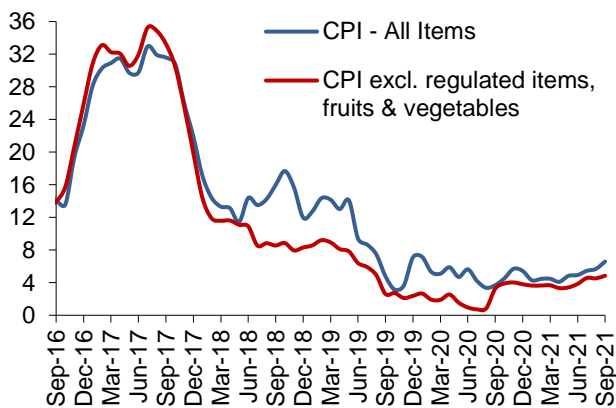


Headline and Core Inflation – September 2021

- Annual headline urban inflation^{1/} increased in September 2021 to 6.6 percent from 5.7 percent in August 2021, driven by strong monthly dynamics as well as unfavorable base effects. This comes as monthly headline urban inflation recorded 1.1 percent in September 2021 compared to 0.3 percent in September 2020. Consequently, annual headline urban inflation recorded its highest rate as well as over 6 percent for the first time since January 2020.
- Monthly headline urban inflation^{1/} in September 2021 was mainly driven by food items. The increase in food prices reflected mainly higher prices of fresh vegetables, specifically tomatoes, and was further supported by higher prices of core food items, mainly poultry and meat. In the meantime, the slight increase in non-food items reflected mainly the effect of an increase in the prices of cafes and restaurants (services) as well as vehicle operating expenses (regulated items), which was partially offset by lower prices of clothing (retail items).
- On an annual basis, the acceleration of the headline inflation figure during September 2021 was, similarly, driven by the higher annual inflation of food items, which was partially offset by lower annual inflation of nonfood items. Annual food inflation increased for the fifth consecutive month to reach 10.6 percent in September 2021 (which is its highest annual rate since May 2019), up from 6.6 percent in August 2021, reflecting mainly higher annual contribution of volatile as well as core food items, but by a lesser extent. This mainly reflected the strong increase of prices in September 2021 as well as the muted monthly dynamics in September 2020. On the other hand, annual non-food inflation declined for the second consecutive month to record 4.9 percent in September 2021 from 5.3 percent in August 2021, driven by broad-based lower annual contributions of regulated, retail and services items.
- Driven by the higher annual contribution of core food items, annual core inflation^{2/} increased in September 2021 to 4.8 percent from 4.5 percent in August 2021. This comes as monthly core inflation recorded 0.4 percent in September 2021 compared to 0.1 percent in September 2020.
- Nationwide annual inflation^{1/} and annual rural inflation^{1/} increased to record 8.0 percent and 9.5 percent in September 2021 from 6.4 percent and 7.1 percent in August 2021, respectively.

Headline and Core CPI Inflation ^{3/}

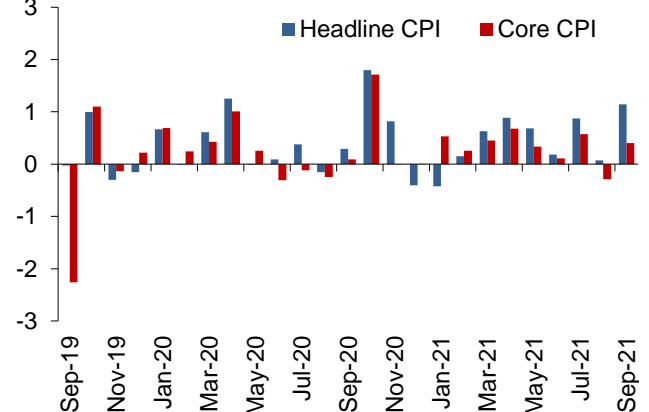
(y/y, in percent)



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.

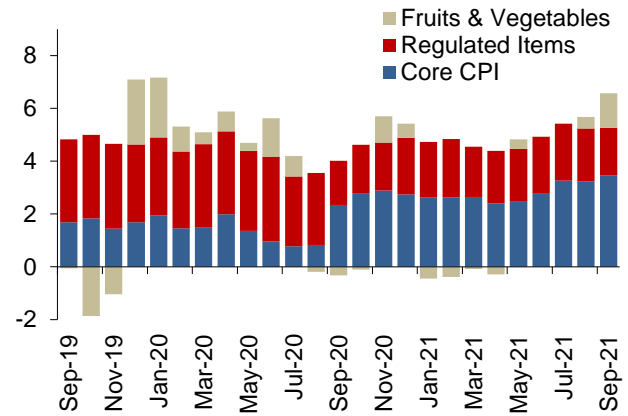
2/ Computed by the Central Bank of Egypt.

