

Section 6

MONETRY SECTOR

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**Table (24) : Developments in Main Monetary Aggregates
(August 2011)**

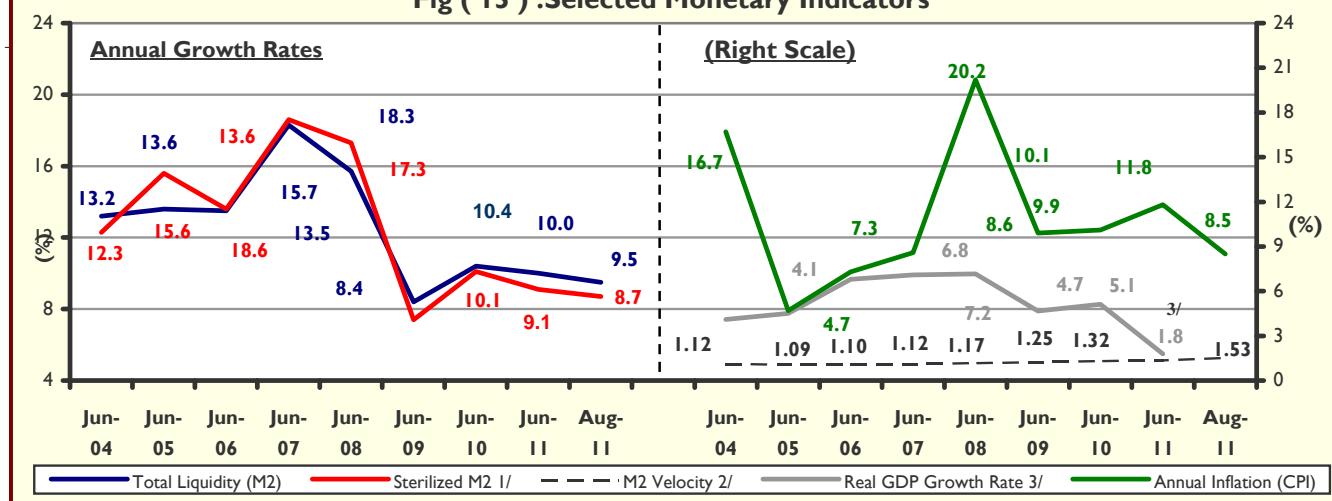
	1 Month % Change	3 Month % Change	12 Month % Change	Full Year Average % Change ^{1/}
Net Foreign Assets (LE terms)	-4.5	-4.6	-20.9	1.8
CBE NFA	-3.4	-8.8	-28.6	-5.1
CBE NIR	-2.7	-7.9	-26.3	-4.6
Banks NFA 2/	-6.0	1.6	-7.8	15.8
Net Foreign Assets (US dollar terms)	-4.6	-4.8	-24.4	-3.6
CBE NFA	-3.4	-9.0	-31.8	-10.2
CBE NIR	-2.7	-8.2	-29.6	-9.7
Banks NFA 2/	-6.1	1.3	-11.9	9.8
Net Domestic Assets	2.2	5.6	24.3	15.9
Net Claims on Government and GASC	2.1	6.6	38.5	24.9
Claims on Public Companies	2.7	3.5	10.8	-4.7
Claims on Private Sector	0.53	1.8	1.0	5.7
Total Liquidity (M2)	0.5	3.0	9.5	11.5
Money (M1)	2.1	6.4	18.9	17.0
Quasi Money	0.0	1.9	6.7	9.8

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. It is noteworthy that Real GDP growth for the period July-September 2011/2012 is not yet available.

