

Section 6

MONETARY SECTOR

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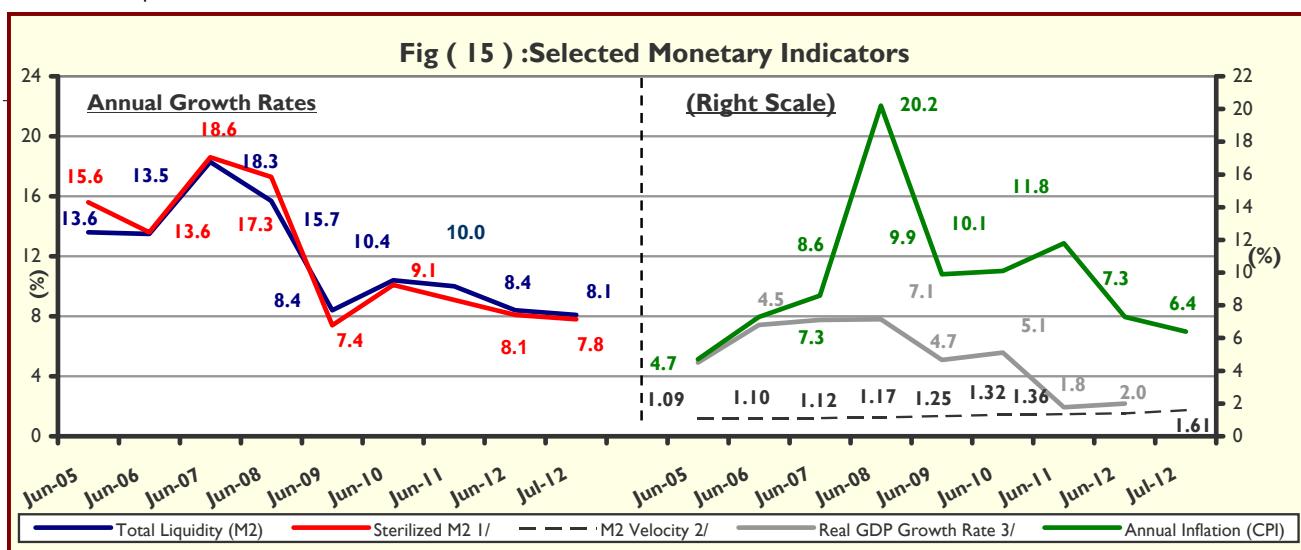
Table (24) : Developments in Main Monetary Aggregates
(July 2012)

	1 Month % Change	3 Month % Change	12 Month % Change	Full Year Average % Change ^{1/}
Net Foreign Assets (LE terms)	-0.99	-5.3	-38.5	-33.8
CBE NFA	-8.7	-12.7	-51.0	-46.2
CBE NIR	-6.9	-4.9	-42.9	-41.8
Banks NFA 2/	6.2	1.5	-22.6	-12.6
Net Foreign Assets (US dollar terms)	-1.2	-5.6	-39.5	-35.8
CBE NFA	-8.9	-13.0	-51.8	-47.9
CBE NIR	-7.2	-5.2	-43.9	-43.6
Banks NFA 2/	5.9	1.2	-23.9	-15.2
Net Domestic Assets	1.0	5.8	23.6	24.3
Net Claims on Government and GASC	3.5	8.0	33.2	37.1
Claims on Public Companies	1.4	-1.5	23.5	19.5
Claims on Private Sector	-0.4	1.6	6.8	4.5
Total Liquidity (M2)	0.7	4.1	8.1	7.6
Money (M1)	1.4	6.0	9.5	12.2
Quasi Money	0.4	3.4	7.7	6.2

Source: Central Bank of Egypt.

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

2/ Commercial, specialized, business and investment banks.



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 Planning, GDP (at market prices) for 2012/2013 is projected to reach LE 1778 billion compared to a revised figure of LE 1542.3 billion in 2011/2012.

