CENTRAL BANK OF EGYPT

ECONOMIC REVIEW

Vol. 51 No. 2

2010/2011

Research, Development and Publishing Sector

The Economic Review is issued by the Research, Development and Publishing Sector at the Central Bank of Egypt (CBE) on a quarterly basis. It aims to make available to a broad readership of specialists and non-specialists a wide range of information on the performance of the Egyptian economy during the reporting period. The CBE posts the Review on its website: www.cbe.org.eg.

Contents

Page

5 – External Transactions

Annex

Main Monetary and Financial Indicators

	July/Dec. 2009/2010	July/Dec. 2010/2011
GDP (LE bn)		
GDP at Market and Current Prices	604.5	705.4
Annual Growth Rate (%)	15.6	16.7
Real GDP at Factor Cost	415.8	439.1
Annual Growth Rate (%)	4.8	5.6
GDP Growth Rate (at Factor Cost) by Sector (%)		
A) Productive Sectors		
Of which:		
Construction & Building	13.1	12.6
Electricity	7.0	8.0
Water	6.4	6.5
Manufacturing (Oil Refining & Others)	4.6	6.1
B) Services Sectors		
Of which:		
Tourism	8.8	13.9
Suez Canal	-14.2	11.1
Communications	13.1	11.0
Wholesale and Retail Trade	5.5	6.3
Finance	4.8	4.9

Price Index (%)	2009/2010	2010/2011
- Change in consumer price index (urban) (January 2010 = 100)	6.9	7.1
- Change in producer price index (2004/2005 =100)	4.7	8.7

Monetary Survey (LE bn)	July/Dec. 2009/2010 End of Period	July/Dec. 2010/2011 End of Period
Domestic liquidity (M2)	866.4	974.0
Growth rate (%)	4.2	6.2
Reserve money	193.1	218.4
Growth rate (%)	10.3	7.5
Money supply (M1)	197.0	223.5
Growth rate (%)	7.6	4.4
Currency in circulation/Money supply (%)	64.3	64.3
Banking system foreign assets, of which:	291.1	354.4

CBE foreign assets	185.6	206.3
Banking system foreign liabilities, of which:	35.2	49.2
CBE foreign liabilities	8.5	8.1
Total deposits with banks (excluding the CBE)	848.7	944.0
In local currency	649.5	735.3
In foreign currencies	199.2	208.7
Foreign currency deposits/total deposits (%)	23.5	22.1
Total lending and discount balances extended by banks (excluding the CBE), of which:	432.6	458.1
To government and public economic authorities	34.2	38.2
To business sector (public and private)	292.1	303.6
Portfolio of securities and TBs with banks (excluding the CBE), of which:	361.2	441.2
TBs and government bonds	304.7	341.5
Loans/deposits with banks (%)	51.0	48.5
Investment in securities, TBs and equity participations/deposits (%)	42.6	46.7

Annual Discount and Interest Rates (%)	**July/Dec.**	
	2009/2010	**2010/2011**
	End of Period	
CBE Lending and Discount Rate	**8.50**	**8.50**
CBE Overnight Deposit and Lending Rates		
Deposit	8.25	8.25
Lending	9.75	9.75
Interest Rate on Less than 3-Month Deposits	5.90	6.60
Interest Rate on Less than One Year Loans	11.00	10.70

US Dollar Exchange Rate Announced by the CBE	**(PT/Dollar)**	
- Buy and Sell Exchange Rates (Average of the Period)	550.9	572.9
- End of the Period (Buy Rate)	547.5	579.3

Consolidated Fiscal Operations of the General Government (Budget Sector)	**2010/2011**	
	Estimates FY	**Actual (July/Dec.)**
	LE bn	
- Total Revenues	285.8	99.7
- Total Expenditures	403.2	161.1
- Cash Deficit (or Surplus)	117.4	61.4
- Net Acquisition of Financial Assets	-8.3	-1.0

Overall Deficit (Surplus)	**109.1**	**60.4**
Total Finance	109.1	60.4
- Domestic Finance	118.5	75.5
Banking	53.2	37.6
Non-Banking	65.3	37.9
- Foreign Borrowing	-9.7	3.4
- Arrears	-	-
- Others	-0.7	-0.2
- Revaluation Differences	-	-
- Net Privatization Proceeds	0.3	-
- Difference between TBs Face Value and Present Value	-	-1.1
- Foreign Debt Reclassification Diff. and Related FX Diff.	-	-
- Discrepancy	0.7	-17.2
- Cash Deficit (Surplus) as a Percentage of GDP	8.5	4.5
- Overall Deficit (Surplus) as a Percentage of GDP	7.9	4.4
- Revenues as a Percentage of GDP	20.7	7.2
- Expenditures as a Percentage of GDP	29.3	11.7

Domestic Public Debt	**End of June 2010**	**End of Dec. 2010**
	LE bn	
Gross, due on:	**888.7**	**962.3**
- Government (net)	663.8	738.9
- Public Economic Authorities (net)	67.8	70.1
- NIB (Minus Intra-Debt)	157.1	153.3

Balance of Payments (US$ bn)	**July/ Dec. 2009/2010**	**July/ Dec. 2010/2011**
Current Account & Transfers	**(1.3)**	**(1.4)**
Trade Balance	**(11.9)**	**(13.3)**
Merchandise Exports	11.5	12.7
Oil and its Products %	43.3	42.9
Others %	56.7	57.1
Merchandise Imports	23.4	26.0
Intermediate Goods %	32.5	30.9
Consumer Goods %	25.2	25.2
Fuel, Raw Materials and Others %	21.2	20.9
Investment Goods %	21.1	23.0

Services Balance	**6.3**	**5.6**
Receipts, of which:	12.3	13.0
Transportation %	28.3	32.0
Travel %	49.0	53.2
Investment Income %	4.1	1.6
Payments, of which:	6.0	7.5
Transportation %	10.1	11.2
Travel %	22.0	16.5
Investment Income %	31.0	40.7
Transfers	**4.3**	**6.3**
Official %	20.7	2.6
Private %	79.3	97.4
Capital and Financial Account	**3.3**	**2.8**
Overall Surplus/(Deficit)	**2.6**	**0.6**

The Leading Article

A Monthly Indicator of Economic Activity in Egypt[1]

Introduction

Egypt's economic growth has experienced a recovery over the period from FY 2005/06 to FY 2007/08, with the facilitation of institutional reforms and an attractive investment climate. The real GDP growth increased from an average of 4% over the period FY 2002/03-FY 2004/05, to an average of 7% over the period FY 2005/06 - FY 2007/08. The boost in growth was driven by the domestic economy, especially the sectors of manufacturing, construction, trade, communications and transportation sectors; as well as the external economy including the Suez Canal and tourism sectors. In FY 2008/09 and the first half of FY 2009/10, as a repercussion of the financial crisis, the growth plunged to 4.7% due to a relative slowdown in the domestic economy - mainly manufacturing and construction - and a pronounced drop in the external sectors.

The national accounts of Egypt are compiled in annual and quarterly frequencies which is the case in most countries. The official statistics of annual GDP data are available since the 1980's, while the quarterly GDP data have not been published before FY 2001/02. Therefore, a higher-frequency measure of real economic activity is needed to help policymakers monitor economic developments; and allow ample observations for economic research. A common resort for national statistical agencies is to use a mathematical or statistical procedure to transform the low-frequency series into higher frequency observations. This procedure is known as temporal disaggregation for flow and index variables or interpolation for stock variables.

The purpose of this paper is to construct a monthly measure of real economic activity in Egypt by disaggregating the quarterly real GDP series. The paper proceeds as follows: the first section briefly reviews the literature. The second section introduces the methodology used in the paper. The third section presents the results of some data inspection. The fourth section highlights the findings of temporal disaggregation and out-of-sample performance. The final section draws conclusions.

1. Literature Review

The theoretical literature has outlined two alternative approaches to the temporal disaggregation of a single time series. The first one is the purely mathematical or time series model such as the smoothing technique of Boot,

[1] Prepared by Mariana Rizk, economic researcher at the the CBE - the Economic Research Dept., and supervised by senior researchers at the Dept.

Feibes and Lisman (1967) and the ARIMA model of Wei and Stram (1990). The second approach includes methods that make use of related indicators observed at the desired high frequency, such as the static regression-based method of Chow-Lin (1971) and its variants by Fernández (1981) and Litterman (1983). Recent developments in the literature extend the regression methods to include a dynamic component such as Salazar et al. (1997), Santos Silva and Cardoso (2001), Di Fonzo (2003) and Proietti (2006). Empirically, many national statistical institutes have introduced the Chow-Lin technique in its estimation of quarterly national accounts due to its flexibility with multiple related series, its international acceptance and the reliability of its results (Di Fonzo, 2003). Moreover, many empirical applications adopted the Chow-Lin procedure or one of its variants, due to its dependence on a relatively simple regression technique and a single autoregressive parameter (Hall and McDermott, 2007).

Quillis (2005), Chen (2007) and Hall and McDermott (2007) estimated the quarterly GDP series by disaggregating the annual data of Spain, the Unites States and New Zealand respectively. Abeysinghe and Rajaguru (2004) did the same for China and the ASEAN four countries (Indonesia, Malaysia, Philippines and Thailand) using the Chow-Lin methodology or one of its variants. These studies used the recently published quarterly series as a benchmark to judge the quality of their estimates.

Bruno et al. (2005) estimated the monthly GDP series for the United States, Japan, Germany, France, United Kingdom, Italy, Canada and the Euro area, by disaggregating the quarterly GDP. The authors employed an out-of-sample forecasting procedure to judge the reliability of their monthly estimates, by ruling out a subsample of the available quarterly observations and evaluating a forecast comparison criterion.

For Egypt, Ismail et al. (2006) disaggregated the annual nominal GDP and the annual GDP deflator, using different disaggregation techniques over the period 1982-2005. The set of quarterly indicators for the nominal GDP included the Suez Canal receipts, Brent petroleum price, nominal exports and imports, M1 stock, nominal exchange rate, discount interest rate, and a trend variable. The results show that the Chow-Lin estimates are superior to those of Fernandez and Litterman; based on the criteria of root mean squared errors and mean absolute deviations.

Moursi et al. (2006) estimated a monthly real GDP series for Egypt from annual GDP data over the period 1981-2005 using the Litterman (1983) methodology. The set of monthly related series include Brent petroleum price, real exports and imports, real Suez Canal receipts, real M1 stock, real quasi-money and the real exchange rate (with respect to the US CPI). The authors deflated the nominal indicators using the wholesale price index (WPI).

Against this background, this paper adopts the Chow-Lin (1971) methodology to estimate the monthly real GDP series from quarterly GDP data over the period 2001:Q3-2010:Q1. The set of related series is chosen in the light of some considerations. First, the set includes monthly indicators compiled initially in real terms, to avoid any intermediate estimation errors related to deflating the indicators, particularly because the WPI series has not been published since 2007 and the CPI series manifests several computational breaks. Second, the set of indicators has been chosen so as to represent the economic activity in the most dynamic sectors of the economy, such as industry, mining, tourism, Suez Canal, transportation and financial services. Third, since the sample is inclusive of the recent global crisis period, the indicators of the highly vulnerable sectors exhibited severe breaks that led ultimately to their exclusion from the analysis.

2. Chow-Lin Methodology

Chow and Lin (1971) introduced their regression-based technique initially to transform a quarterly time series into monthly frequency. They based their technique on a hypothetical relationship between the unobserved target monthly series y_m and one or more observed monthly indicators represented as follows:

$$y_m = X_m\beta + u_m$$

where y_m is an (n×1) vector of unobservable monthly GDP, X_m is an (n×K) matrix of K monthly indicators, β is a (K×1) vector of unknown coefficients and u_m is an (n×1) vector of stochastic errors with conditional mean zero and conditional variance-covariance matrix V_m.

If there are T quarterly observations of GDP, then the number of monthly observations n is either equal to 3T or more than 3T in case of extrapolation (forecasting an unobserved quarterly GDP figure using observations of monthly indicators).

If C is a (T×n) aggregation matrix, then multiplying C by any monthly matrix (n×1) will yield a quarterly matrix (T×1).

$$C=\begin{bmatrix} 1 & 1 & 1 & 0 & 0 & 0 & \dots & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 1 & 1 & 1 & \dots & \vdots & \vdots & \vdots & \vdots & \vdots & \vdots \\ \vdots & \vdots & \vdots & \vdots & \vdots & \vdots & \dots & 1 & 1 & 1 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 0 & 0 & \dots & 0 & 0 & 0 & 1 & 1 & 1 \end{bmatrix}$$

Then the Chow-Lin monthly relationship can be represented in the quarterly frequency as follows:

$$y_q = X_q\beta + u_q$$

where $y_q = Cy_m$, $X_q = CX_m$ and $u_q = Cu_m$.

Chow and Lin adopted a certain structure for the variance-covariance matrix V_m to implement two steps: (1) obtain a Best Linear Unbiased Estimate (BLUE) solution for the coefficient vector by applying the Generalized Least Squares (GLS) estimation method to the quarterly regression and, (2) obtain the monthly residuals by disaggregating the quarterly residuals u_q.

(1) $\hat{\beta}_{GLS} = \left[X_q'(CV_mC')^{-1}X_q\right]^{-1}X_q'(CV_mC')^{-1}y_q$

where $CV_mC' = V_q$.

(2) $u_m = V_mC'(CV_mC')^{-1}u_q = V_mC'(CV_mC')^{-1}(y_q - X_q\hat{\beta}_{GLS})$

Given (1) and (2), the BLUE solution for monthly GDP by Chow-Lin (1971) is:

$$\hat{y}_m = X_m\hat{\beta}_{GLS} + V_mC'(CV_mC')^{-1}(y_q - X_q\hat{\beta}_{GLS})$$

The key assumption behind the variance-covariance matrix of Chow-Lin is that the u_m follows a stationary AR(1) process without drift:

$$u_t = \rho u_{t-1} + \varepsilon_t \qquad |\rho| < 1$$

where ε_t is a white noise process; E(ε_t) = 0 and E(ε_t^2) = σ^2.

Accordingly, the variance-covariance matrix V_m takes the form:

$$V_m = \frac{\sigma^2}{1-\rho^2}\begin{bmatrix} 1 & \rho & \rho^2 & \dots & \rho^{n-1} \\ \rho & 1 & \rho & \dots & \rho^{n-2} \\ \rho^2 & \rho & 1 & \dots & \rho^{n-3} \\ \vdots & \vdots & \vdots & \vdots & \vdots \\ \rho^{n-1} & \rho^{n-2} & \rho^{n-3} & \dots & 1 \end{bmatrix}$$

If the autoregressive parameter ρ is equal to zero, then the V_m matrix collapses to $\sigma^2 I_n$ and the BLUE solution of the coefficient vector can be obtained by OLS.

Therefore, the Chow-Lin estimates of the high-frequency series are reliable only if the error process u_m is stationary or, equivalently with integrated processes, if the GDP and the related indicators are cointegrated. If this is not the case, then the GDP and related series should be differenced before temporal disaggregation as in Fernandez (1981) and Litterman (1983).

Empirically, most economic time series are integrated processes. Therefore, two approaches are used in the literature to test the necessary condition of Chow and Lin. The first is by testing for integration and cointegration for the low-frequency variables as in Abeysinghe and Rajaguru (2004) and Bruno et al (2005). The second approach tests for the stationarity of the high frequency residuals using Engel-Granger procedure as in Hall and McDermott (2007). The underlying notion is that integration and cointegration are unchanged by temporal disaggregation (Marcellino, 1999).

3. Data Inspection

This section aims to identify the features of the individual time series through graphical investigation and testing for unit roots. The data sample used comprises a set of monthly indicators and the official quarterly real GDP series. The GDP series is obtained from the national accounts statistics published by the Ministry of Economic Development and is consolidated to have a new base year at FY 2001/2002. The set of monthly indicators include 16 variables that measure economic activity in several economic sectors. The set is mainly restricted, except for some financial indicators, to variables that are collected in real terms. The monthly indicators are obtained from the Central Bank of Egypt and the Information and Decision Support Center (IDSC). By studying the graphical pattern of the related indicators (see chart A1 in the appendix) some observations are worth mentioning. (1) The oil extractions, oil products, and natural gas extractions witnessed a jump by the end of year 2005 with the launch of two export projects for liquefied natural gas (LNG). (2) The variables regarding railway cargo and passengers show a downward trend during the study period possibly due to the network's limited coverage of the expanding industrial, commercial and entertainment areas. (3) All Suez Canal variables (oil, non-oil and total cargo) exhibited a severe drop in the aftermath of the recent global crisis with the retreat in international trade and economic activity.

(4) The value of messages executed via the 'Local SWIFT service' jumped in 2009 with the inclusion of corridor transactions and deposits for monetary policy purposes into the variable. Moreover, the value of automated clearing house cheques exhibits a structural break due to the introduction of an electronic clearing system in January 2006. To conclude, being a developing country, Egypt is subject to frequent structural changes and developments that reflect on the time series features of its well-tracked indicators. The availability of short samples of data exaggerates these effects.

The paper uses the Augmented-Dickey-Fuller (ADF) and the Dickey-Fuller-Generalized-Least-Squares (DF-GLS) tests to identify the order of integration for the quarterly indicators and real GDP. The optimal lag is selected according to Akaike Information Criterion (AIC) and the Modified Akaike Information Criterion (MAIC) respectively.[1] The tests' results are not clear cut whether the order of integration is one or higher for most of the examined variables (see table A1 in Appendix). It is most likely that the low power of unit root tests and the small number of observations are the causes behind such indefinite results.

Based on the graphical investigation, the results of unit root tests and the findings of preliminary disaggregation attempts, the indicator list is reduced to the energy variables: oil and natural gas consumption (tons), electric energy production (kilowatt/hour), electric energy consumption (kilowatt/hour) and electric energy consumption of the industrial sector (kilowatt/hour), and tourist nights.

4. Temporal Disaggregation Results

The results are assessed in two stages; first, running the estimation for the period 2001:Q3-2007:Q4 and evaluating the simple statistics of the low-frequency GLS regression, such as the t-statistics and the R squared.

In the second stage, the out-of-sample forecasting procedure is used to judge the predictive power of the indicator choices (Bruno et al, 2005). The quality of the forecast will be assessed in two ways. In one procedure, the estimated disaggregation is used to extrapolate the whole forecast period without changing the low-frequency estimation period. In another procedure, the

[1] The ADF test is commonly used in the literature with the AIC and SC as criteria for lag selection. The DF-GLS test has higher power especially with the use of MAIC for lag selection (Elliott et al., 1996 and Ng Perron, 2001).

estimated disaggregation is used to extrapolate three months ahead (one-quarter forecast) of GDP, rolling through the period 2008:M1-2010:M3. The latter rolling procedure is repeated each time after adding a quarterly observation to the low-frequency estimation period.

The extrapolated values of monthly GDP are aggregated and compared to the observed value of real GDP using the root mean squared errors (RMSE) as an evaluation criterion. The indicator choice with the minimum RMSE is supposed to estimate the monthly real GDP with the highest accuracy.

A. Chow-Lin Regression Results

Several specifications are attempted; first by including only one related series and then combining two related series. For each attempt, the regression is run for the seasonal series and the seasonally adjusted series. The multiplicative x-11 procedure is used for seasonal adjustment.

With one related series (see tables 1 and 2), the coefficients of all indicators are individually significant at 5% level of significance. The seasonal regression in table 1 show that the R-squared is the highest for the electric consumption and electric production, followed by oil and natural gas consumption; and electric consumption of industry. However, the regression results for the seasonally adjusted series in table 2 show that the highest R-squared is for the oil and natural gas consumption, followed by electric production, electric consumption of industry and electric consumption respectively. It is obvious that the seasonal adjustment improves the R-squared for the energy variables, while it worsens it for the tourist nights.

The Engel-Granger test for cointegration shows that each related series is cointegrated with the real GDP except for the seasonally adjusted tourist nights. The estimate of the first-order autocorrelation coefficient (rho-hat) lies in the range of 0.23-0.81 for the seasonal regressions, and 0.59-0.96 for the seasonally adjusted regressions. The highest rho-hat belongs to the seasonally adjusted tourist nights.

Chow-Lin Regression Results with One Related Series,

Sample Period: 2001:Q3-2007:Q4

Table (1): Real GDP and Related Series are Seasonal

t-statistics	Electric Cons. of Industry	Electric Cons.	Electric Production	Oil & NG Cons.	Tourist Nights
Constant (β_0)	3.01	5.58	4.94	0.35	33.9
Slope (β_1)	15.08	17.89	18.21	14.73	11.34
$\hat{\rho}$	0.23	0.32	0.48	0.29	0.81
Adj. R^2	0.9	0.93	0.93	0.9	0.84
ADF stat**	-8.77	-7.5	-5.36	-8.95	-4.32

Table (2): Real GDP and Related Series are Seasonally Adjusted Using Multiplicative x-11 Procedure

t-statistics	Electric Cons. of Industry	Electric Cons.	Electric Production	Oil & NG Cons.	Tourist Nights
Constant (β_0)	4.79	6.83	5.4	2.19	25.88
Slope (β_1)	20.85	19.78	24.3	26.72	4.25
$\hat{\rho}$	0.81	0.84	0.79	0.59	0.96
Adj. R^2	0.95	0.94	0.96	0.97	0.41
ADF stat**	-4.15	-3.61	-3.84	-5.56	-3.52

Results are produced using the ECOTRIM software v. 1.01 of Eurostat.
**ADF statistic for the quarterly residuals with lag 0 in the first differences, no constant or trend. Critical value of MacKinnon (2010) for 26 observations, two integrated variables, a constant in the cointegrating equation, at 5% level of significance, is -3.581.

In the second stage, one of the energy variables is augmented with tourist nights. Note that 55% of the domestic consumption of natural gas in Egypt is used in generating electricity (IDSC database). This implies double counting or correlation between oil and natural gas consumption on the one hand and electric production or consumption on the other hand, when included in the same regression as related indicators.

The results in table 3 show that the coefficients of the energy variable and tourist nights are both significant in all seasonal regressions. The electric production equation has the highest adjusted R-squared, followed by electric consumption and oil and natural gas consumption. The Engel-Granger test for all seasonal regressions shows that the related series and real GDP are cointegrated. It is clear, however, that the addition of the tourist nights does not improve the adjusted R-squared of the one-related equation. For the seasonally adjusted regressions (see table 4), the R-squared is the highest for the seasonally adjusted oil and natural gas consumption equation. The Engel-Granger test fails to reject 'no cointegration' for electric consumption and electric production; while it rejects it for electric consumption of industry and oil and natural gas consumption.

