

Section 6

MONETARY SECTOR

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**Table (24) : Developments in Main Monetary Aggregates
(March 2012)**

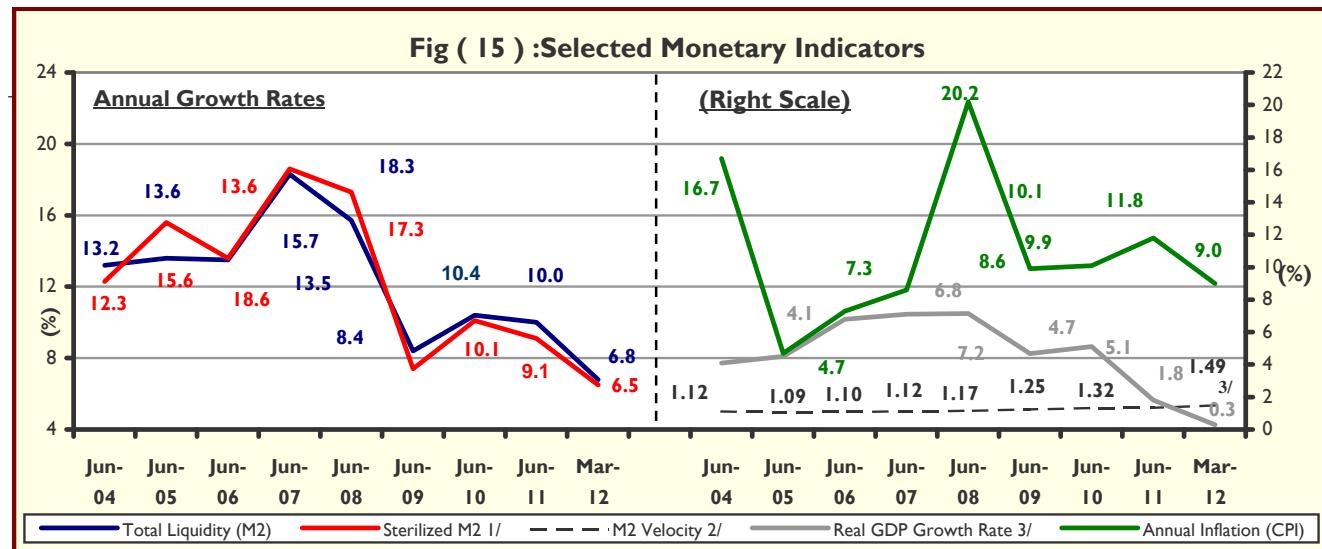
	1 Month % Change	3 Month % Change	12 Month % Change	Full Year Average % Change ^{1/}
Net Foreign Assets (LE terms)	-3.2	-9.5	-35.3	-24.6
CBE NFA	-4.3	-18.5	-52.9	-36.7
CBE NIR	-3.6	-16.3	-48.8	-33.9
Banks NFA 2/	-2.3	-0.1	-5.4	-1.4
Net Foreign Assets (US dollar terms)	-3.2	-9.6	-36.4	-27.9
CBE NFA	-4.3	-18.7	-53.7	-39.5
CBE NIR	-3.6	-16.4	-49.7	-36.8
Banks NFA 2/	-2.33	-0.3	-7.0	-5.7
Net Domestic Assets	1.2	4.0	22.3	23.2
Net Claims on Government and GASC	2.6	7.3	32.0	38.1
Claims on Public Companies	2.0	6.0	22.2	11.2
Claims on Private Sector	0.68	1.9	5.5	3.0
Total Liquidity (M2)	0.5	1.6	6.8	8.5
Money (M1)	0.8	2.0	8.2	15.1
Quasi Money	0.4	1.4	6.3	6.5

Source: Central Bank of Egypt.

1/ Average year on year growth for twelve successive observations.

2/ Commercial, specialized, business and investment banks.

Fig (15) : Selected Monetary Indicators



Source: Central Bank of Egypt.

1/ This concept neutralizes the impact of exchange rate movements on M2 by applying previous year's prevailing exchange rate to current period foreign currency component in total liquidity.

2/ According to the Ministry of Economic Development, GDP (at market prices) for 2011/2012 is projected to reach LE 1570 billion compared to a revised figure of LE 1371.8 billion in 2010/2011.

3/ Real Growth of GDP at market prices. Reflects Real GDP growth for the period July-December 2011/2012.