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

(LE Millions)

	Jul-07	Jul-08	Jul-09	Jul-10	Jul-11	Apr-12	May-12	Jun-12	Jul-12
Net Foreign Assets I/	220,004	296,623	256,676	283,386	253,654	164,846	157,609	157,624	156,062
	(64.2)	(34.8)	-(13.5)	(10.4)	-(10.5)	-(35.7)	-(37.9)	-(37.8)	-(38.5)
Central bank (Net)	101,462	180,186	172,158	190,478	141,811	79,575	75,449	76,060	69,473
Foreign Assets	164,558	181,876	173,423	198,884	150,921	89,844	91,672	92,169	85,594
Foreign Liabilities	63,096	1,690	1,265	8,406	9,110	10,269	16,223	16,109	16,121
Banks (Net)	118,542	116,437	84,518	92,908	111,843	85,271	82,160	81,564	86,589
Foreign Assets	142,335	140,041	110,186	123,812	142,545	115,461	114,941	114,796	116,648
Foreign Liabilities	23,793	23,604	25,668	30,904	30,702	30,190	32,781	33,232	30,059
Net Domestic Assets of which:	451,037	478,638	578,781	639,251	765,272	893,924	909,972	936,784	945,806
	(4.1)	(6.1)	(20.9)	(10.4)	(19.7)	(22.4)	(22.8)	(23.9)	(23.6)
Net Claims on Government, and GASC I/	182,802	188,498	294,821	346,458	454,032	560,053	564,769	584,203	604,700
National Currency	233,354	240,007	359,801	410,804	542,249	625,832	625,854	644,024	662,198
Foreign Currency	-50,552	-51,509	-64,980	-64,346	-88,217	-65,779	-61,085	-59,821	-57,498
Claims on Public Business Sector	24,423	27,072	33,591	30,701	33,331	41,820	42,025	40,620	41,177
National Currency	18,202	19,630	24,604	21,899	25,360	32,816	33,136	31,784	32,471
Foreign Currency	6,221	7,442	8,987	8,802	7,971	9,004	8,889	8,836	8,706
Claims on Private Sector 2/	331,786	375,433	382,491	417,195	422,692	444,226	447,948	453,292	451,527
National Currency	245,760	269,223	284,484	307,676	317,129	340,381	344,338	348,848	347,823
Foreign Currency	86,026	106,210	98,007	109,519	105,563	103,845	103,610	104,444	103,704
Other Items (net) I/ 3/	-87,974	-112,365	-132,122	-155,103	-144,783	-152,175	-144,770	-141,331	-151,598
Total Liquidity (M2)	671,041	775,261	835,457	922,637	1,018,926	1,058,770	1,067,581	1,094,408	1,101,868
	(18.3)	(15.5)	(7.8)	(10.4)	(10.4)	(7.3)	(7.4)	(8.4)	(8.1)
Money (M1) 4/	136,849	170,960	185,793	213,291	254,288	262,693	264,626	274,510	278,383
	(19.5)	(24.9)	(8.7)	(14.8)	(19.2)	(8.6)	(8.4)	(10.4)	(9.5)
Currency in Circulation	90,594	107,573	122,161	139,528	171,046	181,414	187,396	194,027	196,356
Demand Deposits in Local Currency	46,255	63,387	63,632	73,763	83,242	81,279	77,230	80,483	82,027
Quasi Money	534,192	604,301	649,664	709,346	764,638	796,077	802,955	819,898	823,485
	(18.0)	(13.1)	(7.5)	(9.2)	(7.8)	(6.9)	(7.0)	(7.8)	(7.7)
Local Currency Time and Savings Deposits	381,321	444,247	485,935	550,259	585,246	613,020	617,905	633,858	637,110
Foreign Currency Demand Deposits	23,692	27,589	30,031	33,981	43,106	42,358	46,053	44,965	45,223
Foreign Currency Time and Savings Deposits	129,179	132,465	133,698	125,106	136,286	140,699	138,997	141,075	141,152

Source: Central Bank of Egypt.

() Percent change over previous year.

* Preliminary.

