

Section 6

MONETRY SECTOR

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Table (24) : Developments in Main Monetary Aggregates
(June 2011)

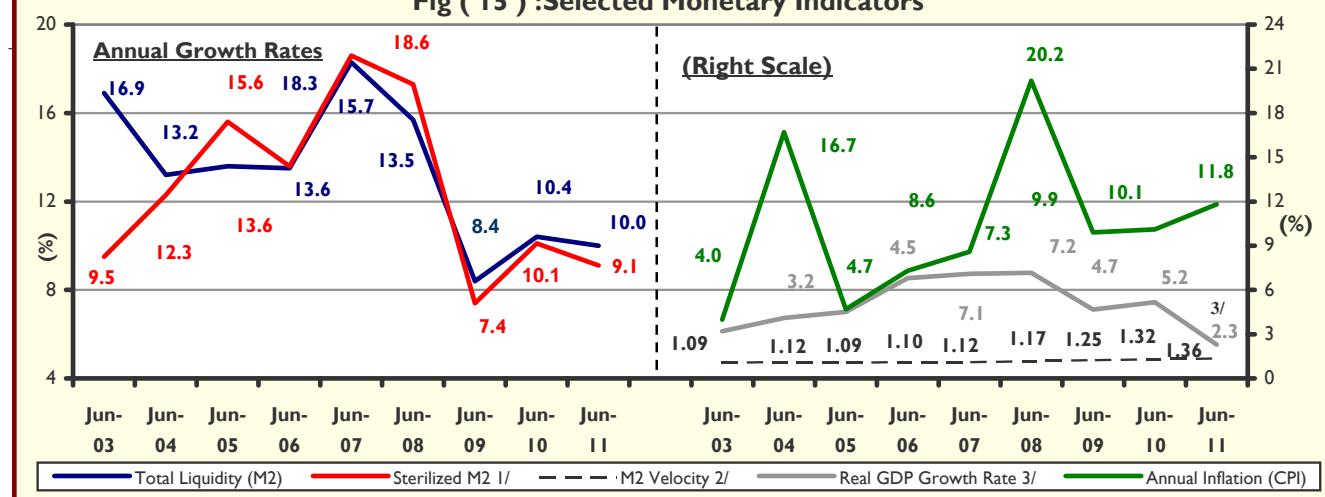
	1 Month % Change	3 Month % Change	12 Month % Change	Full Year Average % Change ^{1/}
Net Foreign Assets (LE terms)	-0.1	-4.7	-10.2	6.9
CBE NFA	-1.9	-12.1	-22.6	1.3
CBE NIR	-2.4	-11.5	-20.9	1.6
Banks NFA 2/	2.7	7.8	15.3	18.5
Net Foreign Assets (US dollar terms)	-0.1	-5.0	-14.4	1.7
CBE NFA	-2.0	-12.4	-26.2	-3.7
CBE NIR	-2.4	-11.7	-24.6	-3.3
Banks NFA 2/	2.6	7.5	10.0	12.7
Net Domestic Assets	2.0	4.7	19.0	13.8
Net Claims on Government and GASC	0.6	4.3	34.0	21.5
Claims on Public Companies	-0.3	-2.1	10.0	-7.6
Claims on Private Sector	1.23	1.1	0.8	7.0
Total Liquidity (M2)	1.5	2.2	10.0	11.6
Money (M1)	1.9	3.3	16.2	16.4
Quasi Money	1.4	1.8	8.1	10.2

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 1373 billion expected in 2010/2011.

3/ Real Growth of GDP at market prices. Data reflects the real GDP Growth for the period July-March 2010/2011.

