Section 6

MONETARY SECTOR

Table (24) : Developments in Main Monetary Aggregates
(June 2018)

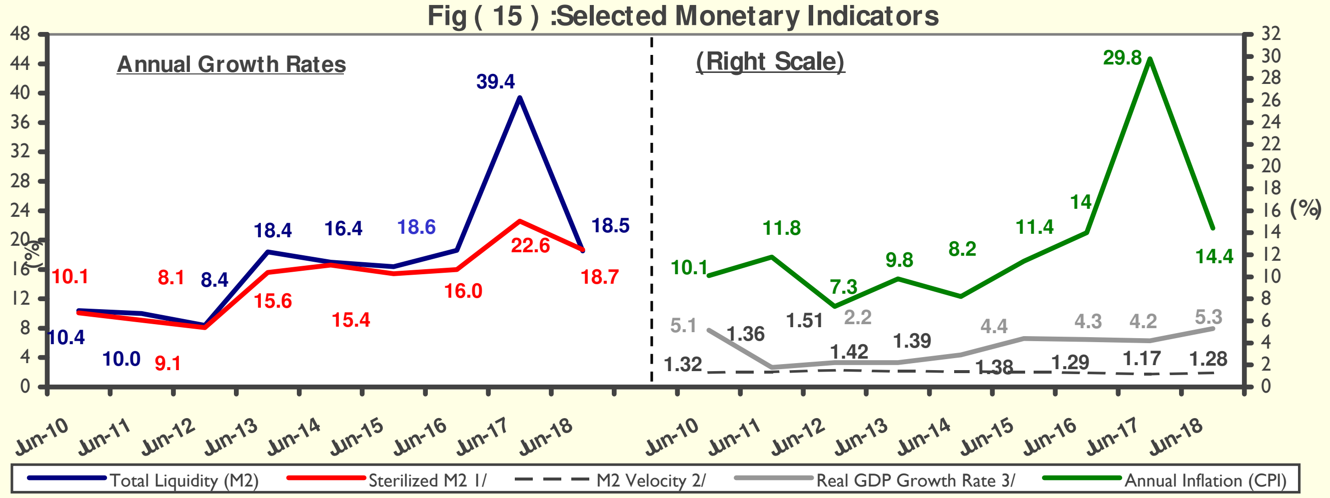
	1 Month % Change	3 Month % Change	12 Month % Change	Full Year Average % Change [1/]
Net Foreign Assets (LE terms)	**2.3**	**-5.6**	**407.0**	**723.6**
CBE NFA	1.7	18.2	8070.5	1509.3
CBE NIR	0.5	5.3	39.8	138.5
Banks NFA 2/	30.9	-89.0	20.8	184.3
Net Foreign Assets (US dollar terms)	**2.0**	**-6.9**	**412.7**	**-581.2**
CBE NFA	1.4	16.5	8163.7	1493.0
CBE NIR	0.3	3.9	41.4	69.4
Banks NFA 2/	30.6	-89.1	-85.8	22.5
Net Domestic Assets	**1.6**	**4.4**	**10.2**	**13.8**
Net Claims on Government and GASC	3.3	6.4	12.0	8.7
Claims on Public Companies	-0.2	-1.4	7.7	26.9
Claims on Private Sector	1.5	5.1	10.1	17.1
Total Liquidity (M2)	**1.6**	**3.4**	**18.5**	**27.3**
Money (M1)	3.1	7.6	16.4	18.9
Quasi Money	1.2	2.1	19.1	30.3

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 FY17/18 has been revised recently to reach LE 4440.6 billion instead of 4286.5 billion. Meanwhile GDP projections for FY18/19 are estimated to reach LE 5250.9 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
(June 2018)

(LE Million)