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)
 (July 2012)

	Jul-07	Jul-08	Jul-09	Jul-10	Jul-11	Apr-12	May-12	Jun-12	Jul-12
Net Foreign Assets (In Million US\$)^{4/}	38,784	55,891	46,115	49,845	42,666	27,342	26,146	26,126	25,807
Central bank NFA	17,886	33,951	30,930	33,504	23,853	13,199	12,516	12,607	11,488
Net International Reserves	49,907	56,209	46,342	51,324	44,198	29,045	28,837	28,796	28,472
Central Bank (Gross)	29,581	34,683	31,626	35,278	25,706	15,213	15,515	15,533	14,422
Banks (net)	20,897	21,939	15,185	16,342	18,812	14,143	13,630	13,519	14,318
Foreign assets	25,092	26,387	19,796	21,778	23,977	19,151	19,068	19,027	19,289
Foreign Liabilities	4,194	4,448	4,612	5,436	5,164	5,007	5,438	5,508	4,971
In Percent of Beginning of Money Stocks^{5/}									
Net Foreign Assets	0.2%	-0.9%	0.3%	0.1%	0.0%	-8.8%	-9.5%	-9.5%	-0.1%
Net Domestic Assets	1.1%	2.0%	0.2%	0.5%	0.9%	13.7%	15.3%	17.9%	0.8%
Money (M1)	0.8%	0.0%	0.3%	-0.1%	0.6%	1.4%	1.6%	2.6%	0.4%
Quasi Money	0.4%	1.1%	0.2%	0.6%	0.4%	3.5%	4.2%	5.9%	0.3%
Dollarization (% of Total Liquidity)^{6/}	22.8	20.6	19.6	17.2	17.6	17.3	17.3	17.0	16.9
M2 Multiplier^{7/}	4.81	4.59	4.85	4.40	4.03	4.31	4.07	4.15	4.30
M2 Velocity^{8/}	1.33	1.34	1.44	1.49	1.51	1.46	1.44	1.41	1.61
M2 (annual percentage change)	18.3	15.5	7.8	10.4	10.4	7.3	7.4	8.4	8.1
Credit to private sector (annual percentage change)^{9/}	13.8	13.2	1.9	9.1	1.3	6.3	7.3	7.3	6.8
Exchange Rate^{10/}	5.67	5.31	5.57	5.69	5.95	6.03	6.03	6.03	6.05

Source: Central Bank of Egypt.

* Preliminary.

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.

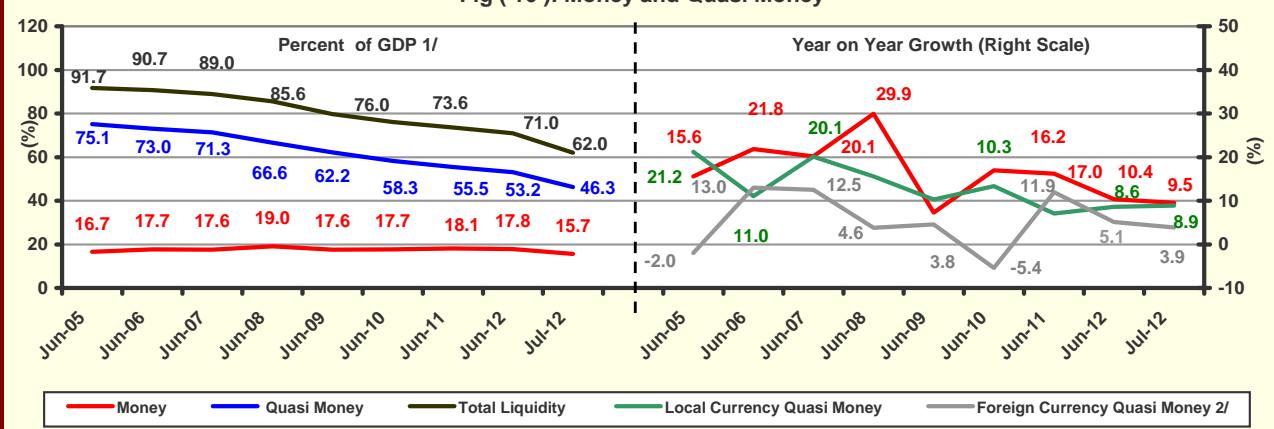
7/ M2 / Reserve Money.

8/ GDP / M2. According to the Ministry of Planning, GDP (at market prices) for 2012/2013 is projected to reach LE 1778 billion compared to a revised figure of LE 1542.3 billion in 2011/2012.

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 Planning, GDP (at market prices) for 2012/2013 is projected to reach LE 1778 billion compared to a revised figure of LE 1542.3 billion in 2011/2012.