Table (25) : Monetary Survey
Assets and Liabilities of The Banking Sector
(June 2011)

	(LE Millions)								
	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Mar-11	Apr-11	May-11 [#]	Jun-11 [†]
Net Foreign Assets 1/	133,385	218,629	303,680	254,134	282,408	266,036	256,212	253,644	253,500
	(64.8)	(63.9)	(38.9)	-(16.3)	(11.1)	-(3.7)	-(11.3)	-(7.3)	-(10.2)
Central bank (Net)	61,301	95,372	180,333	171,732	190,234	167,446	154,804	150,123	147,197
Foreign Assets	129,477	160,197	182,021	173,055	198,605	175,498	162,852	159,314	156,331
Foreign Liabilities	68,176	64,825	1,688	1,323	8,371	8,052	8,048	9,191	9,134
Banks (Net)	72,084	123,257	123,347	82,402	92,174	98,590	101,408	103,521	106,303
Foreign Assets	89,505	144,771	148,749	109,858	123,604	136,404	136,472	140,090	139,149
Foreign Liabilities	17,421	21,514	25,402	27,456	31,430	37,814	35,064	36,569	32,846
Net Domestic Assets of which:	426,971	444,059	462,984	577,077	635,051	722,040	730,580	740,787	755,856
	(3.4)	(4.0)	(4.3)	(24.6)	(10.0)	(18.0)	(21.5)	(19.0)	(19.0)
Net Claims on Government, and GASC 1/	184,131	178,324	174,005	273,122	326,141	419,024	427,591	434,684	437,192
National Currency	238,870	229,817	223,359	338,200	388,592	504,752	511,464	518,986	524,207
Foreign Currency	-54,739	-51,493	-49,354	-65,078	-62,451	-85,727	-83,873	-84,302	-87,015
Claims on Public Business Sector	32,888	24,446	26,897	33,146	29,985	33,668	33,688	33,083	32,975
National Currency	26,515	18,355	19,719	23,991	21,223	24,991	25,119	24,812	24,853
Foreign Currency	6,373	6,091	7,178	9,155	8,762	8,677	8,569	8,271	8,122
Claims on Private Sector 2/	292,513	328,544	370,051	389,058	419,142	417,777	417,847	417,336	422,459
National Currency	221,772	244,565	265,815	286,988	309,567	306,645	308,571	311,908	316,938
Foreign Currency	70,741	83,979	104,236	102,070	109,575	111,132	109,276	105,428	105,521
Other Items (net) 1/ 3/	-82,561	-87,255	-107,969	-118,249	-140,217	-148,429	-148,546	-144,316	-136,770
Total Liquidity (M2)	560,356	662,688	766,664	831,211	917,459	988,076	986,792	994,431	1,009,356
	(13.5)	(18.3)	(15.7)	(8.4)	(10.4)	(11.2)	(10.8)	(11.0)	(10.0)
Money (M1) 4/	109,274	131,290	170,579	182,991	214,040	240,814	241,864	244,041	248,695
	(21.8)	(20.1)	(29.9)	(7.3)	(17.0)	(19.3)	(17.7)	(19.2)	(16.2)
Currency in Circulation	74,239	86,860	104,656	118,146	135,209	163,489	165,003	167,450	167,885
Demand Deposits in Local Currency	35,035	44,430	65,923	64,845	78,831	77,325	76,861	76,591	80,810
Quasi Money	451,082	531,398	596,085	648,220	703,419	747,262	744,928	750,390	760,661
	(11.6)	(17.8)	(12.2)	(8.7)	(8.5)	(8.9)	(8.8)	(8.5)	(8.1)
Local Currency Time and Savings Deposits	314,188	377,424	436,268	481,054	545,303	567,394	566,290	571,957	583,690
Foreign Currency Demand Deposits	18,534	26,917	26,581	32,050	33,901	46,257	44,613	44,129	41,296
Foreign Currency Time and Savings Deposits	118,360	127,057	133,236	135,116	124,215	133,611	134,025	134,304	135,675

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)
 (June 2011)