Chow-Lin Regression Results with Multiple Related Series,
Sample Period: 2001:Q3-2007:Q4

Table (3): Real GDP and Related Series are Seasonal

t-statistics	Electric Cons. of Industry	Electric Cons.	Electric Production	Oil & NG Cons.
Constant (β_0)	5.73	6.16	6.02	3.82
Energy variable (β_1)	2.89	4.25	5.23	3.45
Tourist Nights (β_2)	6.71	5.74	3.74	5.56
$\hat{\rho}$	0.75	0.78	0.75	0.70
Adj. R^2	0.87	0.9	0.92	0.88
ADF stat**	-5.17	-5.46	-4.4	-5.51

Table (4): Real GDP and Related Series are Seasonally Adjusted Using Multiplicative x-11 Procedure

t-statistics	Electric Cons. of Industry	Electric Cons.	Electric Production	Oil & NG Cons.
Constant (β_0)	4.39	6.9	6.49	3.38
Energy variable (β_1)	9.47	10.11	11.84	9.64
Tourist Nights (β_2)	1.61	2.61	3.85	2.28
$\hat{\rho}$	0.85	0.90	0.90	0.74
Adj. R^2	0.93	0.93	0.94	0.95
ADF stat**	-4.08	-3.22	-3.5	-4.9

**Critical value of MacKinnon (2010) for 26 observations, three integrated variables, a constant in the cointegrating equation, at 5% level of significance, is -4.084.

B. Forecast Performance

This section examines the predictive power of the relationships with single and multiple related series, in both the seasonal and seasonally adjusted forms.

In the first forecasting procedure the estimation period is unchanged and is used to estimate the monthly real GDP for the whole forecast period 2008:M1-2010:M3. The root mean squared errors between the aggregated monthly estimates and the observed real GDP figures show that the models that include the consumption of oil and natural gas (with and without tourist nights) produce the best forecasts (see table 5). The seasonally adjusted estimates are superior to the seasonally unadjusted estimates. Moreover, the models with the single related series produce more accurate estimates of real GDP than those with multiple related series, except for the seasonal oil and natural gas consumption. These results are consistent with the lower R-squared of the multiple related series regressions and the poor evidence of cointegration for the multiple regressions of electric consumption and electric production (in their seasonally adjusted forms).

Table (5): Forecast Evaluation Using a Fixed Estimation Period 2001:Q3-2007:Q4

Root Mean Squared Errors in Level (000)	Oil and NG Cons.	Electric Cons.	Electric Prod.	Oil and NG Cons. & Tourist Nights	Electric Cons. & Tourist Nights	Electric Prod. & Tourist Nights
Seasonal	3,994,350	4,130,826	5,494,621	3,628,069	5,262,122	6,312,191
Multi. x-11	1,338,824	2,928,711	2,335,384	1,695,855	4,002,028	3,463,940

In the second forecasting procedure, the base estimation period is augmented with an actual quarterly observation and used to forecast the monthly real GDP for three months ahead (one aggregated quarter). This latter procedure is expected to better meet the needs of the policymaker and make use of the latest developments in the economy. The root mean squared errors in table (6) show that the models that include the seasonally adjusted electric consumption as related series are superior in forecast accuracy to the models that include the seasonally adjusted oil and natural gas consumption. Moreover, the deviations from the actual GDP figures are lower using the rolling procedure, except for the seasonally adjusted oil and natural gas consumption.

Table (6): Forecast Evaluation Using a Rolling Procedure

Root Mean Squared Errors in Level (000)	Oil and NG Cons.	Electric Cons.	Electric Prod.	Oil and NG Cons. & Tourist Nights	Electric Cons. & Tourist Nights	Electric Prod. & Tourist Nights
Seasonal	3,853,183	3,818,387	4,973,653	2,935,472	3,971,896	4,384,109
Multi. x-11	1,485,325	1,309,480	1,672,816	1,558,901	1,379,037	1,623,661

In chart (1), compared to the quarterly real GDP growth rates (using the seasonally adjusted consumption of oil and natural gas as the related series), the aggregated monthly estimate of real GDP proves to be consistent with the actual figures during the period 2008:Q1 to 2009:Q3. However, in 2009:Q4, the year-over-year growth rate is overestimated at 7%, though actually it has not exceeded 5%. Since the forecast period is basically composed of the downturn resulting from the financial crisis and the following recovery period, the model has been able to predict the turning point in 2008:Q1, but was delayed by one quarter in predicting the recovery in 2008:Q4. For electric consumption in chart (2), though the deviations are smaller for the rolling procedure, the disaggregation using the fixed estimation period was able to better predict the pattern of development in economic activity during the forecast period.

Quarterly y-o-y Growth Rates of Real GDP and Aggregated Estimates of Monthly GDP (Seasonally Adjusted)

Chart (1): Out-of-sample Forecast Using Oil and Natural Gas Consumption as Related Series

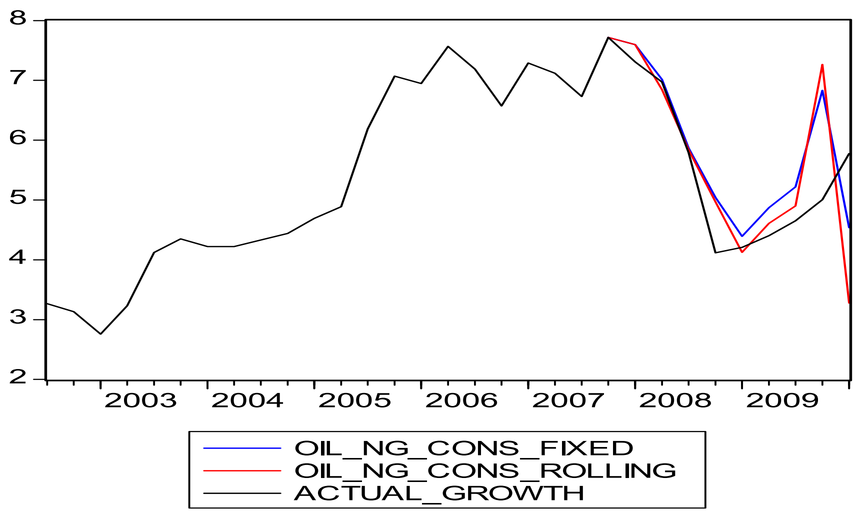
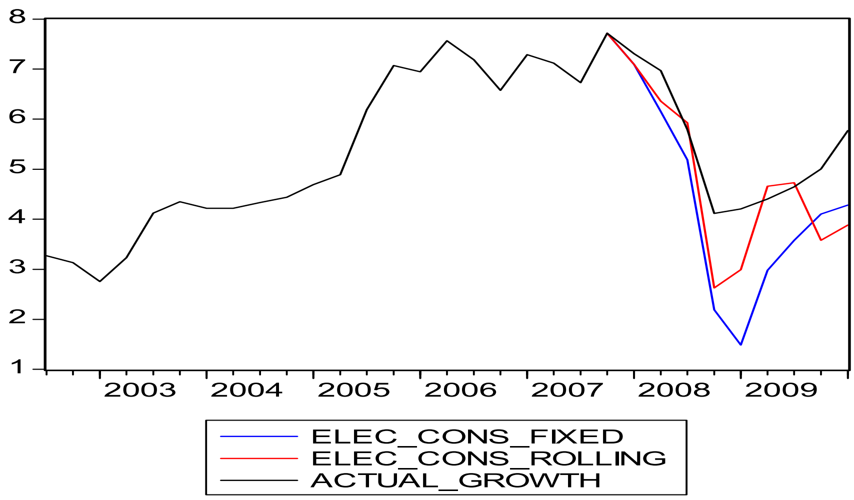


Chart (2): Out-of-sample Forecast Using Electric Consumption as Related Series



5. Conclusions and Future Research

The temporal disaggregation of the quarterly real GDP using the Chow-Lin methodology yields favorable results when oil and natural gas consumption or electric consumption is used as related series. The oil and natural gas consumption variable includes the industrial, commercial and household uses. In this sense, it accounts for the developments of economic activity from the demand side. On the other hand, it can account for manufacturing activity and electric energy production from the supply side (energy being a cost of production). Similarly, the electric consumption variable includes all uses of electricity by the industrial, household and commercial sectors.

The strength of the disaggregation model lies in its ability to predict the timing of the recession and recovery during the past two years. However, the indefinite results of the unit root tests suggest the application of Fernandez and Litterman methodologies in future research.

References:

Abeysinghe, T. and Lee, C. (1998), Best Linear Unbiased Disaggregation of Annual GDP to Quarterly Figures: The Case of Malaysia, Journal of Forecasting, 17, 527-537.

Abeysinghe, T. and Rajaguru, G. (2004), Quarterly Real GDP Estimates for China and ASEAN4 with a Forecast Evaluation, Journal of Forecasting, 23, 431–447.

Boot J., Feibes, W. and Lisman, J. (1967), Further Methods of Derivation of Quarterly Figures from Annual Data, Cahiers Economiques de Bruxelles, 36, 539-546.

Bruno, G., Di Fonzo,T., Golielli, R. and Parigi, G.(2005), Short-run GDP Forecasting in G7 Countries: Temporal Disaggregation Techniques and Bridge Models, Workshop on Frontiers in Benchmarking Techniques and their Application to Official Statistics, Luxembourg.

Chen, B. (2007), An Empirical Comparison of Methods for Temporal Distribution and Interpolation at the National Accounts, Bureau of Economic Analysis

Chow, G. and Lin, A. (1971), Best Linear Unbiased Interpolation, Distribution, and Extrapolation of Time Series by Related Series, The Review of Economics and Statistics, 53, 4, 372-375.

*Di Fonzo, T. (2003), Temporal Disaggregation of Economic Time Series: Towards a Dynamic Extension, Working Papers and Studies 2003 Edition, Office for Official Publications of the European Communities, Luxembourg. ECOTRIM software, available online at:
http://circa.europa.eu/Public/irc/dsis/ecotrim/library*

*Fernández R. (1981), A Methodological Note on the Estimation of Time Series, The Review of Economics and Statistics, 63, 471-478.
Hall, V. and McDermott, J. (2007), A Quarterly Post-World War II Real GDP Series for New Zealand Motu Economic and Public Policy Research, Working Paper 07-13.*

Information & Decision Support Center (IDSC) Database.

Ismail, M., Abdelmegeed, S. and Youssef, N. (2006), Temporal Disaggregation of Some Egyptian Time Series, Information & Decision Support Center (IDSC),

Litterman R. (1983), A Random Walk, Markov Model for the Distribution of Time Series, Journal of Business and Economic Statistics, 1, 169-173.

MacKinnon, J. (2010), Critical Values for Cointegration Tests, Queen's Economics Department, Working Paper No. 1227.

Marcellino M. (1999), Some Consequences of Temporal Aggregation in Empirical Analysis, Journal of Business and Economic Statistics, 17, 129–136.

Mazzi, G. L., Moauro, F. and Savio, G. (2005), Theory and Applications of Univariate and Multivariate Models for Temporal Disaggregation, Working Papers and Studies 2005 Edition, Office for Official Publications of the European Communities, Luxembourg.

Moursi, T. A., El Mossallamy, M., and Zakareya E. (2006), A Review of Contemporary Monetary Policy in Egypt, The Egyptian Cabinet -Information & Decision Support Center (IDSC).

Proietti, T. (2006), Temporal Disaggregation by State Space Methods: Dynamic Regression Methods Revisited, Econometrics Journal, Royal Economic Society, 9(3), 357-372.

Salazar, E., Smith, R. and Weale, M. (1997), Interpolation Using a Dynamic Regression Model: Specification and Monte Carlo Properties, NIESR Discussion Paper No, 126.

Santos Silva, J. and Cardoso, F. (2001), The Chow-Lin Method Using Dynamic Models, Economic Modelling, 18, 269-280.

Wei, W. and Stram, D. (1990), Disaggregation of Time Series Models, Journal of the Royal Statistical Society. Series B (Methodological), 52, 3, 453-467.

Appendix

Chart A1: Monthly Indicators in Quarterly Frequency

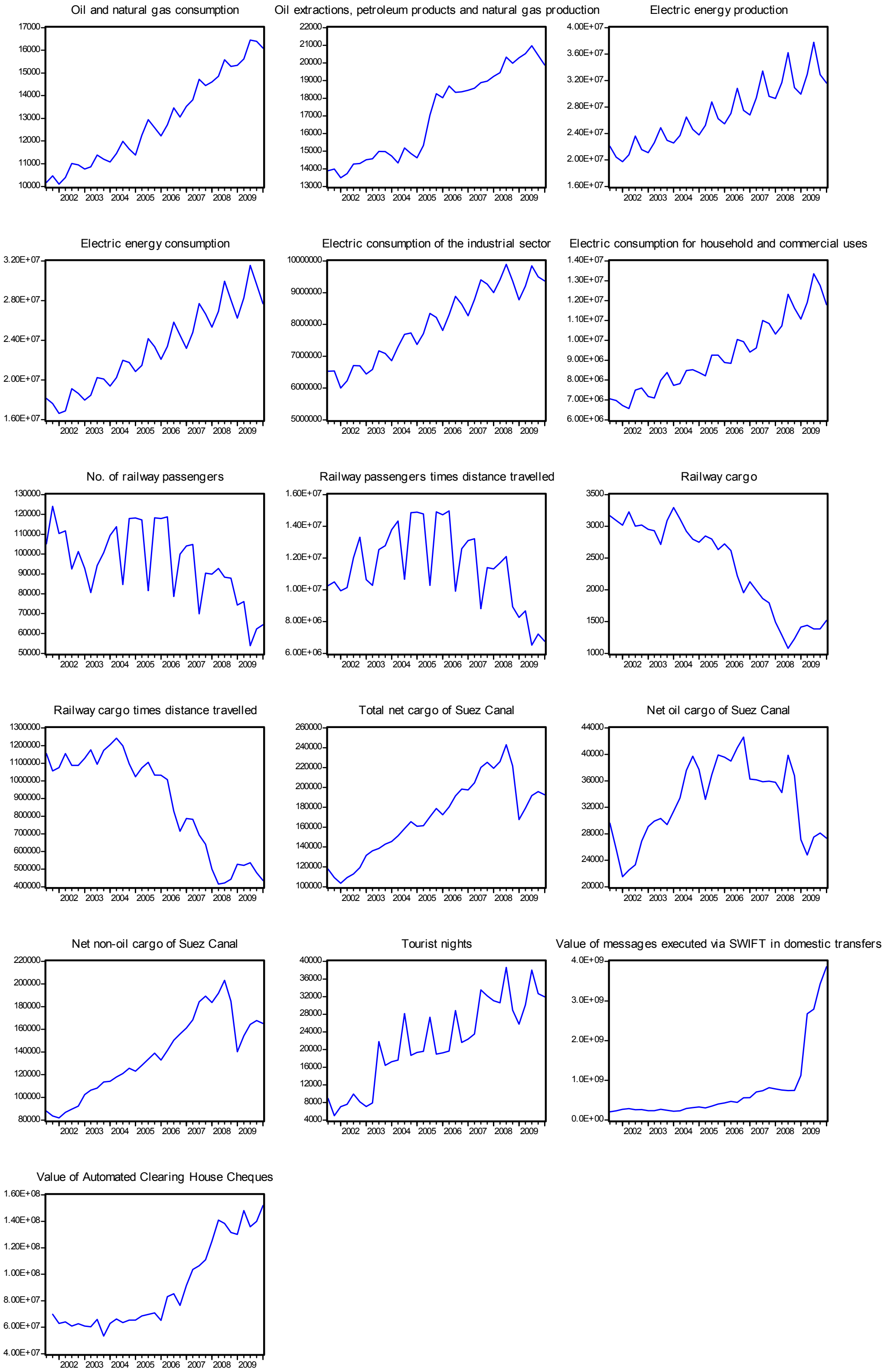


Table (A1): Unit Root Tests for Quarterly GDP and Quarterly Indicators over the Period 2001:Q3-2010:Q1

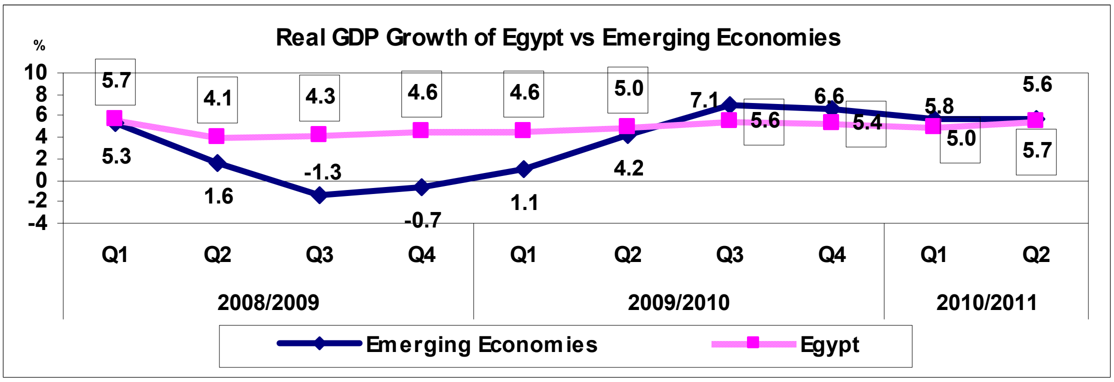
	ADF t-Stat (AIC)		DF-GLS Test Statistic (MAIC)	
Null Hypothesis:	Detrended series has a unit root	First difference has a unit root	GLS detrended series has a unit root	First difference has a unit root
Energy (Production & Consumption)				
Oil and natural gas consumption	-2.04	-2.30	-1.38	-6.43***
Oil extractions, petroleum products and NG production	-2.52	-4.74***	-2.05	-4.74***
Electric energy production	-1.17	-2.66*	0.04	-0.04
Electric energy consumption	-2.99	-2.95**	-0.16	-0.04
Electric consumption of the industrial sector	-3.49*	-3.63***	-0.85	-0.47
Electric consumption for household and commercial uses	0.48	-1.26	-0.17	0.35
Transportation/Internal Trade				
No. of railway passengers	-0.53	-7.67***	-0.93	-0.72
Railway passengers times distance travelled	-0.68	-6.86***	-0.77	-0.21
Railway cargo	-2.26	-4.51***	-1.88	-5.07***
Railway cargo times distance travelled	-2.58	-4.53***	-1.65	-4.18***
Suez Canal				
Total net cargo of Suez Canal	-2.74	-2.83*	-1.26	-0.86
Net cargo of oil ships	0.93	-5.63***	-1.29	-0.94
Net cargo of non-oil ships	-4.43***	-3.83***	-0.18	-0.44
Tourism				
Tourist nights	-3.18	-3.70***	-1.57	-0.81
Financial Transactions				
Value of messages executed via SWIFT in domestic transfers	2.28	0.98	0.01	-1.68*
Value of Automated Clearing House cheques	-2.29	-5.42***	-1.03	0.18
Real GDP	-2.65	-1.26	-1.08	0.63

*** Indicates the rejection of the null hypothesis at 1% level of significance, **5% level of significance and *10% level of significance.

1: Macroeconomic Performance

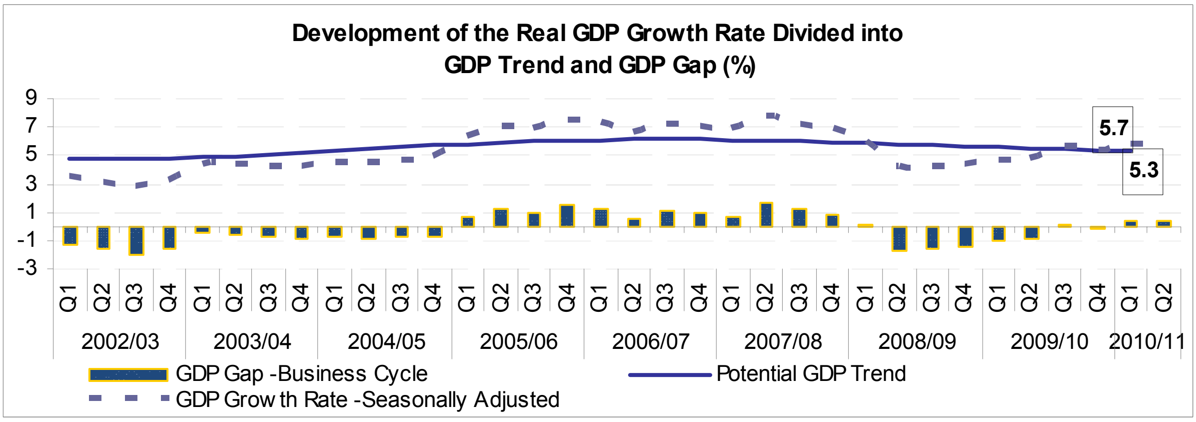
1/1- Gross Domestic Product (GDP)

In July/Dec. 2010/2011, the annual real GDP growth at factor cost noticeably improved, reaching 5.6 percent (against 4.8 percent in the corresponding period a year earlier). Interestingly, the rate achieved in the second quarter of FY 2010/2011 (5.7 percent) was comparatively higher than the estimated rate of the emerging economies combined (5.6 percent).



Source: Ministry of Economic Development.
J.P. Morgan, "Global Data Watch" March, 2011 for the emerging economies.

The chart below shows the long-term growth (potential GDP[1]) that registered 5.3 percent in the second quarter of 2010/2011, down by 0.4 percentage point below the actual rate of 5.7 percent (excluding the seasonal factor). The calculation is done by deriving the Trend Component of GDP growth rates, and a group of sectors, and comparing them to actual rates.



[1] Trend Component was calculated on the basis of the quarterly data of real GDP during 2001/2002-2010/2011. The approach of Hodrick-Prescott Filter (HP Filter) was applied to calculate the Trend Component or the Permanent Component, before deriving the Cyclical Component impact, which reflects, at the same time, the GDP gap and uncovers whether the economy suffers from overheating of inflationary pressures or not.

On the **supply** side, the rise in economic growth was mainly attributed to the higher contribution (4.6 points) of domestic demand driven-sectors. The manufacturing sector came in the forefront; followed by wholesale and retail trade; construction and building; agriculture; communications; and general government.