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

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

(LE Millions)

	Jul-07	Jul-08	Jul-09	Jul-10	Jul-11	Apr-12	May-12	Jun-12	Jul-12
Reserve Money	139,521	168,865	172,166	209,567	252,873	245,371	262,213	263,668	256,230
	(23.5)	(20.2)	(2.0)	(21.7)	(20.7)	(1.9)	(6.1)	(5.1)	(1.3)
Currency in Circulation	96,462	114,473	129,254	148,283	182,548	192,109	197,071	204,870	208,393
	(16.6)	(18.7)	(12.9)	(14.7)	(23.1)	(9.3)	(10.3)	(14.4)	(14.2)
Banks LE Deposits with CBE	43,059	54,392	42,912	61,284	70,325	53,262	65,142	58,798	47,837
	(42.4)	27.48	(16.7)	(42.8)	(14.8)	-(18.2)	-(4.9)	-(18.2)	-(32.0)
Counter Assets:									
Net Foreign Assets ^{2/}	101,462	180,187	172,158	190,478	141,811	79,575	75,449	76,060	69,473
	(61.3)	(77.6)	-(4.5)	(10.6)	-(25.5)	-(48.6)	-(49.7)	-(48.3)	-(51.0)
Net Domestic Assets ^{2/}	38,059	-11,322	8	19,089	111,062	165,796	186,764	187,608	186,757
	-(24.0)	(132.4)	(100.1)	(238512.5)	(481.8)	(92.7)	(92.6)	(80.7)	(68.2)
Net Claims on Government ^{3/}	120,115	99,574	89,075	95,536	127,825	186,329	175,688	170,922	188,516
	-(1.4)	-(17.1)	-(10.5)	(7.3)	(33.8)	(71.9)	(49.9)	(66.7)	(47.5)
Claims	195,500	170,139	157,632	165,289	203,414	266,980	257,741	256,847	263,430
	(10.1)	-(13.0)	-(7.4)	(4.9)	(23.1)	(39.2)	(27.9)	(35.5)	(29.5)
Securities	166,724	123,123	130,771	130,596	129,097	129,097	129,097	179,097	179,097
Credit Facilities	28,776	47,016	26,861	34,693	74,317	137,883	128,644	77,750	84,333
Deposits ^{4/}	75,385	70,565	68,557	69,753	75,589	80,651	82,053	85,925	74,914
	(35.5)	-(6.4)	-(2.8)	(1.7)	(8.4)	-(3.3)	-(2.7)	-(1.3)	-(0.9)
Net Claims on Banks	56,804	69,431	4,130	27,192	1,169	-2,159	-1,767	-2,706	-1,123
Net Balancing Items ^{5/}	-169,875	-180,327	-93,197	-103,639	-17,932	-18,374	12,843	19,392	-636
Memorandum Items									
Reserve Money Velocity ^{6/, 7/}	6.42	6.17	7.01	6.55	6.10	6.29	5.88	5.85	6.94

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 Planning, GDP (at market prices) for 2012/2013 is projected to reach LE 1778 billion compared to a revised figure of LE 1542.3 billion in 2011/2012.

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

(LE Millions)

	Jul-07	Jul-08	Jul-09	Jul-10	Jul-11	Apr-12	May-12	Jun-12	Jul-12 *
Total Deposits	662,342	763,417	822,570	901,024	972,788	1,008,743	1,011,174	1,026,686	1,029,583
	(14.7)	(15.3)	(7.7)	(9.5)	(8.0)	(6.7)	(6.2)	(6.4)	(5.8)
In local currency	477,118	567,422	614,630	693,506	737,531	768,273	768,418	780,886	785,611
In foreign currency	185,224	195,995	207,940	207,518	235,257	240,470	242,756	245,800	243,972
Non Government Deposits ^{2/}	585,507	672,637	718,812	788,806	854,327	884,241	887,341	908,070	912,569
	(19.1)	(14.9)	(6.9)	(9.7)	(8.3)	(6.8)	(6.5)	(7.1)	(6.8)
In local currency	430,699	510,834	551,962	627,070	671,214	697,615	698,633	718,217	722,459
In foreign currency	154,808	161,803	166,850	161,736	183,113	186,626	188,708	189,853	190,110
Government Deposits	76,835	90,780	103,758	112,218	118,461	124,502	123,833	118,616	117,014
	-(10.1)	(18.1)	(14.3)	(8.2)	(5.6)	(6.0)	(4.6)	(1.2)	-(1.2)
In local currency	46,419	56,588	62,668	66,436	66,317	70,658	69,785	62,669	63,152
In foreign currency	30,416	34,192	41,090	45,782	52,144	53,844	54,048	55,947	53,862
Memorandum Items									
(In Percent):									
Dollarization in Total Deposits	28.0	25.7	25.3	23.0	24.2	23.8	24.0	23.9	23.7
Dollarization in Non-Government Deposits	26.4	24.1	23.2	20.5	21.4	21.1	21.3	20.9	20.8
Dollarization in Government Deposits	39.6	37.7	39.6	40.8	44.0	43.2	43.6	47.2	46.0