	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Mar-11	Apr-11	May-11	Jun-11*
Net Foreign Assets (In Million US\$)^{4/}	23,184	38,433	56,928	45,452	49,861	44,951	43,086	42,740	42,698
Central bank NFA	10,655	16,765	33,805	30,715	33,587	28,292	26,032	25,297	24,793
Net International Reserves	35,034	49,828	57,244	45,689	51,339	46,311	44,439	44,289	44,236
Central Bank (Gross)	22,931	28,559	34,572	31,310	35,223	30,106	28,024	27,228	26,569
Banks (net)	12,529	21,667	23,123	14,738	16,274	16,658	17,053	17,444	17,905
Foreign assets	15,557	25,449	27,884	19,648	21,823	23,047	22,950	23,606	23,437
Foreign Liabilities	3,028	3,782	4,762	4,911	5,549	6,389	5,897	6,162	5,532
In Percent of Beginning of Money Stocks^{5/}									
Net Foreign Assets	10.6%	15.2%	12.8%	-6.5%	3.4%	-1.8%	-2.9%	-3.1%	-3.2%
Net Domestic Assets	2.8%	3.0%	2.9%	14.9%	7.0%	9.5%	10.4%	11.5%	13.2%
Money (M1)	4.0%	3.9%	5.9%	1.6%	3.7%	2.9%	3.0%	3.3%	3.8%
Quasi Money	9.5%	14.3%	9.8%	6.8%	6.6%	4.8%	4.5%	5.1%	6.2%
Dollarization (% of Total Liquidity)^{6/}	24.4	23.2	20.8	20.1	17.2	18.2	18.1	17.9	17.5
M2 Multiplier^{7/}	4.83	4.94	4.51	4.75	4.52	4.21	4.10	4.02	4.02
M2 Velocity^{8/}	1.10	1.12	1.17	1.25	1.32	1.39	1.40	1.38	1.36
M2 (annual percentage change)	13.5	18.3	15.7	8.4	10.4	11.2	10.8	11.0	10.0
Credit to private sector (annual percentage change)^{9/}	8.6	12.3	12.6	5.1	7.7	6.2	4.5	2.7	0.8
Exchange Rate^{10/}	5.75	5.69	5.33	5.59	5.66	5.92	5.95	5.93	5.94

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.

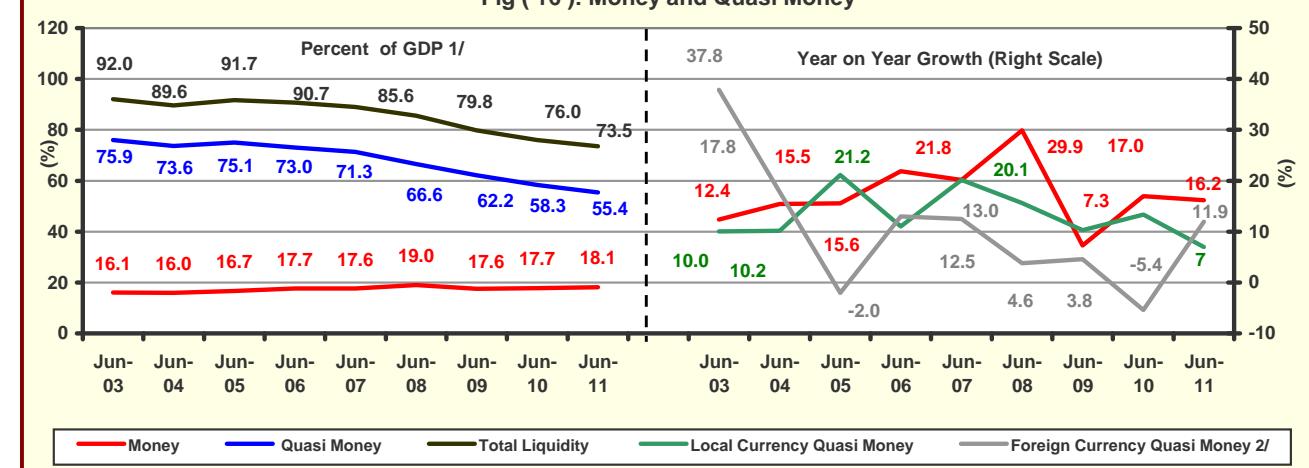
7/ M2 / Reserve Money.

