Section 6

MONETARY SECTOR

Table (24) : Developments in Main Monetary Aggregates
(September 2017)

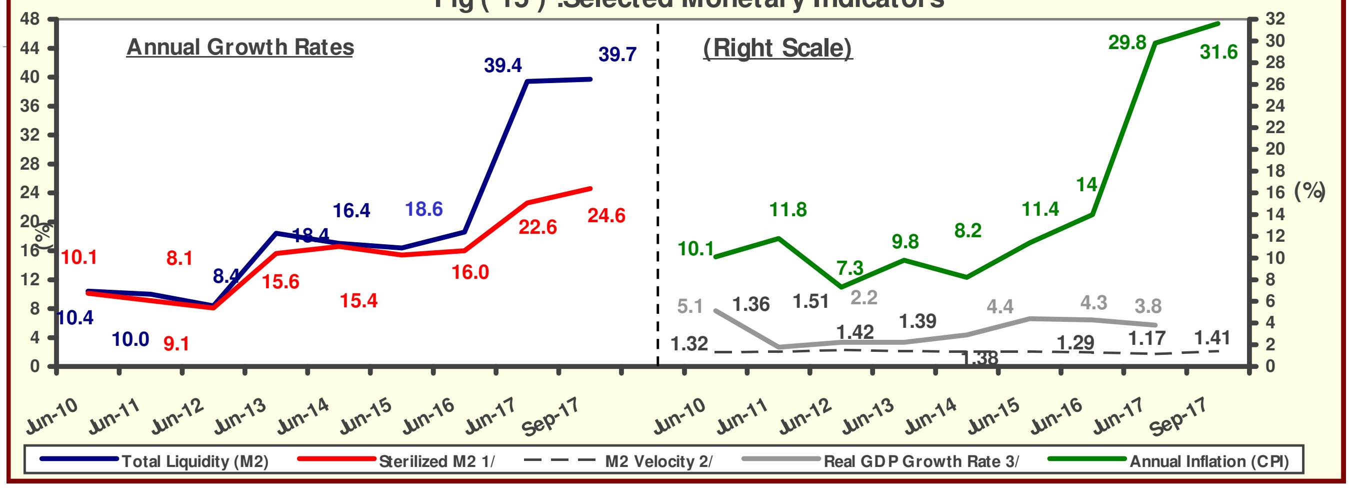
	1 Month % Change	3 Month % Change	12 Month % Change	Full Year Average % Change 1/
Net Foreign Assets (LE terms)	**25.2**	**152.0**	**255.9**	**-436.5**
CBE NFA	-0.6	76.7	-242.7	-246.6
CBE NIR	-0.49	14.1	335.1	229.0
Banks NFA 2/	80.5	406.6	55.5	-1710.6
Net Foreign Assets (US dollar terms)	**26.2**	**156.4**	**-178.2**	**-171.2**
CBE NFA	0.2	79.8	-171.6	-156.0
CBE NIR	0.30	16.1	118.2	65.9
Banks NFA 2/	81.9	415.4	-187.7	656.1
Net Domestic Assets	**1.0**	**1.8**	**25.0**	**34.3**
Net Claims on Government and GASC	1.2	0.3	12.6	26.4
Claims on Public Companies	0.88	-0.6	59.2	63.4
Claims on Private Sector	-0.4	-0.8	34.6	35.9
Total Liquidity (M2)	**2.1**	**5.4**	**39.6**	**35.4**
Money (M1)	2.9	5.0	21.0	20.5
Quasi Money	1.90	5.5	46.7	41.0

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/ GDP estimate for FY16/17 has been revised recently to reach LE 3470 billion instead of 3478 billion. Meanwhile GDP projections for FY17/18 are estimated to reach LE 4286.5 billion as per the Ministry of Finance Calculations.

3/ Real Growth of GDP at market prices.

