



Inflation at 5.8% in October 2020

The Consumer Price Index (CPI) increased by 5.8% in October 2020 compared to the same month last year (October 2019), slightly above the previous month's rate of 5.7%. Taking into account the effect the increase of the Value Added Tax (VAT) from 5% to 15% in July 2020 had on consumer prices throughout the Kingdom, the rise of the CPI originated mainly from the increase in prices of **Food and Beverages** (+13.0%) and **Transport** (+7.0%).

Food prices main driver of inflation compared to October 2019

- **Tobacco** prices recorded an increase of 13.2% due to the rise of prices of Cigarettes by (+12.5%).
- **Food and Beverages** recorded the highest annual price increase of 13.0%. Due to their high importance in the Saudi consumer basket (with a weight of 17%), Food prices (+13.3%) were the main driver of the inflation rate in October 2020. In particular, the increase of prices for *Meat* (+14.4%) and *Vegetables* (+22.2) was remarkable.
- **Communication** services also registered an increase by 11.4% mainly due to rising prices for *Telephone and Telefax Services* (12.9%).
- **Furnishings, Household Equipment and Household Maintenance** recorded an increase of 8.1%, resulting mainly from rising prices of *Furniture and Furnishings, Carpets and Other Floor Coverings* (+10.4%).
- **Restaurants and Hotels** also registered an increase by 7.5% mainly due to rising fees for *Catering Services* by (+8.6%), while *Accommodation Services* declined by 2.9%.
- The increase in prices for **Transport** (+7.0%) resulted mainly from an increase in prices of *Purchase of Vehicles* by 10.1%.
- On the other hand, prices for **Education** services registered a decrease by 8.6% due to a decrease in prices of *Pre-Primary and Primary Education* by -12.4% and *Secondary Education* by -11.1%. Prices of **Housing, Water, Electricity, Gas and other Fuels** also declined by 0.7% due to the decrease of prices of *Actual rentals of housing* by (-1.5%).

Prices up by 0.1% compared to September 2020

- The monthly inflation rate was affected by the increase of prices in **Communication** by 1.5%, mainly due to the increase in the prices of *Telephone and Telefax Services* by 1.9%.



- The increase in prices for **Food and Beverages (+0.6%)** also contributed significantly to the monthly inflation, mainly due to the increase of prices for *Food* (+0.6%).
- **Health** prices increased by 0.4%, **Restaurants and Hotels** 0.3%, **Clothing and Footwear** 0.3%, **Furnishings, Household Equipment and Household Maintenance** 0.2%, and **Tobacco** 0.1%.

Contrarily, prices for **Transport** decreased by 1.0%, mainly driven by a decrease in prices for *Purchase of Vehicles* (-1.1%), prices for **Education** (-0.4%), prices for **Miscellaneous Goods and Services** (-0.1%), **Recreation and Culture** (-0.1%), and **Housing, Water, Electricity, Gas and other Fuels** (-0.1%).

Methodology

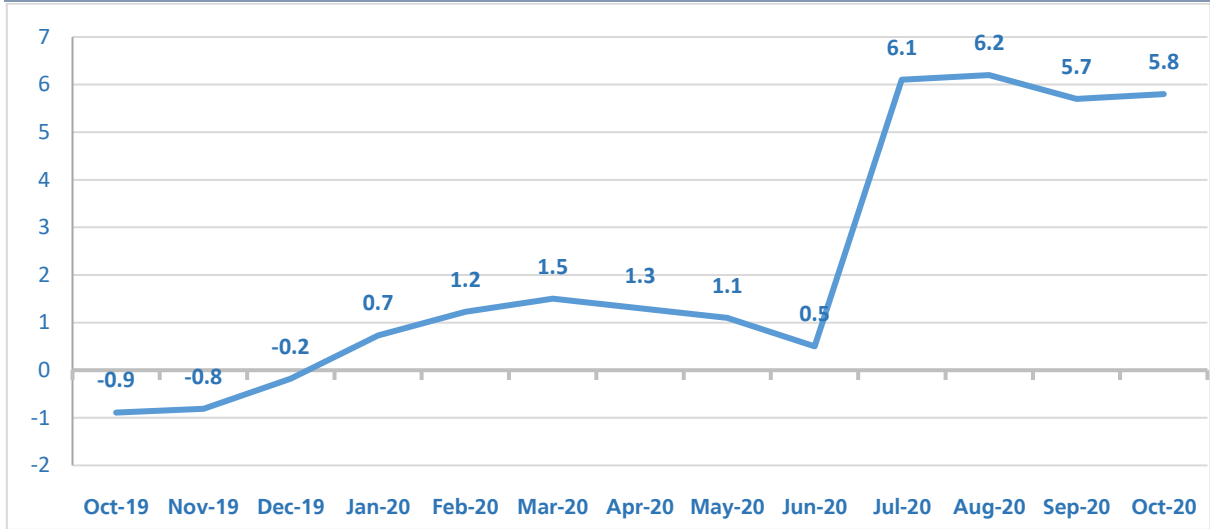
The Consumer Price Index (CPI) reflects the changes in the prices paid by consumers for a fixed basket of goods and services consisting of 490 items. This basket resulted from the Expenditure and Income Survey conducted in 2018, according to which the items and their weights were determined. The respective 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, October 2020

Expenditure Category	Percent change in October 2020 compared to	
	October 2019	September 2020
GENERAL INDEX	5.8	0.1
FOOD AND BEVERAGES	13.0	0.6
TOBACCO	13.2	0.1
CLOTHING AND FOOTWEAR	6.4	0.3
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	-0.7	-0.1
FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE	8.1	0.2
HEALTH	2.6	0.4
TRANSPORT	7.0	-1.0
COMMUNICATION	11.4	1.5
RECREATION AND CULTURE	4.2	-0.1
EDUCATION	-8.6	-0.4
RESTAURANTS AND HOTELS	7.5	0.3
MISCELLANEOUS GOODS AND SERVICES	6.9	-0.1



CPI by Month (year-over-year, %)



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