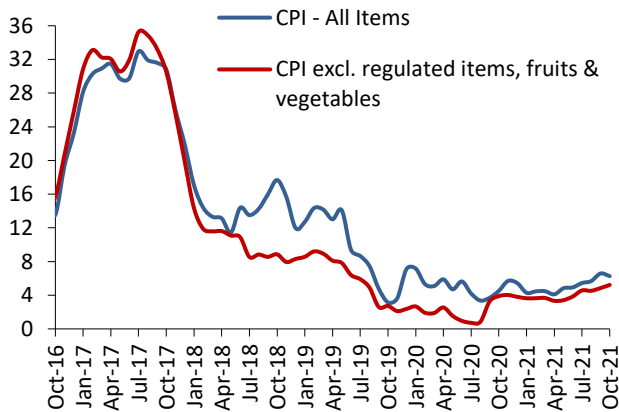


Headline and Core Inflation – October 2021

- Annual headline urban inflation^{1/} declined in October 2021 to 6.3 percent from 6.6 percent in September 2021. This comes as monthly headline urban inflation recorded 1.5 percent in October 2021 compared to 1.8 percent in October 2020.
- Monthly headline urban inflation^{1/} in October 2021 was mainly driven by non-food items. The increase in non-food items' prices reflected the seasonal increase in education and education-related prices, which was reflected in regulated items, services and retail items. Additionally, the Fuel Indexation Committee raised the prices of select fuel products during its last meeting in October 2021. Moreover, prices of core food items increased, especially poultry, eggs and red meat among others, reflecting broadly the impact of higher international food inflation. Meanwhile, prices of volatile food items declined, broadly in line with their seasonal pattern and the resulting increase of their supply, as well as due to the decline in tomato prices after their increase during the previous month as expected.
- On an annual basis, the decline in headline inflation during October 2021 was driven by the lower annual contribution of non-food items, which was partially offset by a higher annual contribution of food items. Annual non-food inflation decelerated to its lowest level since December 2012, recording 4.0 percent in October 2021 from 4.9 percent in September 2021; mainly driven by a weaker price increase of the education group compared to the previous year. On the other hand, annual food inflation increased for the sixth consecutive month to reach 11.6 percent in October 2021 (which is its highest annual rate since May 2019), up from 10.6 percent in September 2021, reflecting higher annual contribution of core food items.
- Driven by the higher annual contribution of core food items, annual core inflation^{2/} increased in October 2021 to 5.2 percent from 4.8 percent in September 2021. This comes as monthly core inflation recorded 2.1 percent in October 2021 compared to 1.7 percent in October 2020.
- Nationwide annual inflation^{1/} and annual rural inflation declined to record 7.3 percent and 8.4 percent in October 2021 from 8.0 percent and 9.5 percent in September 2021, respectively.

Headline and Core CPI Inflation ^{3/}

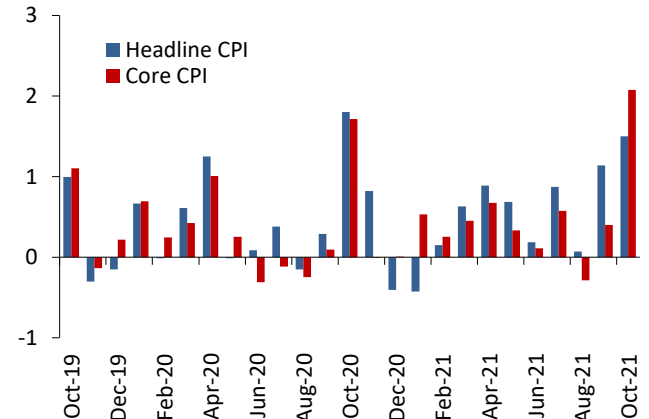
(y/y, in percent)



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.

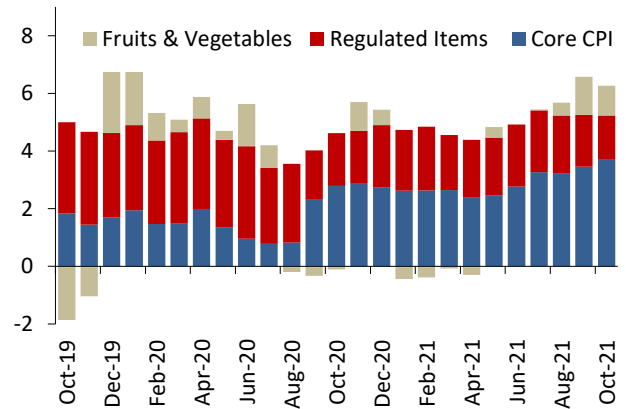
2/ Computed by the Central Bank of Egypt.