GDP Growth by Domestic and External Demand-Driven Sectors in July/Dec. 2010/2011

(Percentage Point)

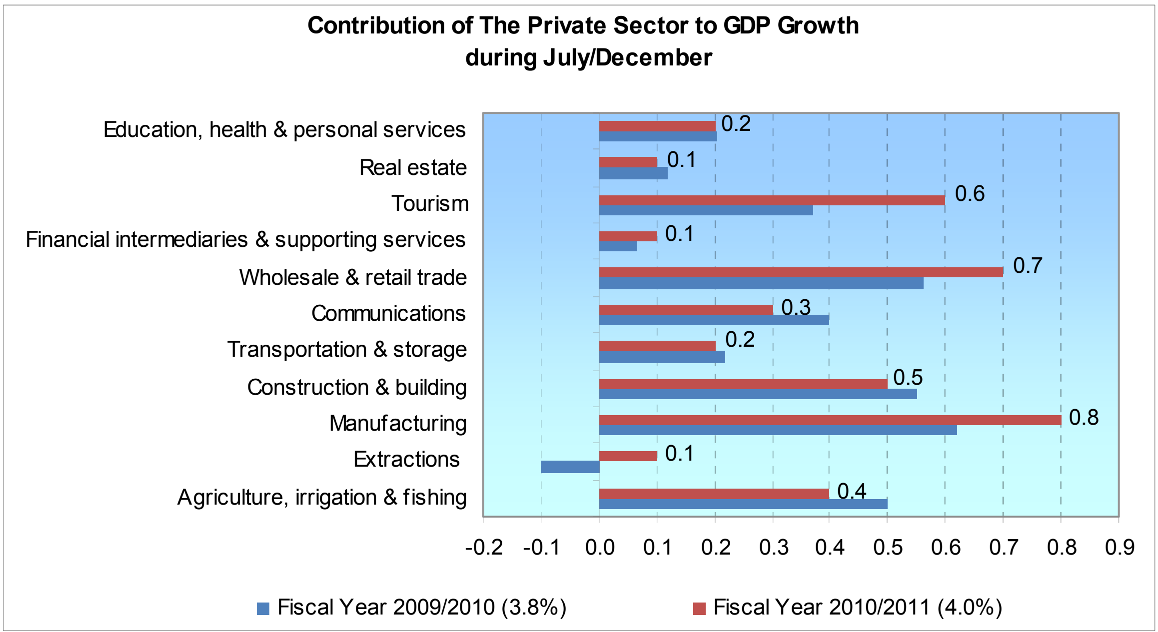
Domestic Demand-Driven Sectors		
Sector	**Growth Rate (%)**	**Share in Real GDP Growth (5.6%)**
Agriculture, irrigation and fishing	3.1	0.4
Manufacturing	6.1	0.9
Electricity	8.0	0.1
Construction and building	12.6	0.6
Transportation and storage	6.3	0.3
Communications	11.0	0.4
Wholesale and retail trade	6.3	0.7
Financial intermediaries & supporting services	4.9	0.2
General government	4.4	0.4
Other sectors		0.6
Total		**4.6**
External Demand- Driven Sectors		
Sector	**Growth Rate (%)**	**Share in Real GDP Growth**
Extractions	0.0	0.0
Suez Canal	11.1	0.4
Tourism	13.9	0.6
Total		**1.0**

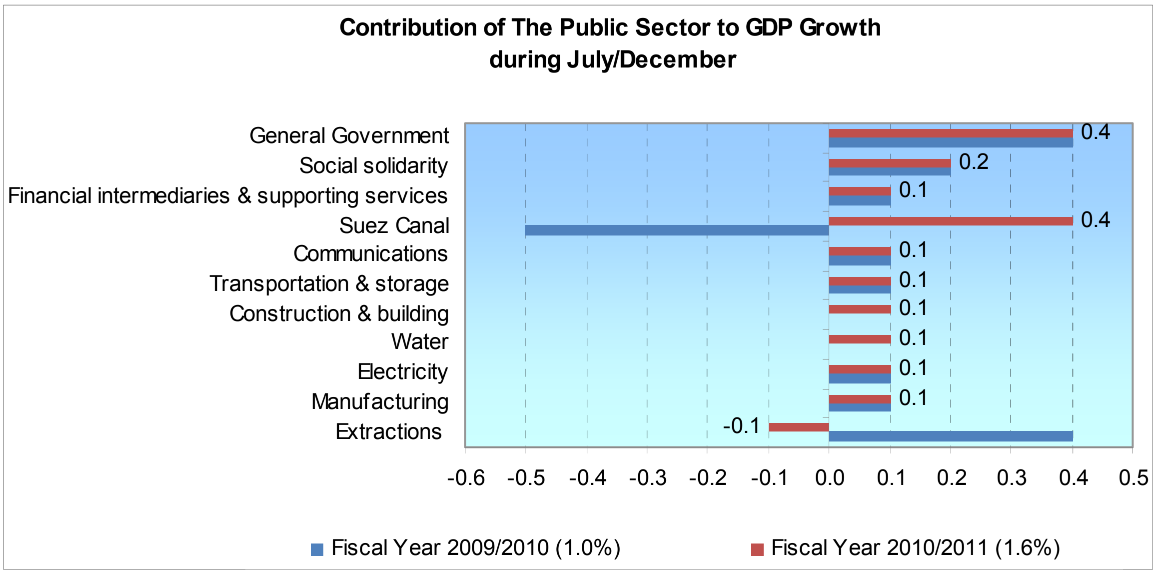
Source: Based on the Ministry of Economic Development data for July/Dec. 2010/2011.

The external demand-driven sectors added 1.0 point, mainly by tourism (0.6 point), and the Suez Canal (0.4 point). It is worthy to note here that the contribution of the Suez Canal shifted from negative (- 0.5 point) in the period of comparison, to positive in the reporting period, due to the recovery in the number of transiting ships and tolls. On the other hand, the extractions sector made no contribution in the period under review.

As to the public and private sectors' contribution to economic growth (5.6 points), the former added 1.6 point (against 1.0 point), while the latter added some 4.0 points (against 3.8 points), reflecting as such the vital role played by the private sector in promoting economic development.

At the level of the public sector, the main drivers of growth were the general government (salaries) and the Suez Canal. As to the private sector, the main contributors were manufacturing, wholesale and retail trade, tourism, construction and building, and agriculture.

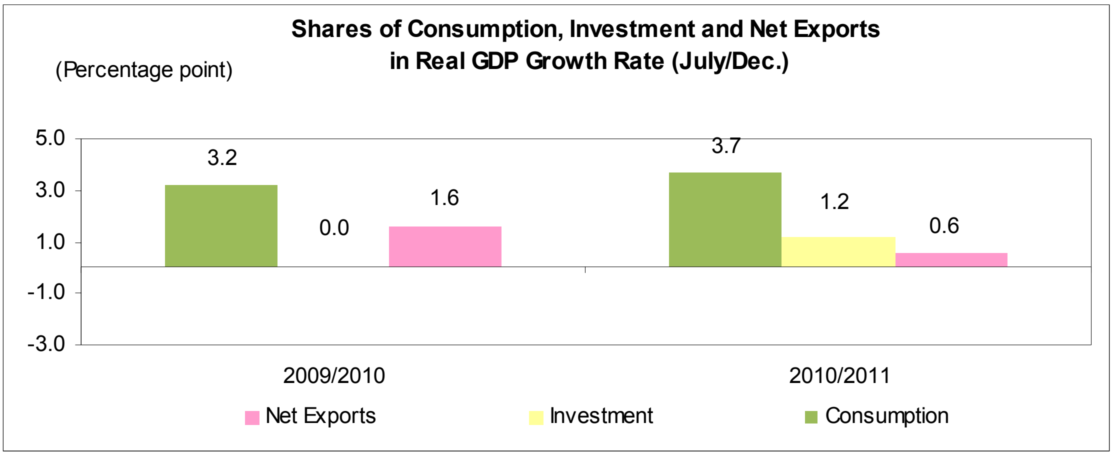




On the **demand** side, the upturn in real GDP growth at market prices (5.5 percent against 4.8 percent) was essentially contributed by the private consumption, which added 3.3 percentage points, or 60 percent of the overall growth (compared with 2.8 points in the corresponding period). Another key contributor was total investment (including change in stock), adding 1.2 percentage point (against nil), supported by stronger private investment. The higher share of domestic demand in GDP growth made up for the poor contribution of net external demand (exports of goods and services less imports of goods and services) which fell to 0.6 percentage point in the reporting period (from 1.6 percentage point in the period of comparison).

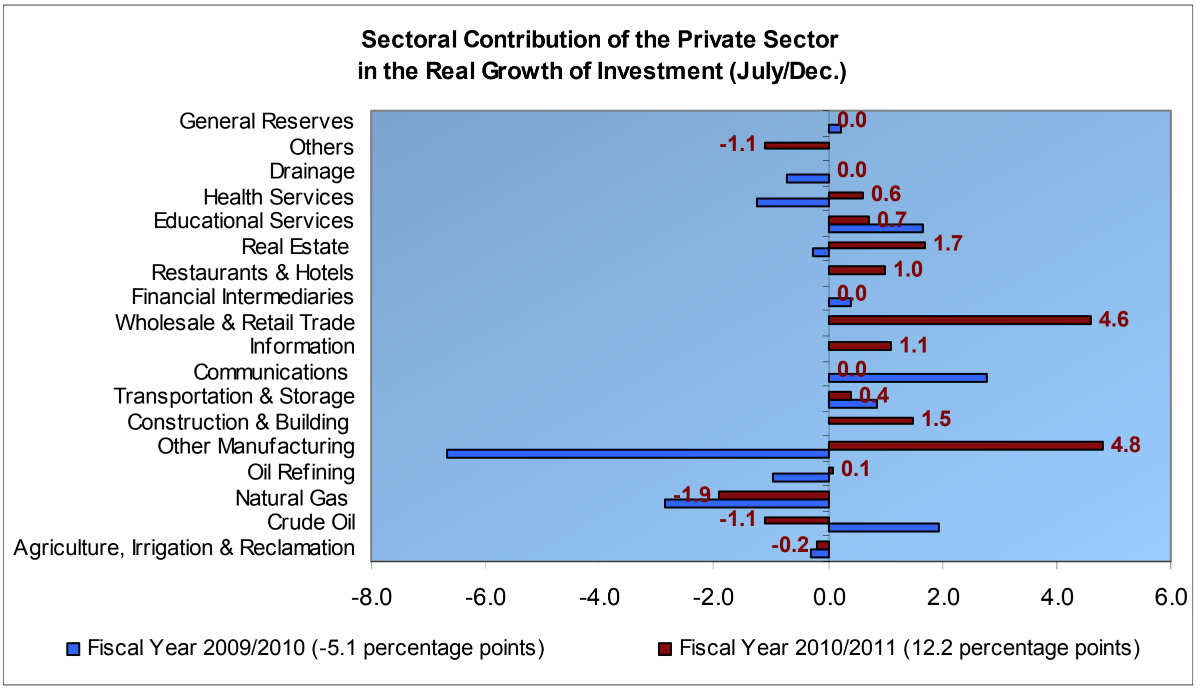
Share of Demand Components in Real GDP Growth in July/Dec.

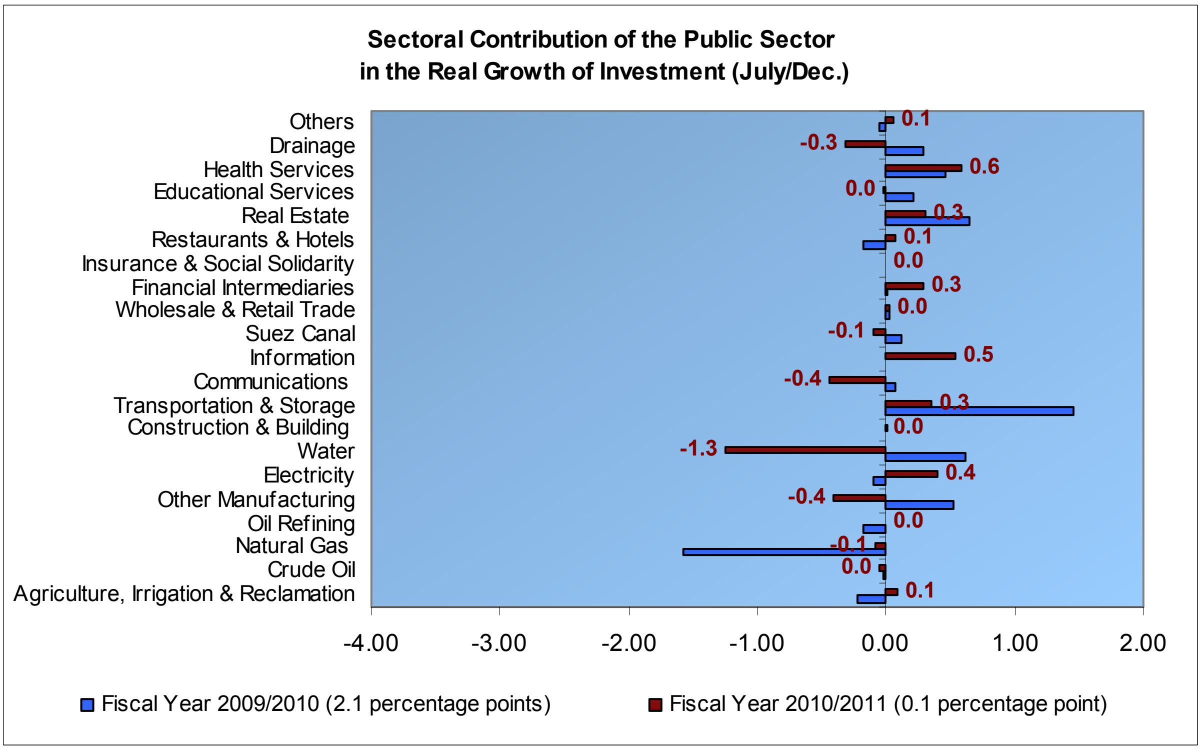
	Growth Rate in July/Dec. (%)		Share in GDP Growth in July/Dec. (percentage point)	
	2009/2010	2010/2011	2009/2010	2010/2011
Real GDP Growth	4.8	5.5	4.8	5.5
1- Domestic Demand	-	-	3.2	4.9
A- Final Consumption:	3.7	4.3	3.2	3.7
Private	3.6	4.4	2.8	3.3
Public	4.0	3.6	0.4	0.4
B- Capital Formation (including change in stock)	0.1	7.1	0.0	1.2
2- Net External Demand	0.0	0.0	1.6	0.6
A- Exports of goods & services	-10.1	12.5	-3.2	3.5
B- Imports of goods & services	-12.9	9.2	-4.8	2.9



Implemented investments (at 2006/2007 prices)* posted LE 81.2 billion, denoting a rise of 12.3 percent in the reporting period, against a decline of 3 percent in the period of comparison. The stronger growth of investments was mainly generated by the private sector (12.2 points against a negative 5.1 points), particularly manufacturing, construction and building, wholesale and retail trade, and tourism. However, the share of the public sector declined to 0.1 point (from 2.1 points in the period of comparison).

* Excluding the change in stock.





Breakdown of implemented investments (at constant prices) by economic sector during the period ran as follows: 16.9 percent in extractions, 15.6 percent in manufacturing, 5.4 percent in electricity, 2.9 percent in water, 3.1 percent in construction and building, 2.6 percent in agriculture and irrigation, 31.0 percent in productive services, and 22.5 percent in social services.

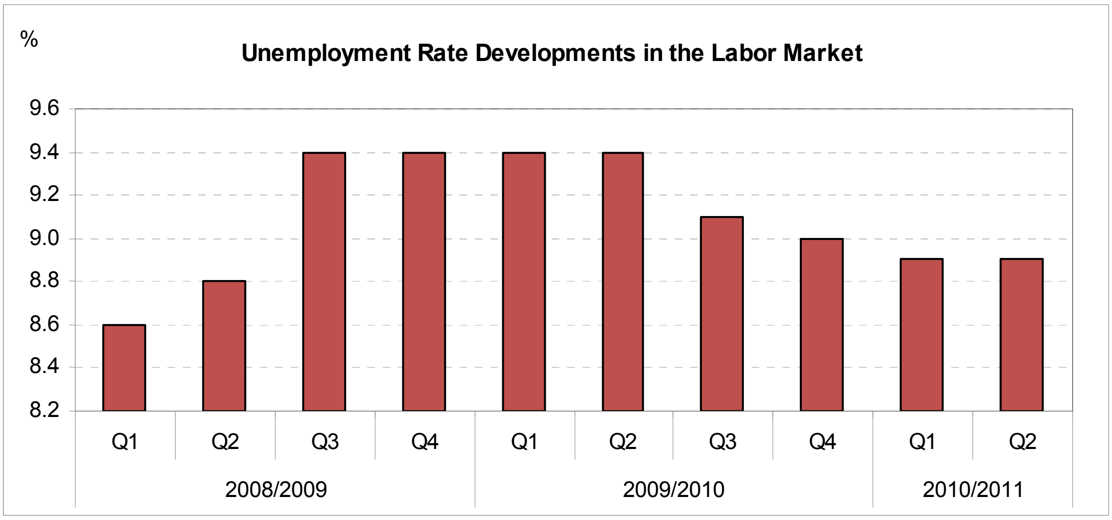
1/2- Employment and Unemployment

According to the follow-up data of the economic and social development plan in the first half of 2010/2011, unemployment decelerated from 9.4 percent to 8.9 percent, mainly due to the fall in male unemployment from 5.3 percent to 4.8 percent. In contrast, female unemployment remained broadly unchanged at 22.8 percent.

Developments in Unemployment Rates

FY	2008/2009				2009/2010				2010/2011	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Unemployment	8.55	8.84	9.37	9.42	9.36	9.40	9.12	8.96	8.94	8.92

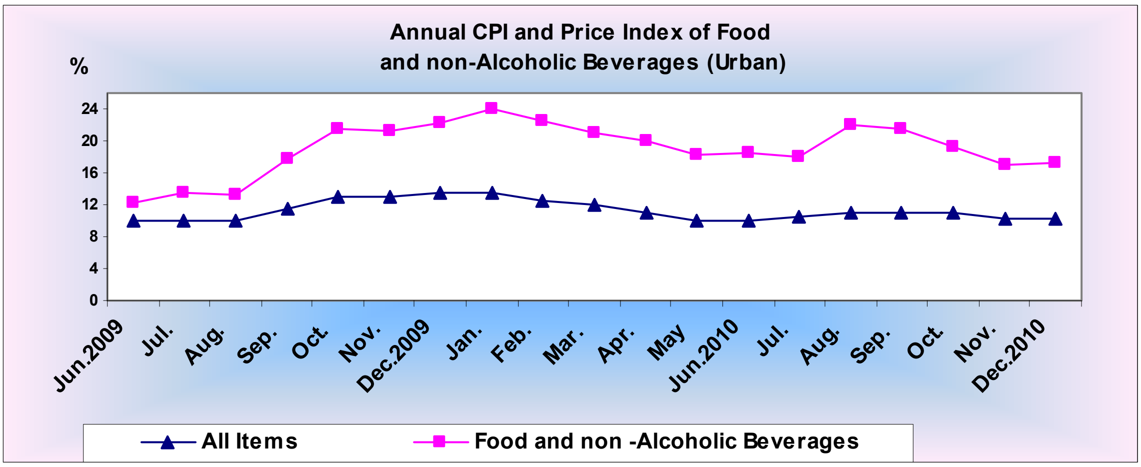
Source: Labor Force Survey, CAPMAS.



1/3- Inflation

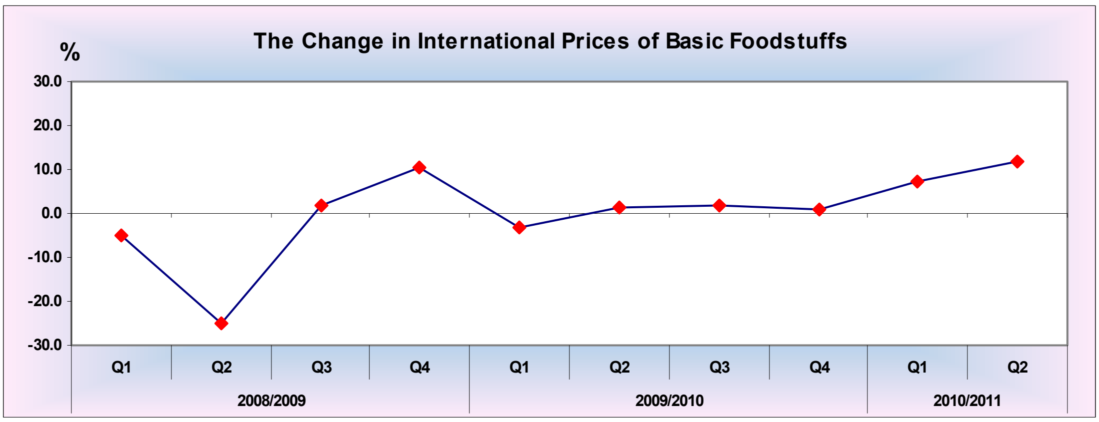
A- Consumer Price Index (CPI)

In July/December 2010/2011, annual CPI inflation (urban) inched up to 7.1 percent, from 6.9 percent in the previous corresponding period. The increase was largely pronounced in the prices of tobacco and narcotics, whose share in headline inflation surged to 1.0 percentage point (against nil in the corresponding period), following the rise in taxes on tobacco in July 2010.



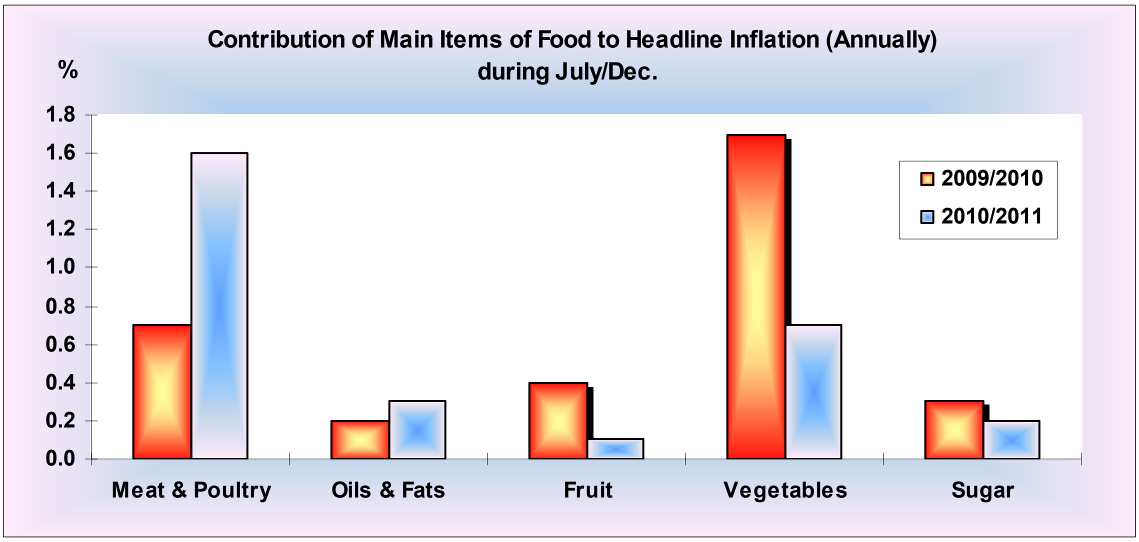
Source: CAPMAS.

The share of education in headline inflation rose to 1.1 point (from 0.4 point) and of restaurants and hotels to 0.5 point (from 0.2 point). By contrast, decreases were observed in the groups of miscellaneous goods and services (0.1 point from 0.6 point); housing, electricity and fuel (nil against 0.5 point); and food and non-alcoholic beverages (4.0 points against 4.2 points) driven by the fall in the prices of this group from 11.0 percent to 9.6 percent, even though international food prices accelerated by 11.8 percent in the second quarter of 2010 (compared with 1.3 percent in the corresponding quarter of 2009).



Source: IMF.