Table (25) : Monetary Survey
Assets and Liabilities of The Banking Sector
(March 2012)

	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Dec-11	Jan-12	Feb-12	#	Mar-12	*
Net Foreign Assets I/	199,039	253,506	246,338	276,379	266,036	190,179	179,716	177,927	172,180		
	(51.3)	(27.4)	-(2.8)	(12.2)	-(3.7)	-(37.7)	-(37.2)	-(35.2)	-(35.3)		
Central bank (Net)	82,617	114,566	177,300	179,809	167,446	96,828	86,205	82,411	78,891		
Foreign Assets	147,426	181,601	178,733	188,132	175,498	107,201	96,580	92,741	89,185		
Foreign Liabilities	64,809	67,035	1,433	8,323	8,052	10,373	10,375	10,330	10,294		
Banks (Net)	116,422	138,940	69,038	96,570	98,590	93,351	93,511	95,516	93,289		
Foreign Assets	135,853	173,015	99,013	124,031	136,404	123,741	122,600	123,722	122,398		
Foreign Liabilities	19,431	34,075	29,975	27,461	37,814	30,390	29,089	28,206	29,109		
Net Domestic Assets of which:	411,413	503,047	562,265	611,797	722,040	848,692	864,161	872,201	882,816		
	(2.1)	(22.3)	(11.8)	(8.8)	(18.0)	(26.9)	(26.4)	(23.2)	(22.3)		
Net Claims on Government, and GASC I/	181,584	206,808	269,438	320,885	419,024	515,774	535,955	539,371	553,186		
National Currency	233,842	255,681	328,790	384,979	504,751	588,870	601,645	602,406	618,318		
Foreign Currency	-52,258	-48,873	-59,352	-64,094	-85,727	-73,096	-65,690	-63,035	-65,132		
Claims on Public Business Sector	23,640	27,050	30,859	36,708	33,668	38,838	38,830	40,350	41,151		
National Currency	18,033	19,518	21,902	27,830	24,991	29,958	30,163	31,627	32,330		
Foreign Currency	5,607	7,532	8,957	8,878	8,677	8,880	8,667	8,723	8,821		
Claims on Private Sector 2/	317,302	361,476	389,882	393,290	417,777	432,788	435,446	437,918	440,892		
National Currency	236,680	259,404	283,005	290,674	306,645	328,862	331,620	334,405	337,319		
Foreign Currency	80,622	102,072	106,877	102,616	111,132	103,926	103,826	103,513	103,573		
Other Items (net) I/ 3/	-111,113	-92,287	-127,914	-139,086	-148,429	-138,708	-146,070	-145,438	-152,413		
Total Liquidity (M2)	610,452	756,553	808,603	888,176	988,076	1,038,871	1,043,877	1,050,128	1,054,996		
	(14.2)	(23.9)	(6.9)	(9.8)	(11.2)	(6.7)	(7.6)	(6.9)	(6.8)		
Money (M1) 4/	123,592	158,134	173,228	201,868	240,814	255,581	258,977	258,736	260,681		
	(19.6)	(27.9)	(9.5)	(16.5)	(19.3)	(14.4)	(12.8)	(8.1)	(8.2)		
Currency in Circulation	83,332	98,596	112,986	128,433	163,489	176,578	179,598	179,176	180,637		
Demand Deposits in Local Currency	40,260	59,538	60,242	73,435	77,325	79,003	79,379	79,560	80,044		
Quasi Money	486,860	598,419	635,375	686,308	747,262	783,290	784,900	791,392	794,315		
	(12.9)	(22.9)	(6.2)	(8.0)	(8.9)	(4.4)	(6.0)	(6.5)	(6.3)		
Local Currency Time and Savings Deposits	340,622	426,952	465,758	528,844	567,394	602,253	600,277	604,981	610,225		
Foreign Currency Demand Deposits	22,689	35,021	30,340	33,857	46,257	40,850	43,051	44,869	42,991		
Foreign Currency Time and Savings Deposits	123,549	136,446	139,277	123,607	133,611	140,187	141,572	141,542	141,099		

Source: Central Bank of Egypt.

() Percent change over previous year.

* Preliminary.

Revised.

1/ The agreement between CBE and Ministry of Finance to use part of the blocked account balance to retire part of the bonds outstanding on government to CBE became effective as of June 2008.

2/ Includes claims on private business sector and household sector.

3/ Includes capital accounts, unclassified net assets and liabilities, net interbank debt, and credit positions.

4/ Excludes drafts and checks under collection.

Table (25) : Monetary Survey (continued)
 (Memorandum Items)
 (March 2012)

	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Dec-11	Jan-12	Feb-12	#	Mar-12 *
Net Foreign Assets (In Million US\$)^{4/}	34,967	46,417	43,812	50,480	44,951	31,641	29,840	29,543	28,590	
Central bank NFA	14,514	20,977	31,533	32,842	28,292	16,110	14,314	13,684	13,100	
Net International Reserves	46,353	58,691	44,067	52,000	46,311	33,367	31,563	31,258	30,300	
Central Bank (Gross)	26,350	33,705	32,177	34,508	30,106	18,119	16,354	15,718	15,119	
Banks (net)	20,453	25,440	12,279	17,638	16,658	15,531	15,527	15,860	15,491	
Foreign assets	23,867	31,679	17,610	22,654	23,047	20,587	20,357	20,543	20,324	
Foreign Liabilities	3,414	6,239	5,331	5,016	6,389	5,056	4,830	4,683	4,834	
<u>In Percent of Beginning of Money Stocks</u>^{5/}										
Net Foreign Assets	11.7%	5.3%	-7.5%	2.7%	-1.8%	-6.3%	-7.3%	-7.5%	-8.1%	
Net Domestic Assets	-2.8%	8.9%	12.9%	4.2%	9.5%	9.2%	10.7%	11.5%	12.6%	
Money (M1)	2.6%	4.1%	0.3%	2.3%	2.9%	0.7%	1.0%	1.0%	1.2%	
Quasi Money	6.4%	10.1%	5.1%	4.6%	4.8%	2.2%	2.4%	3.0%	3.3%	
Dollarization (% of Total Liquidity) ^{6/}	24.0	22.7	21.0	17.7	18.2	17.4	17.7	17.8	17.4	
M2 Multiplier ^{7/}	4.83	4.74	4.65	4.53	4.21	4.04	4.01	4.15	4.20	
M2 Velocity ^{8/}	1.22	1.18	1.29	1.36	1.39	1.51	1.50	1.50	1.49	
M2 (annual percentage change)	14.2	23.9	6.9	9.8	11.2	6.7	7.6	6.9	6.8	
Credit to private sector (annual percentage change) ^{9/}	11.4	13.9	7.9	0.9	6.2	6.1	5.4	5.2	5.5	
Exchange Rate ^{10/}	5.69	5.46	5.62	5.48	5.92	6.01	6.02	6.02	6.02	

Source: Central Bank of Egypt.

* Preliminary.

Revised.

4/ Net Foreign Assets equals Central Bank NFA plus banks (net).

5/ Shows the annual percent change of selected aggregates in percent of total liquidity at beginning of fiscal year. This indicator is intended to show sources of money growth during the fiscal year in study.

6/ Denotes the ratio of foreign currency demand deposits and time and savings deposits to total liquidity. It excludes non-residents deposits which are counted in the net foreign assets line as well as government deposits.

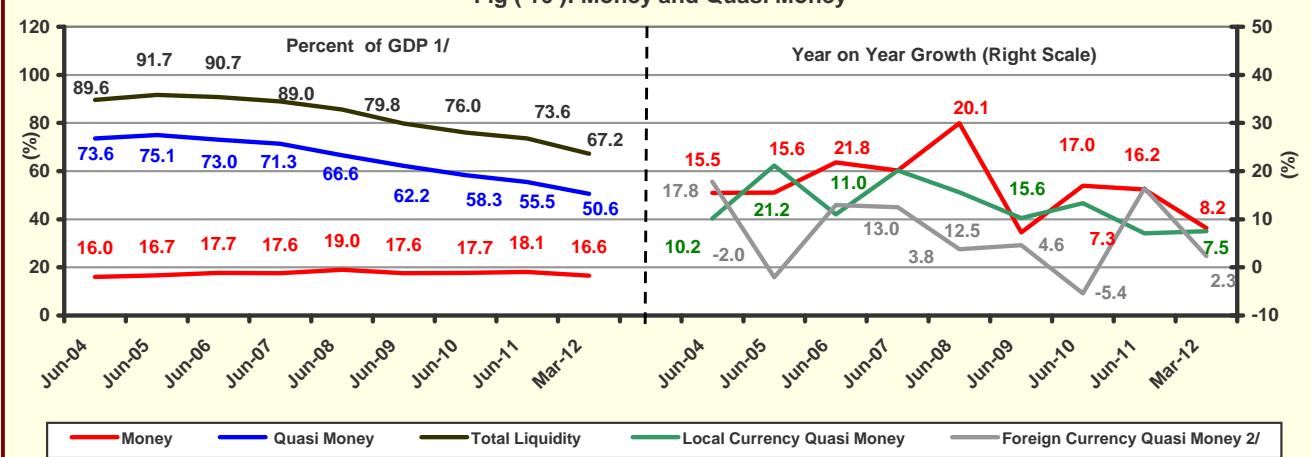
7/ M2 / Reserve Money.

