



Consumer Prices increase by 0.4% in July 2021 as VAT effect fades out

The Consumer Price Index for July 2021 increased by 0.4% compared to the same month last year (July 2020), less than June 2021 (6.2%). The impact of the increase of the value added tax (VAT) from 5% to 15% in July 2020 (base effect) fades out in July 2021 and does not affect the annual change of the CPI anymore. The rise of the CPI resulted mainly from higher prices of Transport (+7.8%) and Food and Beverages (+1.2%).

Transport prices are the main driver of inflation in July 2021

- Transport prices increased by 7.8%, mainly due to the increase in operating of personal transport equipment prices (+28.7%), which in turn was affected by the increase in prices of Fuels and lubricants (+59.0%). Transport prices were the main driver of the inflation rate in July 2021 due to their high importance in the Saudi consumer basket (with a weight of 13%).
- Food and Beverages prices increased by 1.2%, mainly due to the increase in prices of Food (+1.3%).
- Tobacco prices recorded an increase by 1.2% due to the rise in Cigarettes prices (+1.9%).
- Communication services prices increased by 2.7%, mainly due to rising prices for Telephone and Telefax Services (+4.2%).
- Prices of Miscellaneous Goods and Services increased by 0.8%, mainly resulting from an increase in prices of Jewelry, clocks and watches (+4.7%).
- Prices of Restaurants and Hotels increased by 1.2%, mainly resulting from an increase in prices of Accommodation services (+8.5%).
- On the other hand, prices for Education declined by 7.8% due to a decrease in prices of Pre-Primary and Primary Education (-13.4%) and Secondary Education (-7.2%). Prices of Housing, Water, Electricity, Gas, and other Fuels also declined by 3.6% due to the decrease in prices of actual rentals for housing (-4.5%).

Prices are stable compared to June 2021

- Compared to the previous month (June 2021), consumer prices remained relatively stable and rose by 0.2%.
- The monthly inflation index was affected by an increase in Education prices by 1.4%, which in turn was affected by an increase in Secondary education prices (+4.3%).
- Food and Beverage prices increased by 0.5% influenced by a rise in food prices (+0.6%), Recreation and Culture by 1.0%, Restaurants and Hotels by 0.3%, Miscellaneous Goods and Services 0.2%, Clothing and Footwear by 0.2%.
- Contrarily, prices for Housing, Water, Electricity, Gas and other Fuels decreased by 0.2%, Tobacco 0.1%, Communication services 0.1%.
- On the other hand, prices for Transport, Health, Furnishings, Household Equipment and Maintenance did not register any significant changes in July 2021.

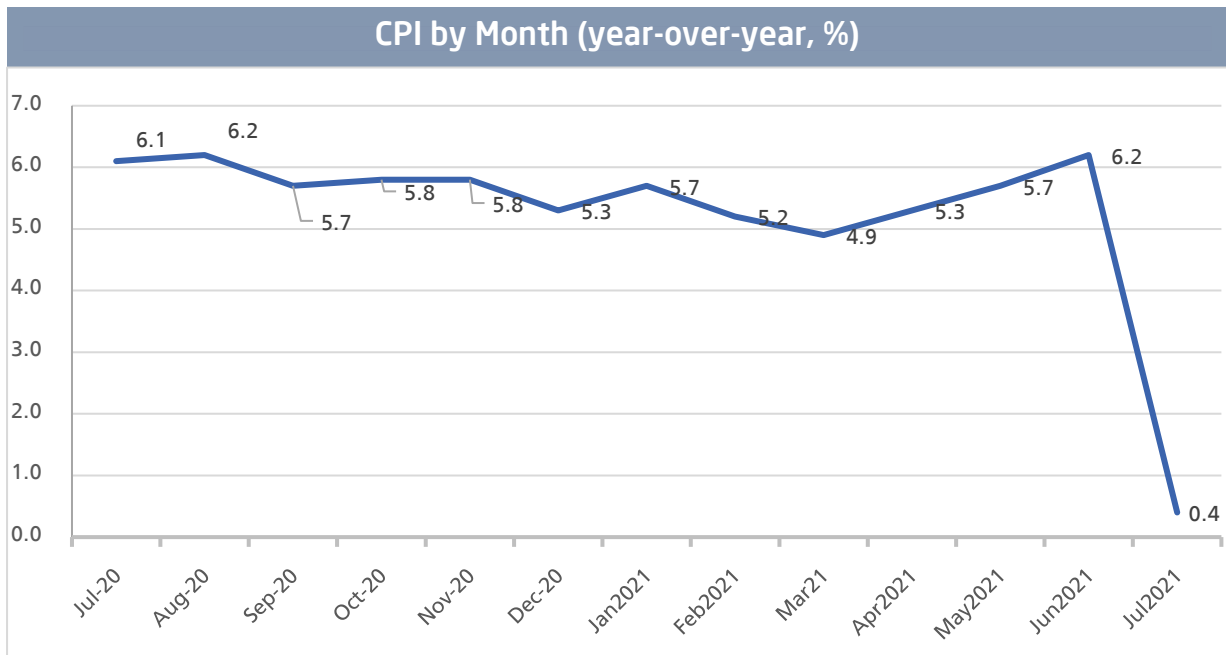
Methodology



The Consumer Price Index (CPI) measures the prices paid by consumers for a fixed basket of goods and services consisting of 490 items. This basket resulted from the Expenditure and Income Survey conducted in 2018, according to which the items and their weights were determined. The respective prices are collected through field visits to points of sale. The CPI statistics are published on a monthly basis.

Annual and Monthly Change in CPI by Main Expenditure Category, July 2021		
Expenditure Category	*Percent change in July 2021 compared to	
	July 2020	Jun 2021
GENERAL INDEX	0.4	0.2
FOOD AND BEVERAGES	1.2	0.5
TOBACCO	1.2	-0.1
CLOTHING AND FOOTWEAR	-0.3	0.2
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	-3.6	-0.2
FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE	0.5	0.0
HEALTH	0.9	0.0
TRANSPORT	7.8	0.0
COMMUNICATION	2.7	-0.1
RECREATION AND CULTURE	1.0	1.0
EDUCATION	-7.8	1.4
RESTAURANTS AND HOTELS	1.2	0.3
PERSONAL GOODS AND SERVICES	0.8	0.2

*round to one decimal place.



Links: [All Tables](#), [Methodological Note](#)