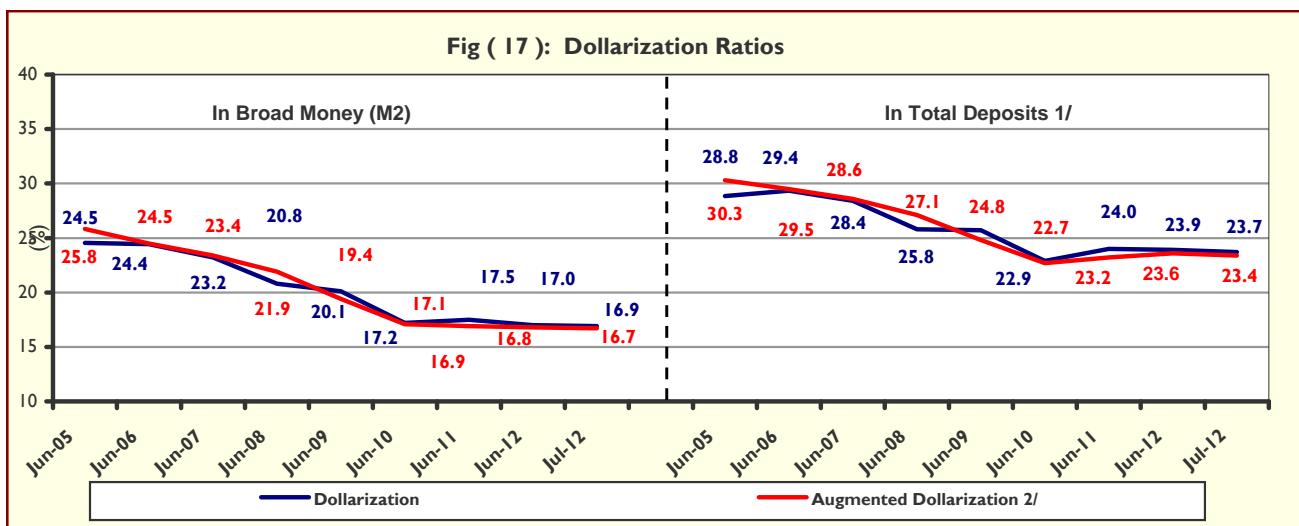
Source: Central bank of Egypt.

() 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.



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)