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:

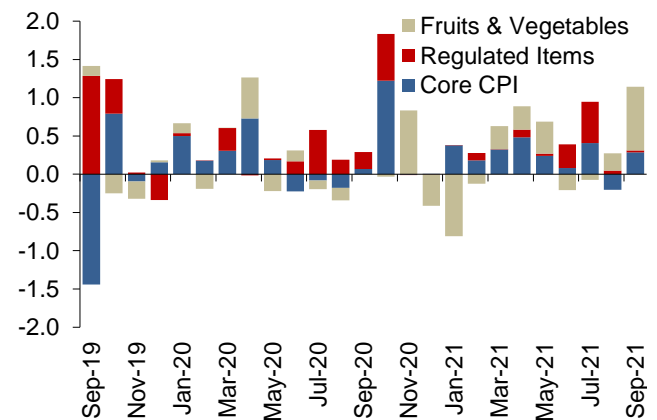
- Prices of fresh vegetables and fresh fruits increased by 25.0 percent and 1.2 percent, respectively. Higher prices of fresh vegetables came mainly as prices of tomatoes increased by 88.5 percent, contributing alone by 0.58 percentage points to monthly headline inflation. Together, fresh vegetables and fresh fruits contributed by 0.83 percentage points to monthly headline inflation.
- Prices of poultry increased by 2.8 percent, to contribute by 0.11 percentage points to monthly headline inflation.
- Prices of red meat increased by 1.9 percent, to contribute by 0.08 percentage points to monthly headline inflation.
- Prices of eggs increased by 1.7 percent, to contribute by 0.02 percentage points to monthly headline inflation.
- Prices of fish and seafood declined by 0.6 percent, to contribute by negative 0.01 percentage points to monthly headline inflation.
- Prices of other core food items, including dairy products, pulses, rice, oils and fats increased to contribute by 0.05 percentage points to monthly headline inflation.

Contribution to Annual Headline CPI Inflation
(in percentage points)



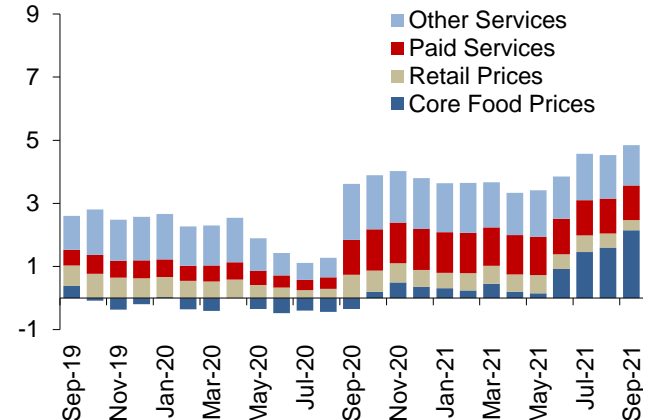
Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

Contribution to Annual Core CPI Inflation
(in percentage points)

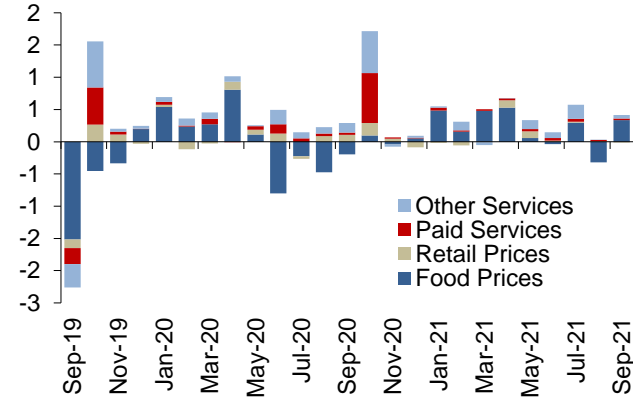


Source: Central Bank of Egypt.

- Prices of services increased by 0.2 percent, to contribute by 0.06 percentage points to monthly headline inflation. This was mainly due to higher expenditure on restaurants and cafes as well as higher prices of private hospitals and outpatient services.
- Prices of regulated items slightly increased by 0.1 percent, to contribute by 0.03 percentage points to monthly headline inflation. This was mainly due to higher vehicle operating expenses and prices of medical products and inland transportation.
- Prices of retail items slightly declined by 0.1 percent, to contribute by negative 0.01 percentage points to monthly headline inflation. This was mainly due to lower prices of clothing.
- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Core food items contributed by 0.34 percentage points to monthly core inflation. In addition, services items contributed by 0.08 percentage points to monthly core inflation. On the other hand, retail items contributed by negative 0.01 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/	September 2020	September 2021	September 2021 to August 2021	September 2021 to September 2020
	(in percent)	(index)		(percentage change)	
	(Average 2018/2019 = 100)				
Headline - All items	100.00	108.22	115.34	1.14	6.58
Food and beverages	32.73	98.73	109.20	3.53	10.61
Tobacco and related products	4.41	113.26	117.10	-0.20	3.39
Clothing and footwear	4.38	105.57	107.48	-0.72	1.81
Housing, water, electricity, gas and other fuels	19.46	109.11	112.79	0.02	3.37
Furnishings, household equipment and routine maintenance of the dwelling	3.93	105.18	108.34	0.24	3.01
Medical care	8.59	116.70	118.64	0.34	1.67
Transportation	6.66	120.41	124.71	0.53	3.57
Communications	2.75	104.54	104.62	0.00	0.08
Recreation and Culture	2.24	113.39	126.90	0.05	11.91
Education	5.49	125.86	150.97	0.00	19.95
Hotels, cafes and restaurants	4.98	116.63	119.25	0.48	2.24
Miscellaneous goods and services	4.37	108.30	115.86	0.11	6.98
Selective aggregates					
Fruits & vegetables 3/	5.46	100.66	126.78	15.82	25.95
Regulated items	21.44	118.83	127.91	0.11	7.65
Food excl. fruits & vegetables	24.51	97.90	104.66	1.07	6.91
Retail items	14.34	108.31	110.08	-0.07	1.63
Paid services	6.96	115.66	127.78	0.21	10.48
Other services	27.30	108.72	112.35	0.15	3.34
Core CPI	73.09	103.77	108.80	0.40	4.85

1/ Source: CAPMAS and CBE calculations

2/ Based on 2017/2018 Household Expenditure Survey

3/ Excluding pulses, processed vegetables and dried fruits