	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Mar-18	Apr-18	May-18	Jun-18
Net Foreign Assets 1/	**123,198**	**119,162**	**51,487**	**(87,389)**	**61,056**	**327,911**	**369,030**	**302,619**	**309,530**
	-(21.8)	-(3.3)	-(56.8)	-(269.7)	(169.9)	(824.8)	(4925.2)	(336.1)	(407.0)
Central bank (Net)	**38,235**	**37,395**	**25,278**	**(44,863)**	**3,690**	**255,098**	**286,490**	**296,481**	**301,493**
Foreign Assets	101,685	115,770	148,098	149,943	551,514	732,495	760,422	772,806	775,954
Foreign Liabilities	63,450	78,375	122,820	194,806	547,824	477,397	473,932	476,325	474,461
Banks (Net)	**84,963**	**81,767**	**26,209**	**(42,526)**	**57,366**	**72,813**	**82,540**	**6,138**	**8,037**
Foreign Assets	118,354	115,838	86,214	81,532	339,126	348,369	369,804	294,622	299,817
Foreign Liabilities	33,391	34,071	60,005	124,058	281,760	275,556	287,264	288,484	291,780
Net Domestic Assets of which:	**1,172,888**	**1,397,439**	**1,714,005**	**2,181,889**	**2,857,137**	**3,015,573**	**3,010,431**	**3,098,741**	**3,147,485**
	(25.2)	(19.1)	(22.7)	(27.3)	(30.9)	(8.1)	(7.8)	(11.5)	(10.2)
Net Claims on Government, and GASC 2/	**802,539**	**1,045,186**	**1,291,427**	**1,654,910**	**1,979,641**	**2,084,331**	**2,071,609**	**2,145,836**	**2,217,557**
National Currency	851,425	1,034,569	1,251,096	1,500,936	1,545,112	1,569,105	1,570,159	1,579,987	1,618,411
Foreign Currency	(48,886)	10,617	40,331	153,974	434,529	515,226	501,450	565,849	599,146
Claims on Public Business Sector	**42,866**	**45,417**	**63,218**	**93,073**	**148,715**	**162,402**	**160,035**	**160,555**	**160,177**
National Currency	33,873	35,424	43,989	65,410	96,035	109,080	114,436	115,648	114,949
Foreign Currency	8,993	9,993	19,229	27,663	52,680	53,322	45,599	44,907	45,228
Claims on Private Sector 2/	**497,735**	**534,538**	**623,566**	**712,132**	**982,914**	**1,030,278**	**1,050,310**	**1,066,929**	**1,082,556**
National Currency	376,211	407,230	461,561	543,158	680,046	745,577	765,035	775,181	792,036
Foreign Currency	121,524	127,308	162,005	168,974	302,868	284,701	285,275	291,748	290,520
Other Items (net) 1/ 2/	**(170,252)**	**(227,702)**	**(264,206)**	**(278,226)**	**(254,133)**	**(261,438)**	**(271,523)**	**(274,579)**	**(312,805)**
Total Liquidity (M2)	**1,296,086**	**1,516,601**	**1,765,492**	**2,094,500**	**2,918,193**	**3,343,484**	**3,379,461**	**3,401,360**	**3,457,015**
	(18.4)	(17.0)	(16.4)	(18.6)	(39.3)	(21.9)	(21.4)	(19.4)	(18.5)
Money (M1) 3/	**344,100**	**410,554**	**499,065**	**572,935**	**707,427**	**765,087**	**781,231**	**798,581**	**823,268**
	(25.4)	(19.3)	(21.6)	(14.8)	(23.5)	(21.2)	(19.4)	(16.7)	(16.4)
Currency in Circulation	241,011	270,856	292,699	346,853	419,058	416,528	419,712	435,852	441,551
Demand Deposits in Local Currency	103,089	139,698	206,366	226,082	288,369	348,559	361,519	362,729	381,717
Quasi Money	**951,986**	**1,106,047**	**1,266,427**	**1,521,565**	**2,210,766**	**2,578,397**	**2,598,230**	**2,602,779**	**2,633,747**
	(16.1)	(16.2)	(14.5)	(20.1)	(45.3)	(22.0)	(22.0)	(20.2)	(19.1)
Local Currency Time & Savings Deposits	727,778	869,976	1,003,432	1,197,746	1,516,480	1,884,700	1,900,612	1,886,378	1,916,789
Foreign Currency Demand Deposits	55,152	62,214	68,631	75,910	150,042	144,790	144,428	150,071	149,769
Foreign Currency Time and Savings Deposits	169,056	173,857	194,364	247,909	544,244	548,907	553,190	566,330	567,189

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)

(June 2018)

