

# Section 6

## MONETARY SECTOR

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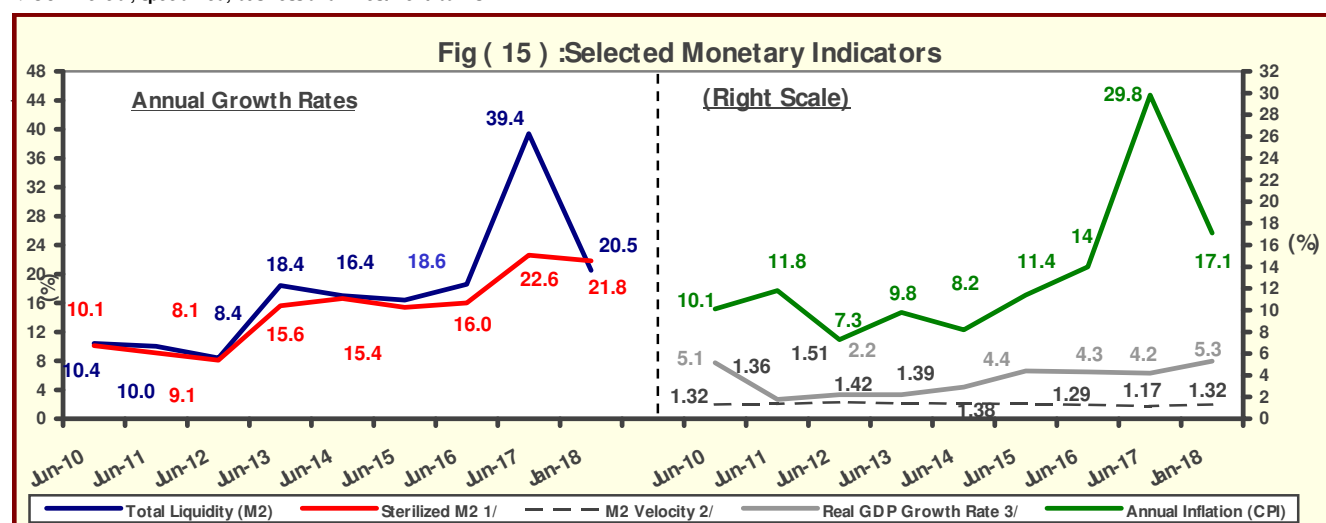
**Table ( 24 ) : Developments in Main Monetary Aggregates  
(January 2017)**

	1 Month % Change	3 Month % Change	12 Month % Change	Full Year Average % Change <sup>1/</sup>
<b>Net Foreign Assets (LE terms)</b>	<b>13.8</b>	<b>28.8</b>	<b>298.6</b>	<b>175.6</b>
CBE NFA	13.6	62.6	-583.8	229.8
CBE NIR	2.6	4.4	37.9	223.9
Banks NFA 2/	14.1	-18.2	7.5	133.0
<b>Net Foreign Assets (US dollar terms)</b>	<b>14.4</b>	<b>28.4</b>	<b>-308.7</b>	<b>-155.7</b>
CBE NFA	14.3	62.1	-608.4	201.4
CBE NIR	3.2	4.1	44.9	78.6
Banks NFA 2/	14.8	-18.4	-179.4	-125.0
<b>Net Domestic Assets</b>	<b>0.7</b>	<b>3.9</b>	<b>6.6</b>	<b>24.0</b>
Net Claims on Government and GASC	0.0	4.4	3.0	15.6
Claims on Public Companies	0.3	3.6	1.9	53.8
Claims on Private Sector	1.1	2.2	5.3	29.4
<b>Total Liquidity (M2)</b>	<b>1.6</b>	<b>5.4</b>	<b>20.5</b>	<b>34.4</b>
Money (M1)	1.0	2.8	19.7	20.4
Quasi Money	1.8	6.2	20.7	39.6

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/ 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  
(January 2017)**

(LE Million)