Table (25) : Monetary Survey
Assets and Liabilities of The Banking Sector
(September 2017)

(LE Million)

	Sep-12	Sep-13	Sep-14	Sep-15	Sep-16	Jun-17	Jul-17	Aug-17	Sep-17*
Net Foreign Assets 1/	149,982	124,503	117,811	10,502	(111,831)	61,056	139,658	174,878	188,602
	-(33.4)	-(17.0)	-(5.4)	-(91.1)	-(1164.9)	(169.9)	(236.5)	(255.9)	(268.6)
Central bank (Net)	70,236	42,958	39,229	(4,493)	(57,186)	3,690	95,172	94,599	102,268
Foreign Assets	89,351	126,065	117,613	122,793	167,856	551,514	629,176	623,814	630,491
Foreign Liabilities	19,115	83,107	78,384	127,286	225,042	547,824	534,004	529,215	528,223
Banks (Net)	79,746	81,545	78,582	14,995	(54,645)	57,366	44,486	80,279	86,334
Foreign Assets	111,051	114,715	115,415	81,764	83,360	339,126	325,509	362,571	369,350
Foreign Liabilities	31,305	33,170	36,833	66,769	138,005	281,760	281,023	282,292	283,016
Net Domestic Assets of which:	974,350	1,210,464	1,425,945	1,839,803	2,294,979	2,857,137	2,801,157	2,829,008	2,861,771
	(21.9)	(24.2)	(17.8)	(29.0)	(24.7)	(30.9)	(26.1)	(25.0)	(24.7)
Net Claims on Government, and GASC 2/	634,011	854,645	1,048,580	1,384,992	1,760,809	1,979,641	1,947,793	1,970,644	2,000,955
National Currency	685,288	907,285	1,036,034	1,325,971	1,596,413	1,545,112	1,440,951	1,419,021	1,464,450
Foreign Currency	(51,277)	(52,640)	12,546	59,021	164,396	434,529	506,842	551,623	536,505
Claims on Public Business Sector	41,895	43,354	46,028	74,926	95,074	148,715	148,345	149,645	149,843
National Currency	33,368	34,704	36,142	53,012	67,199	96,035	97,762	100,094	100,373
Foreign Currency	8,527	8,650	9,886	21,914	27,875	52,680	50,583	49,551	49,470
Claims on Private Sector 2/	456,430	496,370	547,276	630,825	728,959	982,914	973,485	969,974	977,032
National Currency	351,850	377,964	415,690	463,230	555,183	680,046	676,219	681,094	688,562
Foreign Currency	104,580	118,406	131,586	167,595	173,776	302,868	297,266	288,880	288,470
Other Items (net) 1/ 2/	(157,986)	(183,905)	(215,939)	(250,940)	(289,863)	(254,133)	(268,466)	(261,255)	(266,059)
Total Liquidity (M2)	1,124,332	1,334,967	1,543,756	1,819,118	2,183,148	2,918,193	2,940,815	3,003,886	3,050,373
	(9.8)	(18.7)	(15.6)	(16.8)	(18.0)	(39.3)	(38.7)	(39.6)	(39.7)
Money (M1) 3/	282,854	365,745	428,200	506,834	607,158	707,427	698,360	718,759	738,456
	(11.4)	(29.3)	(17.1)	(19.0)	(16.5)	(23.5)	(20.7)	(21.0)	(21.6)
Currency in Circulation	198,097	257,206	281,186	301,090	370,130	419,058	411,041	425,620	416,114
Demand Deposits in Local Currency	84,757	108,539	147,014	205,744	237,028	288,369	287,319	293,139	322,342
Quasi Money	841,478	969,222	1,115,556	1,312,284	1,575,990	2,210,766	2,242,455	2,285,127	2,311,917
	(9.2)	(15.2)	(15.1)	(16.0)	(18.6)	(45.3)	(45.5)	(46.7)	(46.7)
Local Currency Time & Savings Deposits	653,308	754,610	877,851	1,039,136	1,249,648	1,516,480	1,557,894	1,620,679	1,646,690
Foreign Currency Demand Deposits	45,358	53,594	65,599	71,904	74,591	150,042	146,502	135,832	141,237
Foreign Currency Time and Savings Deposits	142,812	161,018	172,106	201,244	251,751	544,244	538,059	528,616	523,990

Source: Central Bank of Egypt.