The low share of food and non-alcoholic beverages was largely manifest in vegetables (0.7 percentage point against 1.7 point), fruits (0.1 point against 0.4 point), sugar and confectionary (0.2 point against 0.3 point), and non-alcoholic beverages (nil against 0.1 point). Conversely, the share of meat and poultry increased from 0.7 point to 1.6 point.

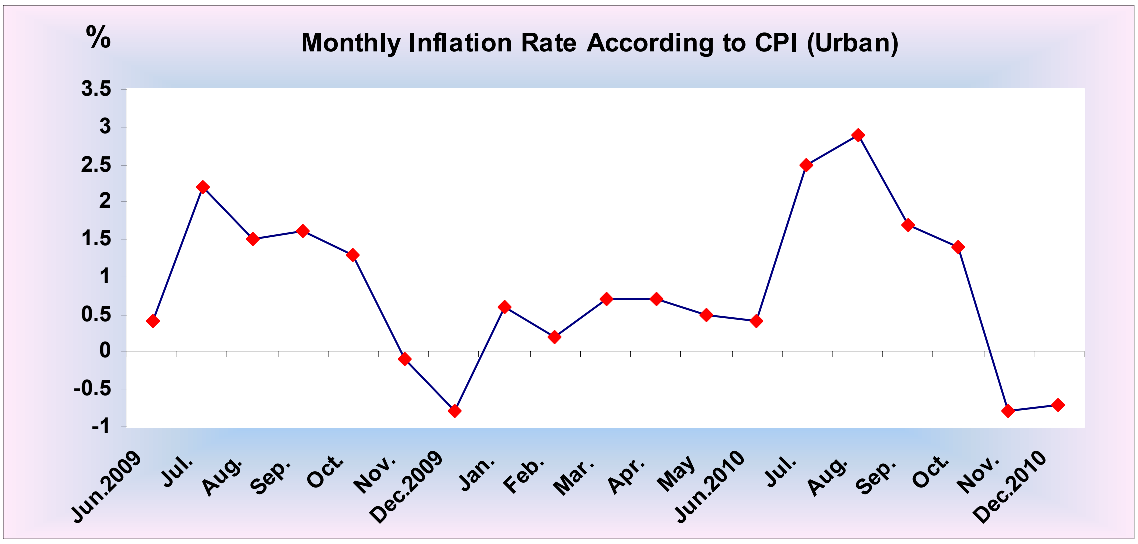


The following table illustrates the share of CPI groups (urban) in headline inflation during the periods of review and comparison:

Main CPI Groups	**Inflation Rate in July/December (%)**		**Share in Headline Inflation in July/December (Percentage Point)**	
	2009/2010	**2010/2011**	**2009/2010***	**2010/2011**
General Index	**6.9**	**7.1**	**6.9**	**7.1**
Food and non-alcoholic beverages	11.0	9.6	4.2	4.0
Alcoholic beverages, tobacco and narcotics	0.0	46.9	not available	1.0
Clothing and footwear	0.6	3.1	--	0.2
Housing, water, electricity, gas & fuel	2.6	0.2	0.5	0.0
Furnishings, household equipment and routine maintenance	0.7	1.1	not available	0.0
Health care	0.3	1.3	--	0.1
Transportation	0.4	0.6	--	0.0
Communications	0.0	0.0	--	0.0
Culture and recreation	0.5	3.2	--	0.1
Education	9.4	24.3	0.4	1.1
Restaurants and hotels	4.3	11.6	0.2	0.5
Miscellaneous goods & services	15.7	1.1	0.6	0.1

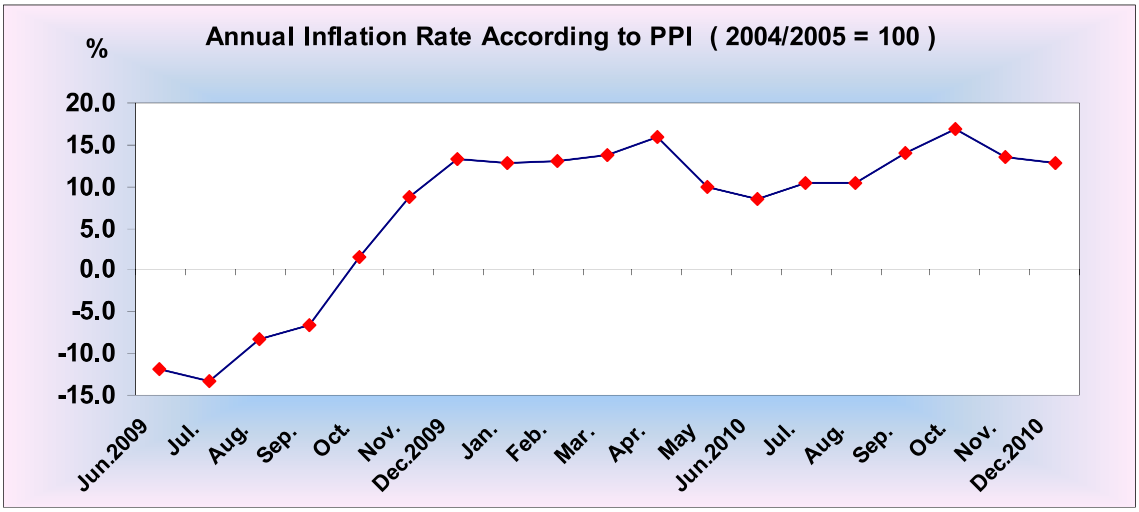
* CAPMAS has issued a new series of CPIs as of August 2010; data of the period of comparison is not available because of the change in weights in this series.

According to the CPI (urban), the monthly inflation rate peaked in July and August 2010, recording 2.5 percent and 2.9 percent, in order. That rise came on the back of the decision taken to raise taxes on tobacco (40.0 - 50.0 percent) effective 1st of July 2010. This is in addition to the price hikes of food and non-alcoholic beverages in July/September 2010. However, inflation turned negative in November and December (broadly the same level of November and December 2009).

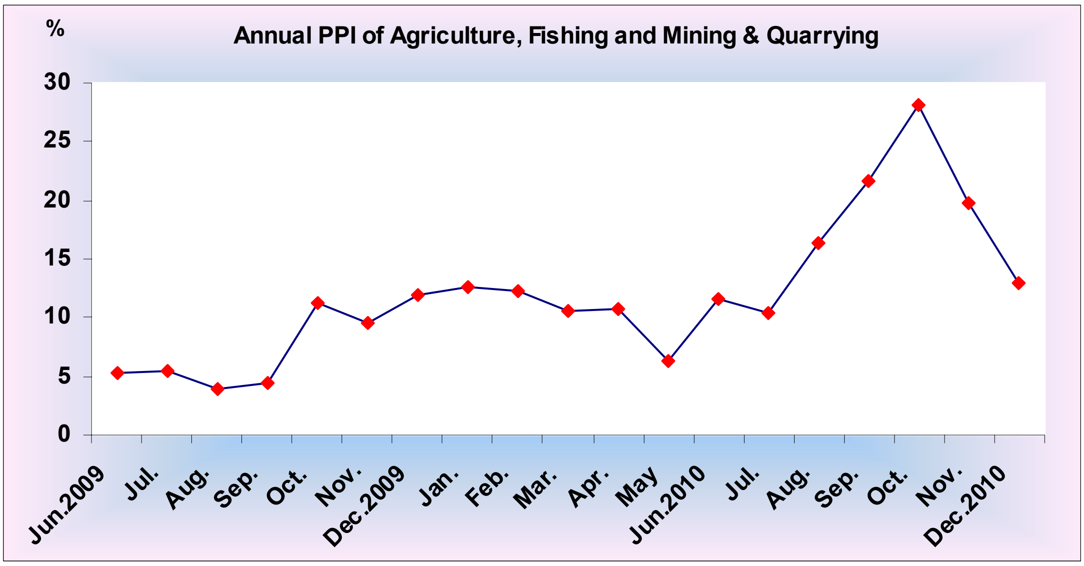


B - Producer Price Index (PPI)

The annual PPI inflation has also been on the rise, posting 8.7 percent, well above the 4.7 percent of the corresponding period.



About half of the rise in inflation was contributed by mining and quarrying (3.6 percentage points against 1.5 point); and manufacturing (2.2 points against 1.1 point), partly due to the larger contribution of both processed food products, and iron and steel industry. Rises were also seen in the group of agriculture and fishing, adding 2.3 points against 1.8 point because of the higher contributions of the following subgroups: cereals and leguminous crops (0.7 point against nil), rice (0.3 point against -0.2 point), fruits (0.4 point against -0.2 point), and fish (nil against -0.2 point). The large contribution of these groups was ascribed to the noticeable rise in the prices of most of them. However, the acceleration in inflation was somewhat curbed by the markedly lower contribution of vegetables (0.2 point against 2.2 points).



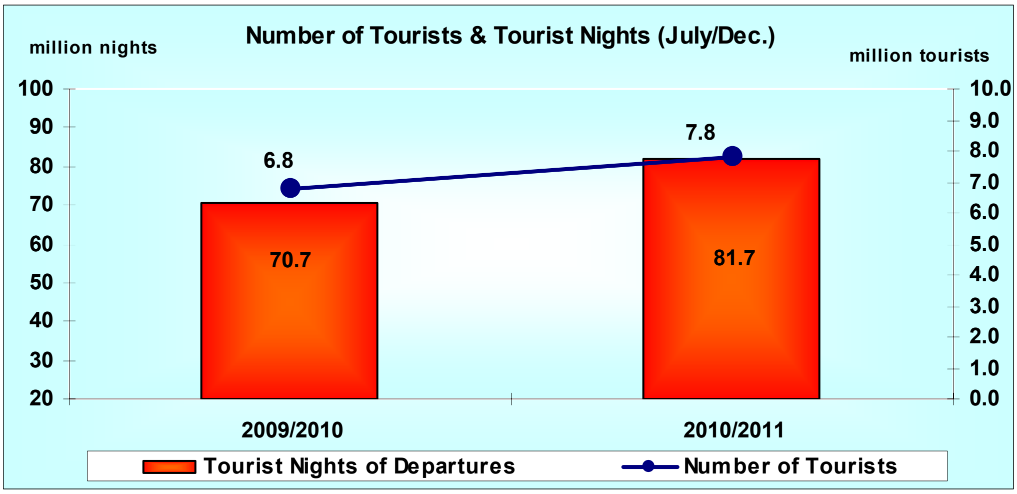
The following table shows inflation rates and the share of PPI groups in headline inflation during the periods of review and comparison:

Share of PPI Groups in Headline Inflation (2004/2005=100)

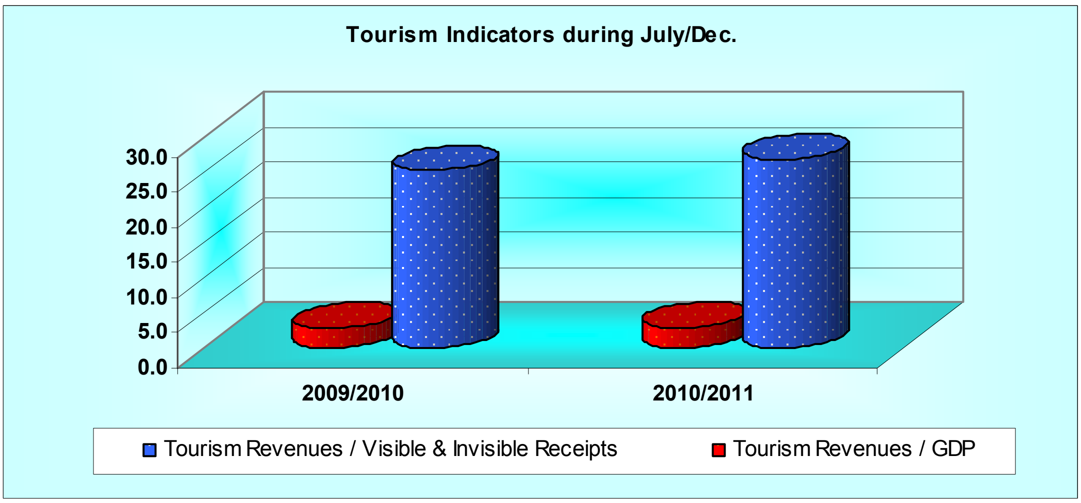
Main PPI Groups	Inflation Rate (%) July/Dec. 2009/10	Inflation Rate (%) July/Dec. 2010/11	Share in Headline Inflation (Percentage Point) July/ Dec. 2009/10	Share in Headline Inflation (Percentage Point) July/ Dec. 2010/ 11
General Index	**4.7**	**8.7**	**4.7**	**8.7**
1-Agriculture, Forestry and Fishing, of which:	**5.6**	**6.9**	**1.8**	**2.3**
Cereals and leguminous crops	0.0	19.1	0.0	0.7
Rice	-22.7	28.6	-0.2	0.3
Vegetables	40.9	2.7	2.2	0.2
Fruits	-2.3	6.5	-0.2	0.4
Poultry and eggs	5.8	-2.0	0.2	-0.1
Fish	-7.0	-0.9	-0.2	0.0
Cotton	-11.2	87.4	-0.1	0.5
2-Mining & Quarrying, of which:	**7.5**	**17.9**	**1.5**	**3.6**
Crude oil & natural gas	25.9	18.0	5.1	3.6
Stone, sand and clay	11.4	1.1	0.0	0.0
3-Manufacturing, of which:	**2.9**	**6.2**	**1.1**	**2.2**
Processed food products, of which:	6.7	11.1	0.6	1.0
Oils and fats	1.2	1.1	0.0	0.0
Dairy products	0.3	7.6	0.0	0.1
Fertilizers	13.9	2.4	0.1	0.0
Wood & products	0.2	-0.4	0.0	0.0
Cement	1.5	1.2	0.0	0.0
Iron and steel	1.4	7.6	0.1	0.3
4-Electricity and Gas, of which:	**22.0**	**0.0**	**0.4**	**0.0**
Electric power generation, transmission and distribution	29.4	0.0	0.4	0.0
5-Water Supply Activities	**5.6**	**0.0**	**0.1**	**0.0**
6-Transportation and Storage, of which:	**0.5**	**2.0**	**0.0**	**0.0**
Land transport	3.5	0.0	0.0	0.0
7-Accomodation and Food Services, of which:	**-5.2**	**17.0**	**-0.2**	**0.6**
Meal serving services in limited service facilities	0.0	17.0	0.0	0.1
8-Information and Communications	**0.0**	**0.0**	0.0	**0.0**

1/4- Tourism

According to the Ministry of tourism statistics, a mild recovery was exposed by tourism indicators in July/December 2010/2011, relative to the previous corresponding period. The number of Egypt's visitors rose by 14.3 percent to some 7.8 million (against 6.8 million), and so did tourist nights for departures; by 15.6 percent to 81.7 million (against 70.7 million nights).



The average spending of a tourist per night remained unchanged at US$ 85; nevertheless, the aforementioned recovery had the effect of pushing up tourism revenues 15.6 percent, to US$ 6.94 billion (against US$ 6.01 billion). Thus, tourism revenues contributed 2.9 percent of annual GDP at current market prices, and 27.0 percent of total current receipts in the reporting period (against 25.3 percent a year earlier).



Investments directed to the tourism sector amounted to LE 3.8 billion in the first half of 2010/2011, representing 3.1 percent of total implemented investments (against 2.4 percent). The private sector undertook the majority of these investments (93.2 percent).

Tourism Indicators

July/Dec.	2009/2010	2010/2011	Change + (-) %
Number of visitors (000s)	6823	7796	14.3
Number of nights for departures (000s)	70665	81680	15.6
Tourism revenues (US$ mn)	6006.5	6942.9	15.6
Tourism revenues (LE mn)	32856	39991	21.7
Visible and invisible receipts* (US$ mn)	23786.6	25715.5	8.1
Visible and invisible receipts* (LE mn)	130113	148121	13.8
GDP at current prices (LE bn) – annual basis	1206.6	1378.0 (estimated)	14.2
Estimated average spending per tourist a night (US$)	85	85	-
Average exchange rate (LE/US$)	5.47	5.76	-
Average tourist stay (night)	10.36	10.48	1.2

Source: CBE, Ministry of Tourism and Ministry of State for Economic Development.
* Excluding workers' transfers.

Number of Tourists

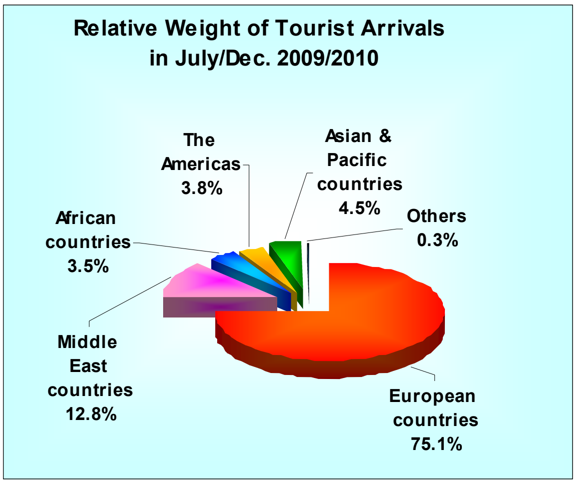
Visitors from all exporting markets recorded 7.8 million in the period under review, up by 973 thousand visitors or 14.3 percent, in comparison with the previous corresponding period. The growing number of arrivals attests to the gradual recovery in tourism industry, that reversed the marked downturn triggered by the global financial crisis.

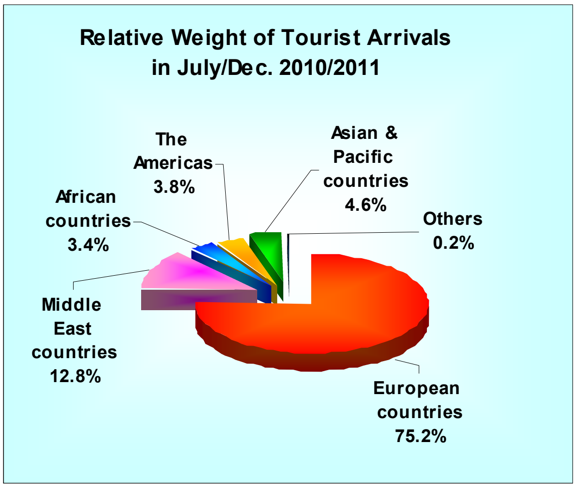
Number of Tourist Arrivals

(Thousand)

	July/Dec.				
	2009/2010		2010/2011		
	Number	Relative Weight	Number	Relative Weight	Change + (-) %
Total	**6823**	**100.0**	**7796**	**100.0**	**14.3**
Europe	5121	75.1	5859	75.2	14.4
Middle East	873	12.8	999	12.8	14.4
Africa	236	3.5	266	3.4	12.7
The Americas	262	3.8	294	3.8	12.2
Asia and the Pacific	309	4.5	360	4.6	16.5
Others	22	0.3	18	0.2	-18.2

Source: Ministry of Tourism.
Percentages are calculated without rounding up figures.





The European group stayed in the lead, with a relative weight of 75.2 percent of total tourist flows, scoring a rise of 738.0 thousand tourists or 14.4 percent above the level of the previous corresponding period. Russia accounted for the bulk of 24.2 percent of the total visitors of this group (1.4 million, up by 19.7 percent); followed by UK (746 thousand, up by 4.4 percent); Germany (704 thousand, up by 12.9 percent); and Italy (594 thousand, with a growth of 9.7 percent).

The **Middle East group** ranked second with a share of 12.8 percent of total visitors to Egypt, registering a rise of about 126.0 thousand tourists or 14.4 percent. Arrivals came mostly from Libya (252 thousand, up by 14.3 percent) accounting for 25.2 percent of total visitors from the group, followed by Saudi Arabia (22.2 percent), and Palestine (12.4 percent).

Ranking third, **the Asian and Pacific group** accounted for 4.6 percent of total visitors heading to Egypt, recording the highest rate of increase (16.5 percent) relative to the other groups. Within this group, Japan scored the highest rate of growth (36.9 percent) with 68 thousand visitors, or 18.9 percent of total visitors at the group's level, followed by India (up by 21.6 percent) registering 56 thousand or 15.6 percent, and China (growing by 15.7 percent).

Arrivals from **the Americas group** ranked fourth, with a share of 3.8 percent of the total number of arrivals, up by 12.2 percent. USA contributed about two thirds of the number of arrivals, with a growth rate of 12.6 percent. Arrivals from Canada represented nearly 17.3 percent of the total arrivals from this group.

The **African markets** came last with 3.4 percent of the total number of tourists, up by 12.7 percent. The Sudan came first, exporting more than one third of the number of arrivals, with a growth rate of 23.9 percent, followed by Nigeria (12.8 percent), Morocco (11.6 percent), Tunisia (10.7 percent) and finally South Africa (7.7 percent).

Tourist Nights

The increase in the number of tourists was reflected on tourist nights during July/Dec. 2010/2011. The number of nights spent by all departure groups totaled some 81.7 million, up by 11 million nights or 15.6 percent relative to the previous corresponding period.

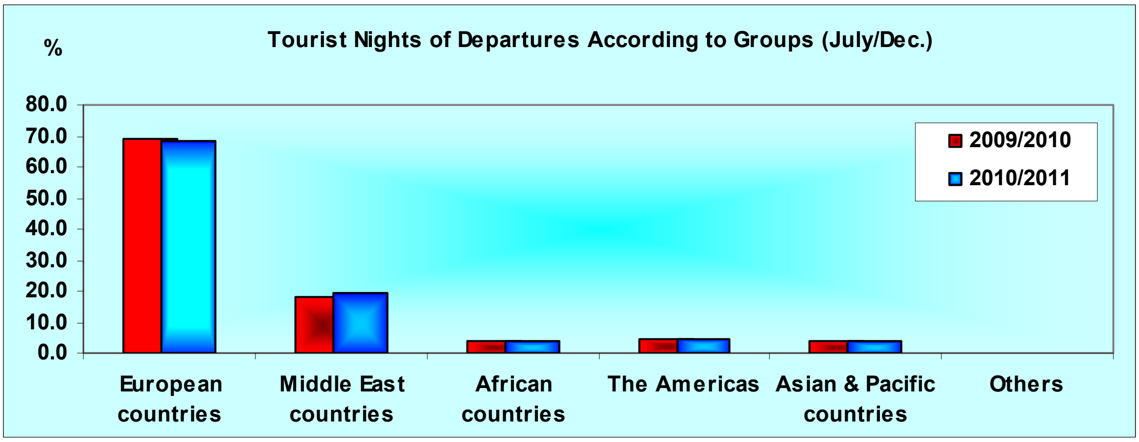
Number of Tourist Nights by Departures

(Thousand)

	July/Dec.				
	2009/2010		2010/2011		
	Number	Relative Weight	Number	Relative Weight	Change + (-) %
Total	**70665**	**100.0**	**81681**	**100.0**	**15.6**
Europe	48894	69.2	55846	68.4	14.2
Middle East	12809	18.1	15610	19.1	21.9
Africa	2815	4.0	3239	4.0	15.1
The Americas	3313	4.7	3715	4.5	12.1
Asia and the Pacific	2661	3.8	3100	3.8	16.5
Others	173	0.2	171	0.2	-1.2

Source: Ibid.
Percentages are calculated, without rounding up figures.