	Jan-13	Jan-14	Jan-15	Jan-16	Jan-17	Oct-17	Nov-17	Dec-17	Jan-18*
<b>Net Foreign Assets 1/</b>	138,054	122,631	75,402	(27,376)	(122,708)	189,180	185,878	214,138	243,640
	-(23.2)	-(11.2)	-(38.5)	-(136.3)	-(348.2)	(255.1)	(197.1)	(208.8)	(298.6)
<b>Central bank (Net)</b>	41,831	39,137	34,721	(13,205)	(36,970)	109,993	130,329	157,381	178,857
Foreign Assets	85,199	115,684	111,969	124,133	505,884	633,722	635,416	642,960	656,895
Foreign Liabilities	43,368	76,547	77,248	137,338	542,854	523,729	505,087	485,579	478,038
<b>Banks (Net)</b>	96,223	83,494	40,681	(14,171)	(85,738)	79,187	55,549	56,757	64,783
Foreign Assets	127,486	117,271	91,180	74,287	203,718	369,751	334,552	344,781	355,844
Foreign Liabilities	31,263	33,777	50,499	88,458	289,456	290,564	279,003	288,024	291,061
<b>Net Domestic Assets of which:</b>	1,060,041	1,275,624	1,552,145	1,936,798	2,824,342	2,898,872	2,954,751	2,988,519	3,010,607
	(22.7)	(20.3)	(21.7)	(24.8)	(45.8)	(24.9)	(5.8)	(5.0)	(6.6)
<b>Net Claims on Government, and GASC 2/</b>	701,800	929,836	1,149,711	1,488,456	2,064,234	2,036,286	2,095,581	2,126,193	2,126,637
National Currency	748,946	918,829	1,128,600	1,432,653	1,579,598	1,488,361	1,549,523	1,603,706	1,572,077
Foreign Currency	(47,146)	11,007	21,111	55,803	484,636	547,925	546,058	522,487	554,560
<b>Claims on Public Business Sector</b>	44,494	43,352	58,979	77,412	152,701	150,321	154,726	155,166	155,660
National Currency	35,167	34,504	41,994	53,833	94,551	100,865	102,131	101,179	102,033
Foreign Currency	9,327	8,848	16,985	23,579	58,150	49,456	52,595	53,987	53,627
<b>Claims on Private Sector 2/</b>	474,222	499,948	568,816	655,793	957,577	987,181	989,193	998,000	1,008,512
National Currency	361,151	380,606	423,957	498,442	611,943	697,013	700,003	714,064	722,722
Foreign Currency	113,071	119,342	144,859	157,351	345,634	290,168	289,190	283,936	285,790
<b>Other Items (net) 1/ 2/</b>	(160,475)	(197,512)	(225,361)	(284,863)	(350,170)	(274,916)	(284,749)	(290,840)	(280,202)
<b>Total Liquidity (M2)</b>	1,198,095	1,398,255	1,627,547	1,909,422	2,701,634	3,088,052	3,140,629	3,202,657	3,254,247
	(14.8)	(16.7)	(16.4)	(17.3)	(41.5)	(40.5)	(20.7)	(20.9)	(20.5)
<b>Money (M1) 3/</b>	304,502	377,041	447,004	517,932	622,405	724,799	727,439	737,469	745,212
	(17.6)	(23.8)	(18.6)	(15.9)	(20.2)	(18.2)	(17.1)	(17.9)	(19.7)
Currency in Circulation	215,999	255,208	279,570	305,973	378,765	408,915	409,786	407,802	408,659
Demand Deposits in Local Currency	88,503	121,833	167,434	211,959	243,640	315,884	317,653	329,667	336,553
<b>Quasi Money</b>	893,593	1,021,214	1,180,543	1,391,490	2,079,229	2,363,253	2,413,190	2,465,188	2,509,035
	(13.8)	(14.3)	(15.6)	(17.9)	(49.4)	(49.1)	(21.9)	(21.9)	(20.7)
Local Currency Time & Savings Deposits	674,962	804,462	938,260	1,114,203	1,382,469	1,697,893	1,741,316	1,786,179	1,817,787
Foreign Currency Demand Deposits	53,928	54,195	64,700	68,656	150,385	138,294	137,967	135,790	143,530
Foreign Currency Time and Savings Deposits	164,703	162,557	177,583	208,631	546,375	527,066	533,907	543,219	547,718

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)

(January 2017)