	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Mar-18	Apr-18	May-18	Jun-18
Net Foreign Assets (In Million US$) [4/]	**17,623**	**16,682**	**6,770**	**(9,842)**	**3,387**	**18,656**	**20,931**	**17,017**	**17,365**
Central bank NFA	**5,469**	**5,235**	**3,324**	**(5,053)**	**205**	**14,514**	**16,249**	**16,672**	**16,914**
Net International Reserves	**26,700**	**27,655**	**22,918**	**12,098**	**33,773**	**45,818**	**47,811**	**43,803**	**43,982**
Central Bank (Gross)	**14,936**	**16,687**	**20,082**	**17,546**	**31,305**	**42,611**	**44,030**	**44,139**	**44,258**
Banks (net)	**12,154**	**11,447**	**3,446**	**(4,790)**	**3,182**	**4,143**	**4,682**	**345**	**451**
Foreign assets	16,930	16,217	11,336	9,183	18,811	19,820	20,975	16,568	16,820
Foreign Liabilities	4,777	4,770	7,890	13,972	15,629	15,678	16,293	16,222	16,369
In Percent of Beginning of Money Stocks [5/]									
Net Foreign Assets	-3.15%	-0.31%	-4.46%	-7.87%	0.54%	15.7%	18.0%	14.2%	14.6%
Net Domestic Assets	21.57%	17.33%	20.87%	26.50%	64.75%	73.7%	73.4%	78.4%	81.2%
Money (M1)	6.36%	5.13%	5.84%	4.18%	11.80%	15.1%	16.0%	17.0%	18.4%
Quasi Money	12.1%	11.89%	10.57%	14.45%	53.49%	74.3%	75.4%	75.7%	77.4%
Dollarization (% of Total Liquidity) [6/]	0.17	0.16	0.15	0.15	0.24	20.7	20.6	21.1	20.7
M2 Multiplier [7/]	4.08	4.16	3.63	4.38	5.05	4.93	4.93	4.72	4.81
M2 Velocity [8/]	1.44	1.40	1.38	1.29	1.19	1.33	1.31	1.31	1.28
M2 (annual percentage change)	18.43	17.01	16.41	18.64	39.33	21.9	21.4	19.4	18.5
Credit to private sector (annual percentage change) [9/]	0.10	0.07	0.17	0.14	0.38	7.4	8.2	9.1	10.1
Exchange Rate [10/]	6.99	7.14	7.61	8.88	18.03	17.58	17.63	17.78	17.83

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.

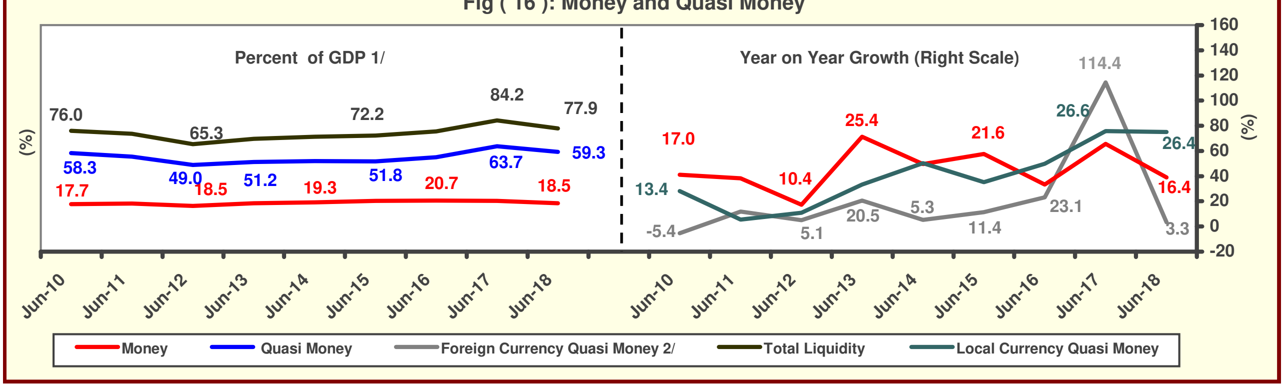
7/ M2 / Reserve Money.

