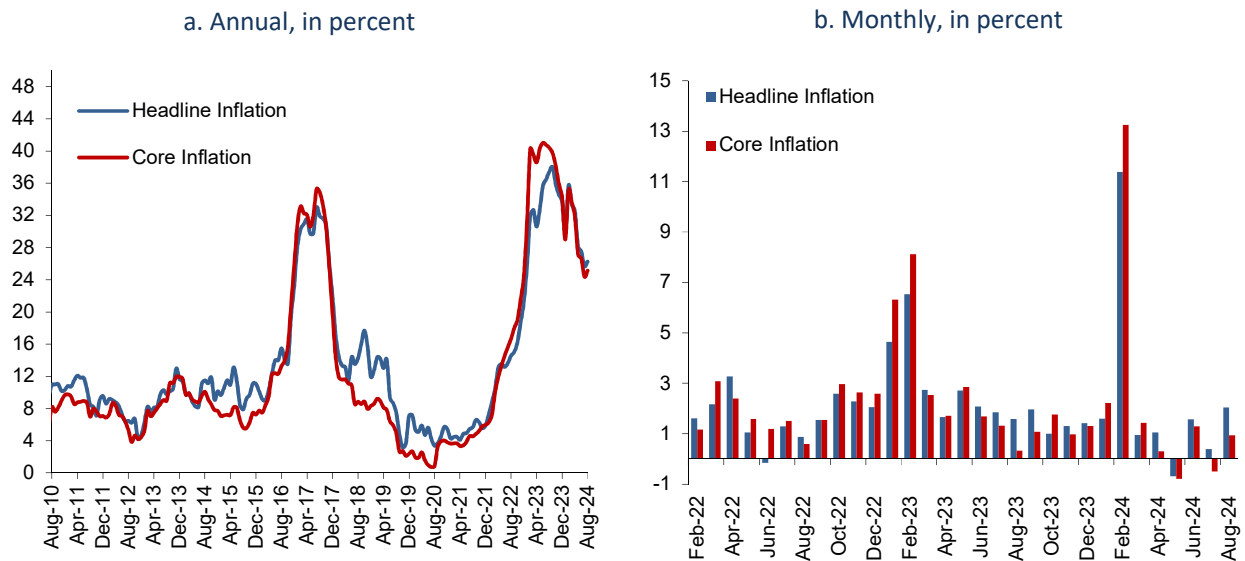


Headline and Core Inflation: August 2024

- **Annual urban headline inflation¹** ticked up to 26.2 percent in August 2024 compared with 25.7 percent in July 2024. In line with the recent fiscal consolidation measures, annual inflation outturns in August 2024 were mainly driven by non-food items, which increased by 24.4 percent compared with 22.9 percent in July 2024. In addition to their direct impact on the prices of regulated items such as fuel and public transportation, the recent fiscal measures passed through to the prices of certain services and retail items. Furthermore, the prices of pharmaceutical products continued to increase in August 2024, recording 4.4 percent on a monthly basis. Meanwhile, annual food inflation continued to decelerate, reaching its lowest rate in almost two years at 29.0 percent in August 2024 compared with 29.7 percent in July 2024.
- **Annual core inflation²** increased to 25.1 percent in August 2024 from 24.4 percent in July 2024. Despite the relatively stable prices of core food items, the passthrough of higher fuel prices to both services and retail items was reflected on **monthly core inflation**, which increased to 0.9 percent in August 2024 compared with negative 0.5 percent in July 2024 and 0.3 percent in August 2023.
- **Monthly urban headline inflation¹** recorded 2.1 percent in August 2024 compared with 1.6 percent during the corresponding month in 2023, and 0.4 percent in July 2024. In addition to the impact of fiscal measures on non-food items, monthly outturns also reflected the seasonal increase in the prices of fresh vegetables as well as stable core food prices.
- **Annual rural headline inflation¹** recorded 25.0 percent in August 2024 compared with 24.7 percent in July 2024. Additionally, **annual nationwide headline inflation¹** increased to 25.6 percent in August 2024, up from 25.2 percent in July 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.