	Jan-13	Jan-14	Jan-15	Jan-16	Jan-17	Oct-17	Nov-17	Dec-17	Jan-18 *
<b>Net Foreign Assets (In Million US\$)<sup>4/</sup></b>	21,091	17,629	10,387	(3,506)	(6,620)	10,756	10,556	12,072	13,813
<b>Central bank NFA</b>	6,391	5,626	4,783	(1,691)	(1,994)	6,254	7,402	8,873	10,140
<b>Net International Reserves</b>	27,717	28,632	21,028	14,084	22,665	40,533	39,242	39,447	40,916
<b>Central Bank (Gross)</b>	13,613	17,105	15,429	16,478	26,363	36,535	36,723	37,020	38,210
<b>Banks (net)</b>	14,700	12,003	5,604	(1,815)	(4,625)	4,502	3,155	3,200	3,673
Foreign assets	19,477	16,858	12,560	9,515	10,990	21,023	19,000	19,437	20,175
Foreign Liabilities	4,776	4,856	6,956	11,330	15,615	16,520	15,845	16,238	16,502
<b><i>In Percent of Beginning of Money Stocks<sup>5/</sup></i></b>									
Net Foreign Assets	-1.79%	-0.04%	-2.89%	-4.47%	-9.87%	7.8%	7.6%	9.2%	10.9%
Net Domestic Assets	11.26%	7.93%	10.20%	12.62%	62.89%	67.1%	70.3%	72.2%	73.4%
Money (M1)	2.74%	2.54%	2.40%	1.07%	6.99%	12.8%	12.9%	13.5%	13.9%
Quasi Money	6.7%	5.34%	4.91%	7.08%	46.04%	62.1%	65.0%	67.9%	70.4%
Dollarization (% of Total Liquidity) <sup>6/</sup>	0.18	0.16	0.15	0.15	0.26	21.5	21.4	21.2	21.2
M2 Multiplier <sup>7/</sup>	4.49	4.17	4.37	4.56	5.19	4.57	4.75	4.95	4.79
M2 Velocity <sup>8/</sup>	1.55	1.52	1.50	1.42	1.28	1.39	1.36	1.34	1.32
M2 (annual percentage change)	14.77	16.71	16.40	17.32	41.49	40.5	20.7	20.9	20.5
Credit to private sector (annual percentage change) <sup>9/</sup>	0.09	0.05	0.14	0.15	0.46	34.1	6.2	6.9	5.3
Exchange Rate <sup>10/</sup>	6.55	6.96	7.26	7.81	18.54	17.59	17.61	17.74	17.64

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.

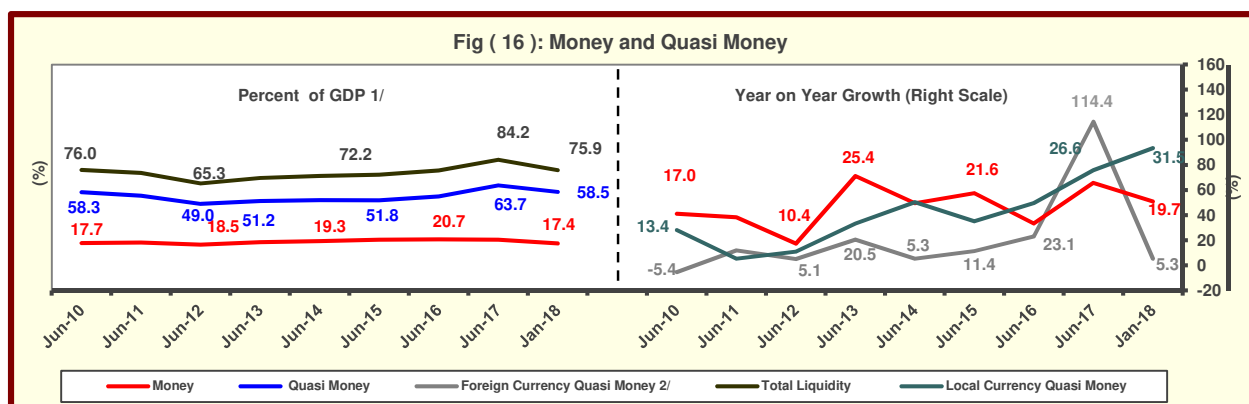
6/ Denotes the ratio of foreign currency demand deposits and time and savings deposits to total liquidity. It excludes non-residents deposits which are counted in the net foreign assets line as well as government deposits.

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.