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 1373 billion expected 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 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)

	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Mar-11	Apr-11	May-11	Jun-11*
Reserve Money	116,050	134,126	169,911	175,104	203,071	234,900	240,849	247,102	250,990
	(14.8)	(8.8)	(26.7)	(3.1)	(16.0)	(19.8)	(20.5)	(28.5)	(23.6)
Currency in Circulation	78,604	92,174	111,412	126,268	144,253	175,647	175,752	178,632	179,094
	(16.9)	(17.3)	(20.9)	(13.3)	(14.2)	(28.7)	(27.5)	(25.9)	(24.2)
Banks LE Deposits with CBE	37,446	41,952	58,499	48,836	58,818	59,253	65,097	68,470	71,896
	(10.7)	-	-	-(16.5)	(20.4)	-(0.7)	(4.8)	(35.9)	(22.2)
Counter Assets:									
Net Foreign Assets ^{2/}	61,302	95,372	180,333	171,723	190,234	167,446	154,804	150,123	147,197
	(64.4)	(55.6)	(89.1)	-(4.8)	(10.8)	-(6.9)	-(14.9)	-(20.3)	-(22.6)
Net Domestic Assets ^{2/}	54,748	38,754	-10,422	3,372	12,837	67,454	86,045	96,979	103,793
	-(14.2)	(49.8)	-(126.9)	(132.4)	(280.7)	(313.9)	(378.8)	(2402.7)	(708.5)
Net Claims on Government ^{3/}	114,055	117,254	81,872	68,613	80,611	108,831	108,404	117,198	102,535
	-(6.7)	(2.8)	-(30.2)	-(16.2)	(17.5)	(27.8)	(43.5)	(55.6)	(27.2)
Claims	171,808	192,192	159,697	146,899	150,287	189,582	191,806	201,543	189,619
	-(24.4)	(11.9)	-(16.9)	-(8.0)	(2.3)	(18.2)	(25.0)	(30.9)	(26.2)
Securities	164,761	166,724	123,123	121,709	121,533	130,597	130,597	130,597	130,597
Credit Facilities	7,047	25,468	36,574	25,190	28,754	58,985	61,209	70,946	59,022
Deposits ^{4/}	57,753	74,938	77,825	78,286	69,676	80,751	83,402	84,345	87,084
	-(45.1)	(29.8)	(3.9)	(0.6)	-(11.0)	(7.4)	(7.1)	(7.3)	(25.0)
Net Claims on Banks	1,018	59,512	77,581	334	29,010	-1,287	-856	-1,544	147
Net Balancing Items ^{5/}	-138,503	-138,012	-169,875	-65,575	-96,784	-40,090	-21,503	-18,675	1,111
Memorandum Items									
Reserve Money Velocity ^{6/ 7/}	5.32	5.55	5.27	5.95	5.94	5.87	5.72	5.56	5.47

Source: Central Bank of Egypt.

() Percent change over same period in previous year.

* Preliminary.

-- Data unavailable.

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 1373 billion expected in 2010/2011.

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

(LE Millions)

	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Mar-11	Apr-11	May-11	Jun-11*
Total Deposits	571,461	658,215	755,636	820,175	900,165	949,203	945,727	951,703	965,404
	(9.5)	(15.2)	(14.8)	(8.5)	(9.8)	(8.5)	(6.7)	(7.8)	(7.2)
In local currency	403,733	471,336	560,473	609,168	693,865	715,185	712,531	718,499	733,311
In foreign currency	167,728	186,879	195,163	211,007	206,300	234,018	233,196	233,204	232,093
Non Government Deposits ^{2/}	489,326	581,313	667,945	717,840	787,433	831,130	828,224	833,286	848,063
	(12.7)	(18.8)	(14.9)	(7.5)	(9.7)	(8.7)	(8.2)	(8.5)	(7.7)
In local currency	351,128	425,180	506,211	548,314	626,751	647,737	646,150	651,450	667,374
In foreign currency	138,198	156,133	161,734	169,526	160,682	183,393	182,074	181,836	180,689
Government Deposits	82,135	76,902	87,691	102,335	112,732	118,073	117,503	118,417	117,341
	-(6.4)	-(6.4)	(14.0)	(16.7)	(10.2)	(6.8)	-(3.1)	(3.3)	(4.1)
In local currency	52,605	46,156	54,262	60,854	67,114	67,448	66,381	67,049	65,937
In foreign currency	29,530	30,746	33,429	41,481	45,618	50,625	51,122	51,368	51,404
Memorandum Items									
(In Percent):									
Dollarization in Total Deposits	29.4	28.4	25.8	25.7	22.9	24.7	24.7	24.5	24.0
Dollarization in Non-Government Deposits	28.2	26.9	24.2	23.6	20.4	22.1	22.0	21.8	21.3
Dollarization in Government Deposits	36.0	40.0	38.1	40.5	40.5	42.9	43.5	43.4	43.8

Source: Central bank of Egypt.