8/ GDP estimate for FY17/18 has been revised recently to reach LE 4440.6 billion instead of 4286.5 billion. Meanwhile GDP projections for FY18/19 are estimated to reach LE 5250.9 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 FY17/18 has been revised recently to reach LE 4440.6 billion instead of 4286.5 billion. Meanwhile GDP projections for FY18/19 are estimated to reach LE 5250.9 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)

	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Mar-18	Apr-18	May-18	Jun-18
Reserve Money	**317,944**	**364,473**	**485,876**	**478,076**	**577,582**	**677,738**	**685,858**	**720,205**	**719,003**
	(20.6)	(14.6)	(33.3)	-(1.6)	(20.8)	(28.4)	(27.1)	(30.0)	(24.5)
Currency in Circulation	260,849	288,651	313,468	368,459	452,035	448,058	452,257	470,584	485,235
	(27.3)	(10.7)	(8.6)	(17.5)	(22.7)	(9.1)	(8.4)	(8.4)	(7.3)
Banks LE Deposits with CBE	57,095	75,822	172,408	109,617	125,547	229,680	233,601	249,621	233,768
	-(2.9)	(32.8)	(127.4)	-(36.4)	(14.5)	(95.9)	(91.2)	(108.4)	(86.2)
Counter Assets:									
Net Foreign Assets	**38,235**	**37,395**	**25,171**	**-44,863**	**3,690**	**255,098**	**286,490**	**296,481**	**301,493**
	-(49.7)	-(2.2)	-(32.7)	-(278.2)	(108.2)	(4534.8)	(1851.4)	(453.8)	(8070.5)
Net Domestic Assets	**279,709**	**327,078**	**460,598**	**522,939**	**573,892**	**422,640**	**399,368**	**423,724**	**417,510**
	(49.1)	(16.9)	(40.8)	(13.5)	(9.7)	-(19.1)	-(23.9)	-(15.3)	-(27.2)
Net Claims on Government [2/]	299,806	419,218	523,893	619,410	708,637	636,881	616,308	657,821	715,474
	(81.3)	(39.8)	(25.0)	(18.2)	(14.4)	-(13.1)	-(14.5)	-(3.5)	(1.0)
Claims	404,837	463,724	620,003	706,885	821,975	769,254	772,030	767,914	759,880
	(57.8)	(14.5)	(33.7)	(14.0)	(16.3)	-(5.2)	-(5.5)	-(6.7)	-(7.6)
Securities	238,831	240,331	240,330	390,830	714,454	682,620	682,858	683,730	683,629
Credit Facilities	166,006	223,393	379,673	316,055	107,521	86,634	89,172	84,184	76,251
Deposits [3/]	105,031	44,506	96,110	87,475	113,338	132,373	155,722	110,093	44,406
	(15.1)	-(57.6)	(115.9)	-(9.0)	(29.6)	(67.0)	(60.7)	-(22.1)	-(60.8)
Net Claims on Banks	-5,811	-9,045	-26,334	59,621	157,141	212,843	236,624	193,268	201,438
Net Balancing Items [4/]	-14,286	-83,095	-36,961	-156,092	-291,886	-427,084	-453,564	-427,365	-499,402
Memorandum Items									
Reserve Money Velocity [5/, 6/]	5.85	5.84	5.03	5.66	6.01	6.55	6.47	6.17	6.18

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 FY17/18 has been revised recently to reach LE 4440.6 billion instead of 4286.5 billion. Meanwhile GDP projections for FY18/19 are estimated to reach LE 5250.9 billion as per the Ministry of Finance Calculations.

Table (27) : Deposits With Banks [1/]

(LE Million)

	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Mar-18	Apr-18	May-18	Jun-18
Total Deposits	**1,190,819**	**1,433,728**	**1,740,158**	**2,123,069**	**3,042,155**	**3,484,955**	**3,525,444**	**3,536,295**	**3,569,515**
	(16.0)	(20.4)	(21.4)	(22.0)	(43.3)	(21.5)	(20.8)	(18.9)	(17.3)
In local currency	900,076	1,097,729	1,375,369	1,698,255	2,128,025	2,668,126	2,706,043	2,692,824	2,731,175
In foreign currency	290,743	335,999	364,789	424,814	914,130	816,829	819,401	843,471	838,340
Non Government Deposits [2/]	**1,063,832**	**1,254,882**	**1,488,006**	**1,761,009**	**2,517,727**	**2,945,810**	**2,979,798**	**2,985,045**	**3,036,010**
	(17.2)	(18.0)	(18.6)	(18.3)	(43.0)	(24.0)	(23.5)	(21.2)	(20.6)
In local currency	835,422	1,014,712	1,219,985	1,433,387	1,815,641	2,244,807	2,274,635	2,260,271	2,311,316
In foreign currency	228,410	240,170	268,021	327,622	702,086	701,003	705,163	724,774	724,694
Government Deposits	**126,987**	**178,846**	**252,152**	**362,060**	**524,428**	**539,145**	**545,646**	**551,250**	**533,505**
	(7.1)	(40.8)	(41.0)	(43.59)	(44.85)	(9.3)	(8.1)	(7.8)	(1.7)
In local currency	64,654	83,017	155,384	264,868	312,384	423,319	431,408	432,553	419,859
In foreign currency	62,333	95,829	96,768	97,192	212,044	115,826	114,238	118,697	113,646
Memorandum Items (In Percent):									
Dollarization in Total Deposits	24.4	23.4	21.0	20.0	30.0	23.4	23.2	23.9	23.5
Dollarization in Non-Government Deposits	21.5	19.1	18.0	18.6	27.9	23.8	23.7	24.3	23.9
Dollarization in Government Deposits	49.1	53.6	38.4	26.8	40.4	21.5	20.9	21.5	21.3