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 <sup>1/</sup>

(LE Million)

	Jan-13	Jan-14	Jan-15	Jan-16	Jan-17	Oct-17	Nov-17	Dec-17	Jan-18 <sup>*</sup>
<b>Reserve Money</b>	266,657	335,195	372,158	418,881	520,192	675,069	660,972	646,353	678,803
	(2.3)	(25.7)	(11.0)	(12.6)	(24.2)	(33.0)	(27.8)	(29.7)	(30.5)
<b>Currency in Circulation</b>	226,911	269,130	294,756	324,961	402,175	439,364	439,294	439,366	439,137
	(18.8)	(18.6)	(9.5)	(10.2)	(23.8)	(10.9)	(8.6)	(8.5)	(9.2)
<b>Banks LE Deposits with CBE</b>	39,746	66,065	77,402	93,920	118,017	235,705	221,678	206,987	239,666
	-(42.9)	(66.2)	(17.2)	(21.3)	(25.7)	(111.5)	(96.8)	(121.3)	(103.1)
<b>Counter Assets:</b>									
<b>Net Foreign Assets</b>	41,831	39,137	34,721	-13,205	-36,970	109,993	130,329	157,381	178,857
	-(51.5)	-(6.4)	-(11.3)	-(138.0)	-(180.0)	(285.0)	(258.3)	(295.3)	(583.8)
<b>Net Domestic Assets</b>	224,826	296,058	337,437	432,086	557,162	565,076	530,643	488,972	499,946
	(28.9)	(31.7)	(14.0)	(28.0)	(28.9)	-(0.3)	-(11.5)	-(15.6)	-(10.3)
<b>Net Claims on Government</b>	246,631	381,540	475,558	638,754	750,149	726,261	706,401	667,425	693,807
	(34.2)	(54.7)	(24.6)	(34.3)	(17.4)	(4.6)	(6.2)	-(8.7)	-(7.5)
<b>Claims</b>	338,326	423,964	573,648	722,063	818,877	795,877	768,413	765,090	764,364
	(28.4)	(25.3)	(35.3)	(25.9)	(13.4)	(5.6)	(5.6)	-(4.6)	-(6.7)
<b>Securities</b>	178,831	240,331	300,330	241,830	717,317	712,720	682,983	683,341	682,769
<b>Credit Facilities</b>	159,495	183,633	273,318	480,233	101,560	83,157	85,430	81,749	81,595
<b>Deposits<sup>3/</sup></b>	91,695	42,424	98,090	83,309	68,728	69,616	62,012	97,665	70,557
	(15.0)	-(53.7)	(131.2)	-(15.1)	-(17.5)	(18.0)	-(0.9)	(37.6)	(2.7)
<b>Net Claims on Banks</b>	-116	1,258	-21,852	-22,510	61,898	174,047	164,724	168,617	169,270
<b>Net Balancing Items<sup>4/</sup></b>	94	1,184	-116,269	-184,158	-254,885	-335,232	-340,482	-347,070	-363,131
<b>Memorandum Items</b>									
<b>Reserve Money Velocity<sup>5/, 6/</sup></b>	6.98	6.35	6.57	6.47	6.67	6.35	6.49	6.63	6.31

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<sup>1/</sup>

(LE Million)

	Jan-13	Jan-14	Jan-15	Jan-16	Jan-17	Oct-17	Nov-17	Dec-17	Jan-18 <sup>*</sup>
<b>Total Deposits</b>	1,113,974	1,325,049	1,593,582	1,923,515	2,828,286	3,218,465	3,273,298	3,329,323	3,394,462
	(12.3)	(18.9)	(20.3)	(20.7)	(47.0)	(44.7)	(20.6)	(20.6)	(20.0)
In local currency	833,269	1,012,747	1,251,328	1,554,778	1,927,552	2,438,279	2,482,910	2,531,879	2,579,571
In foreign currency	280,705	312,302	342,254	368,737	900,734	780,186	790,388	797,444	814,891
<b>Non Government Deposits<sup>2/</sup></b>	989,727	1,151,877	1,362,663	1,617,984	2,340,296	2,697,614	2,747,814	2,813,132	2,865,116
	(13.6)	(16.4)	(18.3)	(18.7)	(44.6)	(46.8)	(22.7)	(23.1)	(22.4)
In local currency	766,899	930,993	1,115,124	1,335,626	1,635,893	2,024,992	2,068,775	2,126,682	2,165,782
In foreign currency	222,828	220,884	247,539	282,358	704,403	672,622	679,039	686,450	699,334
<b>Government Deposits</b>	124,247	173,172	230,919	305,531	487,990	520,851	525,484	516,191	529,346
	(2.4)	(39.4)	(33.3)	(32.31)	(59.72)	(34.9)	(10.7)	(8.5)	(8.5)
In local currency	66,370	81,754	136,204	219,152	291,659	413,287	414,135	405,197	413,789
In foreign currency	57,877	91,418	94,715	86,379	196,331	107,564	111,349	110,994	115,557
<b>Memorandum Items</b>									
<b>(In Percent):</b>									
Dollarization in Total Deposits	25.2	23.6	21.5	19.2	31.8	24.2	24.1	24.0	24.0
Dollarization in Non-Government Deposits	22.5	19.2	18.2	17.5	30.1	24.9	24.7	24.4	24.4
Dollarization in Government Deposits	46.6	52.8	41.0	28.3	40.2	20.7	21.2	21.5	21.8

