



Consumer Prices up 6.1% in July 2020 as VAT rises

The Consumer Price Index (CPI) increased by 6.1% in July 2020 on a year-on-year basis, well above the previous month's rate of 0.5%. The acceleration of consumer price inflation indicates that the scaling up of the Value Added Tax (VAT) from 5% to 15% on July 1 had an overall influence on consumer prices throughout the Kingdom. In July 2020, most of the main expenditure categories witnessed higher prices as compared to the same month of the previous year but the rise of the CPI originated mainly from the increase in prices of **Food and Beverages** (+14.3%) and **Transport** (+7.3%), given their weight in the index. Fuel and Gasoline showed price reductions of 17.1% and 15.5%, respectively, partly offsetting price increases in other categories of consumption.

Food prices the main driver of inflation compared to July 2019

- Of the main expenditure categories, **Food and Beverages** recorded the highest annual increase (+14.4%), mainly due to an increase in *Food* prices (+14.6%). In particular, the increase of prices for *Meat* (+18.2%) and *Vegetables* (+19.4%) 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 July 2020.
- **Tobacco** prices increased by up to 12.5% mainly due to rising prices of cigarettes (+11.3%).
- **Communication** services also registered an increase by 9.6% mainly due to rising prices for *Telephone and Telefax Services* by 10.8%.
- **Furnishings, Household Equipment and Household Maintenance** recorded an increase of 8.5%, resulting mainly from rising prices of *Furniture and Furnishings, Carpets and Other Floor Coverings* (+12.1%).
- **Restaurants and Hotels** also registered an increase by 7.3% mainly due to rising fees for *Catering Services* by 8.7%, while *Accommodation Services* declined by 5.1%.
- The increase in prices for **Transport** (+7.3%) resulted mainly from an increase in prices of *Purchase of Vehicles* by 13.9%, while prices for fuel (-17.1%) and gasoline (-15.5% for Gasoline 91 and -32.7% for Gasoline 95) declined.

Prices up by 5.9% compared to June 2020

- CPI also increased as compared to the previous month (June 2020) by 5.9% mainly due to the increase in average prices of **Transport** (+13.7%), resulting from higher prices in *Purchase of Vehicles* and *Operation of Personal Transport Equipment* by 11.3% and 20.9%, respectively.
- The increase in prices for **Food and Beverages** (+7.4%) also contributed significantly to the monthly inflation, mainly due to an increase of *Food* prices by 7.2%.



- All other main expenditure categories, except **Education** (0.0%), recorded higher prices as compared to June 2020 as well, such as **Tobacco** (10.9%), **Communication** (10.2%), **Furnishings, Household Equipment and Household Maintenance** (7.3%), **Restaurants and Hotels** (7.3%), **Clothing and Footwear** (6.6%), and **Recreation and Culture** (5.1%).

Methodology

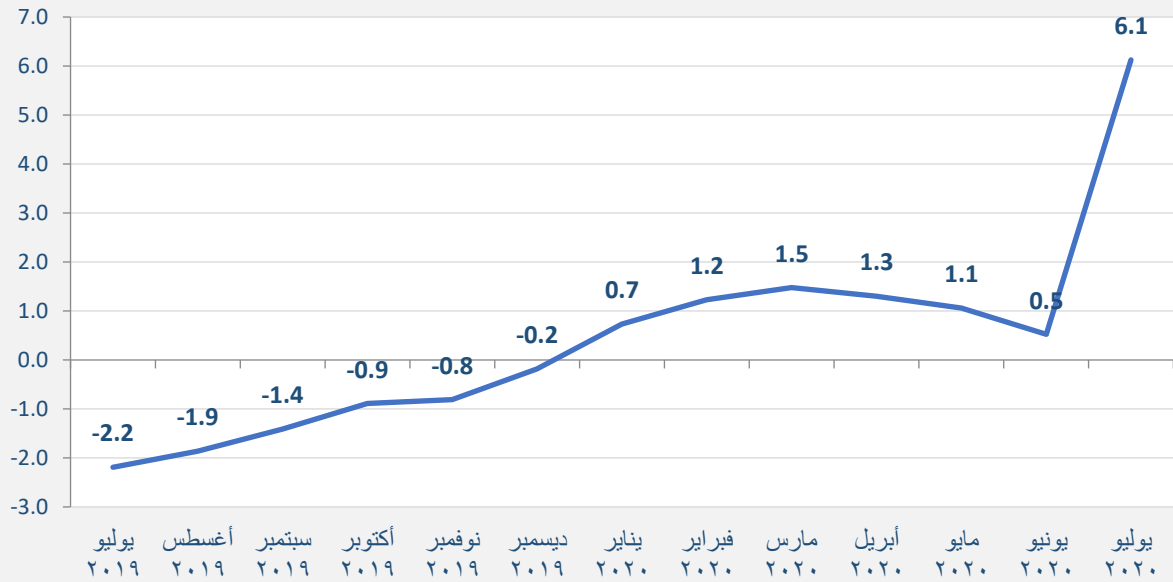
The Consumer Price Index (CPI) reflects the changes in the prices paid by consumers for a fixed basket of goods and services consisting of 490 items. This basket resulted from the Expenditure and Income Survey conducted in 2018, providing the individual items and their weights in the consumer basket. 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 2020

Expenditure Category	Percent change in July 2020 compared to	
	July 2019	June 2020
GENERAL INDEX	6.1	5.9
FOOD AND BEVERAGES	14.3	7.4
TOBACCO	12.5	10.9
CLOTHING AND FOOTWEAR	5.5	6.6
HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	0.2	1.1
FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE	8.5	7.3
HEALTH	1.6	2.3
TRANSPORT	7.3	13.7
COMMUNICATION	9.6	10.2
RECREATION AND CULTURE	2.2	5.1
EDUCATION	1.2	0.0
RESTAURANTS AND HOTELS	7.3	7.3
MISCELLANEOUS GOODS AND SERVICES	4.8	3.8



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



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