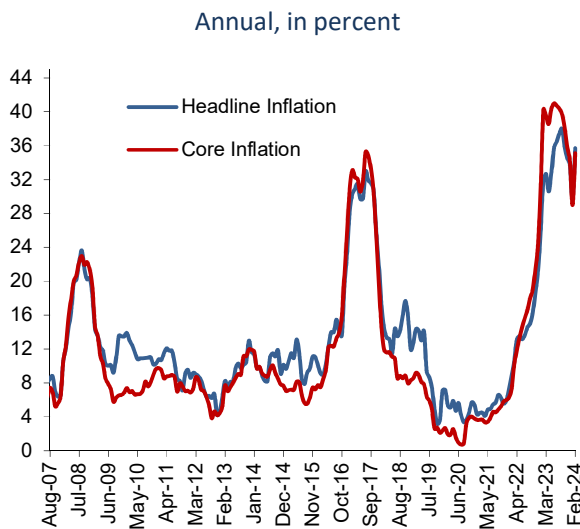


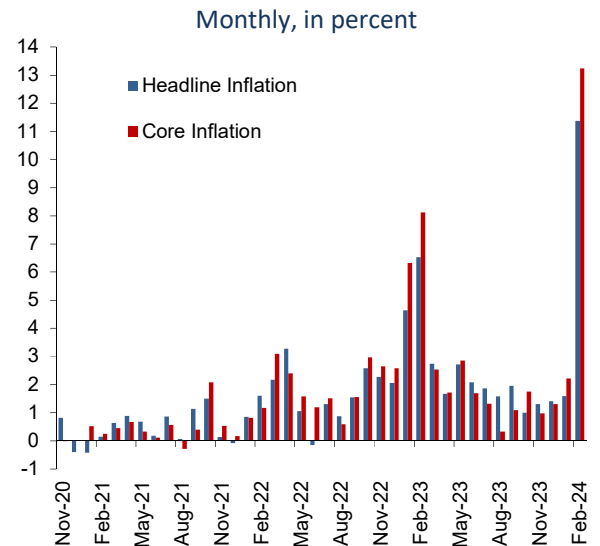
Headline and Core Inflation – February 2024

- **Annual headline urban inflation^{1/}** increased during February 2024 to record 35.7 percent from 29.8 percent in January 2024. The acceleration stems from strong monthly dynamics in February 2024, primarily driven by elevated core food as well as non-food prices, which more than offset the significant favorable base effect. Accordingly, annual food inflation regained its inflationary momentum - after 4 consecutive months of deceleration- to record 50.9 percent in February 2024 from 47.9 percent in January 2024. Furthermore, annual non-food inflation increased to record 26.1 percent in February 2024 from 19.6 percent in January 2024.
- **Annual core inflation^{2/}** reversed its downward trend - which continued for seven consecutive months- to record 35.1 percent in February 2024, up from 29.0 percent in January 2024. The increase in annual core inflation reflected price increases across the board including core food, services and retail items. This comes in line with **monthly core inflation** recording a historical high of 13.2 percent in February 2024, compared to 8.1 percent during the same month last year.
- **Monthly headline urban inflation^{1/}** recorded 11.4 percent in February 2024, compared to 6.5 percent during the same month last year, marking the first double-digit monthly inflation rate on record. The unusual inflationary pressures during February 2024 highlight elevated inflation expectations and underlying inflation stemming from foreign exchange market imbalances, which underscore the critical importance of the timing of the recent measures taken by the Monetary Policy Committee on the 6th of March 2024. The surge in prices was driven by the combined effect of seasonal and nonseasonal factors. Seasonal factors include: the impact of Ramadan on food prices, as well as the delayed impact of education and education-related items (shifted from October 2023 to February 2024 by CAPMAS). This comes in addition to higher prices of tobacco and medical products, as well as, a persistent rise in the prices of household cleaning products, household appliances, personal care products, and rental values, among others.
- **Rural annual headline inflation^{1/}** increased to record 36.3 percent in February 2024 from 32.5 percent in January 2024. Additionally, **nationwide annual headline inflation^{1/}** increased to 36.0 percent in February 2024 from 31.2 percent in January 2024.

Headline and Core CPI Inflation^{3/}



Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt.



Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt.

1/ Published by the Central Agency for Public Mobilization and Statistics.

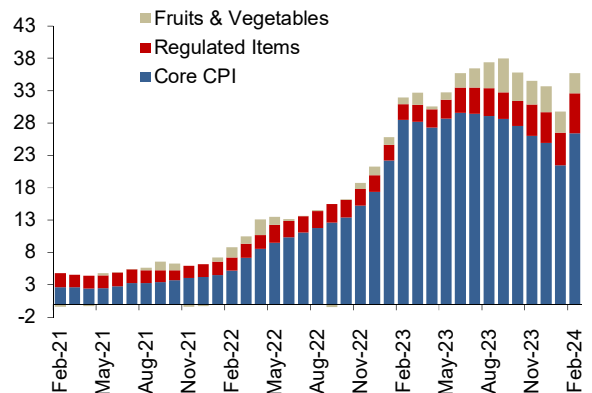
2/ Computed by the Central Bank of Egypt.

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:

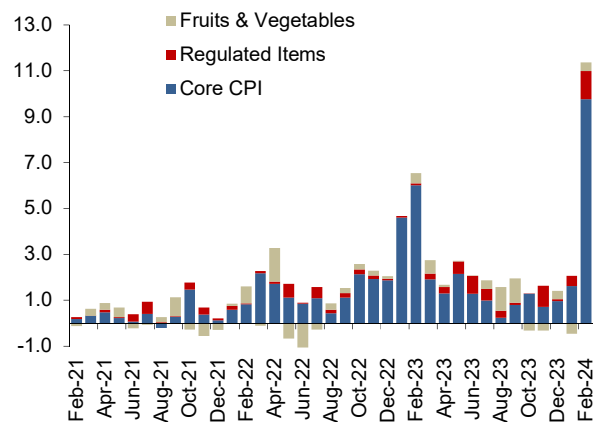
- Prices of **Poultry and Red meat** increased by 32.6 and 19.6 percent, respectively. Together, they contributed by 2.97 percentage points to monthly headline inflation.
- Prices of **Dairy products** increased by 11.4 percent, marking its highest increase on record, to contribute by 0.53 percentage points to monthly headline inflation.
- Prices of **Oils and Fats** increased by 20.2 percent to contribute by 0.66 percentage points to monthly headline inflation.
- Prices of **Pasta and Market Rice** increased by 30.7 and 10.6 percent, respectively. Together, they contributed by 0.50 percentage points to monthly headline inflation.
- Prices of **Fish & seafood** increased by 13.0 percent to contribute by 0.38 percentage points to monthly headline inflation.
- Prices of **Other core food items** including eggs, pulses, market sugar, market tea, coffee, among others, increased to contribute by 1.42 percentage points to monthly headline inflation.
- Prices of **Services** increased by 6.7 percent to contribute by 1.88 percentage points to monthly headline inflation. This was primarily driven by the postponed seasonal impact of higher private schools' tuition and private lessons. This is in addition to higher expenditures on restaurants and cafes, as well as rental values.
- Prices of **Retail items** increased by 10.7 percent, contributing by 1.39 percentage points to monthly headline inflation. It was driven by the increase in prices of educational Books, medical products & equipment, stationary and school supplies, household cleaning products, household appliances, personal care products as well as clothing, among others.

Contribution to Annual Headline CPI Inflation
(in percentage points)



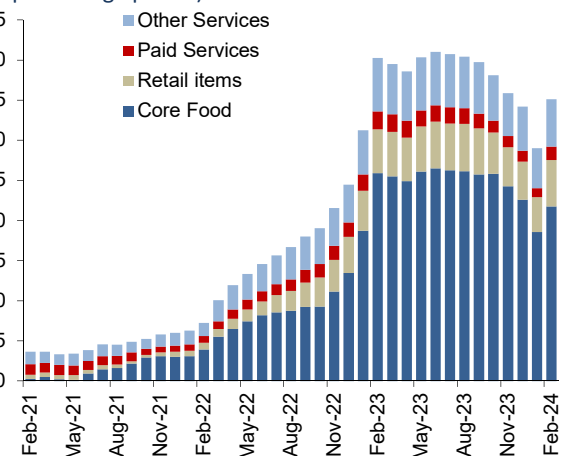
Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

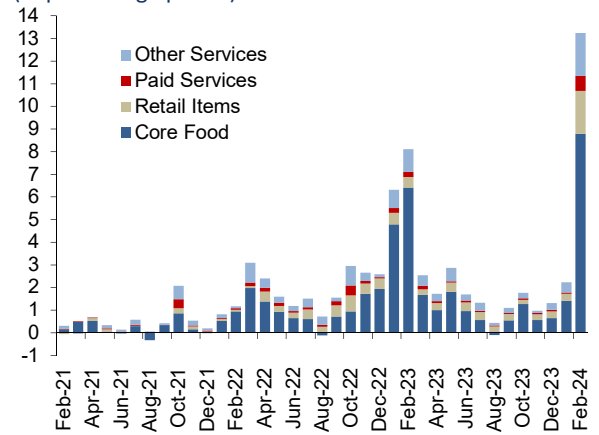
Contribution to Annual Core CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

- Prices of **Regulated items** increased by 6.1 percent to contribute by 1.24 percentage points to monthly headline inflation. This was primarily driven by an increase in prices of tobacco, public education tuition fees, water supply services, and medical products & equipment, among others.
- Prices of **Fresh fruits and Vegetables** increased by 5.8 and 6.4 percent, respectively. Together, they contributed by 0.39 percentage points to monthly headline inflation.
- Monthly **Core Inflation** was affected by price changes of the aforementioned core CPI items. **Core food items** contributed by 8.80 percentage points to monthly core inflation. **Services** contributed by 2.56 percentage points to monthly core inflation. **Retail items** contributed by 1.89 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/}	February 2023	February 2024	February 2024 to January 2024	February 2024 to February 2023
	(in percent)	(index)		(in percent)	
	(Average 2018/2019 = 100)				
Headline - All items	100.00	158.38	214.93	11.37	35.71
Food and beverages	32.73	187.79	283.37	16.70	50.89
Tobacco and related products	4.41	134.41	260.02	8.49	93.46
Clothing and footwear	4.38	132.71	159.43	3.14	20.13
Housing, water, electricity, gas, and other fuels	19.46	123.59	135.86	1.60	9.92
Furnishings, household equipment, and routine maintenance of the dwelling	3.93	149.07	201.05	4.71	34.87
Medical care	8.59	139.89	174.00	12.36	24.38
Transportation	6.66	151.56	177.66	1.33	17.22
Communications	2.75	106.42	121.13	0.44	13.82
Recreation and Culture	2.24	185.24	266.39	27.52	43.81
Education	5.49	189.46	224.31	18.39	18.39
Hotels, cafes, and restaurants	4.98	184.14	258.32	12.61	40.28
Miscellaneous goods and services	4.37	148.56	185.88	4.33	25.13
Select aggregates					
Fruits & vegetables ^{3/}	5.46	143.27	233.17	6.21	62.75
Regulated items	21.44	146.70	192.45	6.14	31.19
Food excl. fruits & vegetables	24.51	202.72	308.25	19.83	52.06
Retail items	14.34	145.64	194.09	10.67	33.26
Paid services	6.96	162.03	190.11	7.66	17.33
Other services	27.30	136.53	162.42	6.48	18.96
Core CPI	73.09	160.01	216.20	13.24	35.12

^{1/} Source: CAPMAS and CBE calculations

^{2/} Based on the 2017/2018 Household Expenditure Survey

^{3/} Excluding pulses, processed vegetables, and dried fruits