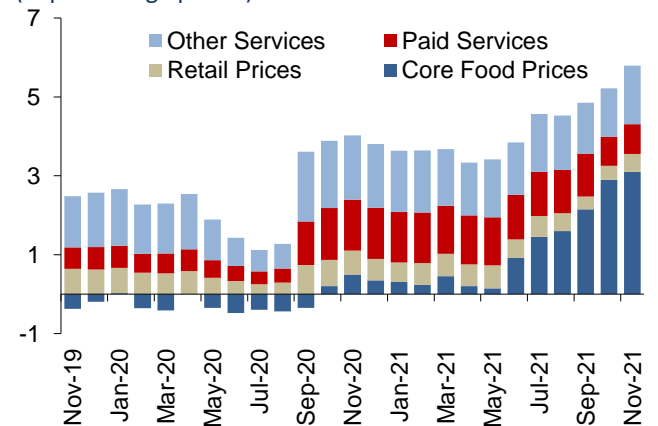
Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

Contribution to Annual Core CPI Inflation
(in percentage points)

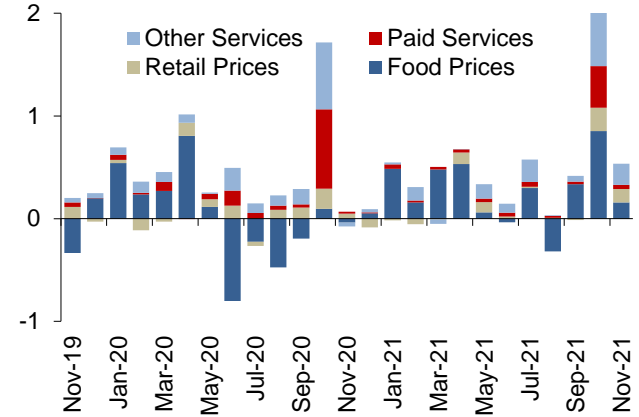


Source: Central Bank of Egypt.

points to monthly headline inflation. This was mainly due to the increase in the prices of **rationed vegetable oils**, for the second time in 2021, by 19.0 percent.

- Prices of **services** increased by 0.5 percent, to contribute by 0.17 percentage points to monthly headline inflation. This was mainly due to the increase in rental values, expenditures on restaurants and cafes, and the prices of private hospitals' services.
- Prices of **retail items** increased by 0.7 percent, to contribute by 0.09 percentage points to monthly headline inflation. This was mainly due to seasonally higher prices of clothing.
- **Monthly core inflation** was affected by price changes of the aforementioned core CPI items. **Services** items contributed by 0.24 percentage points to monthly core inflation. **Core food items** contributed by 0.16 percentage points to monthly core inflation. In addition, **retail items** contributed by 0.13 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 2020	November 2021	November 2021 to October 2021	November 2021 to November 2020
	(in percent)	(index)		(percentage change)	
	(Average 2018/2019 = 100)				
Headline - All items	100.00	111.07	117.24	0.15	5.56
Food and beverages	32.73	101.56	109.82	-0.47	8.14
Tobacco and related products	4.41	113.28	116.95	-0.15	3.25
Clothing and footwear	4.38	108.32	109.65	1.62	1.23
Housing, water, electricity, gas and other fuels	19.46	109.17	113.27	0.37	3.75
Furnishings, household equipment and routine maintenance of the dwelling	3.93	106.40	108.66	0.16	2.12
Medical care	8.59	116.85	119.79	0.80	2.51
Transportation	6.66	120.57	125.94	0.26	4.46
Communications	2.75	104.48	105.19	0.52	0.67
Recreation and Culture	2.24	117.26	134.56	0.03	14.75
Education	5.49	150.97	170.21	0.00	12.75
Hotels, cafes and restaurants	4.98	117.40	120.46	0.88	2.61
Miscellaneous goods and services	4.37	113.34	116.38	0.24	2.68
Selective aggregates					
Fruits & vegetables 3/	5.46	116.83	109.24	-9.71	-6.50
Regulated items	21.44	121.87	131.37	1.34	7.80
Food excl. fruits & vegetables	24.51	98.07	108.01	0.49	10.14
Retail items	14.34	109.64	112.11	0.68	2.25
Paid services	6.96	124.44	132.96	0.35	6.85
Other services	27.30	110.46	114.73	0.55	3.87
Core CPI	73.09	105.54	111.66	0.53	5.79

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits