

Section 6

MONETRY SECTOR

Table (24) Developments in Main Monetary Aggregates-----	45
Table (25) Monetary Survey-----	46 -47
Table (26) Central Bank Reserve Money-----	48
Table (27) Deposits With Banks-----	49
Table (28) Credit Provided By Banks-----	50
Table (29) Domestic Interest Rates-----	51
Table (30) Average Interbank Rates-----	52

**Table (24) : Developments in Main Monetary Aggregates
(December 2010)**

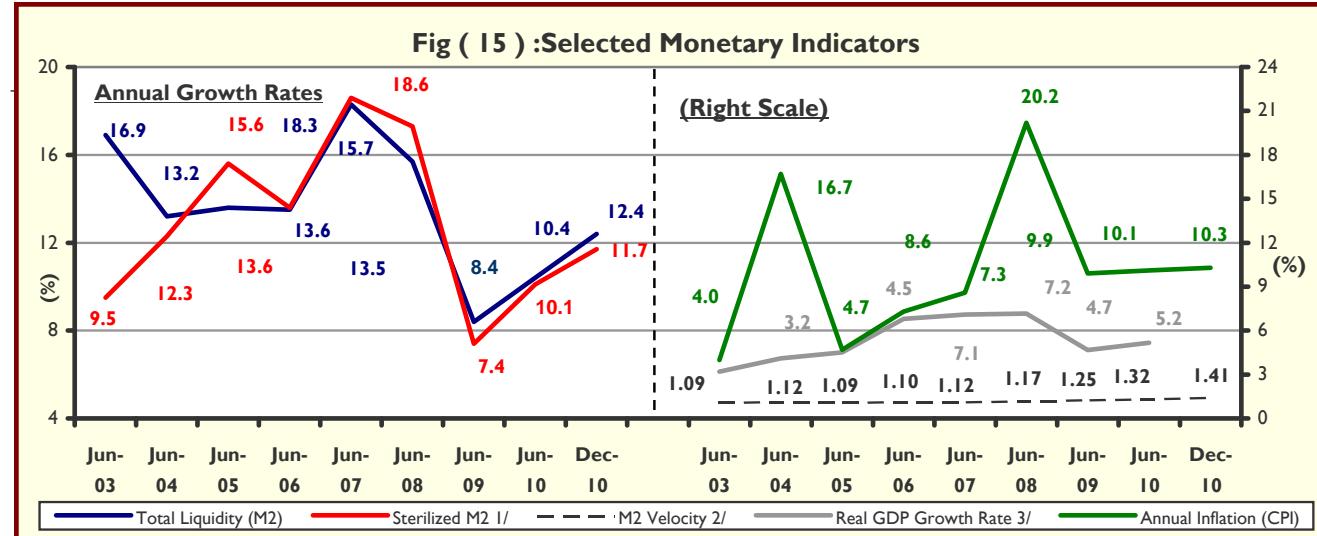
	1 Month % Change	3 Month % Change	12 Month % Change	Full Year Average % Change ^{1/}
Net Foreign Assets (LE terms)	0.1	-2.2	19.3	14.3
CBE NFA	2.0	3.4	11.9	7.5
CBE NIR	0.6	1.7	9.9	8.9
Banks NFA 2/	-3.2	-11.2	36.0	30.6
Net Foreign Assets (US dollar terms)	0.7	-2.5	14.4	12.8
CBE NFA	2.6	3.1	7.3	6.0
CBE NIR	1.2	1.3	5.4	7.4
Banks NFA 2/	-2.6	-11.4	30.4	29.0
Net Domestic Assets	1.6	5.1	9.5	9.3
Net Claims on Government and GASC	2.5	6.8	10.9	16.6
Claims on Public Companies	1.7	5.7	-8.9	4.4
Claims on Private Sector	-4.3	-2.9	6.7	5.8
Total Liquidity (M2)	1.1	2.7	12.4	10.8
Money (M1)	-0.6	1.4	13.4	15.2
Quasi Money	1.6	3.1	12.1	9.6

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 Ministry of Economic Development, GDP(at market prices) for 2010/2011 is projected to reach LE 1378 billion, compared to LE 1206.7 billion recorded in 2009/2010.

3/ Real Growth of GDP at market prices.

Table (25) : Monetary Survey
Assets and Liabilities of The Banking Sector
(December 2010)

	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Sep-10	Oct-10	Nov-10 [#]	Dec-10 [*]
Net Foreign Assets I/	112,777	189,139	232,658	248,470	255,857	312,144	315,293	304,944	305,252
	(103.8)	(67.7)	(23.0)	(6.8)	(3.0)	(19.2)	(20.5)	(15.6)	(19.3)
Central bank (Net)	54,018	80,108	107,207	184,397	177,126	191,648	193,724	194,312	198,207
Foreign Assets	122,956	146,156	172,727	185,787	185,621	200,054	202,151	202,761	206,313
Foreign Liabilities	68,938	66,048	65,520	1,390	8,495	8,406	8,427	8,449	8,106
Banks (Net)	58,759	109,031	125,451	64,073	78,731	120,496	121,569	110,632	107,045
Foreign Assets	78,907	127,371	148,285	92,994	105,446	159,599	159,134	152,037	148,104
Foreign Liabilities	20,148	18,340	22,834	28,921	26,715	39,103	37,565	41,405	41,059
Net Domestic Assets of which:	409,519	412,170	483,617	542,908	610,497	636,028	645,951	658,311	668,710
	(-0.8)	(0.6)	(17.3)	(12.3)	(12.4)	(8.5)	(10.2)	(11.5)	(9.5)
Net Claims on Government, and GASC I/	151,176	180,087	193,161	244,417	328,753	341,319	348,270	355,771	364,674
National Currency	208,539	233,255	240,256	298,480	389,913	409,033	417,149	424,540	434,886
Foreign Currency	-57,363	-53,168	-47,095	-54,063	-61,160	-67,714	-68,879	-68,769	-70,212
Claims on Public Business Sector	41,756	35,290	27,643	28,840	35,633	30,727	31,828	31,935	32,478
National Currency	34,820	27,515	19,912	20,862	27,942	22,099	23,027	23,461	24,030
Foreign Currency	6,936	7,775	7,731	7,978	7,691	8,628	8,801	8,474	8,448
Claims on Private Sector 2/	281,016	310,016	346,703	388,539	382,427	420,301	423,580	426,197	407,905
National Currency	216,574	232,995	254,815	280,061	282,426	308,528	309,999	312,532	298,490
Foreign Currency	64,442	77,021	91,888	108,478	100,001	111,773	113,581	113,665	109,415
Other Items (net) I/ 3/	-64,429	-113,223	-83,890	-118,888	-136,316	-156,319	-157,727	-155,592	-136,347
Total Liquidity (M2)	522,296	601,309	716,275	791,378	866,354	948,172	961,244	963,255	973,962
	(11.5)	(15.1)	(19.1)	(10.5)	(9.5)	(11.8)	(13.4)	(12.8)	(12.4)
Money (M1) 4/	100,712	121,342	151,800	174,460	196,973	220,472	222,674	224,890	223,456
	(20.7)	(20.5)	(25.1)	(14.9)	(12.9)	(14.4)	(15.6)	(13.4)	(13.4)
Currency in Circulation	68,960	83,054	96,676	114,036	126,666	143,799	142,783	145,053	143,633
Demand Deposits in Local Currency	31,752	38,288	55,124	60,424	70,307	76,673	79,891	79,837	79,823
Quasi Money	421,584	479,967	564,475	616,918	669,381	727,700	738,570	738,365	750,506
	(9.6)	(13.8)	(17.6)	(9.3)	(8.5)	(11.1)	(12.7)	(12.6)	(12.1)
Local Currency Time and Savings Deposits	296,756	330,623	404,236	453,733	514,528	569,542	576,948	581,350	592,451
Foreign Currency Demand Deposits	19,195	21,259	26,876	25,889	29,124	34,013	36,321	33,542	34,072
Foreign Currency Time and Savings Deposits	105,633	128,085	133,363	137,296	125,729	124,145	125,301	123,473	123,983

Source: Central Bank of Egypt.

() Percent change over previous year.

* Preliminary. It is noteworthy that detailed data for December 2010 are not available yet.

Revised.

I/ 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)
 (December 2010)

	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Sep-10	Oct-10	Nov-10 [#]	Dec-10 [*]
Net Foreign Assets (In Million US\$)^{4/}	19,656	33,131	42,161	45,107	46,742	54,854	55,172	53,087	53,471
Central bank NFA	9,415	14,032	19,428	33,475	32,359	33,679	33,899	33,827	34,720
Net International Reserves	31,671	44,701	54,035	45,359	48,294	56,332	56,646	54,558	54,891
Central Bank (Gross)	21,890	26,058	31,681	34,112	34,163	35,534	35,545	35,571	36,005
Banks (net)	10,241	19,099	22,734	11,632	14,383	21,175	21,273	19,260	18,751
Foreign assets	13,753	22,311	26,872	16,882	19,264	28,047	27,846	26,468	25,943
Foreign Liabilities	3,512	3,213	4,138	5,250	4,880	6,872	6,573	7,208	7,192
In Percent of Beginning of Money Stocks^{5/}									
Net Foreign Assets	6.5%	9.9%	2.1%	-7.2%	0.2%	3.2%	3.6%	2.5%	2.5%
Net Domestic Assets	-0.7%	-2.6%	6.0%	10.4%	4.0%	0.1%	1.2%	2.5%	3.7%
Money (M1)	2.2%	2.2%	3.1%	0.5%	1.7%	0.7%	0.9%	1.2%	1.0%
Quasi Money	3.5%	5.2%	5.0%	2.7%	2.5%	2.6%	3.8%	3.8%	5.1%
Dollarization (% of Total Liquidity) ^{6/}	23.9	24.8	22.4	20.6	17.9	16.7	16.8	16.3	16.2
M2 Multiplier ^{7/}	4.57	4.77	5.09	4.71	4.49	4.38	4.57	4.34	4.46
M2 Velocity ^{8/}	1.18	1.24	1.25	1.32	1.39	1.45	1.43	1.43	1.24
M2 (annual percentage change)	11.5	15.1	19.1	10.5	9.5	11.8	13.4	12.8	12.4
Credit to private sector (annual percentage change) ^{9/}	6.3	10.3	11.8	12.1	-1.6	9.2	9.8	10.7	6.7
Exchange Rate ^{10/}	5.74	5.71	5.52	5.51	5.47	5.69	5.71	5.74	5.71

Source: Central Bank of Egypt.

* Preliminary. It is noteworthy that detailed data for December 2010 are not available yet.

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.

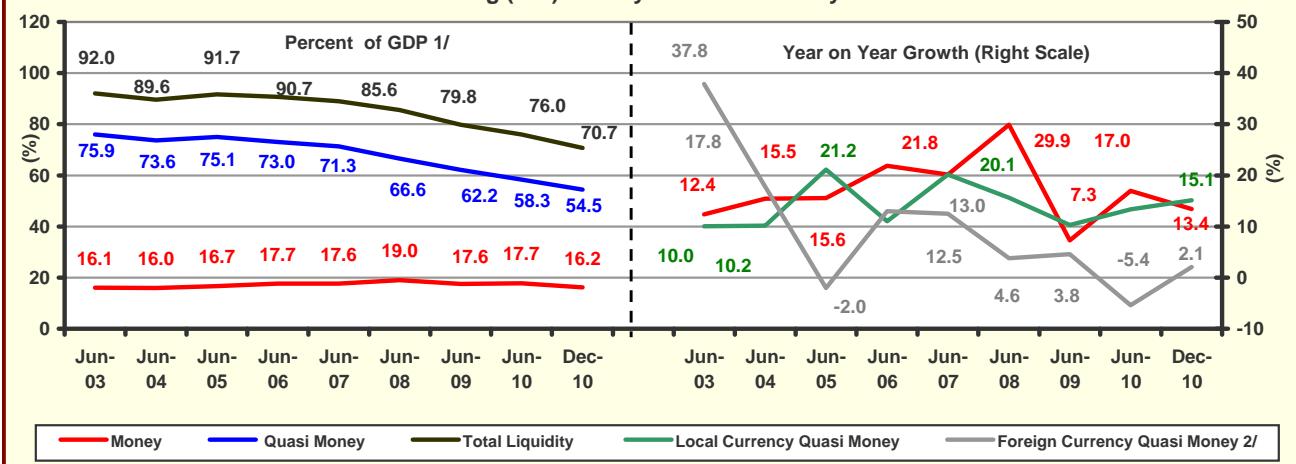
7/ M2 / Reserve Money.

8/ GDP / M2. According to Ministry of Economic Development, GDP(at market prices) for 2010/2011 is projected to reach LE 1378 billion, compared to LE 1206.7 billion recorded in 2009/2010.

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 Ministry of Economic Development, GDP(at market prices) for 2010/2011 is projected to reach LE 1378 billion, compared to LE 1206.7 billion recorded in 2009/2010.

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

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

(LE Millions)

	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Sep-10	Oct-10	Nov-10	Dec-10*
Reserve Money	114,168	126,111	140,826	167,906	193,063	216,655	210,432	221,924	218,393
	--	--	(11.7)	(19.2)	(15.0)	(13.1)	(12.2)	(16.3)	(13.1)
Currency in Circulation	73,173	87,962	103,674	121,280	134,039	153,079	153,037	155,660	153,209
	(15.5)	(20.2)	(17.9)	(17.0)	(10.5)	(12.9)	(15.0)	(11.6)	(14.3)
Banks LE Deposits with CBE	40,995	38,149	37,152	46,626	59,024	63,576	57,395	66,264	65,184
	--	--	--	(25.5)	(26.6)	(13.7)	(5.4)	(29.1)	(10.4)
Counter Assets:									
Net Foreign Assets ^{2/}	54,018	80,108	107,207	184,397	177,126	191,648	193,724	194,312	198,207
	(512.8)	(48.3)	(33.8)	(72.0)	-(3.9)	(10.6)	(10.6)	(10.9)	(11.9)
Net Domestic Assets ^{2/}	60,150	46,003	33,619	-16,491	15,937	25,007	16,708	27,612	20,186
	--	-(26.1)	-(26.9)	-(149.1)	(196.6)	(37.7)	(35.3)	(77.2)	(26.7)
Net Claims on Government ^{3/}	106,684	112,470	114,735	86,147	103,989	109,835	107,088	101,920	100,252
	-(1.3)	(5.4)	(2.0)	-(24.9)	(20.7)	(16.5)	(3.1)	-(0.5)	-(3.6)
Claims	178,715	179,164	191,663	158,886	176,961	182,528	181,474	178,126	176,459
	-(19.2)	(0.3)	(7.0)	-(17.1)	(11.4)	(11.0)	(2.0)	(2.3)	-(0.3)
Securities	169,009	164,761	165,688	123,123	127,474	130,597	130,597	130,597	130,597
Credit Facilities	9,706	14,403	25,975	35,763	49,487	51,931	50,877	47,529	45,862
Deposits ^{4/}	72,031	66,694	76,928	72,739	72,972	72,693	74,386	76,206	76,207
	-(36.3)	-(7.4)	(15.3)	-(5.4)	(0.3)	(3.6)	(0.5)	(6.2)	(4.4)
Net Claims on Banks	-2,057	37,665	67,907	4,169	7,048	56,622	55,317	50,739	39,848
Net Balancing Items ^{5/}	-87,436	-104,132	-149,023	-106,807	-95,100	-141,450	-145,697	-125,047	-119,914
Memorandum Items									
Reserve Money Velocity ^{6/, 7/}	5.41	5.91	6.36	6.21	6.25	6.36	6.55	6.21	5.53

Source: Central Bank of Egypt.

() Percent change over same period in previous year.

* Preliminary. It is noteworthy that detailed data for December 2010 are not available yet.

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 Ministry of Economic Development, GDP(at market prices) for 2010/2011 is projected to reach LE 1378 billion, compared to LE 1206.7 billion recorded in 2009/2010.

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

(LE Millions)

	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Sep-10	Oct-10	Nov-10 [#]	Dec-10 [*]
Total Deposits	542,567	593,849	709,461	775,958	859,223	923,687	937,733	937,178	952,133
	(9.2)	(9.5)	(19.5)	(9.4)	(10.7)	(11.0)	(12.1)	(11.6)	(10.8)
In local currency	389,428	413,036	516,448	573,854	660,087	716,942	726,684	730,617	743,551
In foreign currency	153,139	180,813	193,013	202,104	199,136	206,745	211,049	206,561	208,582
Non Government Deposits ^{2/}	456,203	521,765	624,551	682,264	744,826	810,422	824,247	824,512	836,636
	(11.3)	(14.4)	(19.7)	(9.2)	(9.2)	(11.8)	(13.4)	(13.3)	(12.3)
In local currency	330,157	371,240	462,758	517,176	587,529	649,359	659,485	664,198	675,283
In foreign currency	126,046	150,525	161,793	165,088	157,297	161,063	164,762	160,314	161,353
Government Deposits	86,364	72,084	84,910	93,694	114,397	113,265	113,486	112,666	115,497
	-(0.8)	-(16.5)	(17.8)	(10.3)	(22.1)	(5.7)	(3.5)	(1.0)	(1.0)
In local currency	59,271	41,796	53,690	56,678	72,558	67,583	67,199	66,419	68,268
In foreign currency	27,093	30,288	31,220	37,016	41,839	45,682	46,287	46,247	47,229
Memorandum Items									
(In Percent):									
Dollarization in Total Deposits	28.2	30.4	27.2	26.0	23.2	22.4	22.5	22.0	21.9
Dollarization in Non-Government Deposits	27.6	28.8	25.9	24.2	21.1	19.9	20.0	19.4	19.3
Dollarization in Government Deposits	31.4	42.0	36.8	39.5	36.6	40.3	40.8	41.0	40.9

Source: Central bank of Egypt.

() Percent change over same period in previous year.

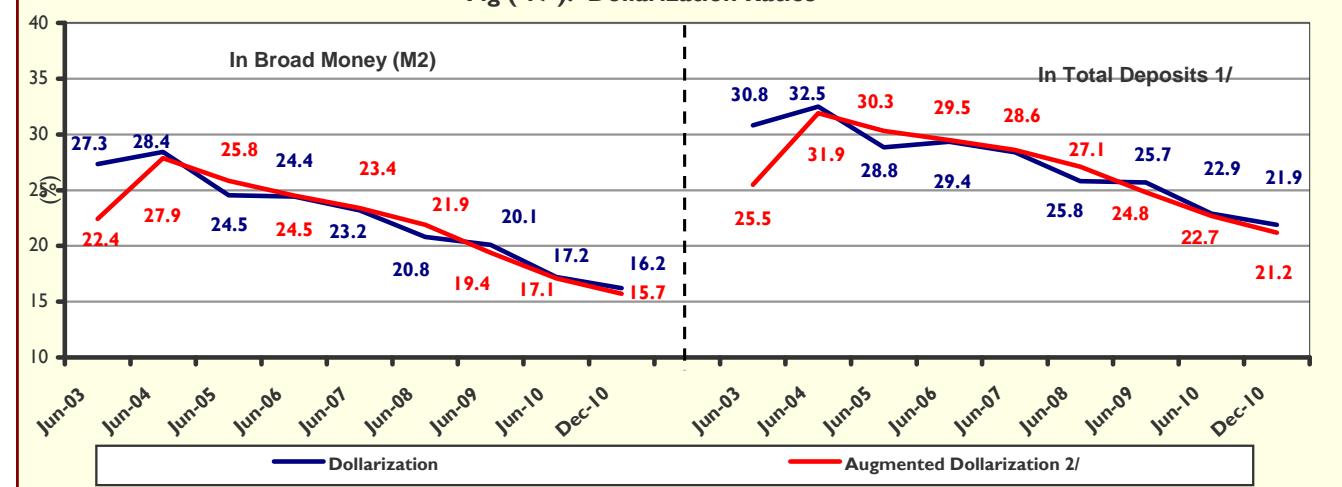
* Preliminary. It is noteworthy that detailed data for December 2010 are not available yet.

