Regional Macro

Egypt's annual inflation eases but price pressures persist

10 November 2026

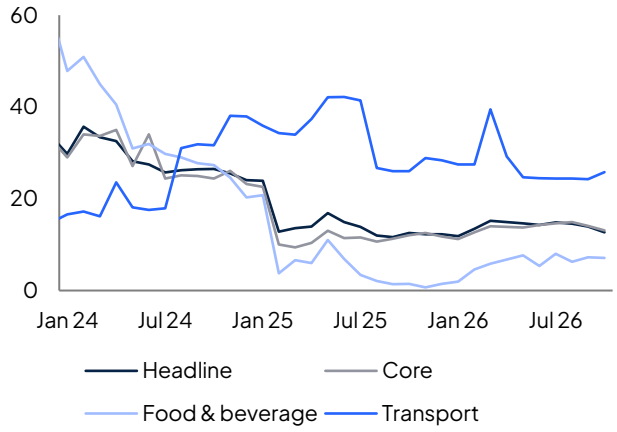
- Egypt's annual inflation fell to a nine-month low of 12.7% in October, driven by favourable base effects.
- Underlying pressures remain widespread, with monthly core inflation accelerating and firms raising selling prices at an increasing pace.
- We expect the CBE to hold rates into early 2027; easing will resume towards mid-year with 400bps of cuts taking the deposit rate to 16.0% by December.

Egypt's annual inflation slowed to a nine-month low in October, largely on favourable base effects in housing. Persistent underlying price pressures and external risks reinforce our view that the Central Bank of Egypt will keep rates on hold following its surprise October hike, with easing resuming towards mid-2027.

Urban headline inflation fell to 12.7% year on year, from 13.9% in September, slightly below our 13.0% forecast. Core inflation also eased, to 13.1% from 14.1%.

Base effects supporting annual slowdown

Egypt inflation, % y/y



Source: Haver Analytics, Emirates NBD Research

Monthly headline inflation slowed to 0.7%, from 1.3% in September and 1.8% a year earlier. On a seasonally adjusted basis, we estimate inflation slowed to 0.8% last month, from 1.3% previously. Monthly core inflation accelerated to 1.2%, from 0.8%, despite the base-effect-driven fall in the annual rate.

Housing and utilities accounted for much of the annual slowdown, with annual price gains in the component falling to 24.5%, from 35.2% in September. This reflected base effects rather than falling rents. Inflation in imputed rentals, which account for 11.6% of the CPI basket, plunged to 28.4% annually, from 49.8%. On a monthly basis, rental gains eased slightly to 0.7%, compared with a 17.5% monthly increase in October 2025.

Food and beverage inflation edged down to 7.1% year on year, from 7.2%, while monthly price gains slowed to 1.1%, from 2.8%. Vegetable prices fell 2.0% on the month, partly offsetting increases of 3.1% in meat and 2.3% in milk, cheese and eggs.

Transport inflation accelerated to 25.8% year on year, from 24.3%, as prices rose 1.4% on the month. The freeze on domestic fuel prices through December limits the immediate pass-through from higher oil prices, but potential adjustments in early 2027 remain an upside risk to inflation.

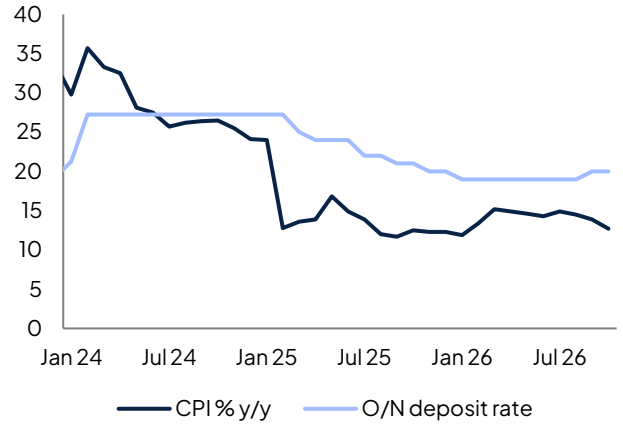
Broader measures point to uneven disinflation. The weighted median inflation rate eased to 11.6% in October, from September's 12.0%, and the 10% trimmed mean fell to 13.5%, from 14.2%. However, the share of items in the CPI basket recording annual inflation above 10% increased to 67.4%, from 58.0%, while the share with accelerating inflation rose to 47.8%, from 34.3%. This underscores widespread lingering price pressures despite the fall in headline annual inflation.

The October S&P Global PMI survey also points to continued cost strains. Private-sector firms raised selling prices at the fastest pace since June, while increases in firms' input costs gained pace. Further

pass-through to customers could keep upward pressure on consumer prices and broaden inflation further.

CBE set to hold through year-end

Egypt inflation and overnight deposit rate, %



Source: Bloomberg, Emirates NBD Research

Following the CBE's October 100-basis-point increase in the overnight deposit rate to 20.0%, we expect rates to remain unchanged at the December meeting and through the start of next year, with easing resuming towards mid-2027. Our baseline remains for 400bps of cuts next year, taking the deposit rate to 16.0% by year-end, provided external pressures stabilise. Renewed pound weakness, higher import costs, and a potential January fuel-price hike remain the principal upside risks to inflation.

Daniel Richards
Senior Economist
danielricha@emiratesnbd.com

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