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:

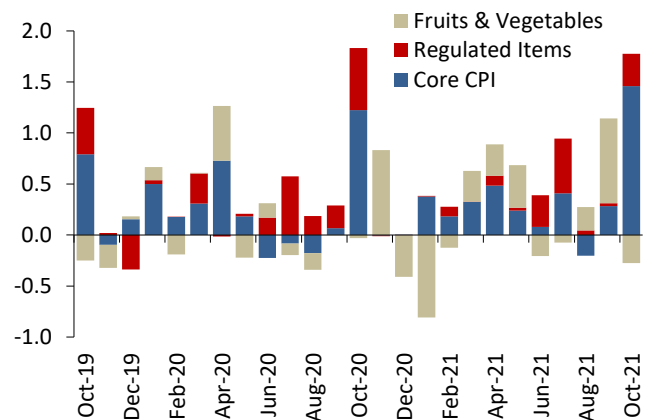
- Prices of **fresh fruits and fresh vegetables** declined by 7.3 percent and 3.2 percent, respectively. Together, fresh vegetables and fresh fruits contributed by negative 0.27 percentage points to monthly headline inflation.
- Prices of **poultry** increased for the second consecutive month by 8.4 percent, to contribute by 0.32 percentage points to monthly headline inflation.
- Prices of **eggs** increased for the fifth consecutive month by 10.0 percent, to contribute by 0.11 percentage points to monthly headline inflation.
- Prices of **red meat** increased by 1.6 percent, to contribute by 0.06 percentage points to monthly headline inflation.
- Prices of **fish and seafood** increased by 1.3 percent, to contribute by 0.03 percentage points to monthly headline inflation.
- Prices of other **core food** items, including dairy products, sugar, rice, oils and fats increased to contribute by 0.08 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)



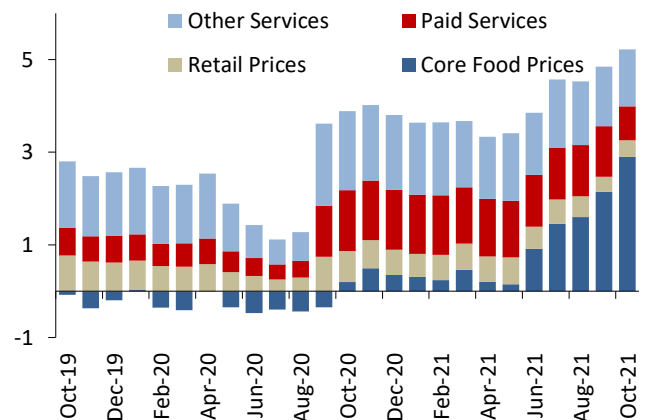
Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

Contribution to Annual Core CPI Inflation
(in percentage points)

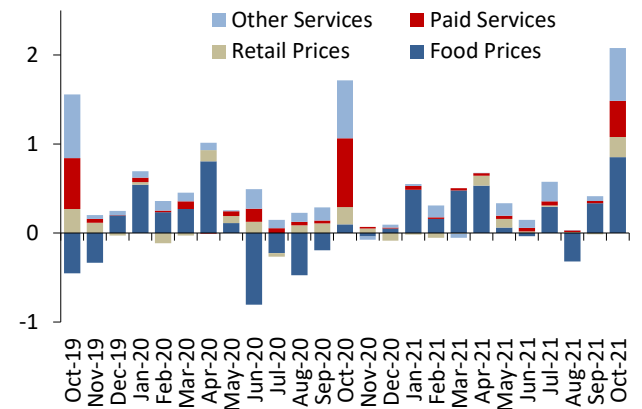


Source: Central Bank of Egypt.

points to monthly headline inflation. This was mainly due to seasonally higher tuition fees of public schools, public hospitals and higher prices of select fuel products as announced by the Fuel Indexation Committee during its last meeting in October 2021.

- Prices of **services** increased by 2.0 percent, to contribute by 0.70 percentage points to monthly headline inflation. This was mainly due to seasonally higher tuition fees of private schools and private lessons.
- Prices of **retail items** increased by 1.2 percent, to contribute by 0.16 percentage points to monthly headline inflation. This was mainly due to higher prices of books as well as clothing; especially school uniforms.
- Monthly core inflation** was affected by price changes of the aforementioned core CPI items. **Services items** contributed by 1.0 percentage points to monthly core inflation. **Core food items** contributed by 0.85 percentage points to monthly core inflation. In addition, **retail items** contributed by 0.23 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/	October 2020	October 2021	October 2021 to September 2021	October 2021 to October 2020
	(in percent)	(index)		(percentage change)	
	(Average 2018/2019 = 100)				
Headline - All items	100.00	110.17	117.07	1.50	6.27
Food and beverages	32.73	98.85	110.34	1.05	11.62
Tobacco and related products	4.41	113.40	117.13	0.02	3.29
Clothing and footwear	4.38	107.28	107.90	0.39	0.57
Housing, water, electricity, gas and other fuels	19.46	109.41	112.84	0.04	3.14
Furnishings, household equipment and routine maintenance of the dwelling	3.93	106.27	108.49	0.14	2.09
Medical care	8.59	116.78	118.83	0.16	1.76
Transportation	6.66	120.52	125.61	0.72	4.23
Communications	2.75	104.53	104.64	0.02	0.10
Recreation and Culture	2.24	117.24	134.52	6.01	14.74
Education	5.49	150.99	170.21	12.75	12.73
Hotels, cafes and restaurants	4.98	117.00	119.41	0.13	2.06
Miscellaneous goods and services	4.37	113.49	116.10	0.21	2.29
Selective aggregates					
Fruits & vegetables 3/	5.46	100.06	120.98	-4.57	20.91
Regulated items	21.44	121.89	129.63	1.34	6.35
Food excl. fruits & vegetables	24.51	98.20	107.49	2.70	9.45
Retail items	14.34	109.37	111.35	1.16	1.81
Paid services	6.96	124.23	132.50	3.70	6.65
Other services	27.30	110.56	114.11	1.56	3.21
Core CPI	73.09	105.55	111.06	2.08	5.22

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits