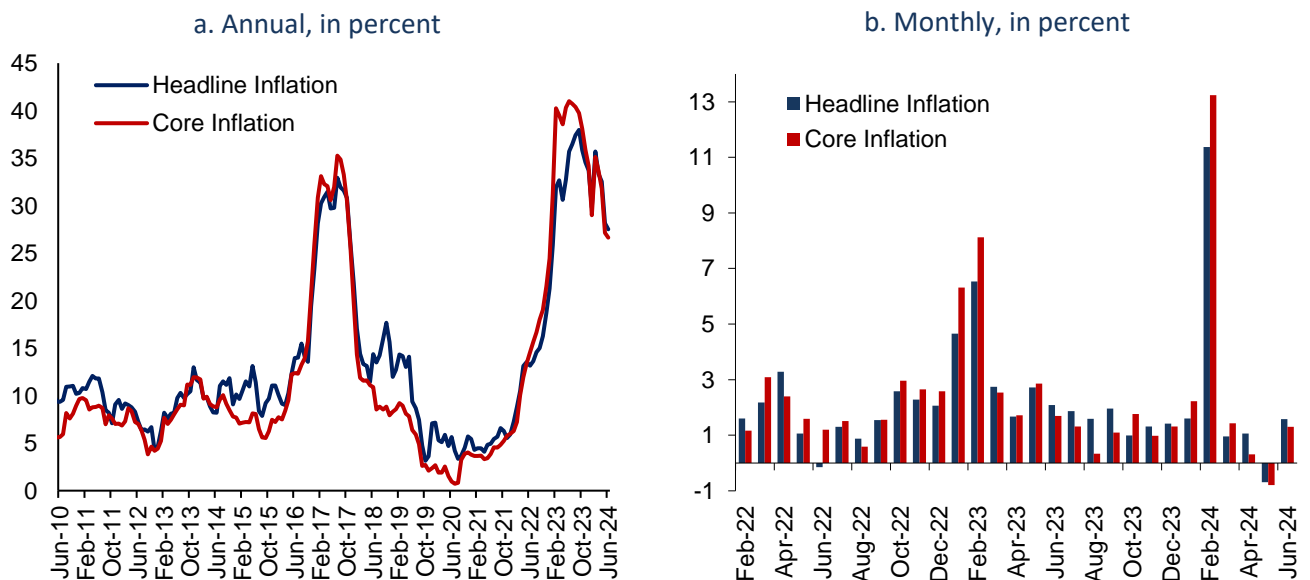


Headline and Core Inflation, June 2024

- **Annual urban headline inflation**¹ decelerated for the fourth consecutive month to register 27.5 percent in June 2024 compared with 28.1 percent in May 2024. Inflation outturns in June 2024 were affected by food items and to a lesser extent by non-food items, in addition to the favorable base effect from the strong inflationary pressures in 2023. Annual food inflation increased to 31.9 percent in June 2024 compared with 31.0 percent in May 2024, which is mainly attributed to the increase in core food prices as well as subsidized food items such as the 300 percent price increase in subsidized bread announced by the Government on May 29, 2024. The increase in food prices was partially offset by a decline in annual non-food inflation, which recorded 24.5 percent in June 2024 compared with 26.2 percent in May 2024.
- **Annual core inflation**² decelerated to 26.6 percent in June 2024 from 27.1 percent in May 2024, reaching its lowest level since December 2022. This slight decline is consistent with **monthly core inflation** recording 1.3 percent in June 2024 compared with 1.7 percent during the corresponding month in 2023.
- **Monthly urban headline inflation**¹ recorded 1.6 percent in June 2024 compared with 2.1 percent during the corresponding month in 2023, and negative 0.7 percent in May 2024. The monthly increase is attributed to monthly core food prices regaining momentum, after recording negative inflation rates during April and May 2024, and pushing monthly headline inflation upwards despite the slight deceleration witnessed in monthly non-food inflation.
- **Annual rural headline inflation**¹ stabilized at 26.6 percent in June 2024 from 26.7 percent in May 2024. Additionally, **annual nationwide headline inflation**¹ declined to 27.1 percent in June 2024 from 27.4 percent in May 2024.

Figure 1. Headline and Core CPI Inflation³



Source: Calculated by the Central Agency for Public Mobilization and Statistics (CAPMAS) and Central Bank of Egypt (CBE).

Source: CAPMAS and CBE calculations.

1/ Published by CAPMAS.

2/ Computed by the CBE.

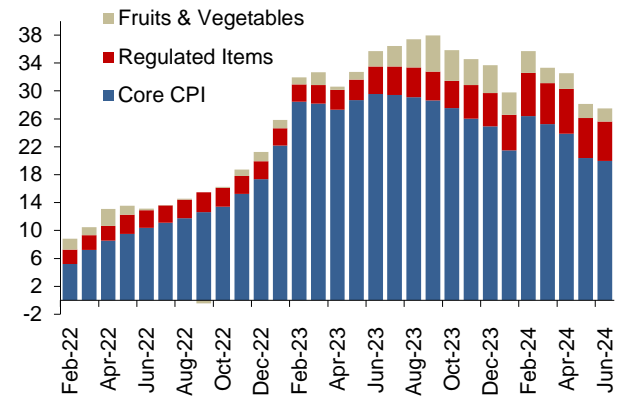
3/ CAPMAS publishes three CPI series: (1) CPI-urban areas, which includes Cairo, Alexandria, urban Lower Egypt, urban Upper Egypt, Canal cities and Frontier governorates, (2) CPI-rural areas, and (3) CPI-all areas. Numbers quoted in this note refer to CPI-urban.

Key Highlights:

- Prices of **fresh fruits** declined by 4.4 percent, while prices of **fresh vegetables** increased by 1.7 percent. They both contributed negative 0.04 percentage points to monthly headline inflation.
- Prices of **poultry** increased by 8.3 percent, contributing 0.50 percentage points to monthly headline inflation.
- Prices of **unsubsidized bread** increased by 8.1 percent, contributing 0.05 percentage points to monthly headline inflation.
- Prices of **dairy products** increased by 0.4 percent, contributing 0.02 percentage points to monthly headline inflation.
- Prices of **market sugar** declined by 1.9 percent, contributing negative 0.01 percentage points to monthly headline inflation. This is the second consecutive month a decline is recorded in market sugar.
- Prices of **other core food items** including red meat, pulses, oils and fats, market tea, among others, contributed to monthly headline inflation by 0.02 percentage points.
- Prices of **regulated items** increased in June 2024 by 3.3 percent, contributing 0.64 percentage points to monthly headline inflation. This was mainly driven by a price increase of 300 percent in subsidized bread, and the increase in prices of medical products, appliances and equipment.
- Prices of **retail items** increased by 1.8 percent, contributing 0.24 percentage points to monthly headline inflation. This was mainly driven by higher prices of medical products, clothing and footwear, as well as personal care products among other retail items.

Figure 2. Contribution to Annual Headline CPI Inflation

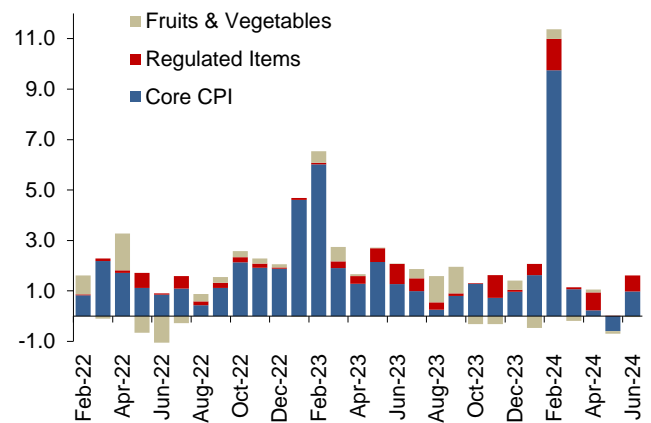
(in percentage points)



Source: CBE calculations .

Figure 3. Contribution to Monthly Headline CPI Inflation

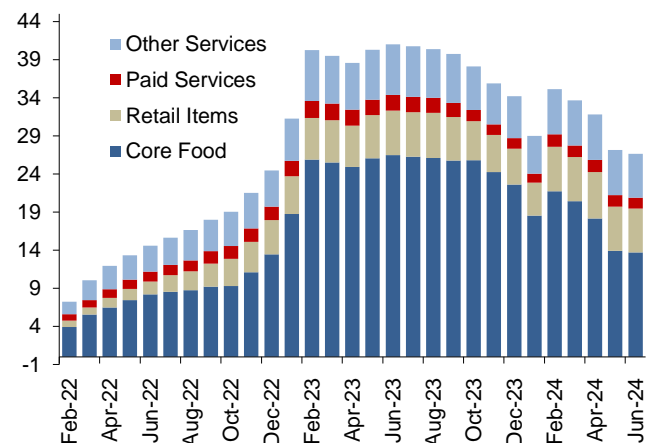
(in percentage points)



Source: CBE calculations.