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

										(LE Millions)
	Aug-06	Aug-07	Aug-08	Aug-09	Aug-10	May-11	Jun-11 #	Jul-11	Aug-11 *	
Net Foreign Assets 1/	149,297	214,145	291,210	256,428	305,893	253,644	253,500	253,574	242,095	
	(53.1)	(43.4)	(36.0)	-(11.9)	(19.3)	-(7.3)	-(10.2)	-(10.5)	-(20.9)	
Central bank (Net)	67,991	101,854	183,144	171,542	191,915	150,123	147,197	141,735	136,963	
Foreign Assets	134,840	165,290	184,820	179,900	200,322	159,314	156,331	150,845	146,131	
Foreign Liabilities	66,849	63,436	1,676	8,358	8,407	9,191	9,134	9,110	9,168	
Banks (Net)	81,306	112,291	108,066	84,886	113,978	103,521	106,303	111,839	105,132	
Foreign Assets	98,787	135,407	133,511	112,561	152,347	140,090	139,150	142,545	134,860	
Foreign Liabilities	17,481	23,116	25,445	27,675	38,369	36,569	32,846	30,706	29,728	
Net Domestic Assets of which:	425,202	462,764	489,989	580,075	629,341	740,787	755,911	765,361	782,253	
	(2.4)	(8.8)	(5.9)	(18.4)	(8.5)	(19.0)	(19.0)	(19.7)	(24.3)	
Net Claims on Government, and GASC 1/	178,044	187,094	194,093	299,785	334,779	434,684	437,337	453,920	463,532	
National Currency	231,247	238,561	245,955	363,887	402,862	518,986	524,335	542,235	552,561	
Foreign Currency	-53,203	-51,467	-51,862	-64,102	-68,083	-84,302	-86,998	-88,315	-89,029	
Claims on Public Business Sector	32,754	25,458	27,603	33,067	30,902	33,083	32,981	33,331	34,231	
National Currency	26,443	18,651	19,963	25,023	22,176	24,812	24,853	25,360	26,094	
Foreign Currency	6,311	6,807	7,640	8,044	8,726	8,271	8,128	7,971	8,137	
Claims on Private Sector 2/	293,414	335,952	380,451	383,685	420,588	417,336	422,448	422,692	424,924	
National Currency	219,957	248,019	271,943	285,781	308,461	311,908	316,938	317,129	318,334	
Foreign Currency	73,457	87,933	108,508	97,904	112,127	105,428	105,510	105,563	106,590	
Other Items (net) 1/ 3/	-79,010	-85,740	-112,158	-136,462	-156,928	-144,316	-136,855	-144,582	-140,434	
Total Liquidity (M2)	574,499	676,909	781,199	836,503	935,234	994,431	1,009,411	1,018,935	1,024,347	
	(12.0)	(17.8)	(15.4)	(7.1)	(11.8)	(11.0)	(10.0)	(10.4)	(9.5)	
Money (M1) 4/	115,626	139,310	175,365	187,894	218,489	244,041	248,707	254,285	259,748	
	(18.4)	(20.5)	(25.9)	(7.1)	(16.3)	(19.2)	(16.2)	(19.2)	(18.9)	
Currency in Circulation	77,862	91,327	108,835	122,890	141,715	167,450	167,887	171,043	177,914	
Demand Deposits in Local Currency	37,764	47,983	66,530	65,004	76,774	76,591	80,820	83,242	81,834	
Quasi Money	458,873	537,599	605,834	648,609	716,745	750,390	760,704	764,650	764,599	
	(10.6)	(17.2)	(12.7)	(7.1)	(10.5)	(8.5)	(8.1)	(7.8)	(6.7)	
Local Currency Time and Savings Deposits	319,972	382,640	445,311	486,622	558,142	571,957	583,732	585,258	587,960	
Foreign Currency Demand Deposits	20,067	25,566	29,015	31,001	35,815	44,129	41,298	43,106	40,848	
Foreign Currency Time and Savings Deposits	118,834	129,393	131,508	130,986	122,788	134,304	135,674	136,286	135,791	

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)

(August 2011)