( ) Percent change over previous year.

* Preliminary.

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

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

3/ Excludes drafts and checks under collection.

Table (25) : Monetary Survey (continued)

(Memorandum Items)

(September 2017)

	Sep-12	Sep-13	Sep-14	Sep-15	Sep-16	Jun-17	Jul-17	Aug-17	Sep-17 *
Net Foreign Assets (In Million US$) [4/]	24,670	18,030	16,489	1,345	(12,594)	3,387	7,826	9,877	10,716
Central bank NFA	11,553	6,221	5,490	(575)	(6,440)	205	5,333	5,343	5,811
Net International Reserves	27,815	30,066	27,459	17,648	12,749	33,773	37,748	39,766	40,730
Central Bank (Gross)	15,043	18,709	16,872	16,335	19,592	31,305	36,036	36,143	36,535
Banks (net)	13,117	11,809	10,998	1,921	(6,154)	3,182	2,493	4,534	4,906
Foreign assets	18,267	16,613	16,153	10,472	9,387	18,811	18,240	20,477	20,987
Foreign Liabilities	5,149	4,804	5,155	8,552	15,541	15,629	15,747	15,943	16,081
In Percent of Beginning of Money Stocks [5/]									
Net Foreign Assets	-0.70%	0.10%	-0.09%	-2.32%	-9.25%	0.5%	5.0%	7.0%	7.8%
Net Domestic Assets	3.43%	2.90%	1.88%	7.13%	32.91%	64.7%	61.6%	63.2%	65.0%
Money (M1)	0.76%	1.67%	1.16%	1.26%	6.12%	11.8%	11.3%	12.4%	13.6%
Quasi Money	2.0%	1.33%	0.63%	3.55%	17.53%	53.5%	55.3%	57.7%	59.2%
Dollarization (% of Total Liquidity) [6/]	0.17	0.16	0.15	0.15	0.15	23.8	23.3	22.1	21.8
M2 Multiplier [7/]	4.47	3.93	4.12	4.36	4.30	5.05	5.50	5.12	5.20
M2 Velocity [8/]	1.65	1.60	1.58	1.46	1.59	1.19	1.46	1.43	1.41
M2 (annual percentage change)	9.75	18.73	15.64	19.86	17.99	39.3	38.7	39.6	39.7
Credit to private sector (annual percentage change) [9/]	0.07	0.09	0.10	0.15	0.16	38.0	37.0	34.6	34.0
Exchange Rate [10/]	6.08	6.91	7.14	7.81	8.88	18.03	17.85	17.71	17.60

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.

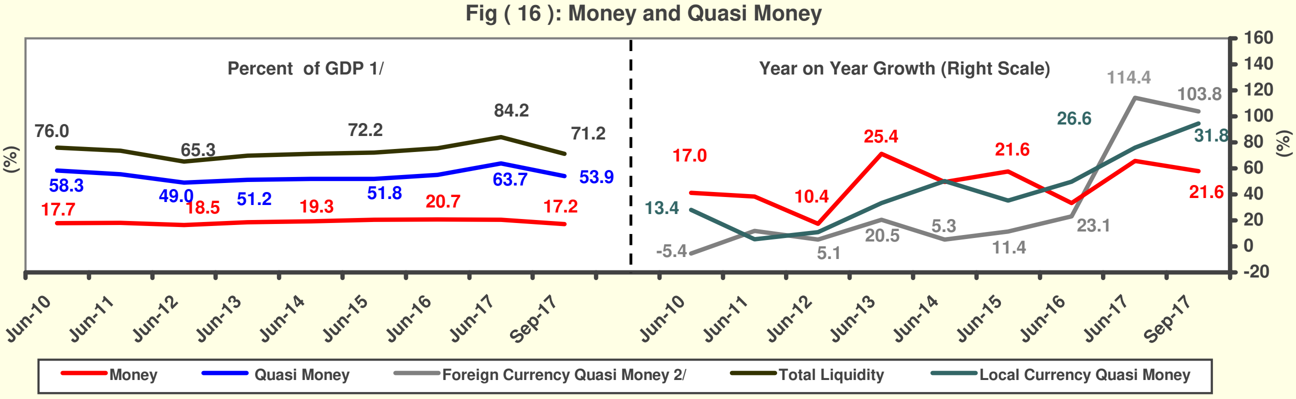
7/ M2 / Reserve Money.