8/ GDP / M2. According to the Ministry of Economic Development, GDP (at market prices) for 2011/2012 is projected to reach LE 1570 billion compared to a revised figure of LE 1371.8 billion in 2010/2011.

9/ Includes claims on private business sector and household sector.

10/ Starting January 2003 rates are based on buy rates only, while prior to that date rates were based on the average buy / sell rates.

Fig (16) : Money and Quasi Money



Source: Central Bank of Egypt.

1/ According to the Ministry of Economic Development, GDP (at market prices) for 2011/2012 is projected to reach LE 1570 billion compared to a revised figure of LE 1371.8 billion in 2010/2011.

2/ Foreign currency demand, and time and savings deposits.

Table (26) : Central Bank Reserve Money ^{1/}

(LE Millions)

	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Dec-11	Jan-12	Feb-12	Mar-12*
Reserve Money	126,474	159,767	174,016	196,106	234,900	257,346	260,619	252,926	251,302
	(12.8)	(12.5)	(8.9)	(12.7)	(19.8)	(17.8)	(12.9)	(2.4)	(7.0)
Currency in Circulation	88,195	104,350	120,552	136,438	175,647	187,292	190,978	189,413	190,951
	(18.4)	(18.3)	(15.5)	(13.2)	(28.7)	(22.2)	(23.9)	(7.0)	(8.7)
Banks LE Deposits with CBE	38,279	55,417	53,464	59,668	59,253	70,054	69,641	63,513	60,351
	(1.5)	2.34	-(5.9)	(11.6)	-(0.7)	(7.5)	-(9.2)	-(9.2)	(1.9)
Counter Assets:									
Net Foreign Assets ^{2/}	82,617	114,566	177,300	179,809	167,446	96,828	86,205	82,411	78,891
	(35.7)	(38.7)	(54.8)	(1.4)	-(6.9)	-(51.1)	-(55.5)	-(55.4)	-(52.9)
Net Domestic Assets ^{2/}	43,857	45,201	-3,284	16,297	67,454	160,518	174,414	170,515	172,411
	-(14.5)	-(138.1)	-(107.3)	(596.3)	(313.9)	(695.2)	(366.9)	(174.0)	(155.6)
Net Claims on Government ^{3/}	113,437	119,554	88,056	85,140	108,831	153,250	183,836	177,316	178,237
	-(3.8)	(5.4)	-(26.3)	-(3.3)	(27.8)	(52.9)	(76.0)	(66.4)	(63.8)
Claims	187,580	192,508	162,880	160,335	189,582	233,811	263,563	256,735	257,827
	(3.4)	(2.6)	-(15.4)	-(1.6)	(18.2)	(32.5)	(43.5)	(36.6)	(36.0)
Securities	164,761	165,438	122,473	124,559	130,597	129,097	129,097	129,097	129,097
Credit Facilities	22,819	27,070	40,407	35,776	58,985	104,714	134,466	127,638	128,730
Deposits ^{4/}	74,143	72,954	74,824	75,195	80,751	80,561	79,727	79,419	79,590
	(16.7)	-(1.6)	(2.6)	(0.5)	(7.4)	(5.7)	(0.7)	-(2.5)	-(1.4)
Net Claims on Banks	59,651	75,017	-2,022	23,841	-1,287	-1,665	-1,918	-1,685	-1,607
Net Balancing Items ^{5/}	-155,831	-149,370	-89,318	-92,684	-40,090	8,933	-7,504	-5,116	-4,219
Memorandum Items									
Reserve Money Velocity ^{6/ 7/}	5.89	5.61	5.99	6.15	5.84	6.10	6.02	6.21	6.25

Source: Central Bank of Egypt.

() Percent change over same period in previous year.

* Preliminary.

1/ Revised series due to the new accounting treatment of "Open market operations". Starting June 2003 data under the new treatment value of open market operations was excluded from banks deposits in local currency with the CBE and instead incorporated under net balancing items.

2/ The agreement between CBE and Ministry of Finance to use part of the blocked account balance to retire part of the bonds outstanding on government to CBE became effective as of June 2008.

3/ Includes net claims on public economic authorities and National Investment Bank (NIB).

4/ All government deposit accounts (including public economic and services authorities) were switched, as of December 2006, to the Treasury Single Account (TSA) at the Central Bank, pursuant to the Law no. 139 of 2006.

5/ Includes net unidentified assets and liabilities and open market operations.

6/ GDP / Reserve Money (M0).

7/ According to the Ministry of Economic Development, GDP (at market prices) for 2011/2012 is projected to reach LE 1570 billion compared to a revised figure of LE 1371.8 billion in 2010/2011.

Table (27) : Deposits With Banks ^{1/}

(LE Millions)

	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Dec-11	Jan-12	Feb-12	Mar-12 [*]
Total Deposits	597,063	752,840	799,227	875,158	949,203	989,427	992,356	999,354	1,004,932
	(7.6)	(26.1)	(6.2)	(9.5)	(8.5)	(3.9)	(5.0)	(5.9)	(5.9)
In local currency	419,857	546,120	586,936	673,121	715,185	755,416	753,886	757,012	763,610
In foreign currency	177,206	206,720	212,291	202,037	234,018	234,011	238,470	242,342	241,322
Non Government Deposits ^{2/}	531,530	663,539	700,098	764,570	831,130	868,903	870,998	877,462	880,770
	(13.5)	(24.8)	(5.5)	(9.2)	(8.7)	(3.9)	(4.9)	(6.1)	(6.0)
In local currency	384,025	490,187	528,669	604,931	647,737	684,312	682,651	687,531	693,259
In foreign currency	147,505	173,352	171,429	159,639	183,393	184,591	188,347	189,931	187,511
Government Deposits	65,533	89,301	99,129	110,588	118,073	120,524	121,358	121,892	124,162
	(-24.5)	(36.3)	(11.0)	(11.6)	(6.8)	(4.4)	(6.1)	(4.5)	(5.2)
In local currency	35,832	55,933	58,267	68,190	67,448	71,104	71,235	69,481	70,351
In foreign currency	29,701	33,368	40,862	42,398	50,625	49,420	50,123	52,411	53,811
Memorandum Items									
(In Percent):									
Dollarization in Total Deposits	29.7	27.5	26.6	23.1	24.7	23.7	24.0	24.2	24.0
Dollarization in Non-Government Deposits	27.8	26.1	24.5	20.9	22.1	21.2	21.6	21.6	21.3
Dollarization in Government Deposits	45.3	37.4	41.2	38.3	42.9	41.0	41.3	43.0	43.3

Source: Central bank of Egypt.

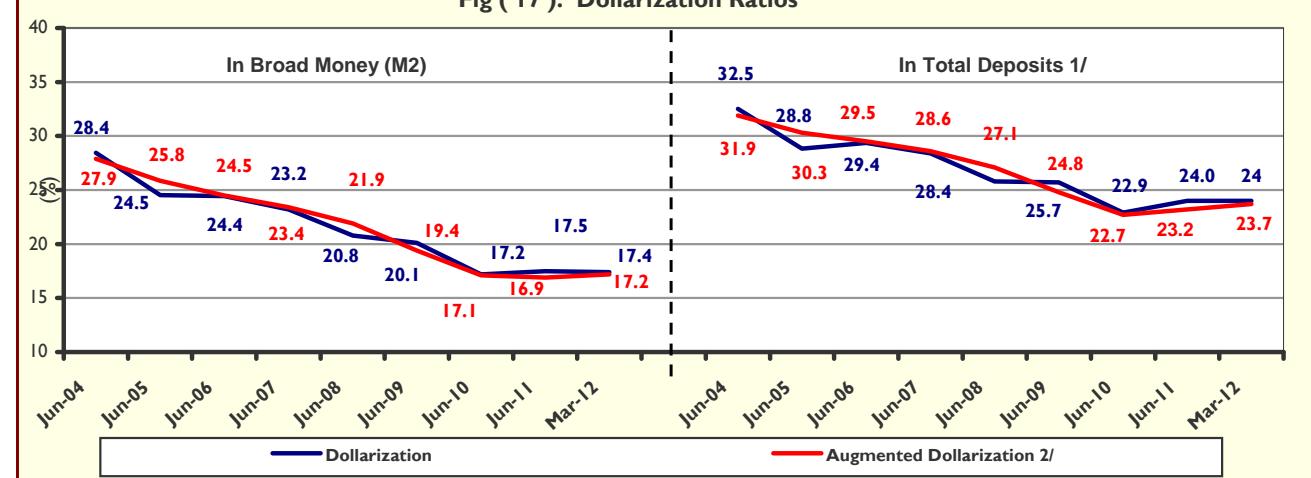
() Percent change over same period in previous year.

* Preliminary.

1/ Excludes deposits held with the Central Bank of Egypt.

2/ Includes deposits of private business sector, public business sector, household sector, and non-resident (foreign sector). Excludes drafts and checks under collection.

Fig (17): Dollarization Ratios



Source: Central Bank of Egypt.

1/ Excludes Deposits with CBE.

2/ "Augmented Dollarization" excludes the impact of exchange rate revaluation on dollarization ratios. For example in June-08, dollarization in total deposits would have been 27.1% instead of 25.8% if exchange rate was unchanged during the previous year.

Table (28) : Credit Provided By Banks ^{1/}

(LE Millions)

	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Dec-11	Jan-12	Feb-12	Mar-12
Total lending	342,526	394,494	430,622	441,370	469,961	489,729	492,290	495,125	495,878
	(8.7)	(15.2)	(9.2)	(2.5)	(6.5)	(6.9)	(5.8)	(5.5)	(5.5)
To Government ^{2/}	25,330	30,673	31,839	32,973	38,311	37,227	36,880	36,303	34,320
	(20.2)	(21.1)	(3.8)	(3.6)	(16.2)	-(2.5)	-(4.9)	-(6.5)	-(10.4)
In local currency	11,474	10,522	8,645	14,011	18,753	16,844	16,120	16,115	15,878
In foreign currency	13,856	20,151	23,194	18,962	19,558	20,383	20,760	20,188	18,442
To Non-Government	317,196	363,821	398,783	408,397	431,650	452,502	455,410	458,822	461,558
	(7.9)	(14.7)	(9.6)	(2.4)	(5.7)	(7.8)	(6.8)	(6.5)	(6.9)
In local currency	231,975	251,390	281,266	286,917	299,115	328,537	331,549	335,156	338,396
In foreign currency	85,221	112,431	117,517	121,480	132,535	123,965	123,861	123,666	123,162
Memorandum Items (In Percent):									
Credit to private sector ^{3/} / Total Credit	85.8	85.4	85.5	84.3	84.7	84.5	84.7	84.6	84.8
Non Government Loans/ Deposits ^{4/}	59.7	54.8	57.0	53.4	51.9	52.1	52.3	52.3	52.4
Government Loans / Deposits	38.7	34.3	32.1	29.8	32.4	30.9	30.4	29.8	27.6
Foreign currency denominated credit to total credit	28.9	33.6	32.7	31.8	32.4	29.5	29.4	29.1	28.6
Government foreign currency denominated credit to total government credit	54.7	65.7	72.8	57.5	51.1	54.8	56.3	55.6	53.7
Non - government foreign currency denominated credit to total non-government credit	26.9	30.9	29.5	29.7	30.7	27.4	27.2	27.0	26.7

Source: Central Bank of Egypt.

() Percent change over previous year

* Preliminary.

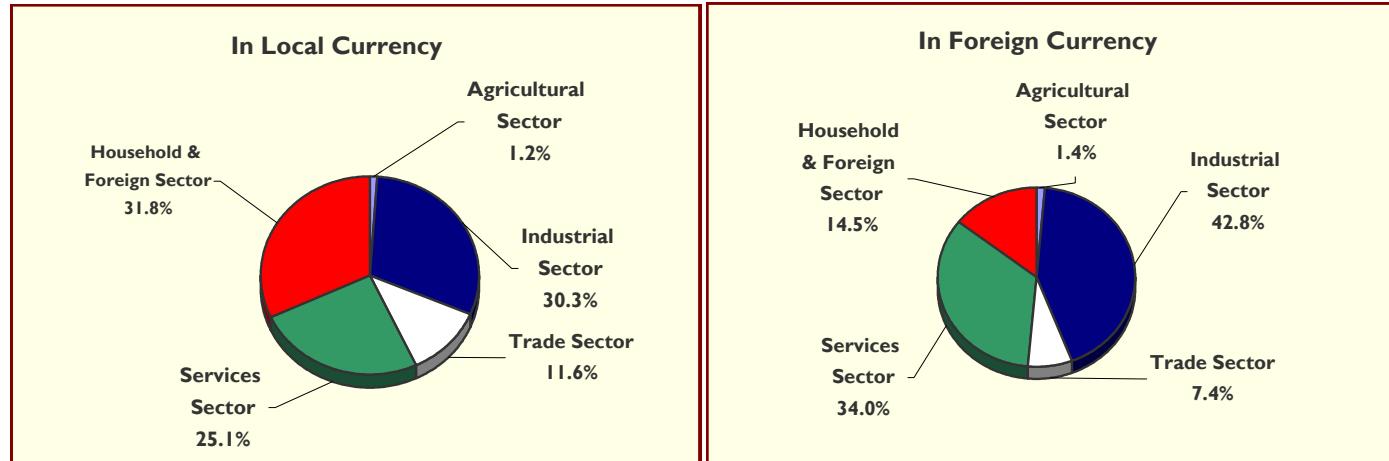
1/ Excludes credit provided by the Central Bank of Egypt.