	Aug-06	Aug-07	Aug-08	Aug-09	Aug-10	May-11	Jun-11 #	Jul-11	Aug-11 *
Net Foreign Assets (In Million US\$)^{4/}	26,025	37,914	54,715	46,386	53,843	42,740	42,698	42,652	40,694
Central bank NFA	11,852	18,033	34,411	31,031	33,781	25,297	24,793	23,840	23,022
Net International Reserves	37,678	49,146	55,030	47,898	55,323	44,289	44,236	44,184	42,235
Central Bank (Gross)	24,017	29,665	34,819	32,914	35,527	27,228	26,569	25,706	25,008
Banks (net)	14,173	19,881	20,304	15,355	20,062	17,444	17,905	18,812	17,672
Foreign assets	17,220	23,974	25,085	20,361	26,816	23,606	23,437	23,977	22,669
Foreign Liabilities	3,047	4,093	4,781	5,006	6,754	6,162	5,532	5,165	4,997
In Percent of Beginning of Money Stocks^{5/}									
Net Foreign Assets	2.8%	-0.7%	-1.6%	0.3%	2.6%	-3.1%	-3.2%	0.01%	-1.13%
Net Domestic Assets	-0.3%	2.8%	3.5%	0.4%	-0.6%	11.5%	13.2%	0.9%	2.6%
Money (M1)	1.1%	1.2%	0.6%	0.6%	0.5%	3.3%	3.8%	0.6%	1.1%
Quasi Money	1.4%	0.9%	1.3%	0.0%	1.5%	5.1%	6.2%	0.4%	0.4%
Dollarization (% of Total Liquidity) ^{6/}	24.2	22.9	20.5	19.4	17.0	17.9	17.5	17.6	17.2
M2 Multiplier ^{7/}	4.77	4.68	4.68	4.53	4.29	4.02	4.02	4.03	4.05
M2 Velocity ^{8/}	1.30	1.32	1.33	1.44	1.47	1.38	1.36	1.54	1.53
M2 (annual percentage change)	12.0	17.8	15.4	7.1	11.8	11.0	10.0	10.4	9.5
Credit to private sector (annual percentage change) ^{9/}	7.8	14.5	13.2	0.9	9.6	2.7	0.8	1.3	1.0
Exchange Rate ^{10/}	5.74	5.65	5.32	5.53	5.68	5.93	5.94	5.95	5.95

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.

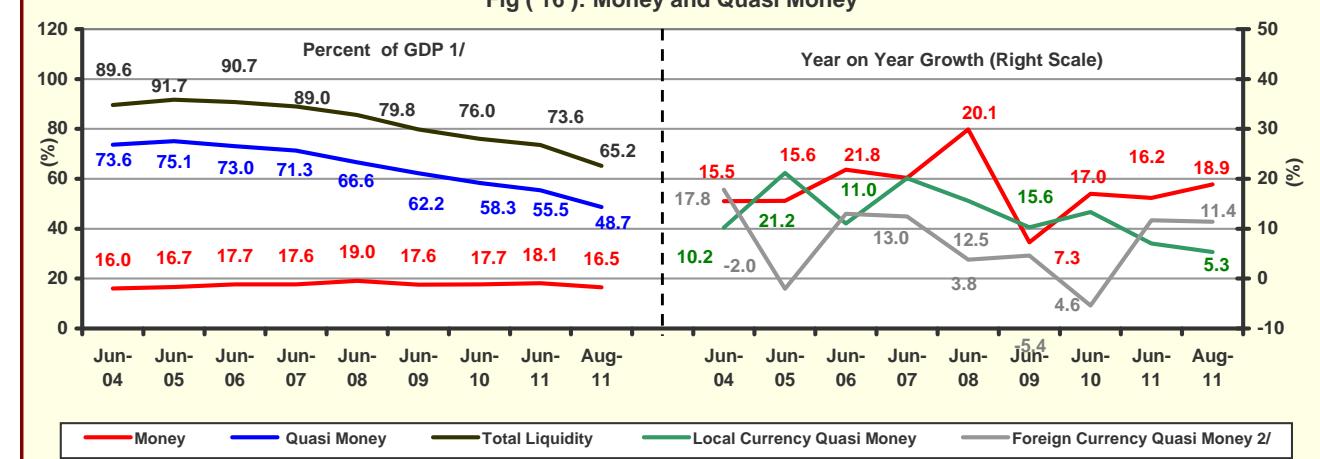
7/ M2 / Reserve Money.