Revised

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)

	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	Sep-10	Oct-10	Nov-10 [#]	Dec-10 [*]
Total lending	316,374	343,935	381,773	429,188	432,597	467,397	471,441	474,669	458,081
	(4.4)	(8.7)	(11.0)	(12.4)	(0.8)	(8.7)	(9.4)	(9.6)	(5.9)
To Government ^{2/}	20,999	23,768	31,956	31,679	34,191	37,101	37,656	38,530	38,172
	(17.8)	(13.2)	(34.4)	-(0.9)	(7.9)	(14.4)	(18.0)	(15.3)	(11.6)
In local currency	10,684	11,911	11,024	8,034	13,082	18,954	19,357	19,962	19,457
In foreign currency	10,315	11,857	20,932	23,645	21,109	18,147	18,299	18,568	18,715
To Non-Government	295,375	320,167	349,817	397,509	398,406	430,296	433,785	436,139	419,909
	(3.5)	(8.4)	(9.3)	(13.6)	(0.2)	(8.3)	(8.7)	(9.1)	(5.4)
In local currency	226,763	237,106	247,756	276,948	281,143	296,534	298,342	301,229	288,094
In foreign currency	68,612	83,061	102,061	120,561	117,263	133,762	135,443	134,910	131,815
Memorandum Items (In Percent):									
Credit to private sector ^{3/} / Total Credit	80.2	82.9	84.5	85.9	83.9	85.5	85.3	85.2	84.6
Non Government Loans/ Deposits ^{4/}	64.7	61.4	56.0	58.3	53.5	53.1	52.6	52.9	50.2
Government Loans / Deposits	24.3	33.0	37.6	33.8	29.9	32.8	33.2	34.2	33.1
Foreign currency denominated credit to total credit	24.9	27.6	32.2	33.6	32.0	32.5	32.6	32.3	32.9
Government foreign currency denominated credit to total government credit	49.1	49.9	65.5	74.6	61.7	48.9	48.6	48.2	49.0
Non - government foreign currency denominated credit to total non-government credit	23.2	25.9	29.2	30.3	29.4	31.1	31.2	30.9	31.4

Source: Central Bank of Egypt.

() Percent change over previous year

* Preliminary. It is noteworthy that detailed data for December 2010 are not available yet.

Revised

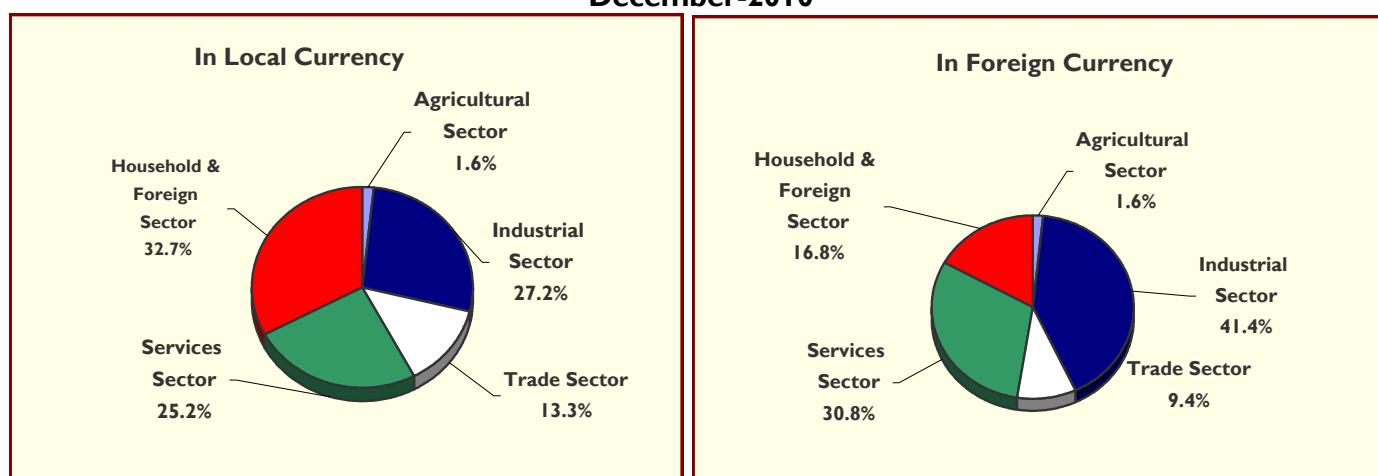
1/ Excludes credit provided by the Central Bank of Egypt.

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 December-2010



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	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
Monthly Average						
Jan-10	8.50	11.10	5.90	9.92	9.50	9.00
Feb-10	8.50	11.00	5.90	9.73	9.50	9.00
Mar-10	8.50	11.10	6.00	9.61	9.50	9.00
Apr-10	8.50	11.10	6.00	9.66	9.50	9.00
May-10	8.50	11.20	5.90	10.08	9.50	9.00
Jun-10	8.50	--	--	10.26	9.50	9.00
Jul-10	8.50	11.10	6.30	10.16	9.50	9.00
Aug-10	8.50	10.90	6.30	9.72	9.50	9.00
Sep-10	8.50	10.90	6.40	9.56	9.50	9.00
Oct-10	8.50	11.00	6.60	9.06	9.50	9.00
Nov-10	8.50	10.90	6.60	8.93	9.50	9.00
Dec-10	8.50	10.70	6.60	9.06	9.50	9.00
Jan-11	8.50	--	--	9.49	9.50	9.00

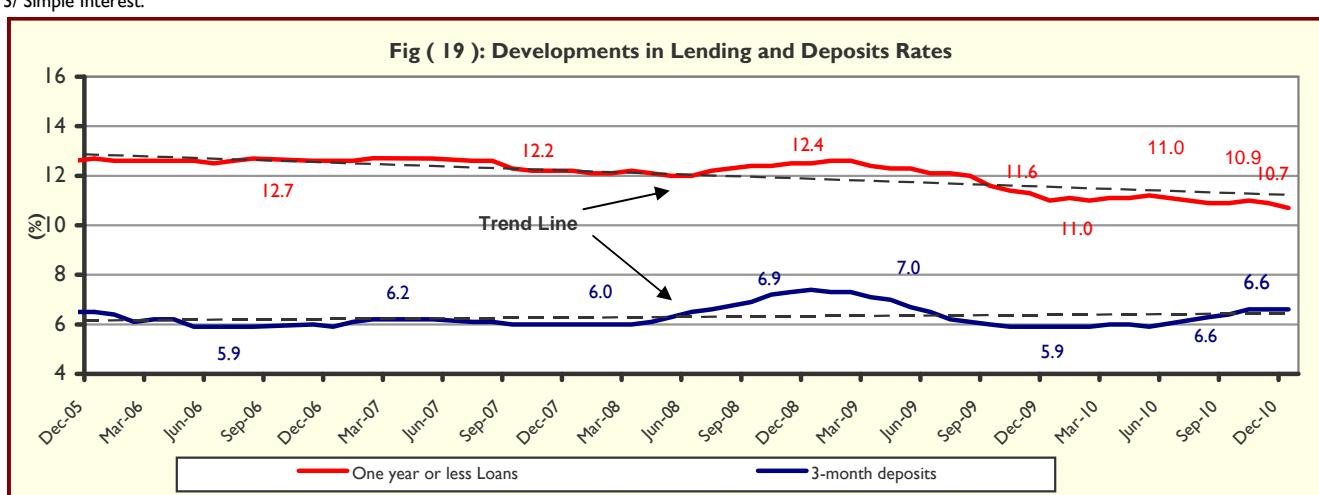
Source: Central Bank of Egypt.