The **European group** ranked first, with a share of 68.4 percent of total tourist nights, posting a rise of some 7.0 million nights or 14.2 percent above the previous corresponding period. Such a rise accounted for 63.1 percent of the total increase in the number of tourist nights. In the forefront of these countries came Russia (12 million nights), up by 26 percent, followed by UK and Germany (8.2 and 8 million nights in order), with growth rates of 4.1 and 11.9 percent, respectively. Italy came fourth with 5.4 million nights (up by 5.7 percent), followed by Poland (24.4 percent), and the Netherlands (17.3 percent). In the meantime, France showed a slight retreat of 2.0 percent.



Though the **Middle East group** ranked second in terms of the relative importance (19.1 percent), tourist nights by departures therefrom scaled up by about 2.8 million, hitting the highest rate of growth (21.9 percent) relative to the other groups. This was largely attributed to the pickup in the number of nights spent by Libyans (25.7 percent) and Saudi Arabians (7.5 percent), accounting both for almost half of the nights spent by departures from this group during the reporting period. Moreover, the number of tourist nights by Palestinians rose to 2 million nights and Jordanians to 1.2 million. Conversely, Kuwait's share decreased to 1.1 million nights.

The **Americas group** occupied the third position, with a share of 4.5 percent and a growth rate of 12.1 percent. The USA came in the forefront, with a rise of 13.1 percent, recording 2.5 million nights or more than two thirds of the nights scored by this group. The **African markets** came next, with a growth of 4 percent, mostly contributed by the Sudanese (1.9 million nights, up by 29.5 percent).

Ranking last, the **Asian and Pacific countries** accounted for 3.8 percent of the total nights spent by departures. The increase was essentially contributed by the Philippines (up by 32.0 percent), the Chinese (25.8 percent), and the Japanese and the Indians (19.5 and 21.2 percent, respectively). By contrast, the number of tourist nights by Australians registered a weak growth of 4.3 percent.

2: Monetary and Banking Developments
2/1- Monetary and Banking Policy and Monetary Aggregates

2/1/1- Monetary Policy

As the overriding objective of the monetary policy is price stability, the CBE seeks to bring inflation to such an appropriate and stable level that helps build confidence and sustain appropriate levels of investment and economic growth.

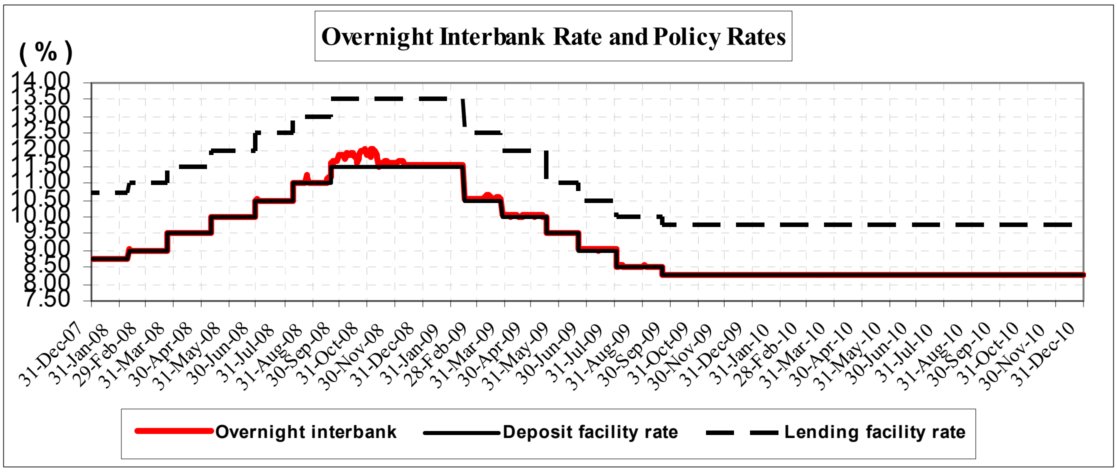
The CBE adopted the overnight interbank interest rate as the operational target of the monetary policy, by applying a framework based on the corridor system, within which the ceiling is the overnight interest rate on lending from the Bank, and the floor is the overnight deposit interest rate at the Bank.

The decisions taken by the MPC in the four periodic meetings held in July/Dec. 2010/2011 were responsive to changes in inflation and the Committee's assessments of inflationary pressures. In these meetings, the Committee decided to keep the CBE key interest rates (the overnight deposit and lending rates) and discount rate unchanged at 8.25 percent, 9.75 percent and 8.50 percent, respectively. Subsequently, in the meetings of 27 January and 10 March 2011 (at the time of preparing this Review), the MPC decided to maintain the same levels of the overnight deposit and lending rates, as well as the discount rate.

The following are the CBE’s key interest rates according to the MPC’s decisions during the reporting period:

	Overnight Deposit Rate	**Overnight Lending Rate**	**Lending & Discount Rate**
17 June 2010	8.25%	9.75%	8.50%
29 July 2010	Unchanged	Unchanged	Unchanged
16 Sept. 2010	"	"	"
4 Nov. 2010	"	"	"
16 Dec. 2010	"	"	"

The above decisions of the MPC influenced the overnight interbank interest rates. Given the excess liquidity at the banking system, the weighted average of this rate moved closer to the CBE overnight deposit rate in the period under review (see the following chart):



The MPC's decisions were also reflected on the stability of market interest rates on deposits, as the weighted average of the interest rate on the deposits of ≤ three and six months and one-year posted some 6.6 percent, 6.9 percent and 7.2 percent, respectively in Dec. 2010 (against 6.3 percent, 6.9 percent and 7.3 percent in June). However, that on one-year or-less loans posted 10.7 percent* in Dec. 2010 (against 11.1 percent in June).

The reporting period witnessed a rise in the outstanding balance of liquidity, which the CBE had absorbed from the market. It registered LE 114.9 billion at end of Dec. 2010 (against LE 101.5 billion at end of June). The increase was mainly induced by the pickup in the CBE purchases of foreign exchange from banks.

2/1/2- Reserve Money (M0)

Reserve money mounted by LE 15.3 billion or 7.5 percent in the first half of 2010/2011 (against LE 18.0 billion and 10.3 percent a year earlier), recording LE 218.4 billion at end of Dec. 2010. The rise resulted in a pick up in the currency in circulation outside the CBE by LE 8.9 billion, posting LE 153.2 billion or 70.2 percent of reserve money at end of Dec. 2010, and in banks' local currency deposits with the CBE by LE 6.4 billion to LE 65.2 billion, constituting 29.8 percent of reserve money at end of Dec. 2010.

---

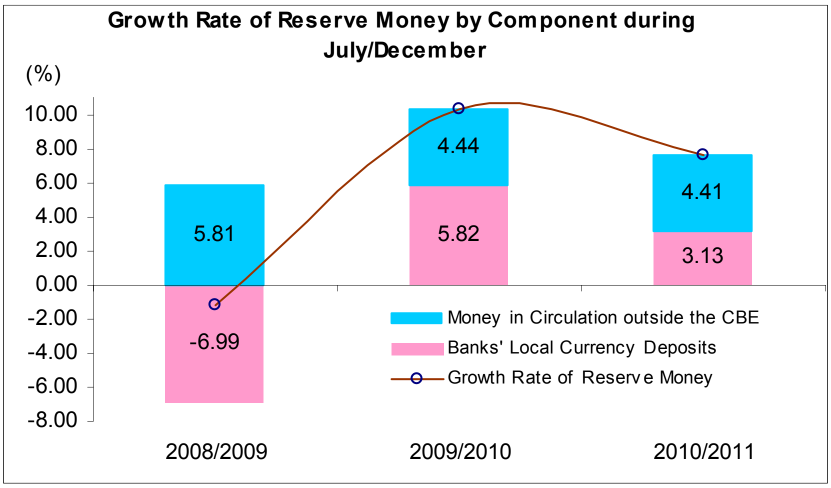
* Data on interest rates (deposits and loans) were compiled using the Domestic Money Monitoring System (DMMS) launched in June 2010.

Reserve Money and Counterpart Assets

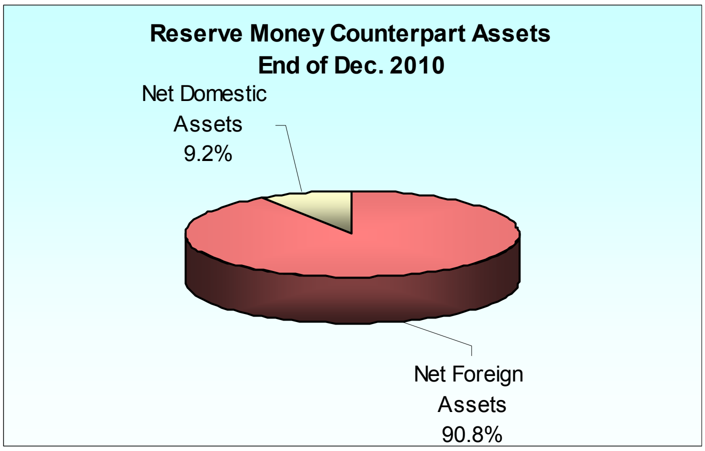
(LE mn)

	Balances at End of Dec. 2010	Change in July/Dec. + (-)			
		2009/10		2010/11	
		Value	%	Value	%
Reserve Money	**218393**	**17959**	**10.3**	**15322**	**7.5**
Currency in circulation outside the CBE*	153209	7771	6.2	8956	6.2
Banks' local currency deposits	65184	10188	20.9	6366	10.8
Counterpart Assets	**218393**	**17959**	**10.3**	**15322**	**7.5**
Net Foreign Assets	**198207**	**5394**	**3.1**	**7973**	**4.2**
Foreign Assets	**206313**	**12566**	**7.3**	**7708**	**3.9**
Gold	12393	0	0.0	0	0.0
Foreign securities	176192	3057	2.0	13945	8.6
Foreign currencies	17728	9509	72.5	(6237)	(26.0)
Foreign Liabilities	**8106**	**7172**	**542.1**	**(265)**	**(3.2)**
Net Domestic Assets	**20186**	**12565**	**372.6**	**7349**	**57.2**
Claims on the Government (net)	**100252**	**35376**	**51.6**	**19641**	**24.4**
Claims, of which:	176458	30062	20.5	26170	17.4
Government securities	130596	5766	4.7	9063	7.5
Deposits	76206	(5314)	(6.8)	6529	9.4
Claims on Banks (net)	**39847**	**6714**	**2010.2**	**10837**	**37.4**
Claims	60877	5659	26.0	11014	22.1
Foreign currency deposits	21030	(1055)	(4.9)	177	0.8
Other Items (Net)	**(119913)**	**(29525)**	**45.0**	**(23129)**	**23.9**

* Including subsidiary coins issued by the Ministry of Finance.



The pickup in reserve money was a result of the increase in both net domestic assets and net foreign assets. The latter added 3.9 percentage points to the growth in reserve money, and the former added 3.6 points.

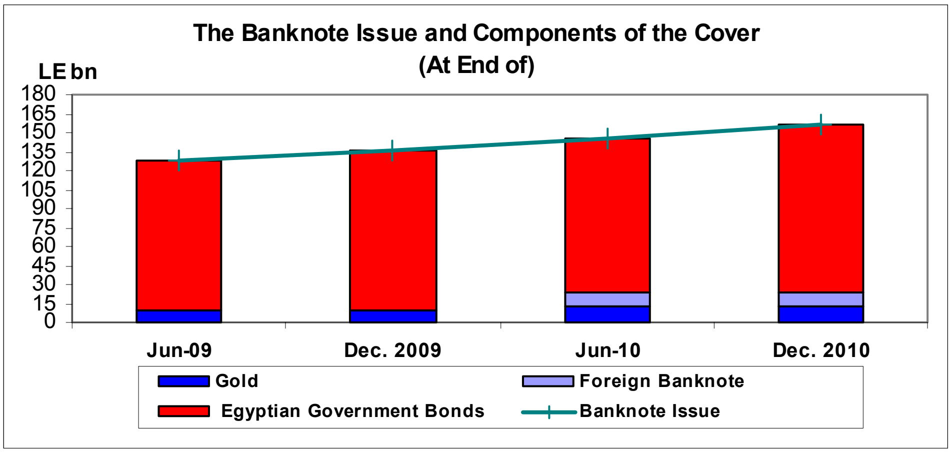


The rise in net domestic assets at the CBE (LE 7.3 billion) was an outcome of the increase in its net claims on the government and banks, and the drop in the negative balance of net balancing items. The CBE's net claims on the government went up by LE 19.6 billion (due to the pickup in its claims on the government by LE 26.1 billion, and in government deposits therewith by LE 6.5 billion). Moreover, the CBE's net claims on banks rose by LE 10.8 billion (because of the increase in its claims on banks by LE 11.0 billion and the rise in banks' foreign currency deposits at the CBE by LE 0.2 billion worth). Other net balancing items had a contractionary effect of LE 23.1 billion on reserve money, owing to the LE 13.4 billion increase in the deposits accepted by the CBE under open market operations (for the purpose of monetary policy management), and the LE 9.7 billion drop in net unclassified assets and liabilities.

The rise of LE 8.0 billion worth in net foreign assets with the CBE stemmed primarily from the pickup of LE 7.7 billion worth in its foreign assets and the drop of LE 0.3 billion worth in foreign liabilities.

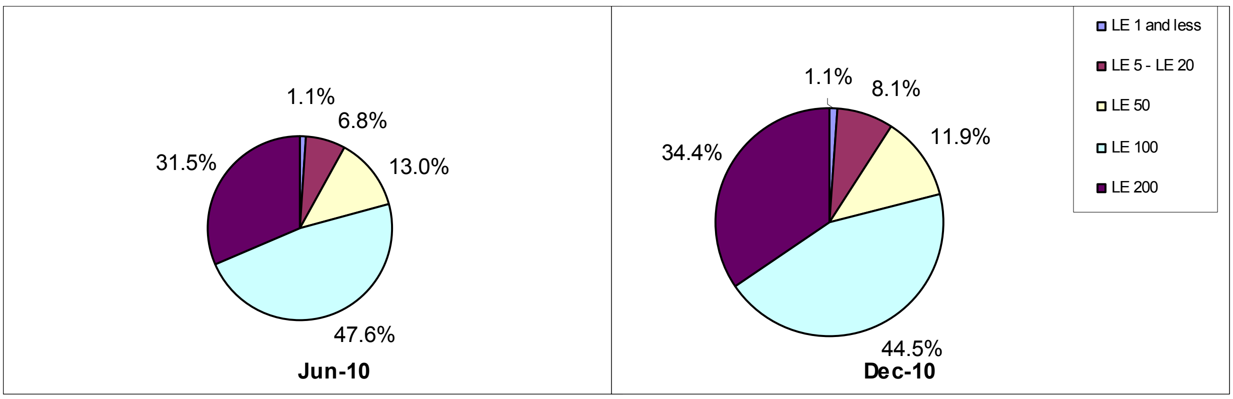
2/1/3- Banknote Issue

Banknote issue augmented by LE 9.7 billion or 6.6 percent in July/Dec. 2010/2011 (against LE 8.0 billion and 6.3 percent in the corresponding period of the previous FY), reaching LE 155.6 billion at end of Dec. 2010. As for the components of the issue cover, government bonds increased by LE 9.1 billion or 7.4 percent, to LE 131.5 billion while foreign currencies went up by the equivalent of LE 0.6 billion or 5.4 percent. Accordingly, the structure of the cover at end of Dec. 2010 ran as follows: 84.5 percent as government bonds, 8.0 percent as gold, and 7.5 percent as foreign currencies.



The rise in banknote issue resulted in an increase in the currency in circulation outside the CBE (excluding subsidiary coins) by LE 8.9 billion or 6.2 percent, posting LE 152.9 billion at end of December 2010. The breakdown of the currency in circulation by denomination denoted a relative change in favor of the medium denominations (LE 5, 10 and 20 notes). The relative importance of these notes as a percentage of the total currency in circulation inched up to 8.1 percent at end of Dec. 2010, from 6.8 percent at end of June, and the increase was distributed among the three mentioned denominations. By contrast, the relative importance of large denominations (LE 50, 100 and 200 notes) declined to 90.8 percent from 92.1 percent. However, that of small denominations remained unchanged at 1.1 percent. The decline in the relative importance of large notes was particularly pronounced in LE 50 and LE 100 notes, in contrast to LE 200 note which gained momentum, after its circulation with modified specifications and size in August 2010. Despite the decline in their relative importance, large notes still accounted for the bulk of currency in circulation. In fact, preference remained for large notes, in view of the increasing value of transactions associated with higher prices.

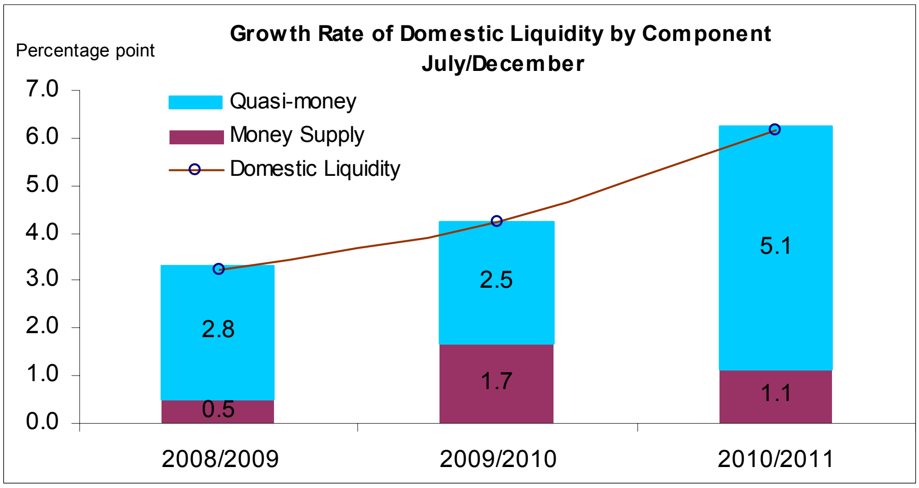
The Relative Importance of Currency in Circulation
By Denomination
(At End of)



Against these developments, the average value per note decreased to LE 32.3 at end of Dec. 2010 from LE 33.4 at end of June.

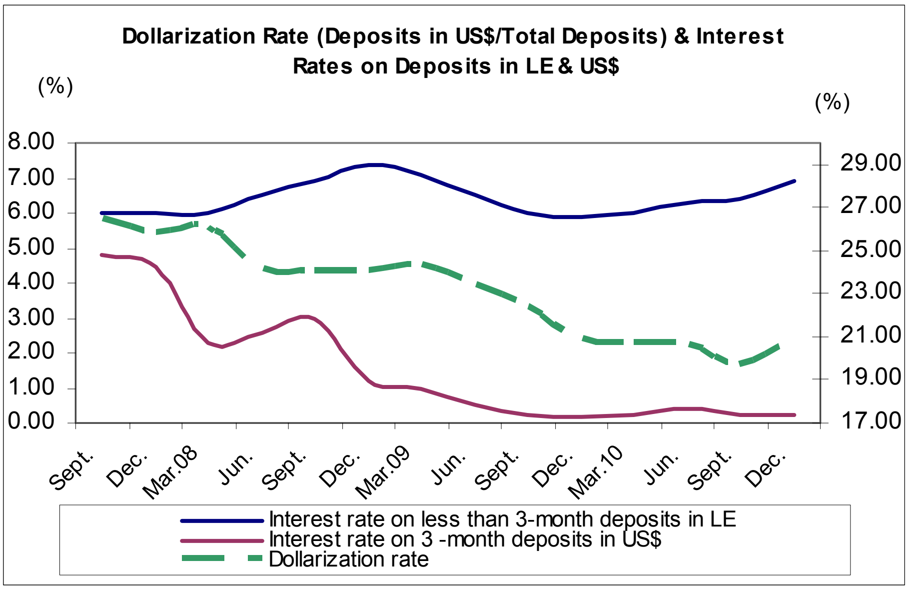
2/1/4- Domestic Liquidity (M2) and Counterpart Assets

Domestic liquidity reached LE 974.0 billion at end of Dec. 2010, up by LE 56.5 billion or 6.2 percent during July/Dec. 2010/2011 (against a rise of LE 35.1 billion and 4.2 percent a year earlier).

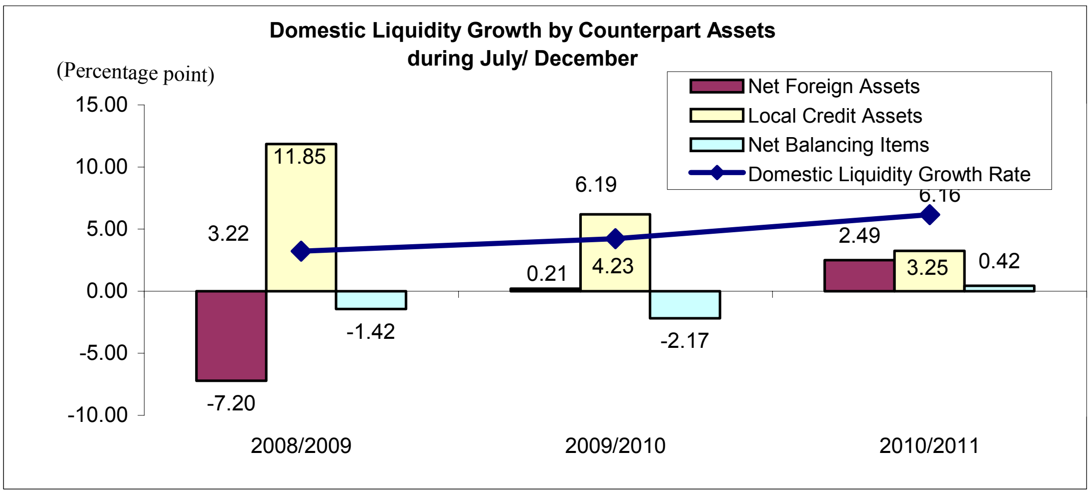


The rise in domestic liquidity reflected the growth of **money supply** and quasi-money. Money supply scaled up by LE 9.4 billion or 4.4 percent in the period under review (against LE 14.0 billion and 7.6 percent), amounting to LE 223.5 billion or 22.9 percent of total domestic liquidity at end of Dec. 2010. The rise in money supply was the outcome of the pickup in the currency in circulation outside the banking system by LE 8.4 billion or 6.2 percent, and in local currency demand deposits at banks by LE 1.0 billion or 1.3 percent.