	Jul-07	Jul-08	Jul-09	Jul-10	Jul-11	Apr-12	May-12	Jun-12	Jul-12 *
Total lending	357,604	406,613	427,598	464,617	475,401	498,963	502,274	506,736	505,140
	(10.9)	(13.7)	(5.2)	(8.7)	(2.3)	(5.5)	(6.7)	(6.9)	(6.3)
To Government ^{2/}	26,709	30,495	30,955	39,785	40,317	33,719	32,660	33,589	33,183
	(31.2)	(14.2)	(1.5)	(28.5)	(1.3)	-(18.6)	-(19.1)	-(15.6)	-(17.7)
In local currency	10,543	9,513	13,796	17,742	17,950	15,625	15,562	14,615	14,262
In foreign currency	16,166	20,982	17,159	22,043	22,367	18,094	17,098	18,974	18,921
To Non-Government	330,895	376,118	396,643	424,832	435,084	465,244	469,614	473,147	471,957
	(9.6)	(13.7)	(5.5)	(7.1)	(2.4)	(7.8)	(9.1)	(8.9)	(8.5)
In local currency	239,094	260,738	280,325	296,583	310,380	341,559	346,445	349,560	349,149
In foreign currency	91,801	115,380	116,318	128,249	124,704	123,685	123,169	123,587	122,808
Memorandum Items (In Percent):									
Credit to private sector ^{3/} / Total Credit	85.8	85.9	85.0	84.9	84.6	84.9	85.2	85.4	85.3
Non Government Loans/ Deposits ^{4/}	56.5	55.9	55.2	53.9	50.9	52.6	52.9	52.1	51.7
Government Loans / Deposits	34.8	33.6	29.8	35.5	34.0	27.1	26.4	28.3	28.4
Foreign currency denominated credit to total credit	30.2	33.5	31.2	32.3	30.9	28.4	27.9	28.1	28.1
Government foreign currency denominated credit to total government credit	60.5	68.8	55.4	55.4	55.5	53.7	52.4	56.5	57.0
Non - government foreign currency denominated credit to total non-government credit	27.7	30.7	29.3	30.2	28.7	26.6	26.2	26.1	26.0

Source: Central Bank of Egypt.

() Percent change over previous year

* Preliminary.

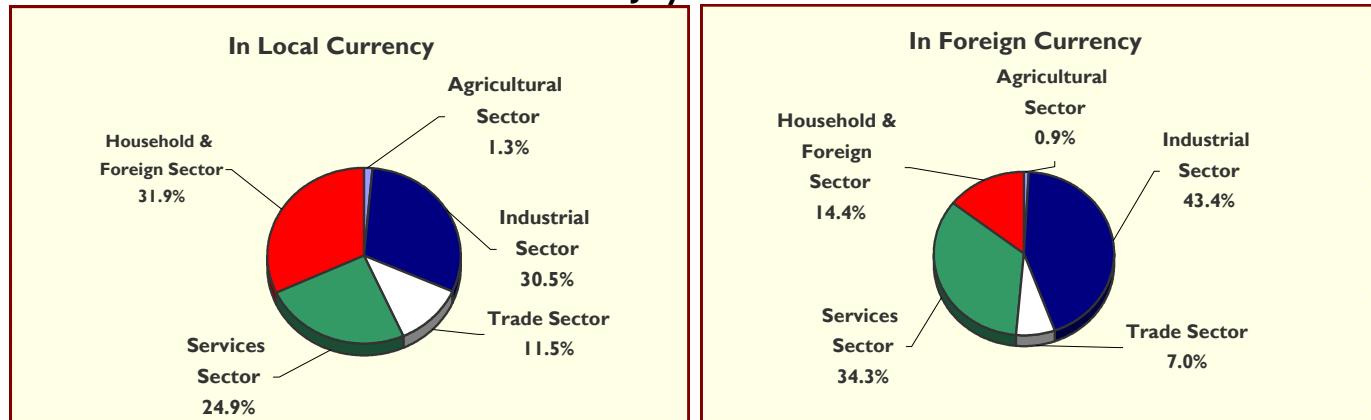
1/ Excludes credit provided by the Central Bank of Egypt.

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 July-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/}
<u>Yearly Average</u>						
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
<u>Monthly Average</u>						
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	12.10	7.60	13.95	11.50	9.00
May-12	9.50	11.90	7.60	14.29	11.50	9.00
Jun-12	9.50	11.90	7.70	14.60	11.50	9.00
Jul-12	9.50	12.00	7.70	14.33	11.50	9.00
Aug-12	9.50	--	--	14.21	11.50	9.00

Source: Central Bank of Egypt.