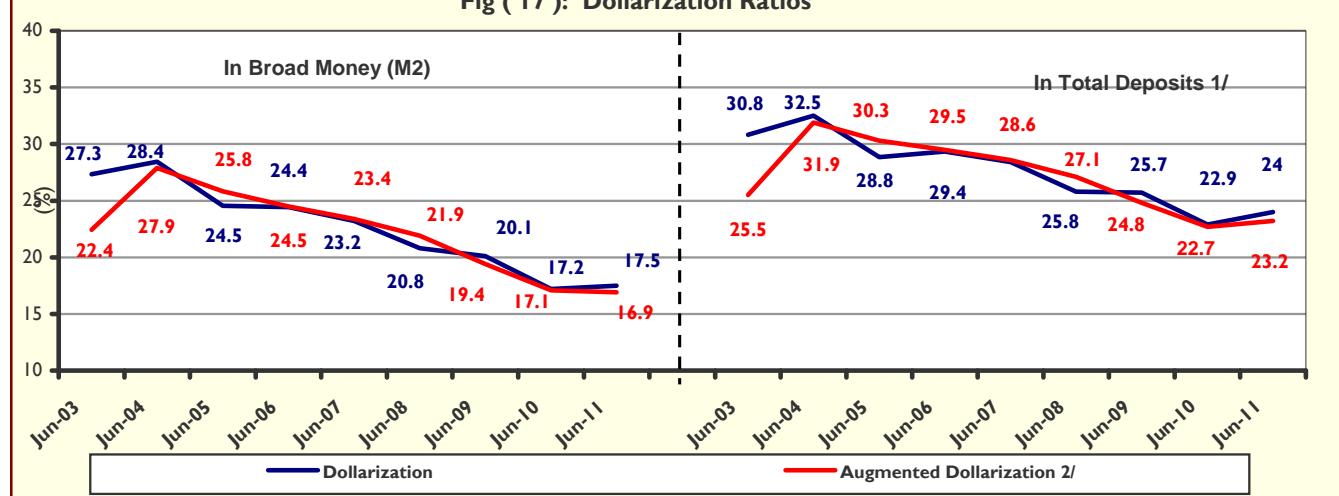
() Percent change over same period in previous year.

* 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)

	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Mar-11	Apr-11	May-11	Jun-11	*
Total lending	324,041	353,746	401,425	429,957	465,990	469,961	473,045	470,933	474,139	
	(5.1)	(9.2)	(13.5)	(7.1)	(8.4)	(6.5)	(4.4)	(3.0)	(1.7)	
To Government ^{2/}	20,997	26,683	31,159	30,748	39,385	38,311	41,449	40,389	39,802	
	-(4.6)	(27.1)	(16.8)	-(1.3)	(28.1)	(16.2)	(7.7)	(3.7)	(1.1)	
In local currency	11,285	10,787	9,699	12,946	15,390	18,753	18,617	18,327	18,191	
In foreign currency	9,712	15,896	21,460	17,802	23,995	19,558	22,832	22,062	21,611	
To Non-Government	303,044	327,063	370,266	399,209	426,605	431,650	431,596	430,544	434,337	
	(5.9)	(7.9)	(13.2)	(7.8)	(6.9)	(5.7)	(4.1)	(2.9)	(1.8)	
In local currency	227,641	237,757	257,467	282,246	298,264	299,115	301,633	304,727	309,573	
In foreign currency	75,403	89,306	112,799	116,963	128,341	132,535	129,963	125,817	124,764	
Memorandum Items (In Percent):										
Credit to private sector ^{3/} / Total Credit	83.4	85.6	85.6	85.2	85.2	84.7	84.2	84.5	84.7	
Non Government Loans/ Deposits ^{4/}	61.9	56.3	55.4	55.6	54.2	51.9	52.1	51.7	51.2	
Government Loans / Deposits	25.6	34.7	35.5	30.0	34.9	32.4	35.3	34.1	33.9	
Foreign currency denominated credit to total credit	26.3	29.7	33.4	31.3	32.7	32.4	32.3	31.4	30.9	
Government foreign currency denominated credit to total government credit	46.3	59.6	68.9	57.9	60.9	51.1	55.1	54.6	54.3	
Non - government foreign currency denominated credit to total non-government credit	24.9	27.3	30.5	29.3	30.1	30.7	30.1	29.2	28.7	