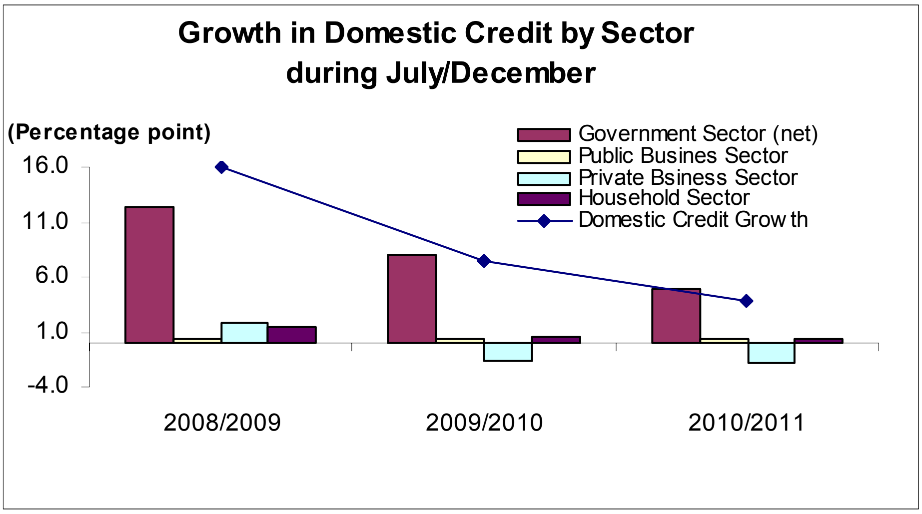
Quasi money augmented by LE 47.1 billion or 6.7 percent during the period under review (against LE 21.1 billion and 3.3 percent), registering LE 750.5 billion or 77.1 percent of total domestic liquidity at end of Dec. 2010. The increase was a result of the step-up of LE 47.2 billion or 8.6 percent in the LE time and saving deposits placed by all sectors. The deposits of the household sector accounted for the bulk of the increase (72.3 percent), recording a rise of LE 34.1 billion or 7.6 percent, to register LE 482.4 billion (representing 81.4 percent of total LE time and saving deposits and 64.3 percent of total quasi-money) at end of December 2010. On the other hand, foreign currency deposits retreated in the period under review by LE 61.0 million to LE 158.1 billion worth at end of December 2010. Against this backdrop, the ratio of foreign currency deposits to total deposits (dollarization ratio) declined from 20.2 percent at end of June 2010 to 19.0 percent at end of Dec. That indicated a propensity for saving in Egyptian pound rather than foreign currencies, especially given the increasing confidence in the efficient management of the forex market that dispelled dealers concerns about the LE fluctuations. Add to this the higher interest rate on local currency deposits, relative to the US dollar and other main currencies.



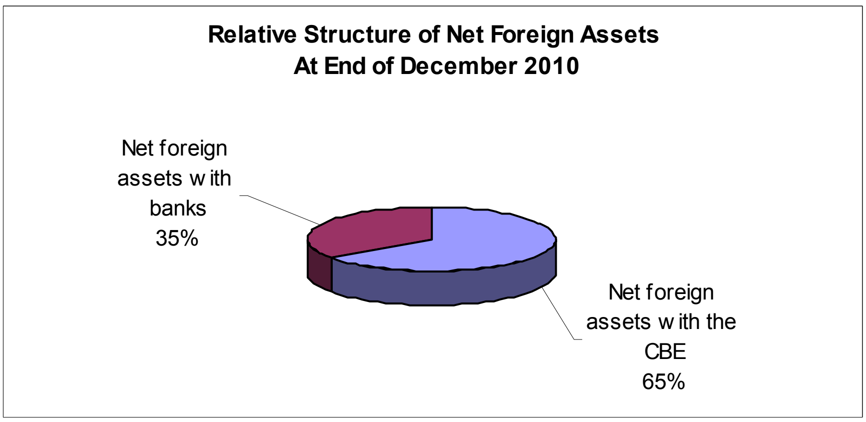
As for the contribution of the components of domestic liquidity to its growth, net **domestic assets** accounted for some 3.7 percentage points, compared with 2.5 points by net foreign assets. The rise in net domestic assets (LE 33.7 billion) stemmed from the pickup in domestic credit by LE 29.8 billion or 3.8 percent (against LE 51.5 billion and 7.4 percent in the period of comparison), registering LE 805.0 billion at end of Dec. 2010. In addition, the negative balance of net balancing items went down by LE 3.9 billion or 2.8 percent, to LE 136.3 billion at end of Dec. 2010.



The rise in domestic credit was an outcome of the increase in net claims on the government by LE 38.5 billion or 11.8 percent (against an increase of LE 55.6 billion and 20.4 percent a year earlier) reaching LE 364.7 billion or 45.3 percent of total credit at end of December 2010. The increase resulted from the surge in government borrowing by LE 15.9 billion and in banks' holdings of government securities and treasury bills by LE 31.9 billion, on the one hand, and the rise in government deposits at banks by LE 9.3 billion, on the other.



Credit to the household sector stepped up by LE 2.9 billion or 3.1 percent during the reporting period (against LE 4.3 billion and 5.1 percent), to LE 95.7 billion or 11.9 percent of total credit at end of Dec. 2010. Credit to the public business sector edged up by LE 2.5 billion or 8.3 percent, (against LE 2.5 billion and 7.5 percent), to register LE 32.4 billion or 4.0 percent of total credit. However, credit to the private business sector rolled back by LE 14.1 billion or 4.3 percent (against a decline of LE 11.0 billion and 3.6 percent), reaching LE 312.2 billion or 38.8 percent of total domestic credit at end of Dec. 2010.



Net foreign assets at the banking system posted LE 305.3 billion worth at end of Dec. 2010, up by LE 22.8 billion worth or 8.1 percent during July/Dec. 2010/2011, against LE 1.7 billion worth and 0.7 percent a year earlier. The increase resulted from the pickup in net foreign assets at banks by LE 14.8 billion worth or 16.1 percent, and at the CBE by LE 8.0 billion worth or 4.2 percent.

Change in Foreign Assets and Liabilities at the Banking System

(LE mn)

	Change during July/Dec. + (-)			
	2009/2010		2010/2011	
	Value	Growth Rate %	Value	Growth Rate %
Net Foreign Assets at the Banking System	**1723**	**0.7**	**22844**	**8.1**
Net Foreign Assets at the CBE	**5394**	**3.1**	**7973**	**4.2**
- Foreign assets	12566	7.3	7708	3.9
- Foreign liabilities	7172	541.9	(265)	(3.2)
Net Foreign Assets at Banks	**(3671)**	**(4.5)**	**14871**	**16.1**
- Foreign assets	(4413)	(4.0)	24500	19.8
- Foreign liabilities	(742)	(2.7)	9629	30.6

2/1/5- Payment Systems and Information Technology (IT)

The CBE continued to develop the payment systems and information technology to enhance the soundness and stability of the financial system, reduce credit risks, speed up payment systems, and ensure their liability and confidentiality. In this respect, the following achievements were made in the first half of 2010/2011:

- The development of the operating systems (core banking and financial systems) is currently underway. An international bid was made for this purpose and offers were received from leading international companies. The project aims at raising the efficiency of the CBE's branches (including the Printing Press) and different departments and sectors. By facilitating the Ministry of Finance's access to its data and reports, with timeliness and accuracy, the aforementioned system will enable it to monitor - on a real time basis - the transactions that affect its accounts at the CBE. Moreover, the project aims to apply the international accounting standards.

- The CBE is in the process of developing the database of the banking sector units, by setting up a data warehouse conforming to the international standards. The warehouse is designed to help the different sectors of the CBE to have access to accurate and transparent reports, to be able to monitor the performance of the banking sector's units and make the appropriate decisions.

- The establishment of a permanent backup site for the CBE is on track, to be functional in emergencies as an alternative to the main center at El-Gomhoria building. This is intended to ensure the continuity of services, with accuracy and timeliness, taking into account that the backup site should meet international rules and standards. The site is to be located in the CBE building in Tanta, and a study was approved for this purpose. Moreover, the requisite procedures for implementing the project are underway, and the technical specifications of the appliances and equipments required for the backup site are laid down in preparation for submitting them to specialized companies.

- Out of its keenness to secure the banking data, to face the mounting risks associated with internet use and the provision of banking services via the internet, the CBE embarked on a project that obliges banks to identify and assess the weaknesses of the data network that serves the banking operations system and the CBE's website. Banks should also overhaul the design of the data security systems, and conduct penetration tests in cooperation with specialized companies. Under this project, banks must present a plan proposing solutions to any detected weaknesses, in agreement with the specialized companies. Moreover, three respective reports are to be submitted by each bank to the CBE on the diagnosis and assessment of weaknesses; the remedial plan; and the penetration tests. Indeed, all banks have finished delivering the required reports to the CBE to analyze this data and make the appropriate decisions.

- The electronic "Auction Portal System" was introduced to automate the procedures of submitting offers for the auctions of treasury bills and bonds, and the CBE's certificates of deposits (CDs). By virtue of this system, the primary and secondary dealers can bid online, according to specific regulations, via the secure and private data network whereby banks and the CBE are interlinked.

- The development of Qasr El Nil building is in progress, with participation of the payment systems and information technology sector that has been assigned with the design and monitoring of the IT infrastructure of the building.

- The CBE has been working on essential studies for developing the system of trading in government securities in the secondary market, to shift to an electronic system. This aims at minimizing the operational and settlement risks; as well as liquidity and credit risks, besides conducting the trading operations in speed and transparency.

- Under the plan of updating the electronic systems of the Printing Press, assistance is currently being provided to the Press for shifting its operational programs and systems to cope with the rest of the CBE's updated systems. This is intended to increase the output of these systems to ensure the continuity of their operation.

2/1/6- RTGS and SWIFT Local Services

In the first half of 2010/2011, data on LE local banking transfers under the RTGS system, applied as of mid-March 2009, showed an increase in the number and value of executed messages, registering 637.2 thousand messages, at a value of LE 8147.5 billion (against 558.1 thousand messages, at a value of LE 6224.0 billion a year earlier). It is worth mentioning that RTGS transactions included banks' deposit acceptance operations at the CBE (corridor transactions and deposits for monetary policy purposes).

RTGS and SWIFT Local Services in Local Currency

July/Dec.	Number of Messages (Unit)	Value of Transfers (LE mn)	Change	
			Number	Value
2008/2009	411325	1490541	84828	(60989)
2009/2010	558070	6223996	146745	4733455
2010/2011	637156	8147509	79086	1923513

According to the statistics of the CBE Automated Clearing House; included in the RTGS since its operation; the number of exchanged cheques rose to 6.4 million, at a value of LE 308.8 billion in the period under review (against 6.3 million cheques at a value of LE 275.8 billion a year earlier). As a result, the average value per cheque rose to LE 47.9 thousand during the period, from LE 43.4 thousand a year earlier.

CBE Automated Clearing House Activity

July/Dec.	Number of Cheques (Thousand)	Value of Cheques (LE mn)	Change (%)	
			Number	Value
2008/2009	5727	269858	2.0	24.2
2009/2010	6358	275761	11.0	2.2
2010/2011	6442	308849	1.3	12.0

Transactions executed in foreign currencies under the Fin-Copy system, via SWIFT, showed a rise in their number and value. The number of executed transactions reached 6.8 thousand at a value of US$ 41.5 billion (against 5.5 thousand at a value of US$ 29.7 billion).

SWIFT Local Service Activity in US Dollar

July/Dec.	Number of Messages (Unit)	Value of Transfers (US$ mn)	Change	
			Number	Value
2008/2009	7209	55729	925	7857
2009/2010	5505	29701	(1704)	(26028)
2010/2011	6838	41478	1333	11777

2/2- Banking and Credit Developments

2/2/1- Banking Reform

Pressing forward with its banking reform plan, launched in September 2004, the Central Bank has completed the preparations for the second stage (2009 - 2011). This stage aims at raising the efficiency and soundness of the Egyptian banking sector, and enhancing its competitiveness and ability for risk management, so that it can perform its role in financial intermediation in a way that serves the national economy, and achieves the targeted development. The reform plan is based on the following pillars:

- Preparing and implementing a comprehensive program for the financial and managerial restructuring of specialized state-owned banks (The Principal Bank for Development and Agricultural Credit, Egyptian Arab Land Bank, and Industrial Development and Workers Bank of Egypt). This step is expected to positively affect the performance of the said banks by the end of the second stage of the banking reform plan (2009-2011).
- Following up -on a periodic basis- the results of the first stage of the restructuring program of the National Bank of Egypt (NBE), Banque Misr (BM) and Banque du Caire (BdC), which revealed that the first stage of the reform plan (2004-2008) had already yielded fruit and positively affected their performance levels. This is in addition to the fulfillment, in the second stage, of all requirements for upgrading the efficiency of these banks in financial intermediation, risk management, human resources, and IT to ensure the continued improvement of their financial performance and competitiveness.
- Applying Basel II standards in Egyptian banks to enhance their risk management practices. In this context, a protocol had been signed with the European Central Bank and seven European central banks to provide a three-year technical assistance program launched in January 2009, to implement Basel II requirements in the Egyptian banking sector. It is worthy to note that the strategy of the CBE in implementing Basel II framework, which was announced for Egyptian banks and the relevant parties in an extensive meeting held in Oct. 2009, is based on the two main principles of simplicity and consultation with banks, to ensure banks' compliance with these standards. According to the above-said strategy, Basel II standards should be phased in over the following stages:

- **The first stage** (January 2009 - June 2009) focused on the capacity-building of the CBE's core team and elaboration on the Egyptian strategy for Basel II implementation. That stage was successfully completed.
- **The second stage** (July 2009 - June 2011) - the pivotal stage of the reform plan - covers extensive coordination with the banking sector, through discussion papers related to the most important topics and selection of the most appropriate methods for application in Egypt, taking into consideration similar experiences in other countries that have implemented Basel II. Moreover, the quantitative impact of the possible consequences of Basel II standards will be measured before the mandatory application.
- **The third stage** (July 2011 - December 2011) will focus on the fine tuning of future supervisory regulations related to Basel II, taking into account the legal aspects and development of corrective action plans commensurate with the different types of banks, according to the simulation results for each bank on a case-by-case basis. Also, a parallel run of existing regulations and Basel II will be applied upon issuance, and a new data warehousing framework will be implemented to support the future updated supervisory regime.
- **The fourth stage** (implementation is under way) - A parallel run of Basel II and existing regulations concerning capital adequacy will be applied upon issuance. Moreover, the data warehousing framework will be completed.

❖ Adopting an initiative promoting the development and growth of banking activities/services catering and access to finance for various sectors, especially small- and medium-sized enterprises (SMEs). In this context, to encourage banking credit to small- and medium-sized enterprises (SMEs), the CBE exempted banks' deposits -equivalent to the size of loans extended thereby to finance SMEs- from the reserve requirement ratio (14 percent). It is noteworthy that poor access to adequate, timely and reliable statistical data and information is one of the main obstacles to the improvement and finance of small and medium-sized enterprises (SMEs). Hence, the Central Bank of Egypt and the Egyptian Banking Institute (EBI), in collaboration with the Central Agency for Public Mobilization and Statistics (CAPMAS), embarked on a field survey of small and medium-sized enterprises (SMEs) covering all the governorates of Egypt, on the basis of the full count approach. The first stage, conducted in Al Sharqiya Governorate, had been completed, and in the light of its results, the survey was carried out in the rest of the governorates. Furthermore, the other nine governorates were surveyed up to Sept. 2010. According to the findings, a database will be set up and is to be periodically updated.

- Reviewing and strictly applying the international governance rules to the Egyptian banking sector and the CBE. In this context, a project on bank governance rules was prepared with the aim of helping banks to set/develop their governance systems. As such, each bank shall apply these rules in accordance with the volume and complexity of its activities, and strategy, as well as capacity for risk management. The said project is currently being discussed by the CBE's senior management, noting that it was submitted to officials in the Egyptian Financial Supervisory Authority (EFSA) within the framework of coordination of the regulatory authorities of the financial sector.

Preparations for the second stage of the banking reform plan have proceeded, after the first stage was successfully implemented. The first stage was centered on four pillars: (1) consolidation and privatization of the banking sector, (2) financial and managerial restructuring of state-owned banks, (3) addressing of the nonperforming loans issue, and (4) upgrading of the Supervision Sector at the CBE.

As for **the first pillar**, some voluntary and state-forced mergers took place, leading to a decrease in the number of banks operating in Egypt from 57 at end of December 2004 to 39 banks at end of December 2008. Under this plan, 80 percent of the stake of the Bank of Alexandria was sold to Italy's Sanpaolo Bank, besides the divestiture of the shareholdings of state-owned banks in a number of joint venture banks.

With respect to **the second pillar**, state-owned banks were restructured under a comprehensive and time-lined plan, designed by the Banking Reform Unit at the CBE. The plan was intended to reform the practices of all departments and technological systems, besides establishing new departments, particularly for risk management, information technology (IT), and human resources. To this end, a project on the application of the international best practices - implemented with the assistance of foreign consultants - was completed on time. In addition, a full audit of state-owned banks was conducted according to the international accounting standards, covering the years from 2004 to 2008. Finally, the recruitment of highly qualified banking cadres and leaderships at state-owned banks (with finance from the Banking Reform Fund) enabled those banks to push ahead with reform and development.

Concerning **the third pillar**, to address the problem of non-performing loans, the CBE's NPL Management Unit worked out a variety of approaches and programs that helped settle more than 90 percent of NPLs (excluding debts of the public business sector). With regard to the irregular debts of public business sector enterprises to public banks, about 62 percent was repaid in cash to the public commercial banks. As for the remaining debts (38 percent), an agreement was signed on 14/9/2009 whereby the in-kind repayment of the remaining debt was made by the end of June 2010.

A program for the reform of **the Supervision Sector** was devised to achieve the following targets: enhance the efficiency of this sector by benefiting from the international best practices, and apply the concept of risk-based supervision to ensure the sector's robustness and soundness. Furthermore, efforts were exerted to recruit highly qualified staff versed in advanced technology, enhance the efficiency of human cadres to be capable of managing this key sector, and upgrade the management information system (MIS) to ensure timely access to accurate data. In this context, a technical assistance program in collaboration with the European Central Bank (ECB) and four European central banks, was completed in the last quarter of 2007.

It is worthy to note that the successful and timely implementation of the first stage of the CBE's banking reform plan has helped this sector to weather the adverse effects of the global financial crisis.

2/2/2- Supervision Sector

The CBE is the authority in charge of bank supervision in Egypt, to ensure the soundness of banks' financial positions and evaluate their performance from the perspective of risk-based supervision. In addition, it ascertains banks' compliance with the established regulatory requirements, including the minimum reserve requirement and liquidity ratios, the maximum limits of a bank's exposure to a single customer, his related parties, and exposures abroad, as well as the asset-liability matching in terms of maturity and currency. This is in addition to a number of qualitative standards that ensure the soundness of banks' performance and the safety of depositors' funds, including governance rules; information systems efficiency rules; and eligibility and competency criteria for the officials and managers of the key sectors at banks.

The implications of the financial crisis bore out that the instructions and reform policies adopted by the CBE to restructure banks, raise their capitals and strengthen their risk management systems were instrumental in containing the effects of this crisis. Moreover, the CBE had thoroughly monitored the financial crisis in Dubai, Greece, Ireland and some other countries in the euro area, so as to be capable of making immediate decisions - when necessary - to counteract the spillovers in due time.

During the period under review, the CBE Board of Directors issued a decision allowing banks to exempt imports of all types of sugar – for the sake of merchants for the purpose of trading, or for the sake of government authorities – from the minimum limit of the insurance ratio amounting 50 percent, for six months starting as of 16 December 2010. Banks shall also be free to determine the money cover without a minimum limit. However, it is necessary to take into account the credit granting regulations issued by the CBE's Board of Directors and the findings of the credit studies conducted by each bank in this respect. Moreover, the CBE Board of Directors took the same procedure in relation to imports of all types of meat and poultry for six months starting as of 1 October 2010. The exemption duration for imports of all the said goods was extended till the end of December 2011.

Although the reporting period covers the period ending December 31, 2010, it is appropriate to review the decisions taken by the CBE, in response to the circumstances that Egypt had gone through, in the aftermath of the 25th January:

- Requiring banks to submit daily data on their cash balances, withdrawals and deposits, as well as outward and inward external transfers.

- Ceasing outward transfers that exceed US$ 100 thousand or their equivalent by individuals and corporations as of 13 February 2011 until further notice, with the following exceptions:

    - Transfers pertaining to import trade transactions, after the transferring bank makes sure of the authenticity and availability of the necessary documentations.
    - Payment of foreign investors' dues yielding from selling treasury bills or securities on the Egyptian Exchange and their due interest.

- Transfers by foreign companies operating in Egypt after making sure of the authenticity and availability of the necessary documentations. On the other hand, personal transfers to abroad by individuals, family corporations, former government officials and their related parties and whoever is related to them, directly or indirectly, are prohibited.

- Outward transfers must be made within five working days as of the date of request.
- Allowing individuals to withdraw cash with a maximum limit of LE 50 thousand and US$ 10 thousand.
- Postponing the consideration of requests sent by banks operating in Libya – on behalf of their customers – for liquidating the letters of guarantee issued to their customers for investment projects, until the conditions improve.

The CBE’s Board of Directors has set the rules and regulations governing banking finance to real estate development companies operating in the field of constructing housing units for sale, and those governing finance for corporate acquisitions. As such, banks were obliged to increase the risk weights established for these types of investment when calculating the capital adequacy ratio. Also, the Board has set regulations that ensure that no bank shall acquire shares of non-financial companies in an amount exceeding 40 percent of the issued capital of the company in which it makes investments.

As for enhancing the framework of good governance at the Egyptian banking sector, the CBE's Board of Directors approved - on its session dated 6 April 2004 - the competency criteria for chairmen, board members and executive directors of banks to make sure that they are qualified for their positions. Moreover, the Board agreed, on its session dated 24 November 2009, to add a new criterion that prohibits any one to combine between the positions of a senior manager in a bank and a board member of another bank. This shall only be applicable to future nominations, with the exception of those banks which are entirely owned by a bank. The criterion in question is intended to prevent any conflict of interests, in compliance with good governance practices. In addition, interviews should be made with the chairmen and their deputies, delegated members, executive board members of banks and executive directors to ensure that they are eligible for the positions they are nominated for, with a focus on the occupants of risk- and compliance-related positions.

In line with the policy of the CBE that promotes the growth and geographical expansion of banks by opening new branches nationwide, the applicable criteria for approving the establishment of new branches/agencies for banks were revised, with a view to organizing and simplifying the relevant procedures. Moreover, a number of guidelines were set for applicant banks, that give due regard to the soundness of banks' financial positions, internal control systems, the efficiency of their information systems and capital adequacy to ensure that they can better face the risks arising from the expansion in their activities.

The CBE is currently in the process of updating the rules of examining the documents required from the houses of expertise (that are qualified for participating in the evaluation of collaterals/guarantees provided to banks) to be listed in the register of houses of expertise at the CBE. This step is bound to raise the efficiency and effectiveness of the credit decisions made by banks to prevent the recurrence of the problem of nonperforming loans.