8/ GDP estimate for FY16/17 has been revised recently to reach LE 3470 billion instead of 3478 billion. Meanwhile GDP projections for FY17/18 are estimated to reach LE 4286.5 billion as per the Ministry of Finance Calculations.

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/ GDP estimate for FY16/17 has been revised recently to reach LE 3470 billion instead of 3478 billion. Meanwhile GDP projections for FY17/18 are estimated to reach LE 4286.5 billion as per the Ministry of Finance Calculations.

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

Table (26) : Central Bank Reserve Money [1/]

(LE Million)

	Sep-12	Sep-13	Sep-14	Sep-15	Sep-16	Jun-17	Jul-17	Aug-17	Sep-17 *
Reserve Money	251,723	339,295	374,619	424,431	508,167	577,582	534,830	586,899	586,624
	(4.3)	(34.8)	(10.4)	(13.3)	(19.7)	(20.8)	(19.0)	(17.7)	(15.4)
Currency in Circulation	209,952	271,271	297,877	330,307	393,701	452,035	442,237	461,358	449,981
	(13.5)	(29.2)	(9.8)	(10.9)	(19.2)	(22.7)	(17.8)	(19.4)	(14.3)
Banks LE Deposits with CBE	41,771	68,024	76,742	94,124	114,466	125,547	92,593	125,541	136,643
	-(25.8)	(62.8)	(12.8)	(22.6)	(21.6)	(14.5)	(24.9)	(12.1)	(19.4)
Counter Assets:									
Net Foreign Assets	70,236	42,958	39,229	-4,493	-57,186	3,690	95,172	94,599	102,268
	-(46.8)	-(38.8)	-(8.7)	-(111.5)	-(1172.8)	(108.2)	(257.6)	(242.7)	(278.8)
Net Domestic Assets	181,487	296,337	335,390	428,924	565,353	573,892	439,658	492,300	484,356
	(66.2)	(63.3)	(13.2)	(27.9)	(31.8)	(9.7)	-(13.8)	-(12.8)	-(14.3)
Net Claims on Government [2/]	196,622	340,773	397,934	596,766	668,145	708,637	708,268	737,368	719,296
	(33.6)	(73.3)	(16.8)	(50.0)	(12.0)	(14.4)	(10.1)	(13.1)	(7.7)
Claims	274,817	432,458	497,673	680,570	726,698	821,975	805,195	803,663	800,363
	(22.9)	(57.4)	(15.1)	(36.8)	(6.8)	(16.3)	(10.9)	(11.8)	(10.1)
Securities	178,831	240,331	210,330	241,830	390,830	714,454	713,581	712,782	712,735
Credit Facilities	95,986	192,127	287,343	438,740	335,868	107,521	91,614	90,881	87,628
Deposits [3/]	78,195	91,685	99,739	83,804	58,553	113,338	96,927	66,295	81,067
	(2.2)	(17.3)	(8.8)	-(16.0)	-(30.1)	(29.6)	(17.4)	-(1.0)	(38.5)
Net Claims on Banks	-1,655	-6,361	-7,991	3,520	87,607	157,141	129,898	156,148	165,134
Net Balancing Items [4/]	42	-284	-54,553	-171,362	-190,399	-291,886	-398,508	-401,216	-400,074
Memorandum Items									
Reserve Money Velocity [5/, 6/]	7.39	6.28	6.52	6.38	6.83	6.01	8.01	7.30	7.31

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

3/ 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.

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

5/ GDP / Reserve Money (M0).

6/ GDP estimate for FY16/17 has been revised recently to reach LE 3470 billion instead of 3478 billion. Meanwhile GDP projections for FY17/18 are estimated to reach LE 4286.5 billion as per the Ministry of Finance Calculations.