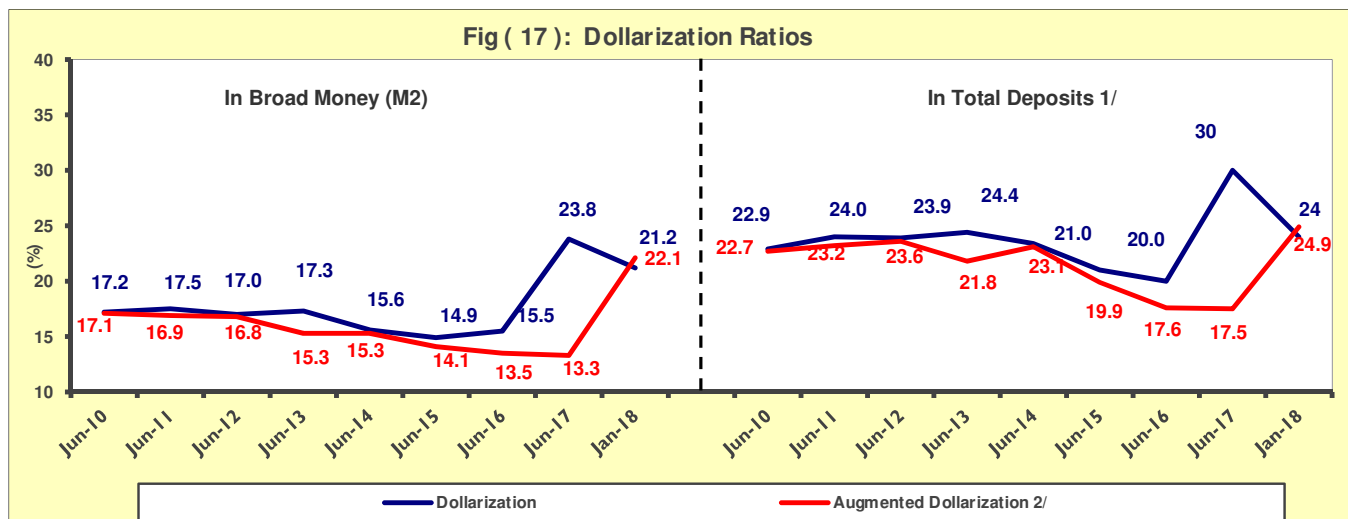
Source: Central bank of Egypt.

( ) 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.



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 <sup>1/</sup>

(LE Million)