2/ Includes central government and economic authorities.

3/ Includes private business sector, household sector, and non-resident (foreign sector).

4/ Non government sector includes public business sector, private business sector, household sector, and non resident (foreign sector).

**Fig (18) : Sectoral Distribution of Non-Government Credit Facilities
March-2012**



Source: Central Bank of Egypt.

Table (29) : Domestic Interest Rates

	CBE Discount Rate ^{1/}	Lending Rate (Less than one year loans) ^{2/}	3 Months Deposit Rate ^{2/}	3 Months T-bills ^{3/}	Investment Certificates ^{1/} ^{3/}	Post office Saving Deposits ^{1/}
Yearly Average						
2002/2003	10.00	13.70	8.69	8.31	10.50	10.50
2003/2004	10.00	13.40	7.96	8.41 ^{1/}	10.50	10.50
2004/2005	10.00	13.39	7.66	10.12	10.50	10.50
2005/2006	9.00	12.71	6.53	8.82	9.50	9.50
2006/2007	9.00	12.64	6.01	8.65	10.00	9.50
2007/2008	10.00	12.22	6.09	6.97	10.00	9.50
2008/2009	9.00	12.39	7.03	11.32	10.00	9.27
2009/2010	8.50	11.35	5.97	9.86	9.58	9.00
2010/2011	8.50	10.84	6.52	10.20	9.50	9.00
Monthly Average						
Apr-11	8.50	10.80	6.60	11.18	9.50	9.00
May-11	8.50	10.80	6.70	11.56	9.50	9.00
Jun-11	8.50	11.00	6.60	11.72	9.50	9.00
Jul-11	8.50	11.00	6.70	11.91	9.50	9.00
Aug-11	8.50	11.10	6.70	11.93	9.50	9.00
Sep-11	8.50	11.20	6.80	12.67	10.00	9.00
Oct-11	8.50	11.30	7.00	12.52	10.00	9.00
Nov-11	9.50	11.40	7.10	13.04	11.50	9.00
Dec-11	9.50	11.80	7.20	14.08	11.50	9.00
Jan-12	9.50	11.90	7.40	13.86	11.50	9.00
Feb-12	9.50	11.90	7.60	13.83	11.50	9.00
Mar-12	9.50	12.00	7.70	13.83	11.50	9.00
Apr-12	9.50	--	--	13.95	11.50	9.00

Source: Central Bank of Egypt.

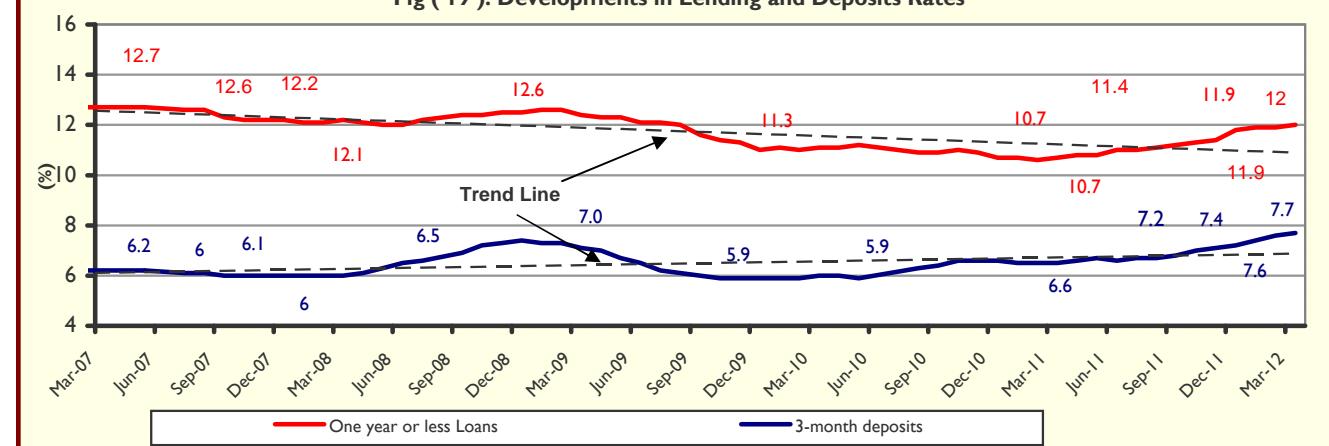
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1/ End of period rate.