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.

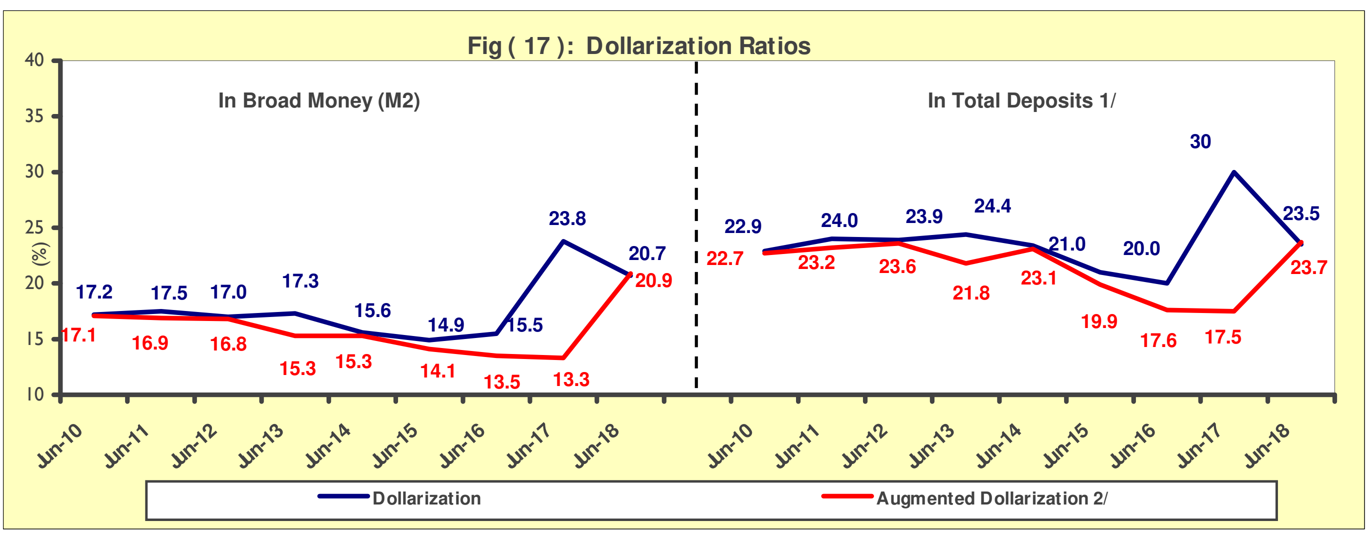


Fig (17): Dollarization Ratios

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)

