



Inflation at 5.7% in September 2020

The Consumer Price Index (CPI) increased by 5.7% in September 2020 compared to the same month of last year (September 2019), down from an inflation rate of 6.2% in August. This development of prices is to a large extent driven by the increase of the Value Added Tax (VAT) from 5% to 15% in July 2020. The biggest upward pressure on inflation came from the prices of **Food and Beverages** (+12.6%) and **Transport** (+7.8%).

Food prices the main driver of inflation compared to September 2019

- **Food and Beverages** recorded the highest annual increase (+12.6%), mainly due to the increase in *Food* prices (+12.8%). In particular, the increase of prices for *Meat* (+14.7%) and *Vegetables* (+18.5) was remarkable. Due to their high importance in the Saudi consumer basket (with a weight of 17%), Food prices were the main driver of the inflation rate in September 2020.
- **Communication** services also registered an increase by 9.5% mainly due to rising prices for *Telephone and Telefax Services* by (10.8%).
- **Furnishings, Household Equipment and Household Maintenance** recorded an increase of 8.3%, resulting mainly from rising prices of *Furniture and Furnishings, Carpets and Other Floor Coverings* (+10.5%).
- The increase in prices for **Transport** (+7.8%) resulted mainly from the increase in prices of *Purchase of Vehicles* by 11.2%.
- **Restaurants and Hotels** also registered an increase by 7.1% mainly due to rising fees for *Catering Services* by (+8.4%), while *Accommodation Services* declined by 4.8%.
- On the other hand, prices for **Housing, Water, Electricity, Gas and other Fuels** recorded little relative change.

Prices down by 0.2% compared to August 2020

- The monthly inflation index was affected by the decrease of prices in **Education** by 8.2%, mainly due to the decrease in the prices of *Pre-primary and primary education* by 11.6% and prices of *Secondary education* by 11.2%.
- The decrease in prices for **Clothing and Footwear** (-0.4%) also contributed significantly to the monthly inflation rate, mainly due to the decrease of prices for *Clothing* by 0.4%.
- **Furnishings, Household Equipment and Household Maintenance** decreased by 0.3%, **Housing, Water, Electricity, Gas and other Fuels** 0.2%, **Restaurants and Hotels** 0.1%, and **Communication** 0.05%.



Contrarily, prices for **Transport** increased by 0.8% due to the increase of prices of *Vehicles purchase* by 0.6%, prices for **Tobacco** by 0.3%, prices for **Miscellaneous Goods and Services** by 0.3%, **Recreation and Culture** by 0.1%.

Prices for **Health** recorded little relative change.

Methodology

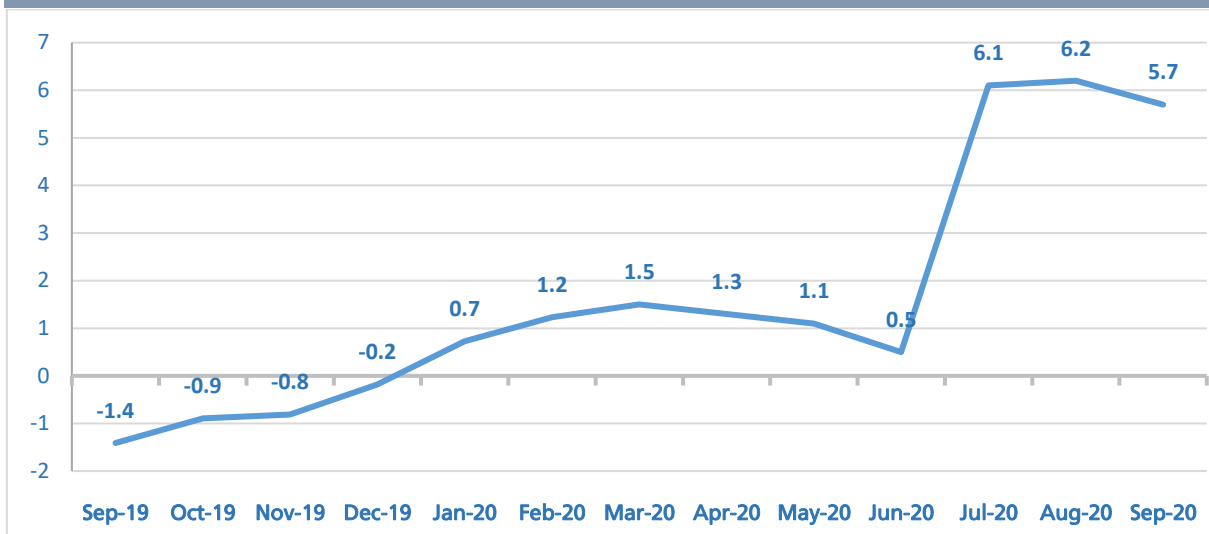
The Consumer Price Index (CPI) reflects the changes in the prices paid by consumers for a fixed basket of goods and services consisting of 490 items. This basket resulted from the Expenditure and Income Survey conducted in 2018, according to which the items and their weights were determined. The respective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

Expenditure Category	Percent change in September 2020 compared to	
	September 2019	August 2020
GENERAL INDEX	5.7	-0.2
FOOD AND BEVERAGES	12.6	0.1
TOBACCO	13.3	0.3
CLOTHING AND FOOTWEAR	6.1	-0.4
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	0.0	-0.2
FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE	8.3	-0.3
HEALTH	2.7	0.0
TRANSPORT	7.8	0.8
COMMUNICATION	9.5	0.0
RECREATION AND CULTURE	3.5	0.1
EDUCATION	-8.3	-8.2
RESTAURANTS AND HOTELS	7.1	-0.1
MISCELLANEOUS GOODS AND SERVICES	6.1	0.3



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



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