	Jan-13	Jan-14	Jan-15	Jan-16	Jan-17	Oct-17	Nov-17	Dec-17	Jan-18 <sup>*</sup>
<b>Total lending</b>	528,012	552,457	646,253	797,666	1,352,605	1,433,139	1,441,200	1,463,380	1,486,917
	(7.3)	(4.6)	(17.0)	(23.4)	(69.6)	(46.1)	(11.3)	(12.5)	(9.9)
<b>To Government <sup>2/</sup></b>	36,281	40,613	49,655	101,171	299,571	356,121	357,941	373,831	385,522
	-(1.6)	(11.9)	(22.3)	(103.7)	(196.1)	(88.0)	(25.5)	(26.0)	(28.7)
<b>In local currency</b>	12,280	12,075	11,341	40,400	114,211	150,889	151,753	167,594	177,898
<b>In foreign currency</b>	24,001	28,538	38,314	60,771	185,360	205,232	206,188	206,237	207,624
<b>To Non-Government</b>	491,731	511,844	596,598	696,495	1,053,034	1,077,018	1,083,259	1,089,549	1,101,395
	(8.0)	(4.1)	(16.6)	(16.7)	(51.2)	(36.0)	(7.2)	(8.6)	(4.6)
<b>In local currency</b>	360,891	378,815	428,281	514,945	654,892	746,339	750,847	760,384	771,018
<b>In foreign currency</b>	130,840	133,029	168,317	181,550	398,142	330,679	332,412	329,165	330,377
<b>Memorandum Items (In Percent):</b>									
Credit to private sector <sup>3/</sup> / Total Credit	84.7	84.8	83.2	77.6	66.6	64.7	64.5	63.9	63.6
Non Government Loans/ Deposits <sup>4/</sup>	49.7	44.4	43.8	43.0	45.0	39.9	39.4	38.7	38.4
Government Loans / Deposits	29.2	23.5	21.5	33.1	61.4	68.4	68.1	72.4	72.8
Foreign currency denominated credit to total credit	29.3	29.2	32.0	30.4	43.1	37.4	37.4	36.6	36.2
Government foreign currency denominated credit to total government credit	66.2	70.3	77.2	60.1	61.9	57.6	57.6	55.2	53.9
Non - government foreign currency denominated credit to total non-government credit	26.6	26.0	28.2	26.1	37.8	30.7	30.7	30.2	30.0

Source: Central Bank of Egypt.

( ) Percent change over previous year

\* Preliminary.

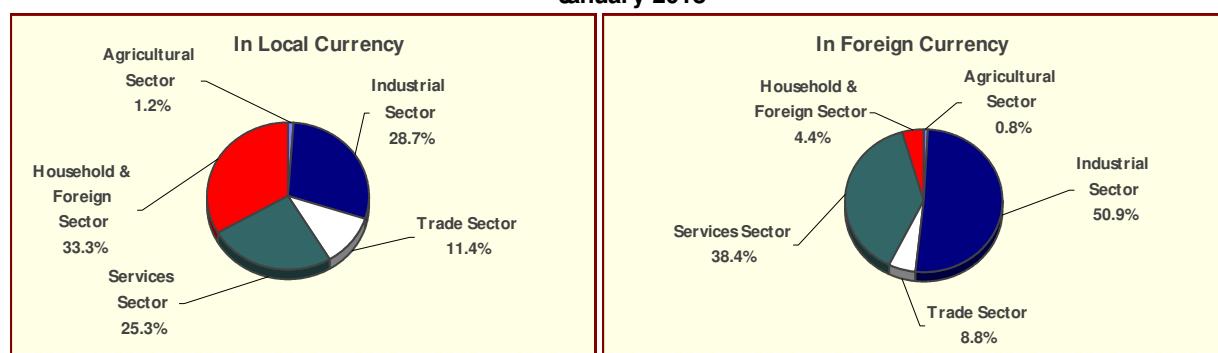
1/ Excludes credit provided by the Central Bank of Egypt.

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  
January-2018



Source: Central Bank of Egypt.