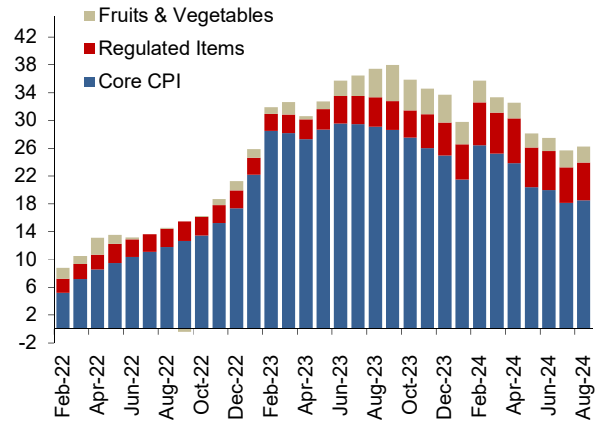
3/ CAPMAS publishes three CPI series: (1) CPI-urban areas, which includes Cairo, Alexandria, urban Lower Egypt, urban Upper Egypt, Canal cities and Frontier governorates, (2) CPI-rural areas, and (3) CPI-all areas. Numbers quoted in this note refer to CPI-urban.

Key Highlights:

- Prices of **fresh fruits** and **fresh vegetables** increased by 1.3 percent and 17.9 percent, respectively. In line with their seasonal pattern, the price increases in both components contributed 0.77 percentage points to monthly headline inflation.
- Prices of **poultry** declined (for the second consecutive month) by 3.7 percent, contributing negative 0.21 percentage points to monthly headline inflation.
- Prices of **market rice** declined (for the sixth consecutive month) by 2.8 percent, contributing negative 0.04 percentage points to monthly headline inflation.
- Prices of **oils and fats** declined (for the sixth consecutive month) by 0.4 percent, contributing negative 0.01 percentage points to monthly headline inflation.
- Prices of **eggs** and **dairy products** increased by 5.4 percent and 0.8 percent, respectively. Together, these components contributed 0.13 percentage points to monthly headline inflation.
- Prices of **other core food** items; including red meat, market sugar, pulses, and market tea, contributed 0.12 percentage points to monthly headline inflation.
- Prices of **regulated** items increased by 2.9 percent, contributing 0.59 percentage points to monthly headline inflation. This was mainly driven by the recent increase in public transportation and fuel prices.
- Prices of **services** increased by 1.7 percent, contributing 0.47 percentage points to monthly headline inflation. The increase was mainly driven by higher expenditure on restaurants and cafes, and private transportation services.
- Prices of **retail** items increased by 1.7 percent, contributing 0.24 percentage points to monthly headline inflation. This was mainly driven by pharmaceutical products and medical appliances, household cleaning products, as well as personal care products.

Figure 2. Contribution to Annual Headline CPI Inflation

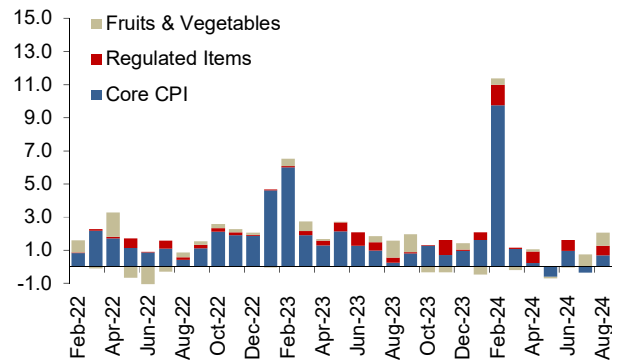
(in percentage points)



Source: CBE calculations.