Table (27) : Deposits With Banks 1/

(LE Million)

	Sep-12	Sep-13	Sep-14	Sep-15	Sep-16	Jun-17	Jul-17	Aug-17	Sep-17*
Total Deposits	1,050,507	1,230,196	1,465,630	1,843,368	2,202,055	3,042,155	3,071,436	3,124,387	3,176,295
	(7.4)	(17.1)	(19.1)	(25.8)	(19.5)	(43.3)	(43.6)	(43.8)	(44.2)
In local currency	805,235	940,380	1,130,989	1,477,189	1,769,597	2,128,025	2,251,382	2,344,274	2,394,756
In foreign currency	245,272	289,816	334,641	366,179	432,458	914,130	820,054	780,113	781,539
Non Government Deposits 2/	933,661	1,086,517	1,272,614	1,554,360	1,826,862	2,517,727	2,549,957	2,594,985	2,651,484
	(8.9)	(16.4)	(17.1)	(22.1)	(17.5)	(43.0)	(43.3)	(43.9)	(45.1)
In local currency	741,503	868,143	1,030,974	1,274,796	1,496,393	1,815,641	1,857,370	1,923,164	1,978,791
In foreign currency	192,158	218,374	241,640	279,564	330,469	702,086	692,587	671,821	672,693
Government Deposits	116,846	143,679	193,016	289,008	375,193	524,428	521,479	529,402	524,811
	-(3.2)	(23.0)	(34.3)	(49.73)	(29.82)	(44.8)	(45.4)	(43.1)	(39.9)
In local currency	63,732	72,237	100,015	202,393	273,204	312,384	394,012	421,110	415,965
In foreign currency	53,114	71,442	93,001	86,615	101,989	212,044	127,467	108,292	108,846
Memorandum Items (In Percent):									
Dollarization in Total Deposits	23.3	23.6	22.8	19.9	19.6	30.0	26.7	25.0	24.6
Dollarization in Non-Government Deposits	20.6	20.1	19.0	18.0	18.1	27.9	27.2	25.9	25.4
Dollarization in Government Deposits	45.5	49.7	48.2	30.0	27.2	40.4	24.4	20.5	20.7

Source: Central bank of Egypt.

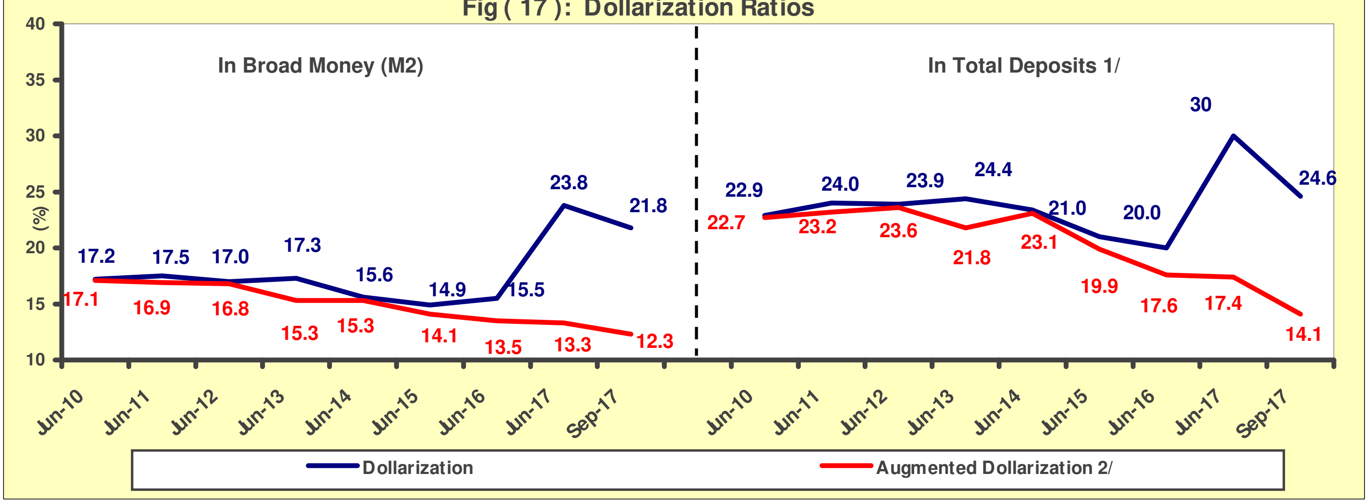
( ) Percent change over same period in previous year.