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)

	Aug-06	Aug-07	Aug-08	Aug-09	Aug-10	May-11	Jun-11 [#]	Jul-11	Aug-11 [*]
Reserve Money	120,314	144,579	167,009	184,745	217,936	247,102	250,992	252,870	252,772
	(16.2)	(11.8)	(15.5)	(10.6)	(18.0)	(28.5)	(23.6)	(20.7)	(16.0)
Currency in Circulation	82,644	96,557	115,585	131,001	151,661	178,632	179,096	182,544	189,637
	(17.8)	(16.8)	(19.7)	(13.3)	(15.8)	(25.9)	(24.2)	(23.1)	(25.0)
Banks LE Deposits with CBE	37,670	48,022	51,424	53,744	66,275	68,470	71,896	70,326	63,135
	-	--	--	(4.5)	(23.3)	(35.9)	(22.2)	(14.8)	-(4.7)
Counter Assets:									
Net Foreign Assets ^{2/}	67,991	101,854	183,144	171,542	191,915	150,123	147,197	141,735	136,963
	(46.1)	(49.8)	(79.8)	-(6.3)	(11.9)	-(20.3)	-(22.6)	-(25.6)	-(28.6)
Net Domestic Assets ^{2/}	52,326	42,725	-16,135	13,203	26,021	96,979	103,795	111,135	115,809
	-	-(129.7)	-(137.8)	(181.8)	(97.1)	(2402.7)	(708.6)	(482.2)	(345.1)
Net Claims on Government ^{3/}	105,549	121,341	93,512	96,519	110,475	117,198	102,562	127,724	131,122
	(7.1)	(15.0)	-(22.9)	(3.2)	(14.5)	(55.6)	(27.2)	(33.7)	(18.7)
Claims	171,110	198,073	163,383	167,494	182,424	201,543	189,621	198,489	207,265
	-(8.3)	(15.8)	-(17.5)	(2.5)	(8.9)	(30.9)	(26.2)	(20.1)	(13.6)
Securities	164,761	165,688	123,123	130,771	130,597	130,597	130,597	129,097	129,097
Credit Facilities	6,349	32,385	40,260	36,723	51,827	70,946	59,024	69,392	78,168
Deposits ^{4/}	65,561	76,732	69,871	70,975	71,949	84,345	87,059	70,765	76,143
	-(25.6)	(17.0)	-(8.9)	(1.6)	(1.4)	(7.3)	(24.9)	(1.5)	(5.8)
Net Claims on Banks	11,754	52,448	57,492	4,439	46,309	-1,544	147	1,128	-1,618
Net Balancing Items ^{5/}	-138,860	-131,064	-167,139	-87,755	-130,763	-18,675	1,086	-17,717	-13,695
Memorandum Items									
Reserve Money Velocity ^{6/ 7/}	6.19	6.19	6.24	6.53	6.29	5.55	5.47	6.21	6.21

Source: Central Bank of Egypt.

() Percent change over same period in previous year.

* Preliminary.

Revised.

-- 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 1371.8 billion in 2010/2011.

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

(LE Millions)

	Aug-06	Aug-07	Aug-08	Aug-09	Aug-10	May-11	Jun-11 [#]	Jul-11	Aug-11 [*]
Total Deposits	581,951	671,037	768,696	824,600	911,246	951,703	965,339	972,810	972,833
	(8.4)	(15.3)	(14.6)	(7.3)	(10.5)	(7.8)	(7.2)	(8.0)	(6.8)
In local currency	411,700	483,506	571,430	617,594	704,789	718,499	733,246	737,553	740,765
In foreign currency	170,251	187,531	197,266	207,006	206,457	233,204	232,093	235,257	232,068
Non Government Deposits ^{2/}	500,053	590,088	677,799	719,985	800,012	833,286	848,116	854,339	852,851
	(11.3)	(18.0)	(14.9)	(6.2)	(11.1)	(8.5)	(7.7)	(8.3)	(6.6)
In local currency	360,014	433,521	514,992	554,021	638,565	651,450	667,426	671,226	672,555
In foreign currency	140,039	156,567	162,807	165,964	161,447	181,836	180,690	183,113	180,296
Government Deposits	81,898	80,949	90,897	104,615	111,234	118,417	117,223	118,471	119,982
	-(6.4)	-(1.2)	(12.3)	(15.1)	(6.3)	(3.3)	(4.0)	(5.6)	(7.9)
In local currency	51,686	49,985	56,438	63,573	66,224	67,049	65,820	66,327	68,210
In foreign currency	30,212	30,964	34,459	41,042	45,010	51,368	51,403	52,144	51,772
Memorandum Items									
(In Percent):									
Dollarization in Total Deposits	29.3	27.9	25.7	25.1	22.7	24.5	24.0	24.2	23.9
Dollarization in Non-Government Deposits	28.0	26.5	24.0	23.1	20.2	21.8	21.3	21.4	21.1
Dollarization in Government Deposits	36.9	38.3	37.9	39.2	40.5	43.4	43.9	44.0	43.1

Source: Central bank of Egypt.