Figure 3. Contribution to Monthly Headline CPI Inflation

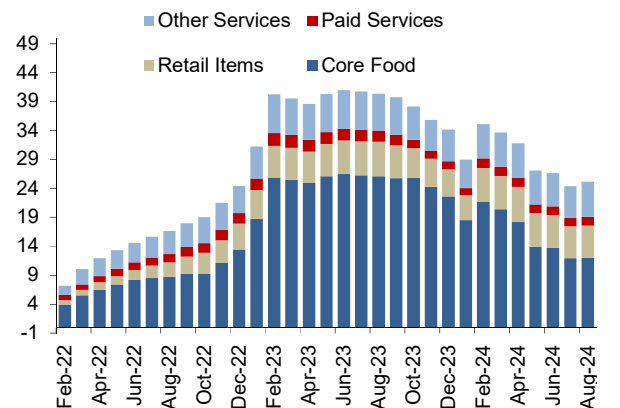
(in percentage points)



Source: CBE calculations.

Figure 4. Contribution to Annual Core CPI Inflation

(in percentage points)

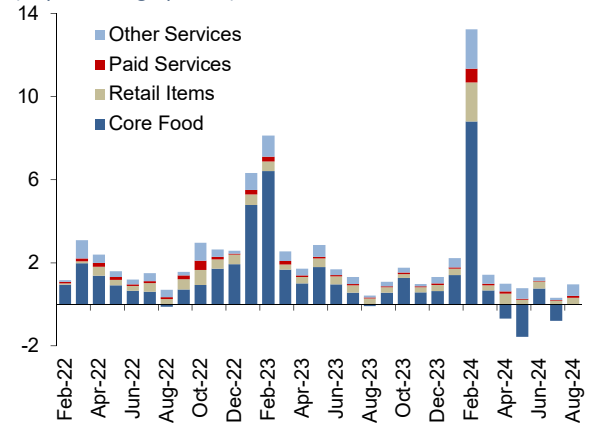


Source: CBE calculations.

- **Monthly core inflation** was affected by price increases in the aforementioned core CPI items. **Services** and **retail items** contributed 0.64 and 0.32 percentage points to monthly core inflation, respectively, while **core food** items contributed negative 0.02 percentage points.

Figure 5. Contribution to Monthly Core CPI Inflation

(in percentage points)



Source: CBE calculations.

Table 1. Classification of 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	Porters & gardeners' services	Hospital services
Eggs & dairy products	Products related to dwelling repair	Cook & maid 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/}	August 2023	August 2024	August 2024 to July 2024	August 2024 to August 2023
	(In percent)	(Index)	(In percent)		
	(Average 2018/2019 = 100)				
Headline – all items	100.00	179.52	226.64	2.05	26.25
Food and beverages	32.73	222.58	287.06	1.80	28.97
Tobacco and related products	4.41	203.01	284.11	0.11	39.95
Clothing and footwear	4.38	144.63	183.40	0.23	26.81
Housing, water, electricity, gas, and other fuels	19.46	127.55	139.84	0.41	9.63
Furnishings, household equipment, and routine maintenance of the dwelling	3.93	175.58	218.66	1.30	24.54
Medical care	8.59	151.75	192.09	3.83	26.58
Transportation	6.66	165.66	217.06	11.79	31.03
Communications	2.75	107.28	121.81	0.04	13.55
Recreation and culture	2.24	201.25	295.86	1.22	47.01
Education	5.49	189.46	224.31	0.00	18.39
Hotels, cafes, and restaurants	4.98	210.51	286.13	1.80	35.93
Miscellaneous goods and services	4.37	165.63	201.53	1.95	21.67
Select aggregates					
Fruits & vegetables ³	5.46	209.24	284.38	12.34	35.91
Regulated items	21.44	167.88	213.71	2.95	27.30
Food excl. fruits & vegetables	24.51	232.55	297.19	-0.05	27.80
Retail items	14.34	162.95	214.91	1.74	31.89
Paid services	6.96	170.98	198.49	0.94	16.09
Other services	27.30	145.99	175.25	1.96	20.04
Core CPI	73.09	177.47	222.06	0.94	25.13

^{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.