* 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 Million)

	Sep-12	Sep-13	Sep-14	Sep-15	Sep-16	Jun-17	Jul-17	Aug-17	Sep-17*
Total lending	508,424	549,468	601,242	771,629	970,153	1,426,457	1,413,757	1,410,331	1,423,040
	(6.2)	(8.1)	(9.4)	(28.3)	(25.7)	(51.3)	(49.7)	(47.4)	(46.7)
To Government [2/]	35,012	38,196	41,510	100,358	186,318	354,723	351,402	350,001	356,414
	-(7.9)	(9.1)	(8.7)	(141.8)	(85.7)	(104.2)	(98.6)	(92.3)	(91.3)
In local currency	13,459	10,814	11,871	40,850	102,472	142,710	142,943	143,984	150,248
In foreign currency	21,553	27,382	29,639	59,508	83,846	212,013	208,459	206,017	206,166
To Non-Government	473,412	511,272	559,732	671,271	783,835	1,071,734	1,062,355	1,060,330	1,066,626
	(7.4)	(8.0)	(9.5)	(19.9)	(16.8)	(39.4)	(38.4)	(36.9)	(36.1)
In local currency	351,799	378,592	415,445	479,968	582,990	724,503	723,014	730,302	737,541
In foreign currency	121,613	132,680	144,287	191,303	200,845	347,231	339,341	330,028	329,085
Memorandum Items (In Percent):									
Credit to private sector [3/] / Total Credit	84.9	85.2	85.5	77.3	71.0	64.7	64.7	64.6	64.5
Non Government Loans/ Deposits [4/]	50.7	47.1	44.0	43.2	42.9	42.6	41.7	40.9	40.2
Government Loans / Deposits	30.0	26.6	21.5	34.7	49.7	67.6	67.4	66.1	67.9
Foreign currency denominated credit to total credit	28.2	29.1	28.9	32.5	29.3	39.2	38.7	38.0	37.6
Government foreign currency denominated credit to total government credit	61.6	71.7	71.4	59.3	45.0	59.8	59.3	58.9	57.8
Non - government foreign currency denominated credit to total non-government credit	25.7	26.0	25.8	28.5	25.6	32.4	31.9	31.1	30.9

Source: Central Bank of Egypt.

( ) Percent change over previous year

* Preliminary.

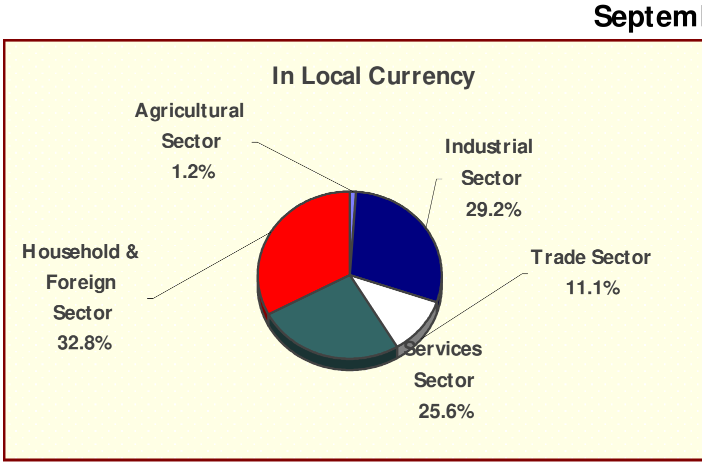
1/ Excludes credit provided by the Central Bank of Egypt.