	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Mar-18	Apr-18	May-18	Jun-18
Total lending	549,120	587,852	717,999	942,727	1,426,457	1,549,610	1,585,267	1,616,146	1,629,664
	(8.4)	(7.1)	(22.1)	(31.3)	(51.3)	(15.3)	(16.1)	(15.0)	(14.2)
To Government [2/]	35,780	40,802	66,421	173,740	354,723	420,532	437,642	452,427	452,917
	(6.5)	(14.0)	(62.8)	(161.6)	(104.2)	(42.7)	(43.3)	(34.7)	(27.7)
In local currency	11,401	11,872	10,855	100,230	142,710	202,175	217,979	213,382	216,549
In foreign currency	24,379	28,930	55,566	73,510	212,013	218,357	219,663	239,045	236,368
To Non-Government	513,340	547,050	651,578	768,987	1,071,734	1,129,078	1,147,625	1,163,719	1,176,747
	(8.5)	(6.6)	(19.1)	(18.0)	(39.4)	(7.6)	(8.3)	(8.8)	(9.8)
In local currency	376,479	406,499	468,502	572,348	724,503	799,962	825,006	835,439	849,775
In foreign currency	136,861	140,551	183,076	196,639	347,231	329,116	322,619	328,280	326,972
Memorandum Items (In Percent):									
Credit to private sector [3/] / Total Credit	85.7	85.4	82.0	71.7	64.7	62.4	62.3	62.1	62.4
Non Government Loans/ Deposits [4/]	48.3	43.6	43.8	43.7	42.6	38.3	38.5	39.0	38.8
Government Loans / Deposits	28.2	22.8	26.3	48.0	67.6	78.0	80.2	82.1	84.9
Foreign currency denominated credit to total credit	29.4	28.8	33.2	28.7	39.2	35.3	34.2	35.1	34.6
Government foreign currency denominated credit to total government credit	68.1	70.9	83.7	42.3	59.8	51.9	50.2	52.8	52.2
Non - government foreign currency denominated credit to total non-government credit	26.7	25.7	28.1	25.6	32.4	29.1	28.1	28.2	27.8

Source: Central Bank of Egypt.

( ) Percent change over previous year

* Preliminary.

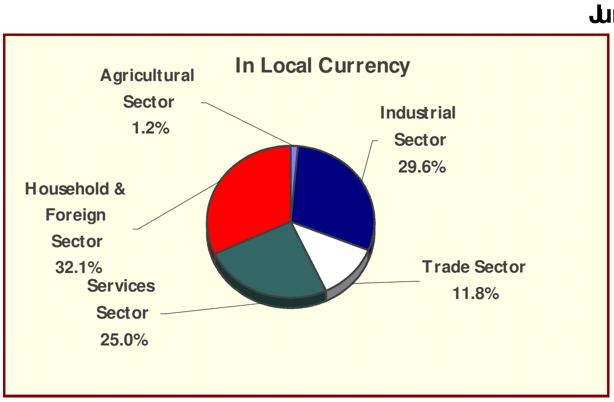
1/ Excludes credit provided by the Central Bank of Egypt.

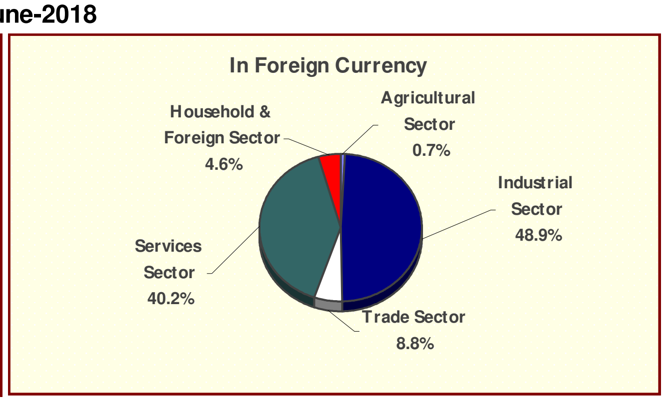
2/ Includes central government and economic authorities.

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-2018





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
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	15.25	15.75	9.79	17.53	15.08	9.50
2017/2018	17.25	19.20	12.89	18.85	15.77	10.25
Monthly Average						
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
Mar-18	18.25	19.30	13.00	17.95	15.25	10.25
Apr-18	17.25	18.20	12.40	17.71	15.00	10.25
May-18	17.25	18.30	12.00	18.27	15.00	10.25
Jun-18	17.25	18.20	11.70	18.94	15.00	10.25
Jul-18	17.25	17.60	12.00	19.37	15.00	10.25