() Percent change over same period in previous year.

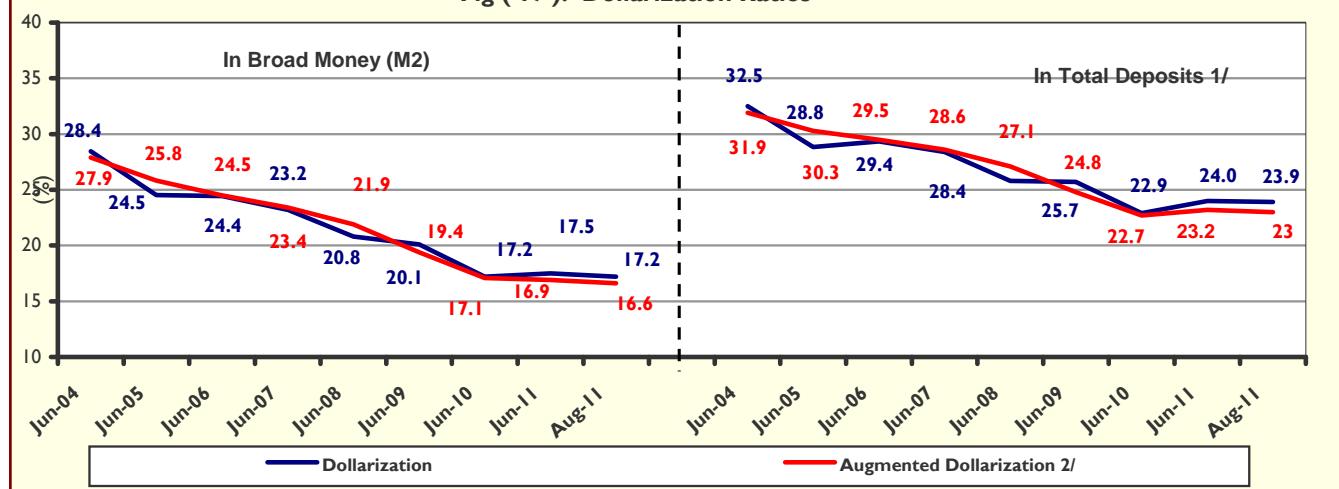
* Preliminary.

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)

	Aug-06	Aug-07	Aug-08	Aug-09	Aug-10	May-11	Jun-11	Jul-11	Aug-11
Total lending	326,628	361,054	414,048	427,506	466,853	470,933	474,139	475,401	476,596
	(5.6)	(10.5)	(14.7)	(3.3)	(9.2)	(3.0)	(1.7)	(2.3)	(2.1)
To Government ^{2/}	22,300	26,615	30,552	31,701	35,475	40,389	39,802	40,317	38,635
	(2.5)	(19.3)	(14.8)	(3.8)	(11.9)	(3.7)	(1.1)	(1.3)	(8.9)
In local currency	11,755	10,464	9,089	13,824	18,452	18,327	18,191	17,950	17,739
In foreign currency	10,545	16,151	21,463	17,877	17,023	22,062	21,611	22,367	20,896
To Non-Government	304,328	334,439	383,496	395,805	431,378	430,544	434,337	435,084	437,961
	(5.8)	(9.9)	(14.7)	(3.2)	(9.0)	(2.9)	(1.8)	(2.4)	(1.5)
In local currency	226,092	241,283	264,093	280,864	297,195	304,727	309,573	310,380	312,316
In foreign currency	78,236	93,156	119,403	114,941	134,183	125,817	124,764	124,704	125,645
Memorandum Items (In Percent):									
Credit to private sector ^{3/} / Total Credit	83.2	85.7	86.0	84.9	85.8	84.5	84.7	84.6	84.8
Non Government Loans/ Deposits ^{4/}	60.9	56.7	56.6	55.0	53.9	51.7	51.2	50.9	51.4
Government Loans / Deposits	27.2	32.9	33.6	30.3	31.9	34.1	34.0	34.0	32.2
Foreign currency denominated credit to total credit	27.2	30.3	34.0	31.1	32.4	31.4	30.9	30.9	30.7
Government foreign currency denominated credit to total government credit	47.3	60.7	70.3	56.4	48.0	54.6	54.3	55.5	54.1
Non - government foreign currency denominated credit to total non-government credit	25.7	27.9	31.1	29.0	31.1	29.2	28.7	28.7	28.7