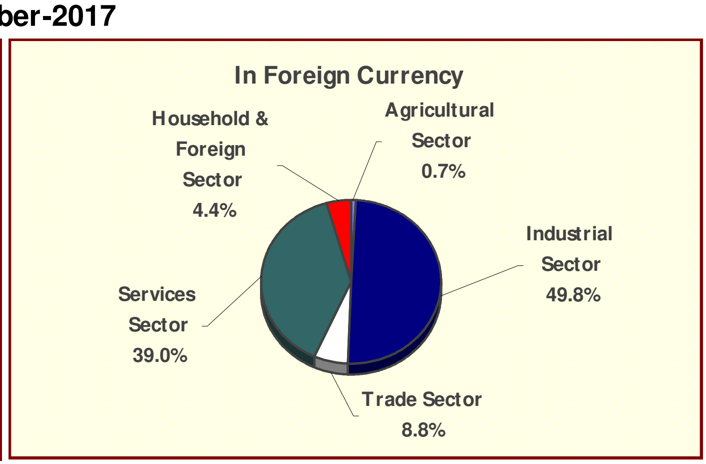
2/ Includes central government and economic authorities.

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 September-2017





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						
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
2011/2012	9.50	11.63	7.26	13.38	10.92	9.00
2012/2013	10.25	12.20	7.77	13.35	11.92	9.00
2013/2014	8.75	11.92	7.19	10.88	10.48	8.63
2014/2015	9.25	11.71	6.99	11.44	9.83	8.46
2015/2016	12.25	12.12	7.00	11.83	11.92	8.00
2016/2017	17.25	15.75	9.79	17.53	15.08	9.50
Monthly Average						
Oct-16	12.25	13.90	8.20	14.55	12.75	8.00
Nov-16	15.25	16.00	8.80	18.25	16.25	10.25
Dec-16	15.25	16.30	10.30	18.68	16.25	10.25
Jan-17	15.25	16.50	10.90	18.99	16.25	10.25
Feb-17	15.25	16.50	11.30	18.32	16.25	10.25
Mar-17	15.25	16.60	11.30	19.48	16.25	10.25
Apr-17	15.25	16.70	10.90	19.40	16.25	10.25
May-17	15.75	17.00	10.80	19.33	16.25	10.25
Jun-17	17.25	18.00	11.20	20.35	16.25	10.25
Jul-17	18.75	18.50	12.40	21.74	16.25	10.25
Aug-17	19.25	19.60	13.00	19.48	16.25	10.25
Sep-17	19.25	19.60	13.40	18.95	16.25	10.25
Oct-17	19.25	--	--	18.92	16.25	10.25

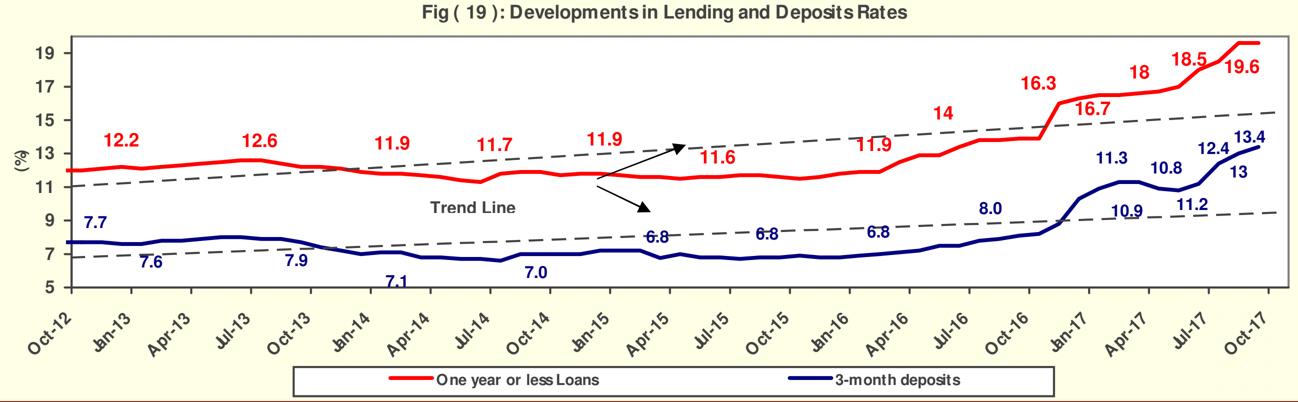
Source: Central Bank of Egypt.