-- Data unavailable.

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.



Source: Central Bank of Egypt.

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

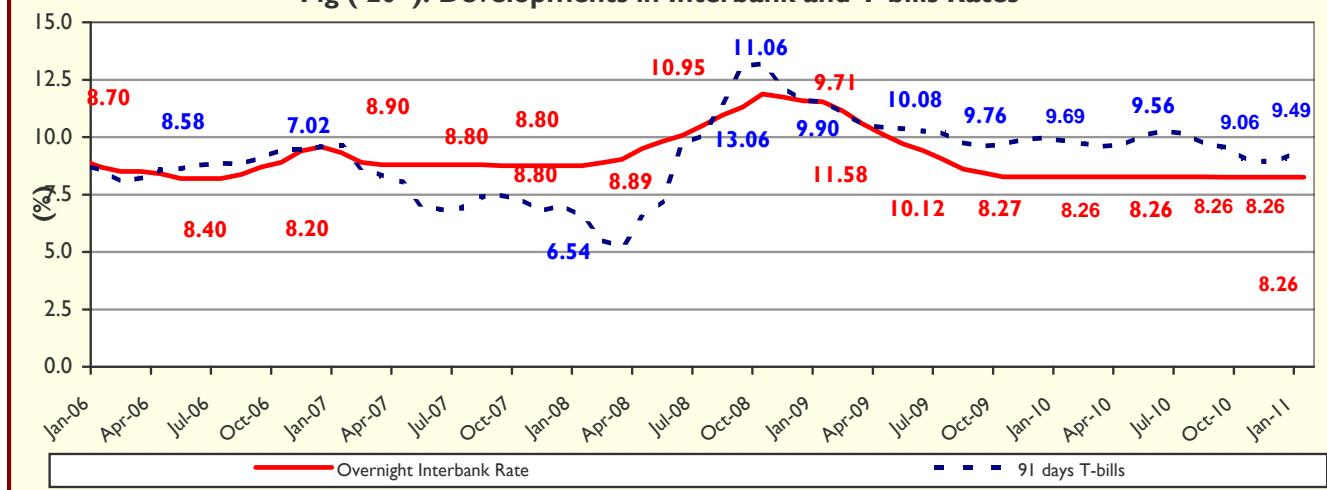
	Overnight	One Week	Month	More than One Month
<u>Yearly Average</u>				
2003	8.4	9.4	9.7	9.9
2004	8.2	9.8	10.7	10.3
2005	9.5	10.1	10.4	10.7
2006	8.6	8.8	8.8	8.8
2007	8.8	8.9	9.0	9.1
2008	10.3	10.3	10.2	10.3
2009	9.5	9.5	9.1	9.6
2010	8.3	8.3	8.3	8.4
<u>Monthly Average</u>				
Jan-10	8.27	8.29	8.32	8.32
Feb-10	8.27	8.29	8.33	8.33
Mar-10	8.27	8.27	8.31	8.32
Apr-10	8.27	8.27	8.31	8.51
May-10	8.27	8.27	8.31	8.41
Jun-10	8.27	8.28	8.32	8.45
Jul-10	8.27	8.28	--	8.35
Aug-10	8.26	8.28	--	--
Sep-10	8.26	8.27	8.25	--
Oct-10	8.26	8.26	8.29	--
Nov-10	8.26	8.26	--	8.40
Dec-10	8.26	8.27	--	8.36
Jan-11	8.26	8.27	8.50	8.27

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.