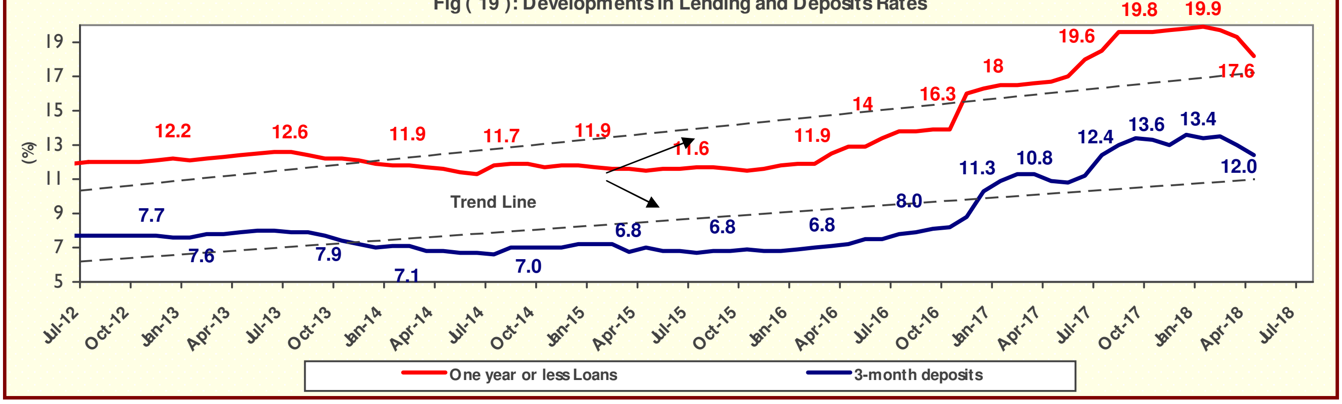
Source: Central Bank of Egypt.

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/]

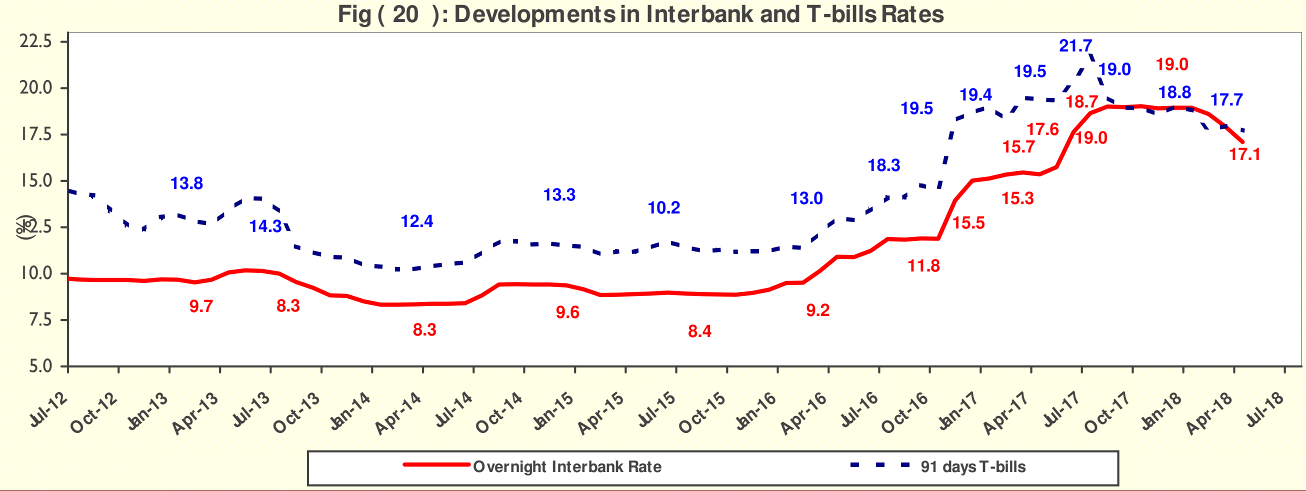
	Overnight	One Week	Month	More than One Month
Yearly Average				
2007	8.8	8.9	9.0	9.1
2008	10.3	10.3	10.2	10.3
2009	9.5	9.5	9.1	9.6
2010	8.3	8.3	8.3	8.4
2011	9.0	9.1	9.4	9.5
2012	9.4	9.8	10.1	10.2
2013	9.5	9.8	10.2	10.5
2014	8.8	9.1	--	--
2015	8.9	9.2	9.5	8.9
2016	11.5	11.6	--	12.6
2017	17.3	17.6	19.4	17.7
Monthly Average				
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
Mar-18	17.92	18.11	18.28	18.20
Apr-18	17.10	17.23	17.20	--
May-18	16.96	17.20	--	17.31
Jun-18	17.09	17.25	17.30	16.85
Jul-18	16.97	17.24	17.23	16.87

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.