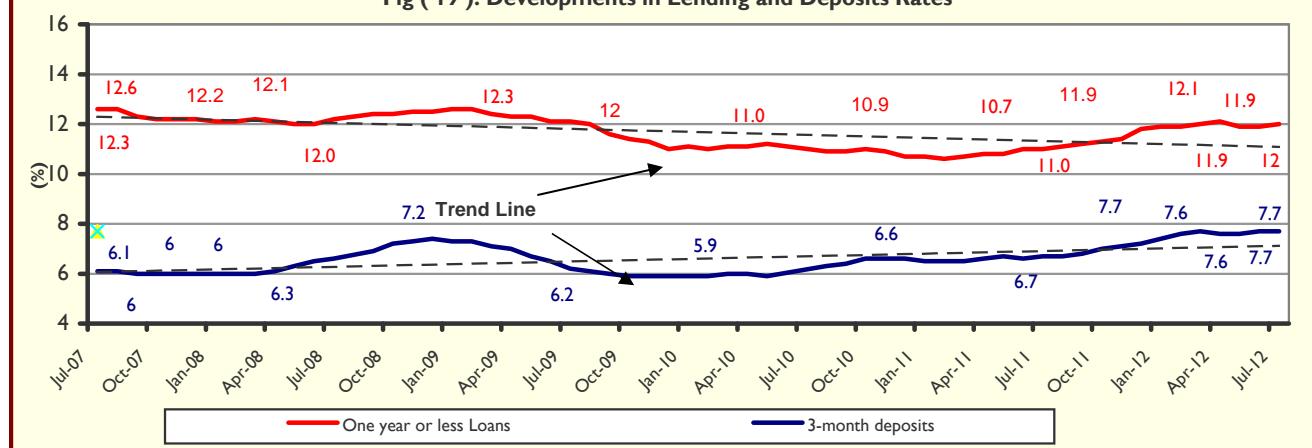
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1/ End of period rate.

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/}

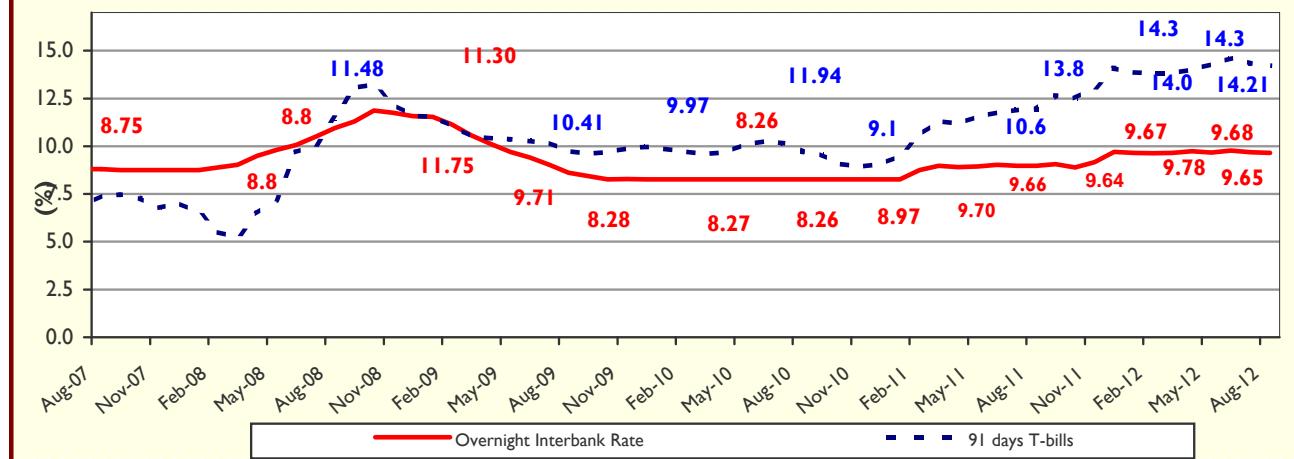
	Overnight	One Week	Month	More than One Month
Yearly Average				
2003	8.4	9.4	9.7	9.9
2004	8.2	9.8	10.7	10.3
2005	9.5	10.1	10.4	10.7
2006	8.6	8.8	8.8	8.8
2007	8.8	8.9	9.0	9.1
2008	10.3	10.3	10.2	10.3
2009	9.5	9.5	9.1	9.6
2010	8.3	8.3	8.3	8.4
Monthly Average				
Aug-11	8.98	9.16	9.48	9.30
Sep-11	9.07	9.25	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
May-12	9.67	9.83	10.25	10.08
Jun-12	9.78	9.95	10.14	--
Jul-12	9.68	9.85	10.25	10.00
Aug-12	9.65	9.80	9.85	10.49

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.