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/]

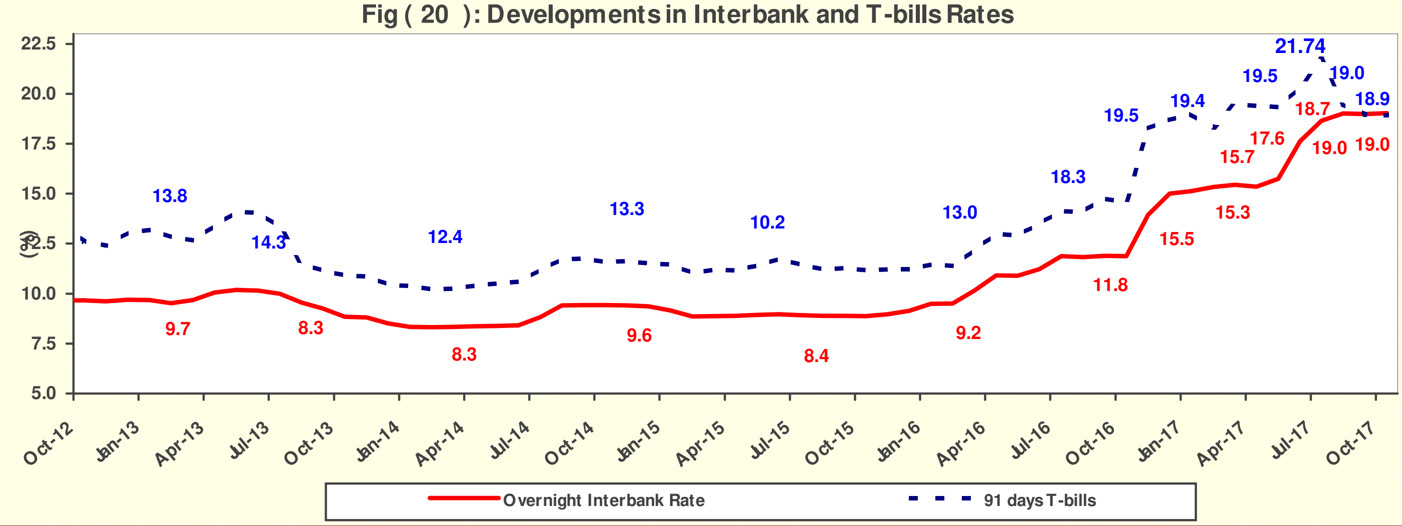
	Overnight	One Week	Month	More than One Month
Yearly Average				
2006	8.6	8.8	8.8	8.8
2007	8.8	8.9	9.0	9.1
2008	10.3	10.3	10.2	10.3
2009	9.5	9.5	9.1	9.6
2010	8.3	8.3	8.3	8.4
2011	9.0	9.1	9.4	9.5
2012	9.4	9.8	10.1	10.2
2013	9.5	9.8	10.2	10.5
2014	8.8	9.1	--	--
2015	8.9	9.2	--	--
2016	11.5	11.6	--	12.6
Monthly Average				
Oct-16	11.88	11.95	--	12.05
Nov-16	13.94	13.48	--	14.85
Dec-16	15.01	15.26	--	--
Jan-17	15.13	15.33	--	--
Feb-17	15.34	15.42	--	15.30
Mar-17	15.45	15.74	--	16.27
Apr-17	15.35	15.76	--	--
May-17	15.75	15.77	--	17.00
Jun-17	17.63	17.85	--	--
Jul-17	18.65	18.91	--	19.00
Aug-17	19.01	19.42	19.97	--
Sep-17	18.98	19.18	--	--
Oct-17	19.03	19.32	18.75	19.00

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.