Source: Central Bank of Egypt.

() Percent change over previous year

* Preliminary.

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

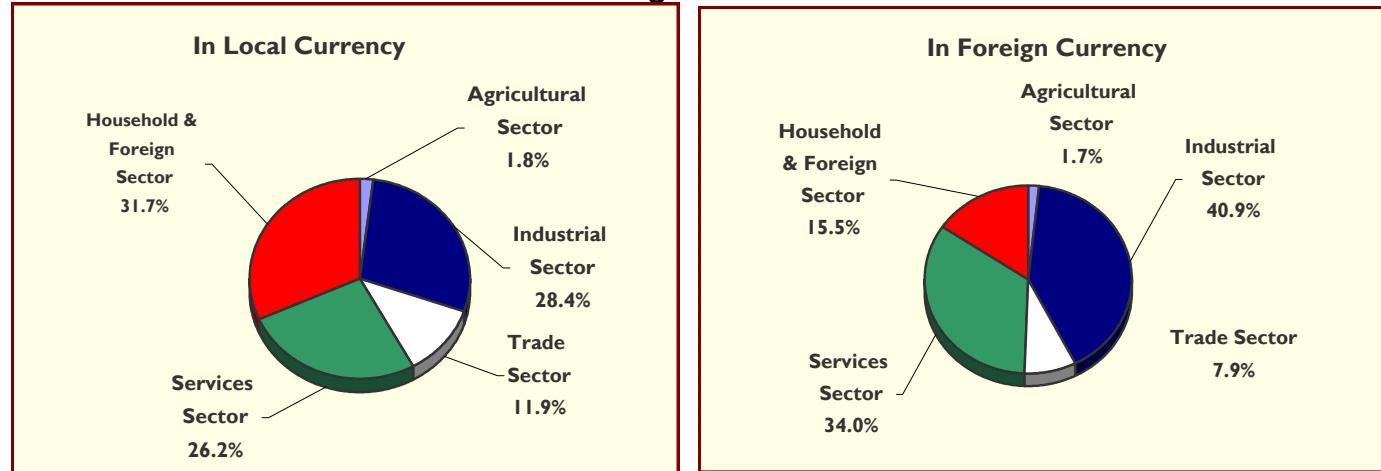
2/ Includes central government and economic authorities.

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

August-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/}
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						
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	11.00	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	--	--	12.67	10.00	9.00

Source: Central Bank of Egypt.