On the other hand, the auditors authorized to audit the financial statements of banks shall be registered in a special register, in conformity with specific criteria that ensure a satisfactory degree of efficiency and expertise.

The CBE allowed banks to participate in the establishment of mutual funds, regardless of their type, to cater for risk-averse investors who have cash money but lack the necessary experience, know-how, or time to invest in tools that yield good returns. As such, two banks were allowed by the CBE during the period under review to take the procedures necessary for establishing three new mutual funds.

Moreover, in order to encourage individuals to save, banks operating in Egypt have been allowed to issue saving systems of three years or more, with some privileges, to be able to raise their market interest rates above short-term interest rates. During the reporting period, banks were allowed to issue new saving vessels and to make modifications in the existing ones with the aim of increasing the volume of medium- and long-term savings to help banks finance productive and industrial projects.

To organize dealing in the foreign exchange market in Egypt and increase the savings received from workers abroad, the off-site supervision is conducted on foreign exchange dealer, and money transfer, companies in Egypt, according to the Law of the Central Bank, Banking Sector and Money.

In this respect, it is worthy to note that during the reporting period three new foreign exchange dealer companies, and 36 branches were registered as foreign exchange dealers, thus bringing the total number of bureaus in Egypt to 435 at end of December 2010.

In the field of tourism services, the CBE - in accordance with the above mentioned Law - provides license to shops in the free zones and to tourism companies operating in Egypt, to deal in the foreign exchange to generate part of the national resources of foreign currencies and encourage tourism. As such, three shops in the free zones were granted such a license during the period, bringing their total number to 72 shops at end of December 2010.

In pursuit of enhancing the efficiency and transparency of the credit registration system, the general department of credit risk pooling is currently studying the provision of more detailed information on customers of judicial procedures and settlements. It also studies separating the debt settlement customers from rescheduling customers when notifying banks of the positions of these customers, and thus ensuring that informed credit granting decisions be made. Moreover, the department continued to perform its assigned role (concerning on-site supervision over banks) through the inspection teams. As such, a number of banks were inspected to ensure their compliance with the rules governing the credit registration system.

As regards **on-site supervision**, the Central Bank made progress with its 2010 plan for the inspection of the banking sector units (banks) and exchange dealer companies. Under this plan, the inspection is expected to cover as many banks as possible, and each bank is inspected annually (either in a comprehensive or a limited manner) according to the level of its risks and the quality of its products and activities. Moreover, an examination of certain aspects of specific bank customers has been under way, to help take immediate corrective actions as deemed necessary, needless of waiting for the full examination over these banks to be finished. In addition, the system of examination on the basis of specialization was adopted to enable the inspection of banks by inspectors specialized in the relevant activities (e.g. retail banking, market risks, IT, etc.). That approach makes inspection more effective and in-depth by providing a thorough profile of the risks of any inspected bank. In this context, a core team was formed to follow up and manage the IT systems in collaboration with off-site supervision. The aim is to identify risk areas at banks, especially those of high incidence, and monitor progress on the execution of corrective actions.

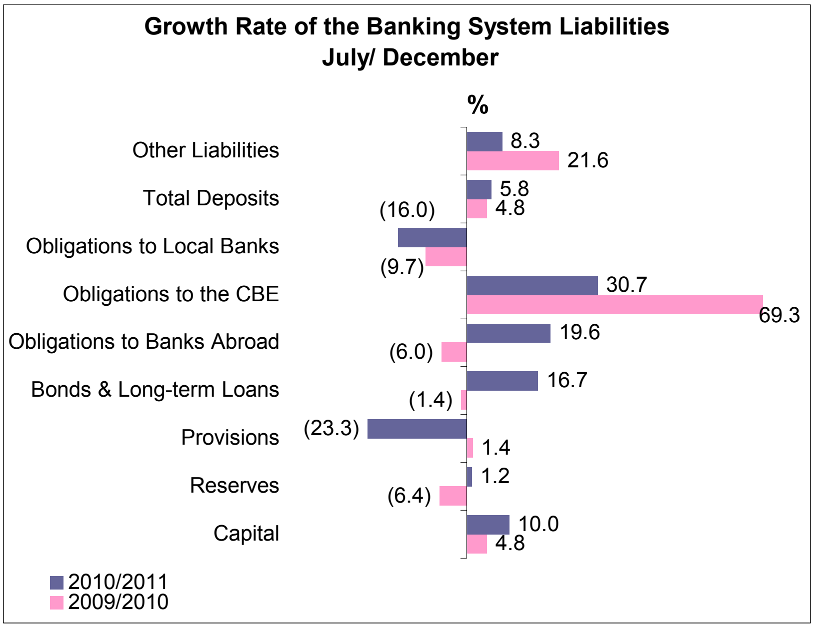
The inspection reports made recently have helped to upgrade the risk management framework in several banks and further the application of the international best practices in various fields.

On the other hand, the Supervision Sector at the CBE continued to cooperate with other supervisory and judicial authorities in settling a number of money and banking issues. Moreover, the Sector examines the complaints filed by bank customers and provides the required banking expertise.

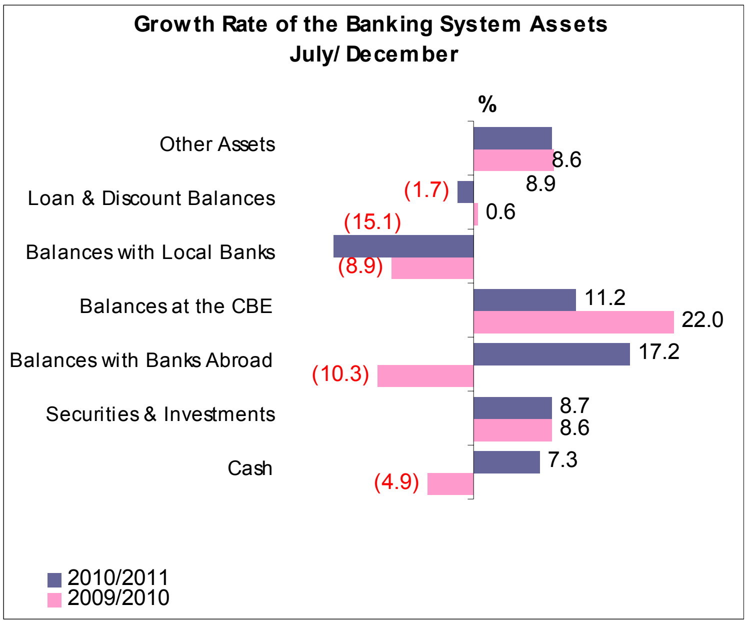
2/2/3- Overview of Banks' Aggregate Financial Position

The aggregate financial position of the registered 39 banks operating in Egypt posted LE 1.3 trillion at end of December 2010, rising by LE 62.3 billion or 5.1 percent in July/Dec. 2010/2011 (against LE 59.7 billion and 5.5 percent a year earlier).

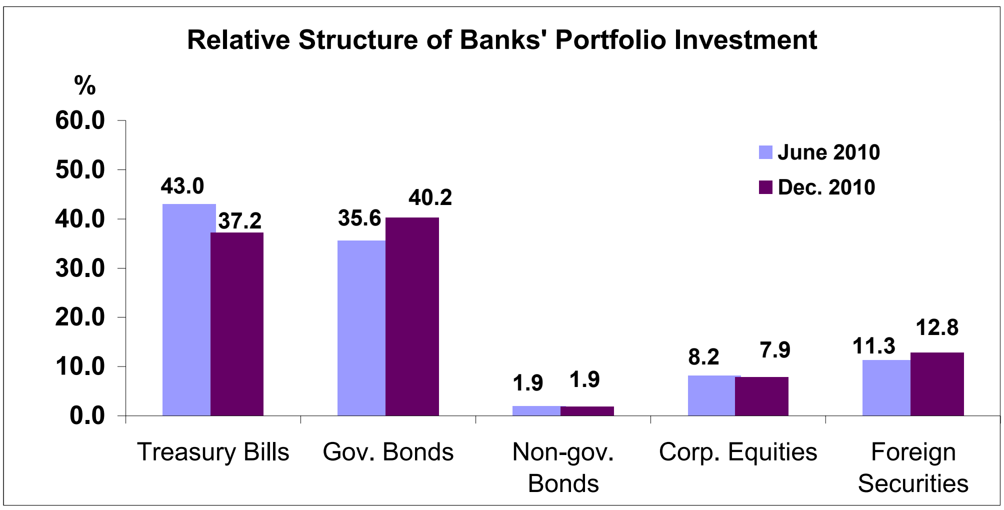
On the **liabilities side**, about 82.7 percent of the rise stemmed from the pickup of LE 51.5 billion or 5.8 percent in deposits at banks. Obligations to local banks increased by LE 7.3 billion, as well as banks' equities (by LE 5.0 billion). Increases were also seen in obligations to banks abroad (by LE 4.0 billion), and bonds and long-term loans (by LE 3.6 billion). Meanwhile, bank's provisions declined by LE 16.4 billion, after writing off part of the loans.



As far as **assets** are concerned**,** the rise resulted from larger investments in securities and bills (up by LE 35.3 billion); balances with local banks (by LE 17.4 billion); and balances with banks abroad (by LE 9.8 billion worth). However, these increases were offset by the decline in lending and discount balances by LE 7.9 billion.



The increase in banks' investments in securities and bills during the period was attributed to the pickup in their investments in government bonds by LE 33.1 billion and in foreign securities by LE 10.6 billion worth. Banks' investments in corporate equities were as modest as LE 1.5 billion. However, the increase in banks' investments was curbed by the LE 10.2 billion drop in their investments in TBs.



Interbank Transactions

Transactions with Banks Abroad

In the first half of 2010/2011, net position of local banks with correspondents abroad unfolded a rise equivalent to LE 5.8 billion or 15.8 percent, registering LE 42.9 billion worth at end of December 2010 (against LE 37.1 billion worth at end of June). The increase was partly ascribed to the pickup in their balances with banks abroad by the equivalent of LE 9.8 billion, and partly to the rise in their obligations to those banks by LE 4.0 billion worth.

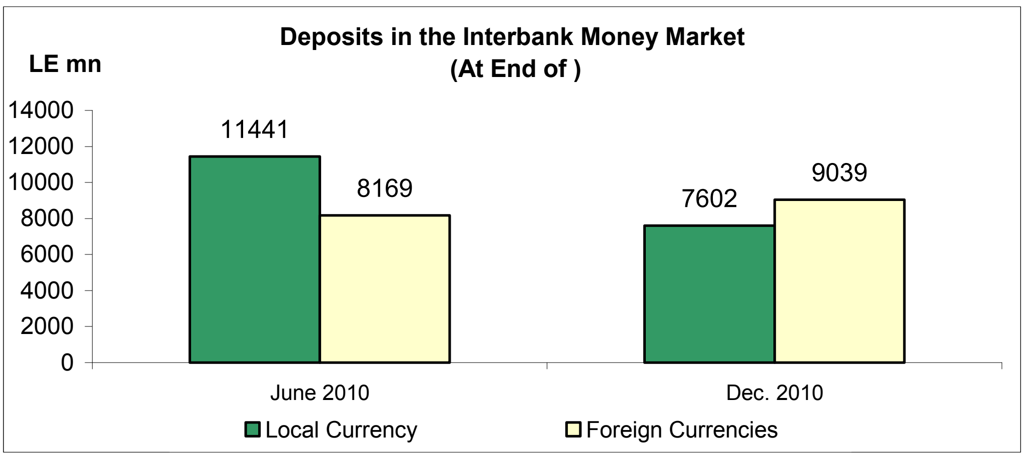
Transactions with Banks Abroad

(LE mn)

At End of	June 2009	Dec. 2009	June 2010	Dec. 2010	Change during July/Dec. 2009/2010		Change during July/Dec. 2010/2011	
					Value	%	Value	%
Net Position	**58925**	**52039**	**37066**	**42922**	**(6886)**	**(11.7)**	**5856**	**15.8**
Balances at banks abroad	77120	69150	57371	67217	(7970)	(10.3)	9846	17.2
Obligations to banks abroad	18195	17111	20305	24295	(1084)	(6.0)	3990	19.6

2/2/4- Interbank Transactions in Egypt

The volume of transactions in the interbank money market (in terms of deposits) dropped by LE 3.0 billion or 15.1 percent in the reporting period (against a decline of LE 2.1 billion and 8.9 percent), bringing down total deposits to LE 16.6 billion at end of December 2010. The decline came on the back of the fall in local currency deposits (by LE 3.9 billion) and the pickup in those in foreign currencies (by LE 0.9 billion worth).



2/2/5- Deposits

Banks' deposits (including government deposits) grew to LE 944.0 billion, standing roughly for three quarters (73.6 percent) of banks' aggregate financial position at end of December 2010, with an increase of LE 51.5 billion or 5.8 percent in July/Dec. 2010/2011 (against LE 39.0 billion and 4.8 percent in the corresponding period a year earlier). Local currency deposits mounted by LE 49.3 billion or 7.2 percent (against LE 50.9 billion and 8.5 percent the period of comparison), accounting for 95.7 percent of the rise in all deposits. Consequently, they reached LE 735.3 billion, exceeding three quarters (77.9 percent) of the volume of deposits at banks at end of December 2010. In the meantime, foreign currency deposits registered a scanty increase of LE 2.2 billion worth or 1.1 percent during the period, contrasted to a decline of LE 11.9 billion worth or 5.6 percent, thus reaching LE 208.7 billion worth at end of December 2010.

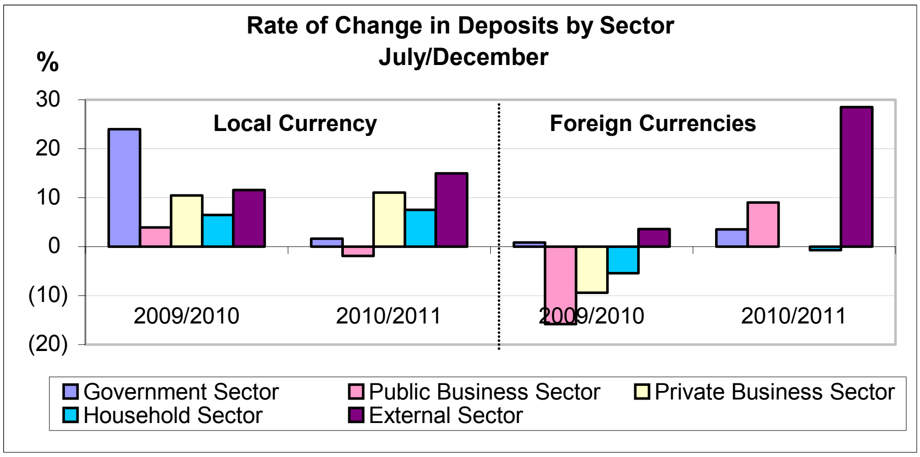
Deposits at Banks by Sector

(LE bn)

	Local Currency		Foreign Currencies	
End of	**June 2010**	**Dec. 2010**	**June 2010**	**Dec. 2010**
Total	**686.1**	**735.3**	**206.4**	**208.7**
Government sector	58.5	59.4	45.6	47.2
Public business sector	32.8	32.1	6.5	7.1
Private business sector	114.4	127.1	54.9	54.9
Household sector	477.8	513.7	96.9	96.2
External sector	2.6	3.0	2.5	3.3

The household sector was the key contributor to the increase in local currency deposits (72.8 percent). Its deposits in local currency scaled up by LE 35.9 billion or 7.5 percent to LE 513.7 billion, thereby representing 69.9 percent of total LE deposits at end of December 2010. Moreover, the deposits of the private business sector rose by LE 12.7 billion or 11.1 percent, registering LE 127.0 billion; the government sector’s rose by LE 0.9 billion or 1.6 percent to LE 59.5 billion; and so did those of the external sector by LE 0.4 billion or 15.0 percent to LE 3.0 billion. Conversely, the deposits of the public business sector retreated by LE 0.6 billion or 1.9 percent, posting LE 32.1 billion at end of December 2010.

On the other hand, the slight increase in foreign currency deposits generated from the pickup in the deposits of the government sector by the equivalent of LE 1.6 billion; of the external sector by LE 0.7 billion worth; and of the public business sector by the equivalent of LE 0.6 billion. Conversely, a decrease equivalent to LE 0.7 billion was seen in the deposits of the household sector.



2/2/6- Lending Activity

Banks' lending and discount balances amounted to LE 458.1 billion (representing 35.7 percent of total assets and 48.5 percent of total deposits) at end of December 2010, down by LE 7.9 billion or 1.7 percent in the period under review, compared with an increase of LE 2.6 billion or 0.6 percent in the corresponding period a year earlier. The decline was, for the most part, in the balances granted by banks in local currency (nearly 77.2 percent), partly because of the settlement of some bad debts with public sector banks by debiting them from their counterpart provision accounts.

Change in Bank Loans by Sector
July/Dec. 2010/2011

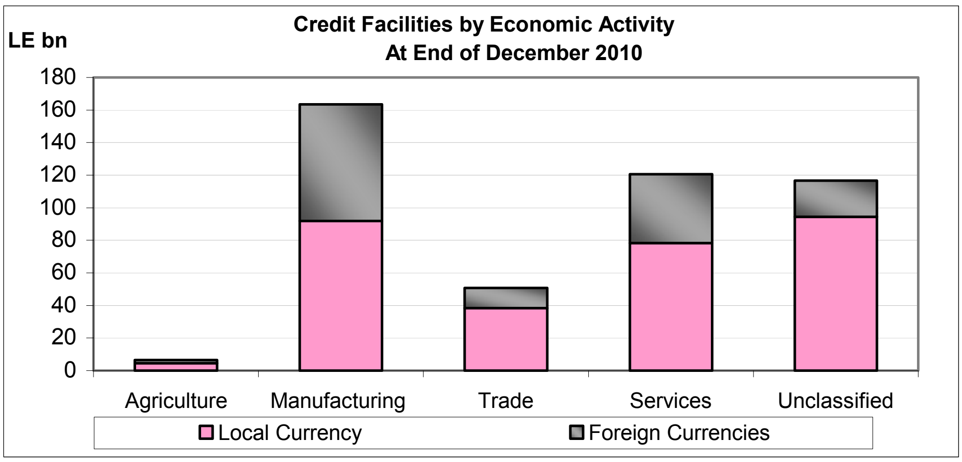
(LE mn)

	Change	
	Local Currency	**Foreign Currencies**
Total	**(6102)**	**(1807)**
Government sector	4068	(5281)
Public business sector	2727	(314)
Private business sector	(15448)	(286)
Household sector	2555	342
External sector	(4)	3732

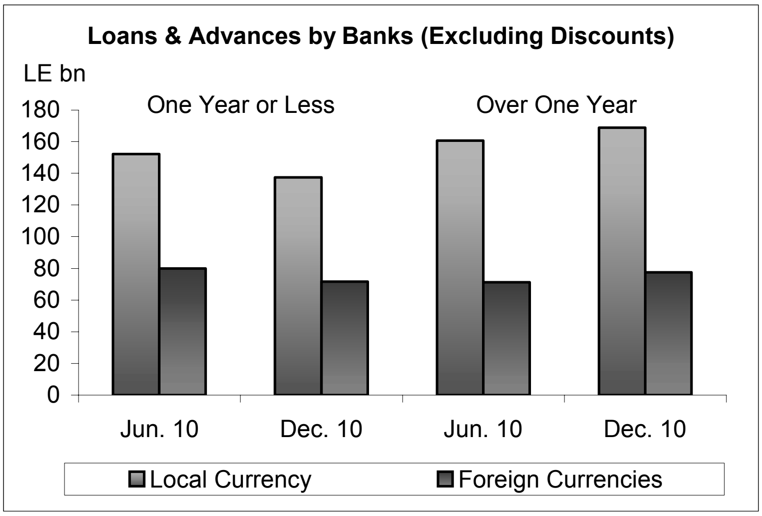
Lending and discount balances in local currency rolled back by some LE 6.1 billion or 1.9 percent in the period under review (against a comparatively lesser decline of LE 1.0 billion and 0.3 percent in the period of comparison), standing at LE 307.6 billion at end of December 2010. This was mainly the result of the fall in loans to the private business sector by about LE 15.5 billion or 8.3 percent (against a fall of LE 11.5 billion and 6.5 percent), reaching LE 170.2 billion or 55.4 percent of the total LE lending and discount balances at end of December 2010. By contrast, increases were noticed in LE loans to the government sector by LE 4.1 billion or 26.4 percent (against LE 0.1 billion and 1.0 percent). Likewise, loans to the public business sector rose by LE 2.7 billion or 13.0 percent (compared to LE 4.0 billion and 16.7 percent). Credit to the household sector also edged up by LE 2.6 billion or 2.8 percent (against LE 7.0 billion and 8.8 percent).

Lending and discount balances in foreign currencies decreased by LE 1.8 billion worth or 1.2 percent (against a rise of LE 3.6 billion worth and 2.7 percent), posting LE 150.5 billion worth at end of December 2010. The decrease emanated from the fall in loans to the government sector by LE 5.3 billion worth, and to the public and private business sectors by LE 0.3 billion worth, each. The decline was mitigated by the increase in loans to the external sector by the equivalent of LE 3.7 billion and to the household sector by LE 0.4 billion worth.

The distribution of loans by economic activity indicated that the manufacturing sector was the major recipient, with a share of 35.7 percent of the total loans extended by banks in both local and foreign currencies at end of December 2010. The services sector received 26.3 percent; followed by the unclassified sectors (including the household sector) with 25.4 percent; then trade (11.1 percent), and agriculture (1.5 percent).



At end of December 2010, loans and advances offered by banks (excluding discounts) - by maturity - registered LE 455.5 billion, down by LE 8.4 billion or 1.8 percent during the period under review. The decline was due to the fall of LE 22.9 billion or 9.8 percent in short-term loans (less than one year), reflecting the contraction in local and foreign currency loans by LE 14.7 billion and LE 8.2 billion worth, in order. By contrast, long-term loans mounted by LE 14.5 billion or 6.2 percent, driven by the growth in local and foreign currency loans by LE 8.3 billion and LE 6.2 billion worth, in order.



3: Non-Banking Financial Sector*

In July/Dec. 2010/2011, efforts were intensified to upgrade supervision over non-banking financial markets and protect dealers' rights. To this end, the EFSA proposed an amendment of certain provisions of the Executive Regulations of the Capital Market Law No. 95 of 1992, to re-regulate mutual funds, in accordance with the international best practices. The amendments focused on shortcutting the procedures of establishing a fund to just one step; and obliging management services companies to seek the assistance of professional asset appraisers. The EFSA also issued the principle standards for professional performance to ensure the integrity and independence of the companies licensed to act as financial consultants and render appraisal services. The following are some of those proposed standards: a) no company shall be entitled to practice the activity of financial consultancy on securities without obtaining a practice-precedent license from the EFSA; b) the company shall prepare a general guideline describing the procedures that should be taken to render financial consultancy; c) the company, in the course of dealing with customers, shall avoid granting privileges, incentives or information to certain customers and denying same to the others; d) the company shall set an internal control system preventing analysts from carrying out any appraisals with false or misleading results; e) the company shall make sure that no common interest, or conflict of interests, may exist between the company and the applicant, or the appraised company, or any of its affiliated parties; f) the company shall immediately disclose to the EFSA any suspicion of conflict of interests between the company and the other appraised company or any of its affiliated parties; g) the company, its managers, analysts or any affiliated parties shall not deal on the securities subject of appraisal based on information or data not disclosed in the market or not available to all other dealers (insider trading); and h) the company shall disclose any suspicions about the information used for preparing its reports. The EFSA has emphasized its adherence to apply international standards of appraisal criteria, so that the companies concerned may not be exposed to the administrative actions, and penalties stipulated by the Capital Market Law.