**Table ( 29 ) : Domestic Interest Rates**

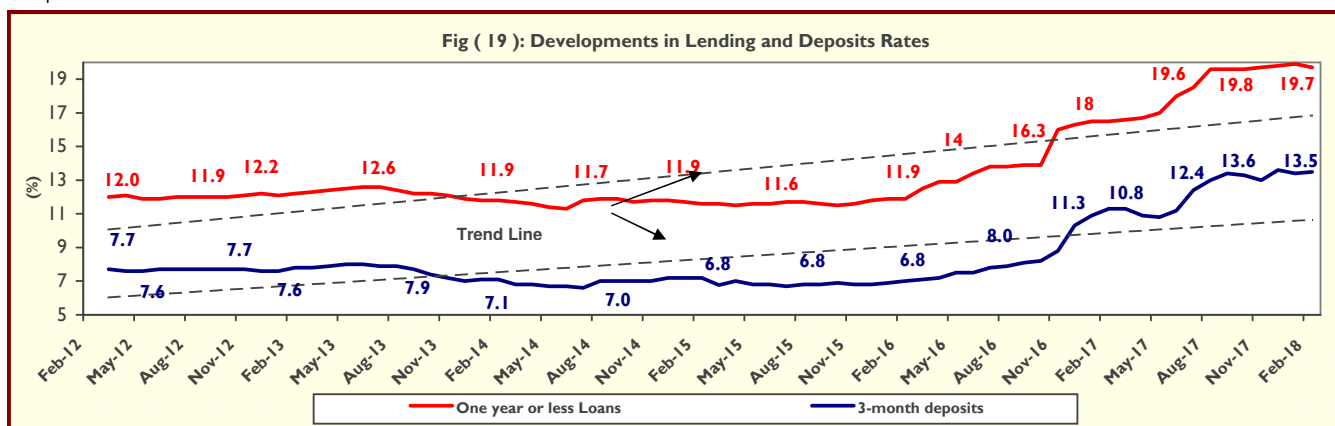
	CBE Discount Rate <sup>1/</sup>	Lending Rate (Less than one year loans) <sup>2/</sup>	3 Months Deposit Rate <sup>2/</sup>	3 Months T-bills	Investment Certificates <sup>1/ 3/</sup>	Post Office Saving Deposits <sup>1/</sup>
<b>Yearly Average</b>						
2006/2007	9.00	12.64	6.01	8.65	10.00	9.50
2007/2008	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
<b>Monthly Average</b>						
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	19.60	13.30	18.92	16.25	10.25
Nov-17	19.25	19.70	13.00	18.58	16.25	10.25
Dec-17	19.25	19.80	13.60	19.03	16.25	10.25
Jan-18	19.25	19.90	13.40	18.80	16.25	10.25
Feb-18	19.00	19.70	13.50	17.76	15.25	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.



Source: Central Bank of Egypt.



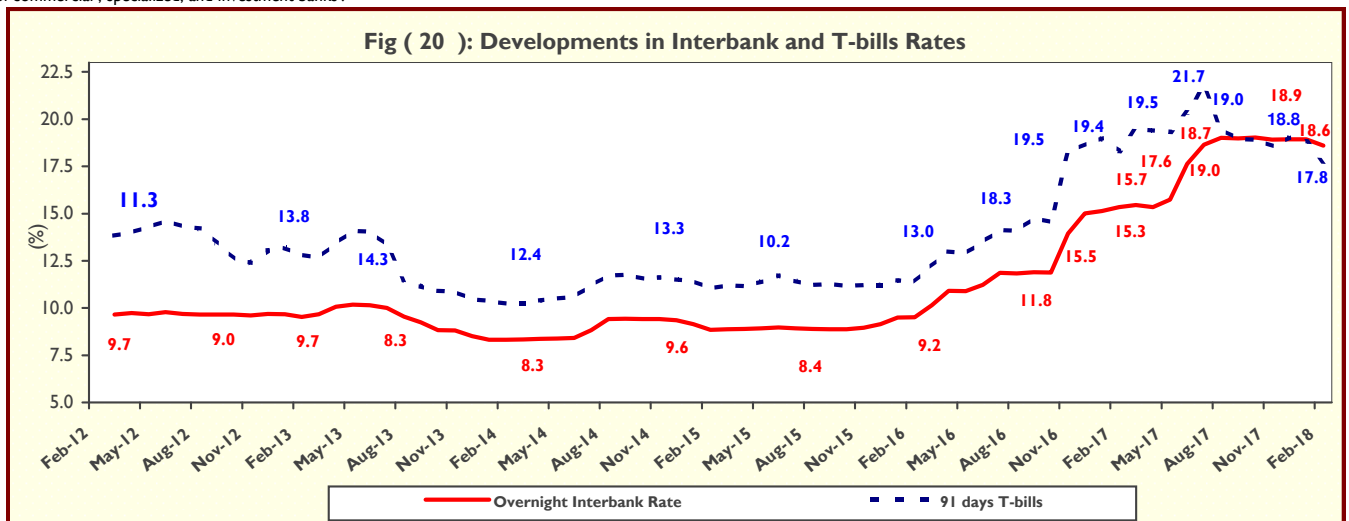
Table ( 30 ) : Average Interbank Rates <sup>1/</sup>

	Overnight	One Week	Month	More than One Month
<b>Yearly Average</b>				
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
<b>Monthly Average</b>				
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
Nov-17	18.91	19.20	--	--
Dec-17	18.94	19.22	19.60	19.51
Jan-18	18.94	19.22	--	19.34
Feb-18	18.60	18.85	--	19.25

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'.



Source: Central Bank of Egypt.