Source: Central Bank of Egypt.

() Percent change over previous year

* Preliminary.

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

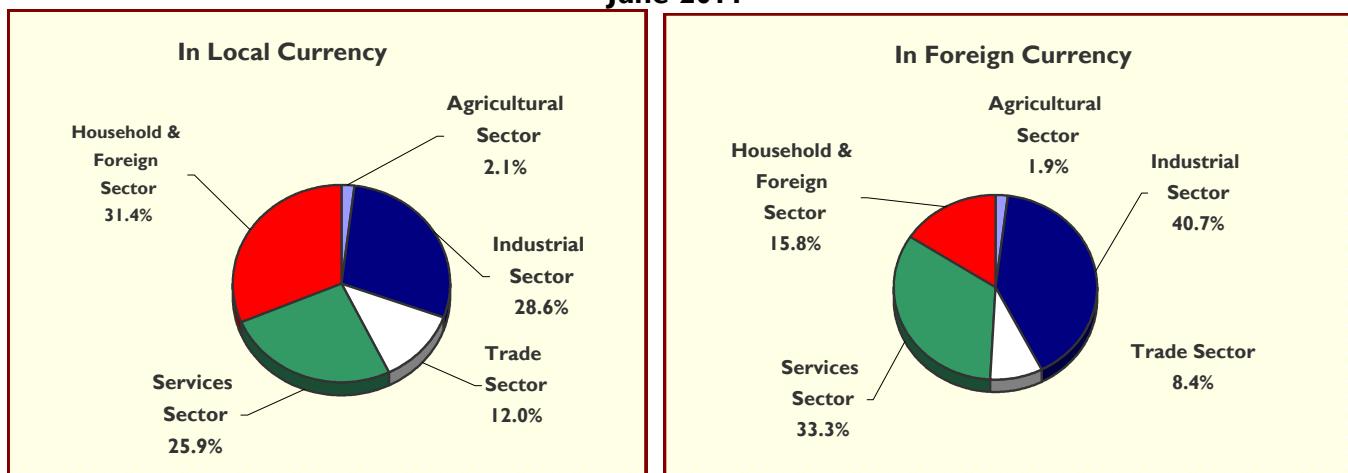
2/ Includes central government and economic authorities.

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

June-2011



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/}
<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>						
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	10.70	6.50	9.49	9.50	9.00
Feb-11	8.50	10.60	6.50	10.59	9.50	9.00
Mar-11	8.50	10.70	6.50	11.32	9.50	9.00
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	--	--	11.91	9.50	9.00

Source: Central Bank of Egypt.