Figure 4. Contribution to Annual Core CPI Inflation

(in percentage points)

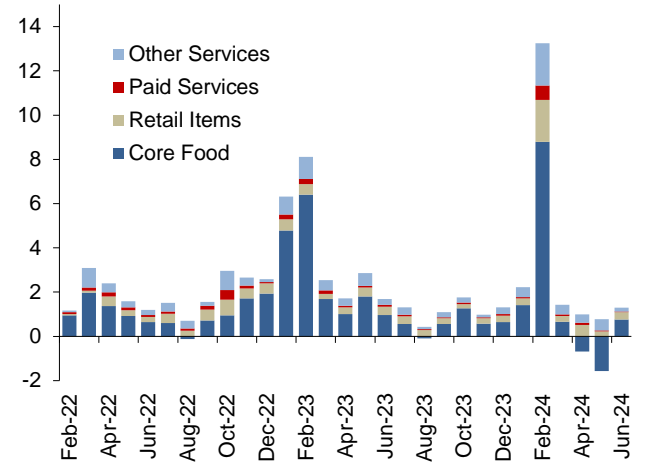


Source: CBE calculations.

- Prices of **services** increased by 0.6 percent, contributing 0.16 percentage points to monthly headline inflation. This was mainly driven by higher rents and expenditures on restaurants and cafes, among other services.
- The monthly **core inflation** is explained by the price increases in the aforementioned core CPI items. **Core food items** contributed 0.77 percentage points to monthly core inflation, while **retail items** contributed 0.32 percentage points and **services** 0.21 percentage points.

Figure 5. Contribution to Monthly Core CPI Inflation

(in percentage points)



Source: CBE calculations.

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 Rental Law) |
| Meat | Fabrics | Dwelling maintenance services | Rental value of owner-occupied housing |
| Fish and other seafood | Footwear | Portmen & gardeners' services | Hospital services |
| Eggs & dairy products | Products related to dwelling repair | Cook & maid's services | Transportation services |
| Oils and fats | Furniture | Technicians of HH appliances | Mobile & internet services |
| Dried fruits | Carpets and other floor coverings | Repairs of audio-visual equipment | Recreational & sporting services |
| Processed vegetables | Household (HH) textiles | Physicians | Cultural services |
| Pulses | HH appliances | Mechanics | Hajj & Umrah 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: Major Components¹

| | Weight in basket ^{2/} | June 2023 | June 2024 | June 2024 to May 2024 | June 2024 to June 2023 |
|---|--------------------------------|---------------|---------------|-----------------------|------------------------|
| | (in percent) | (index) | | (in percent) | |
| (Average 2018/2019 = 100) | | | | | |
| Headline – all items | 100.00 | 173.49 | 221.22 | 1.58 | 27.51 |
| Food and beverages | 32.73 | 213.13 | 281.22 | 2.60 | 31.95 |
| Tobacco and related products | 4.41 | 178.51 | 281.59 | 0.21 | 57.74 |
| Clothing and footwear | 4.38 | 142.92 | 180.71 | 2.67 | 26.44 |
| Housing, water, electricity, gas, and other fuels | 19.46 | 126.32 | 138.81 | 0.38 | 9.89 |
| Furnishings, household equipment, and routine maintenance of the dwelling | 3.93 | 168.90 | 212.96 | 0.25 | 26.09 |
| Medical care | 8.59 | 144.77 | 184.67 | 2.77 | 27.56 |
| Transportation | 6.66 | 164.21 | 193.00 | 0.31 | 17.53 |
| Communications | 2.75 | 107.06 | 121.66 | 0.06 | 13.64 |
| Recreation and culture | 2.24 | 196.36 | 303.33 | 0.78 | 54.48 |
| Education | 5.49 | 189.46 | 224.31 | 0.00 | 18.39 |
| Hotels, cafes, and restaurants | 4.98 | 204.51 | 275.46 | 1.03 | 34.70 |
| Miscellaneous goods and services | 4.37 | 161.60 | 195.73 | 1.12 | 21.12 |
| | | | | | |
| Select aggregates | | | | | |
| Fruits & vegetables ³ | 5.46 | 163.72 | 224.45 | -0.63 | 37.09 |
| Regulated items | 21.44 | 161.39 | 207.07 | 3.26 | 28.30 |
| Food excl. fruits & vegetables | 24.51 | 230.08 | 302.71 | 1.71 | 31.57 |
| Retail items | 14.34 | 157.17 | 209.22 | 1.79 | 33.11 |
| Paid services | 6.96 | 168.73 | 195.76 | 0.35 | 16.02 |
| Other services | 27.30 | 143.91 | 171.30 | 0.63 | 19.04 |
| Core CPI | 73.09 | 174.57 | 221.08 | 1.30 | 26.64 |

^{1/} Source: CAPMAS and CBE calculations.

^{2/} Based on the 2017/2018 Household Income, Expenditure and Consumption Survey.

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