2/ Starting September 2005, data reflects weighted average monthly interest rates for a sample of banks representing 80 percent of banking system operations. Prior to this date, figures reflect simple average weekly interest rates for most banks' operations.

3/ Simple Interest.

Fig (19) : Developments in Lending and Deposits Rates



Source: Central Bank of Egypt.

Table (30) : Average Interbank Rates ^{1/}

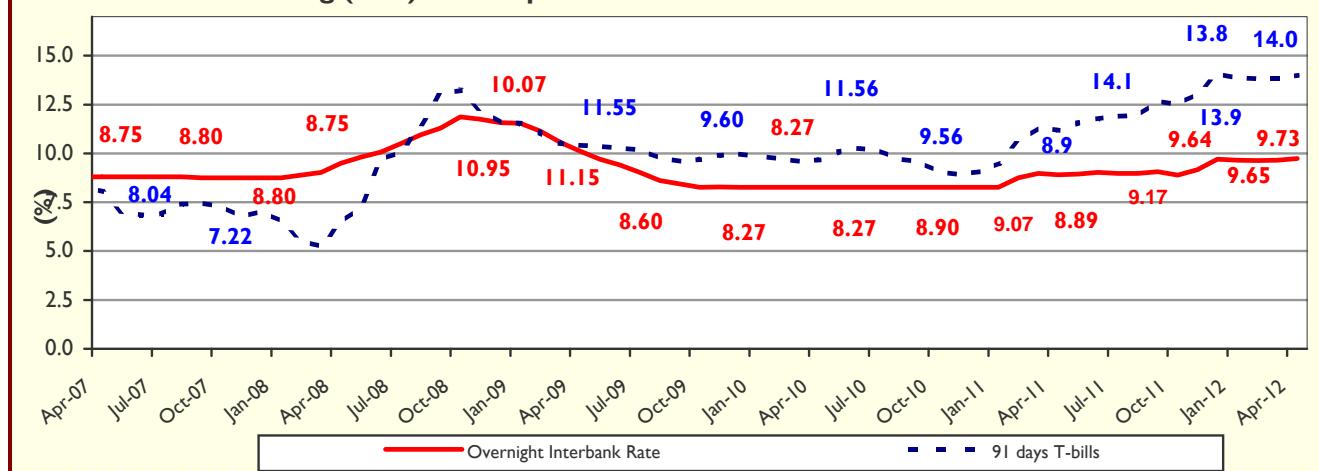
	Overnight	One Week	Month	More than One Month
Yearly Average				
2003	8.4	9.4	9.7	9.9
2004	8.2	9.8	10.7	10.3
2005	9.5	10.1	10.4	10.7
2006	8.6	8.8	8.8	8.8
2007	8.8	8.9	9.0	9.1
2008	10.3	10.3	10.2	10.3
2009	9.5	9.5	9.1	9.6
2010	8.3	8.3	8.3	8.4
Monthly Average				
Apr-11	8.90	9.04	--	9.60
May-11	8.95	9.10	9.50	9.50
Jun-11	9.02	9.12	9.55	9.50
Jul-11	8.97	9.13	9.56	9.59
Aug-11	8.98	9.16	9.48	9.30
Sep-11	9.07	9.25	9.40	9.55
Oct-11	8.89	9.20	--	9.30
Nov-11	9.17	9.27	9.10	9.31
Dec-11	9.70	9.83	10.05	11.30
Jan-12	9.66	9.81	9.94	9.90
Feb-12	9.64	9.77	10.37	--
Mar-12	9.65	9.80	10.48	9.91
Apr-12	9.73	9.81	9.94	11.25

Source: Central Bank of Egypt.

-- Data not available.

1/ Starting March 2003, average interbank rate replaced CAIBOR average " Bid " rate. The interbank rate is considered to be a better measurement to market developments for its wider coverage of commercial , specialized, and investment banks'.

Fig (20) : Developments in Interbank and T-bills Rates



Source: Central Bank of Egypt.