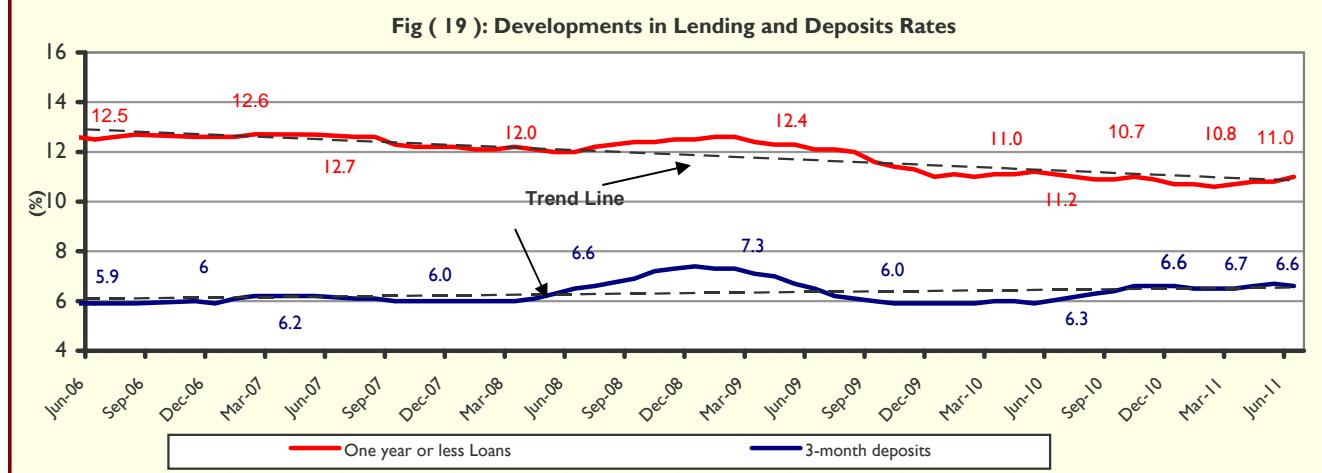
-- Data unavailable.

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.

Fig (19) : Developments in Lending and Deposits Rates



Source: Central Bank of Egypt.

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

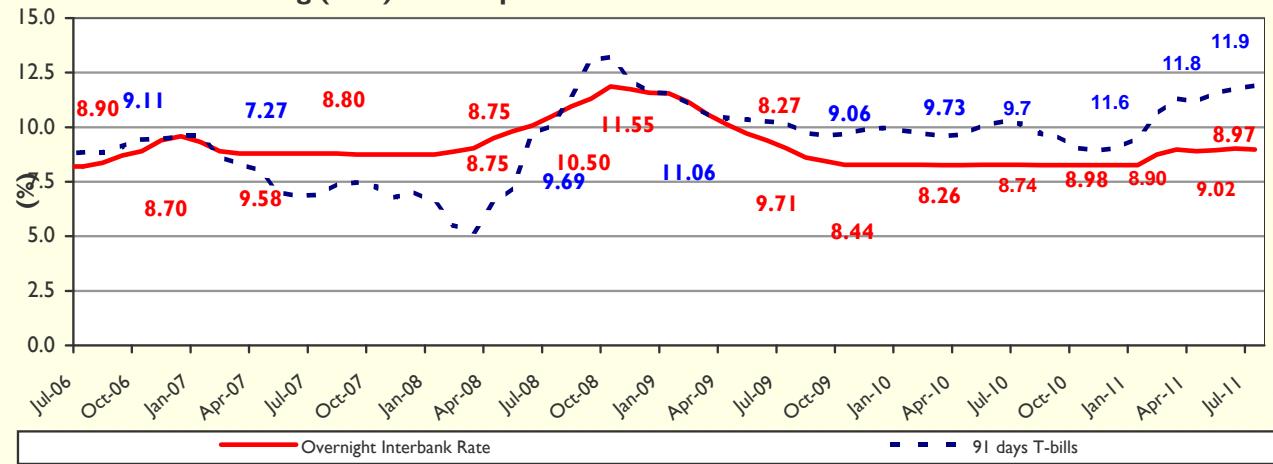
	Overnight	One Week	Month	More than One Month
Yearly Average				
2003	8.4	9.4	9.7	9.9
2004	8.2	9.8	10.7	10.3
2005	9.5	10.1	10.4	10.7
2006	8.6	8.8	8.8	8.8
2007	8.8	8.9	9.0	9.1
2008	10.3	10.3	10.2	10.3
2009	9.5	9.5	9.1	9.6
2010	8.3	8.3	8.3	8.4
Monthly Average				
Jun-10	8.27	8.28	8.32	8.45
Jul-10	8.27	8.28	--	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
Feb-11	8.74	8.86	--	--
Mar-11	8.98	9.16	--	9.60
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

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.