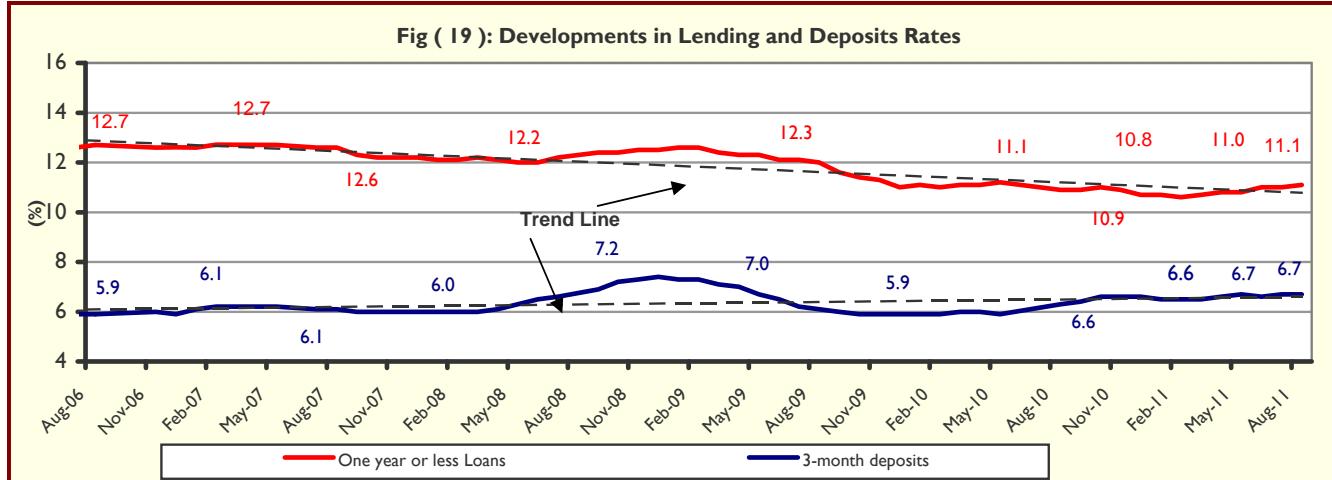
-- Data unavailable.

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/}

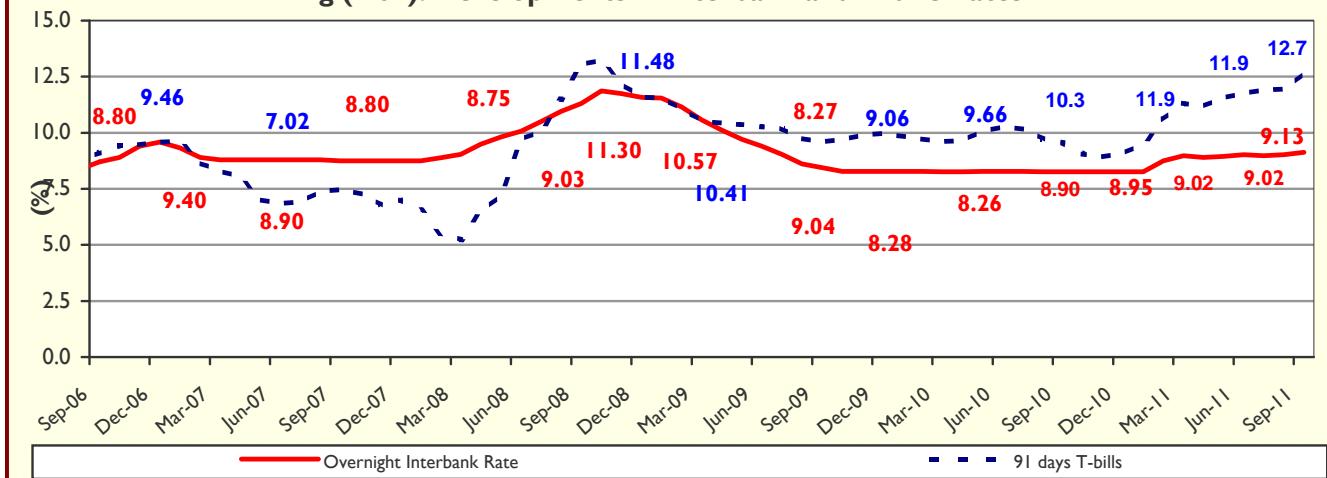
	Overnight	One Week	Month	More than One Month
Yearly Average				
2003	8.4	9.4	9.7	9.9
2004	8.2	9.8	10.7	10.3
2005	9.5	10.1	10.4	10.7
2006	8.6	8.8	8.8	8.8
2007	8.8	8.9	9.0	9.1
2008	10.3	10.3	10.2	10.3
2009	9.5	9.5	9.1	9.6
2010	8.3	8.3	8.3	8.4
Monthly Average				
Sep-10	8.26	8.27	8.25	--
Oct-10	8.26	8.26	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
Aug-11	8.98	9.16	9.48	9.30
Sep-11	9.07	9.25	9.40	9.55

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.