Aware of the importance of microfinance companies which constitute an important ingredient of financial markets, the EFSA proposed a draft to regulate their activities, set regulations related to the selection of borrowers and

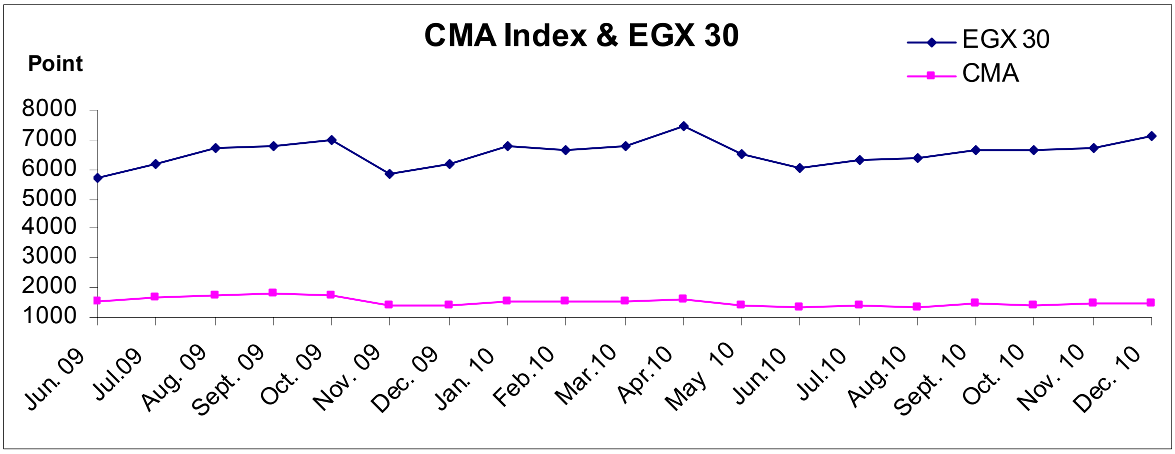
* Source: The Egyptian Financial Supervisory Authority (EFSA), and monthly reports of the EGX.

monitoring and collection of loans; as well as permissible financial services and operational activities; ownership and governance; and the rules protecting the entities operating in this field according to international practices.

The Third International Conference for Investor Education and Awareness entitled "Rebuilding the Trust of the Global Investing Public" under the auspices of the EFSA, is organized by the International Forum for Investor Education (IFIE), in cooperation with the International Organization of Securities Commission (IOSCO).

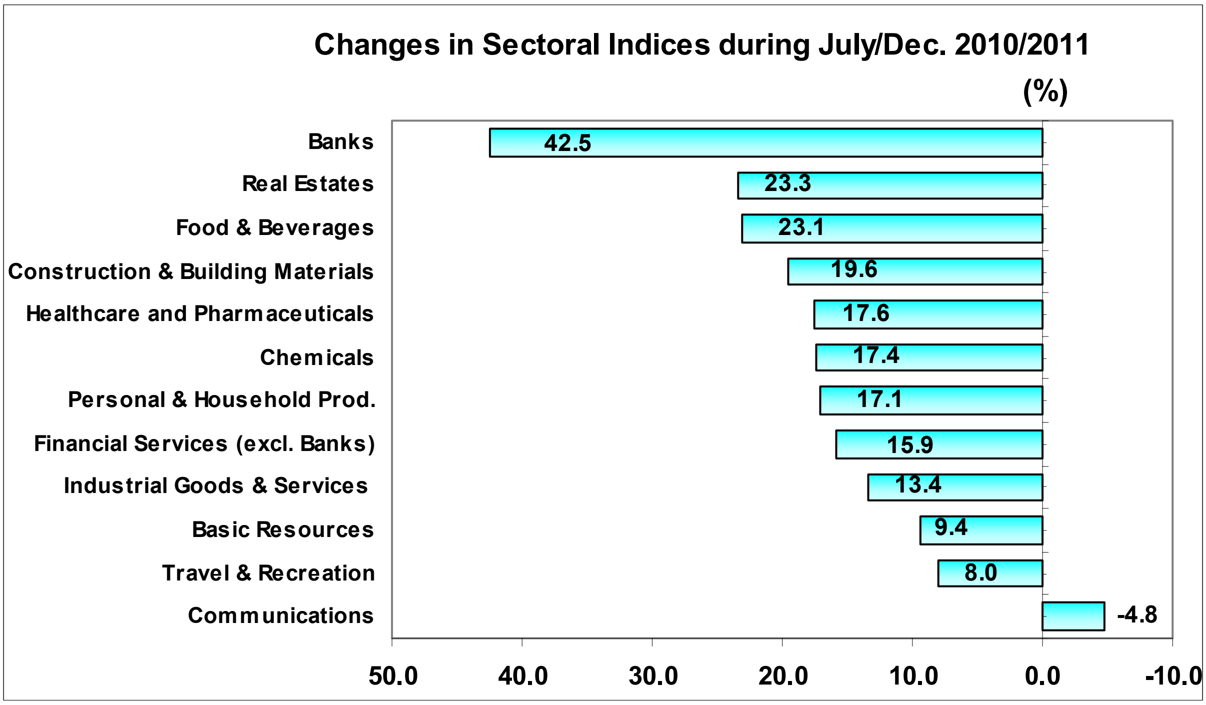
3/1- Stock Market

As for the performance of the Egyptian exchange, the EGX benchmark index (EGX 30) inched up 18.4 percent in July/Dec. 2010/2011, to register 7142.1 points at end of Dec. 2010. The upturn was largely owed to the strong performance of banks and the higher profits announced by some Egyptian companies for the first half of 2010, relative to the same period of 2009. Moreover, EGX 70 and EGX 100 moved up 36.7 percent, and 28.3 percent, posting 721.5 points, and 1166.2 points, respectively, at end of Dec. 2010. Likewise, the CMA's index rose 13.1 percent to 1503.5 points at end of Dec. 2010.



Sectoral Indicators

Most of sectoral indicators climbed in the first half of 2010/2011. The banking sector outperformed the other sectors, with a rise of 42.5 percent, followed by real estates (23.3 percent), and foodstuffs and beverages (23.1 percent). Travel and leisure recorded the lowest rate of growth (8.0 percent), while communications moved down 4.8 percent.



As for **the primary market**, the number of new issues approved by EFSA during the period reached 1565, at a total value of LE 25.9 billion (against 1493, at a total value of LE 30.9 billion a year earlier). Issues for new incorporations reached 1012 in number (64.7 percent of total issues), at a value of LE 5.9 billion. Issues for capital increases reached 553 (77.3 percent of total issues), valuing LE 20.0 billion.

The listing activity on the EGX shows that the number of listed companies declined to 212 at end of Dec. 2010, from 215 at end of June. The nominal capital of those companies increased by 5.7 percent to LE 142.4 billion. Their market capitalization also augmented by 19.0 percent to LE 488.2 billion, due to the increase in the prices of most shares on EGX.

The value of listed bonds increased during the period by LE 55.1 billion or 32.1 percent, to post LE 226.8 billion at end of Dec. 2010, against LE 171.7 billion at end of June. That was ascribed to the rise of LE 43.5 billion in the value of Egyptian treasury bonds (primary dealers) during the period, to register LE 203.3 billion or 89.6 percent of the total value of listed bonds at end of Dec. 2010. Another contributing factor was the pickup of LE 1.5 billion in corporate bonds. In Dec. 2010, the bonds of the New Urban Communities Authority were listed on the EGX at a value of LE 10 billion to provide finance for infrastructure projects.

Concerning **the secondary market**, the relevant three indicators (number of transactions, and number and value of traded securities) revealed a decline during the period under review, relative to the period of comparison. The number of transactions declined by 2251 thousand, or 34.5 percent. Also, the number of traded securities (shares and bonds) scaled down by 733 million or 4.9 percent, posting 14260 million papers. Their value decreased as well by LE 129.7 billion or 50.4 percent, to LE 127.4 billion.

Trading in Securities

	July/Dec.	
	2009/2010	**2010/2011**
No. of Transactions (000)	**6530**	**4279**
A- Shares, bonds and mutual funds' certificates (listed)	6145	4220
B- Shares, bonds and mutual funds' certificates (unlisted)	385	54
C- Small- and Medium- Enterprises Market (NILEX)*	-	5
No. of Traded Securities (mn)	**14993**	**14260**
A-Shares, bonds and mutual funds' certificates (listed)	11569	12901
B-Shares, bonds and mutual funds' certificates (unlisted)	3424	1349
C-Small- and Medium- Enterprises Market (NILEX)*	-	10
Value of Transactions (LE mn)	**257120**	**127447**
A-Shares, bonds and mutual funds' certificates (listed)	166113	117501
B-Shares, bonds and mutual funds' certificates (unlisted)	91007	9832
C-Small- and Medium- Enterprises Market (NILEX)*	-	114

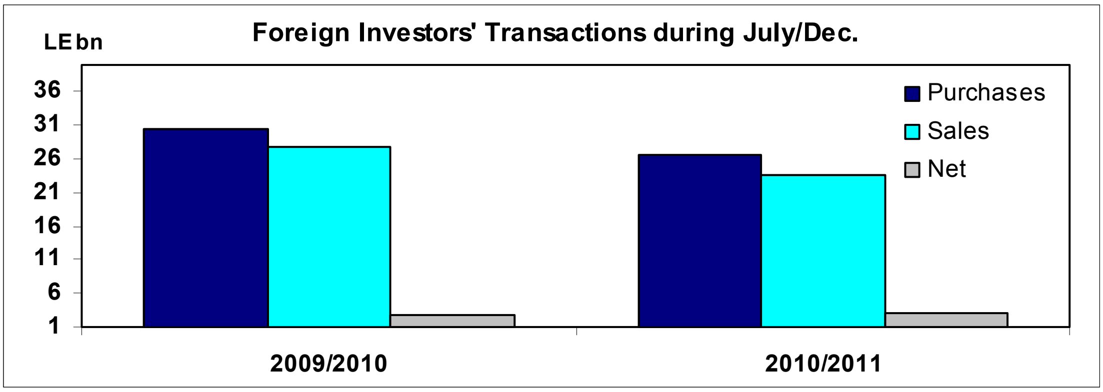
Source: EFSA - monthly reports of the EGX.
* Trading on NILEX started on June 3, 2010.

Share transactions accounted for the bulk of trading on the EGX during the period (73.7 percent of total transactions, against 92.2 percent in the corresponding period). In the meantime, trading in bonds represented 26.3 percent (against 7.8 percent).

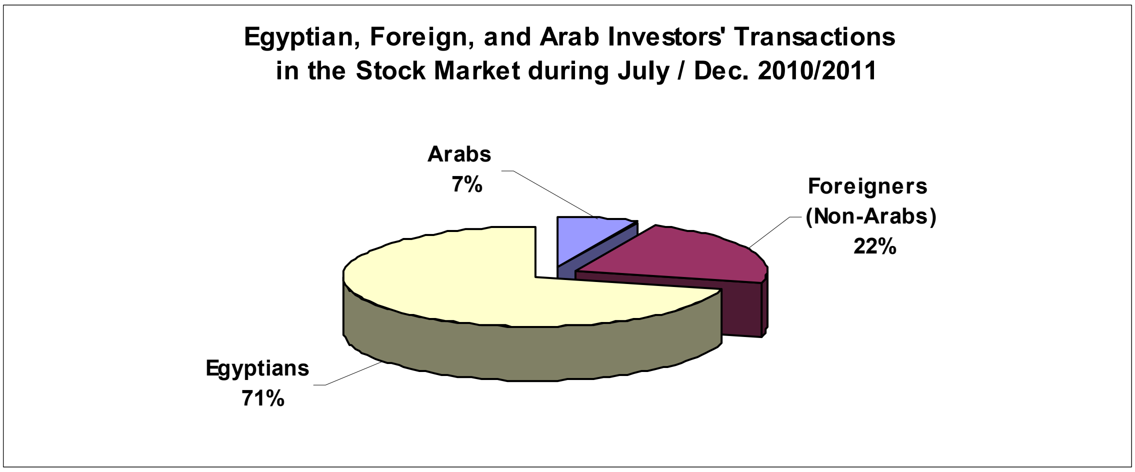
As regards small and medium enterprises market (NILEX), the number of listed companies reached 16 at end of Dec. 2010. The market capitalization of listed shares on NILEX amounted to some LE 1.0 billion at end of Dec. 2010 (against LE 0.4 billion at end of June). Traded securities reached 10.2 million papers in number through 4561 transactions, with a total value of LE 113.8 million during July/Dec. 2010/2011.

Foreigners' Transactions

Foreigners' transactions on EGX declined during the period under review by 13.4 percent (as compared with the previous corresponding period), scoring LE 50.3 billion against LE 58.1 billion. Non-Arab foreigners' trading on the EGX unfolded net purchases of some LE 4.3 billion in the reporting period (against LE 4.2 billion). On the other hand, Arab transactions (excluding bargains) resulted in net sales of LE 156.4 million (against LE 1.5 billion).



Egyptian investors had the lion's share of total transactions (71 percent) on the EGX. Foreign investors (non-Arabs) accounted for 22 percent of the total, while Arabs accounted for 7 percent.



3/2- Mutual Funds

The number of mutual funds amounted to 73 at end of Dec. 2010 (70 open-end and 3 close-end funds), against 66 funds at end of June (63 open-end and 3 close-end funds).

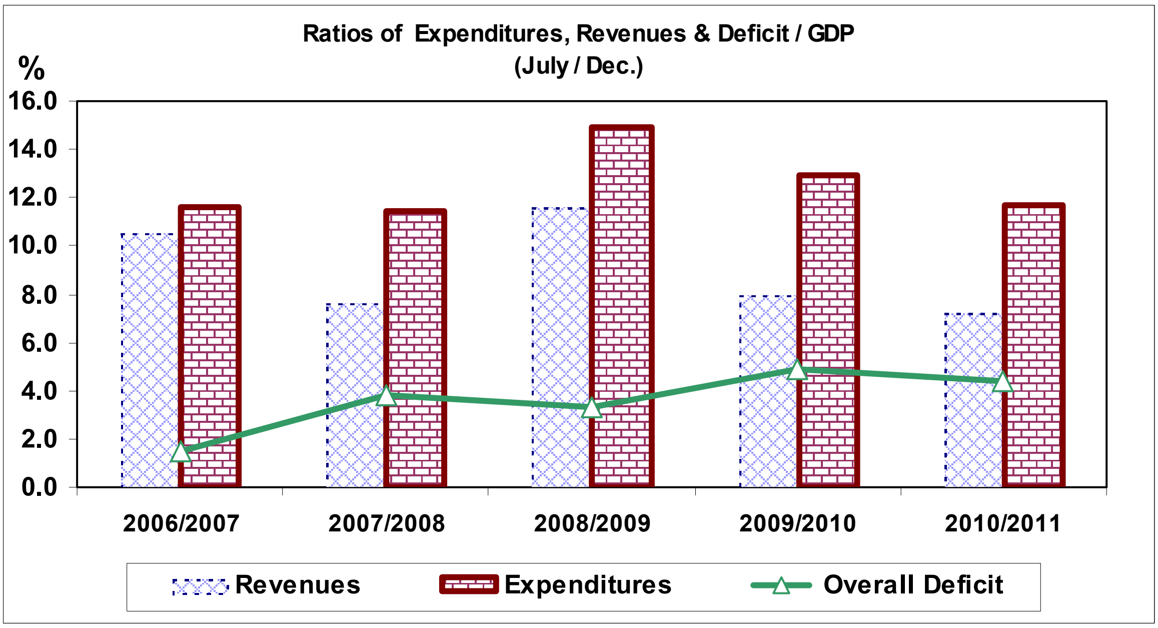
4: Public Finance and Domestic Public Debt
4/1- Consolidated Fiscal Operations of the General Government

Preliminary actual data on the fiscal operations of the state budget (administrative system, local administration and service authorities) for July/Dec. 2010/2011 revealed that total revenues went up by 5.3 percent, and total expenditures by 5.7 percent as compared with the corresponding period of the previous FY. Accordingly, the overall deficit posted LE 60.4 billion during the period, up by 5.1 percent over the period of comparison.

Hereunder is a follow up of the execution of the general government's fiscal operations in the first half of FY 2010/2011, as compared with those of the previous corresponding period, according to the data of the Ministry of Finance:

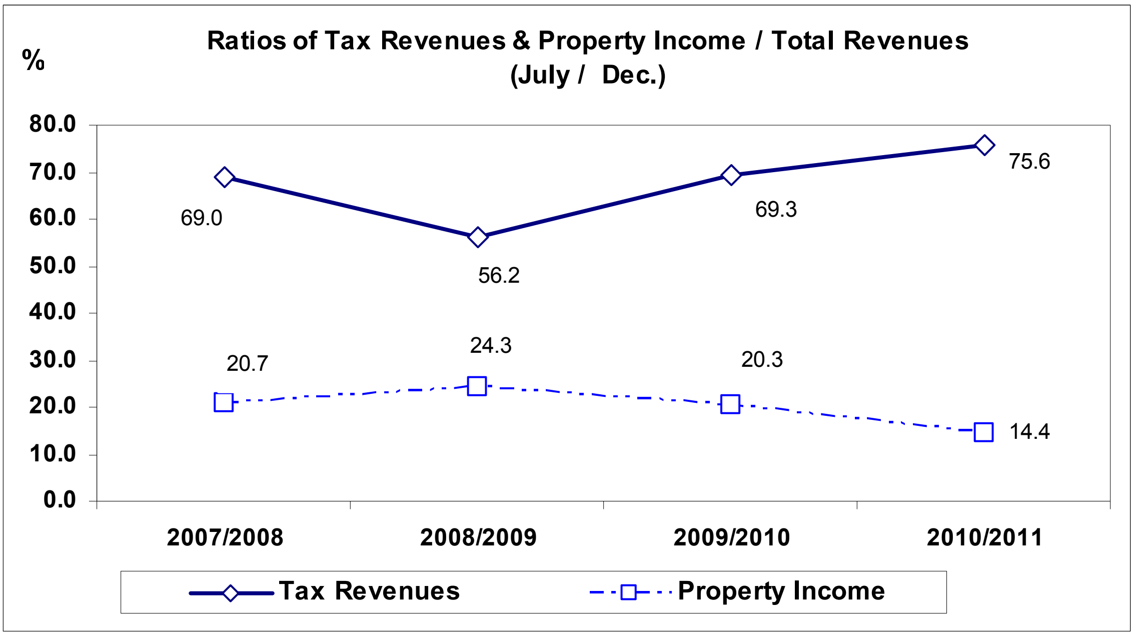
Budget Sector

According to the data of the Ministry of Finance on the budget execution in July/Dec. 2010/2011, collected revenues totaled some LE 99.7 billion (7.2 percent of GDP), with an increase of LE 5.1 billion or 5.3 percent over the previous corresponding period. Total expenditures reached about LE 161.1 billion (11.7 percent of GDP), up by LE 8.7 billion or 5.7 percent over the comparison period. Consequently, the overall budget deficit widened to some LE 60.4 billion or 4.4 percent of GDP during the period, against LE 57.5 billion (4.9 percent of GDP) in the period of comparison.



Public revenues picked up by some LE 5.1 billion or 5.3 percent, to reach LE 99.7 billion (7.2 percent of GDP).

The increase in public revenues was a main result of the pickup of LE 9.8 billion or 14.9 percent in tax revenues. As such, taxes on income and business profits from the EGPC, the SCA and some other units, and taxes payable by individuals all scaled up by some LE 5.4 billion; taxes on goods and services by about LE 3.8 billion; taxes on property income by some LE 0.5 billion; and customs receipts by some LE 218 million.

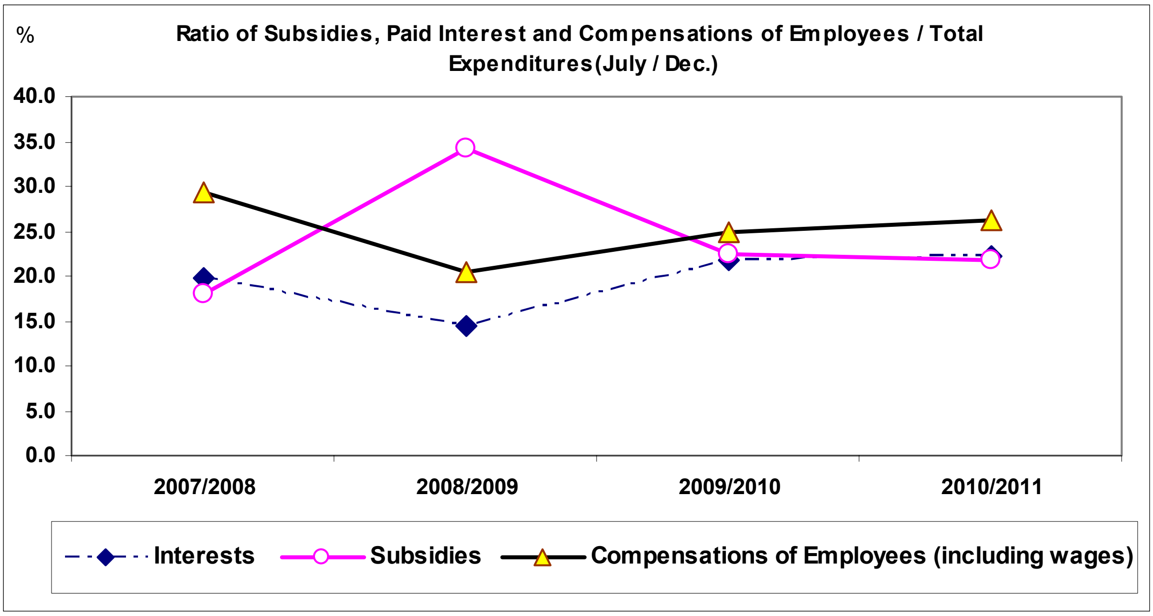


The increase in tax revenues helped mitigate the effect of the LE 4.9 billion decline in non-tax revenues. Around 98.8 percent of that decline came from the drop in property income of the EGPC, the SCA and some companies and miscellaneous sources.

External grants increased by LE 182 million, registering LE 2.1 billion, (against LE 1.9 billion in the period of comparison).

Expenditures totaled LE 161.1 billion, with a rise of LE 8.7 billion or 5.7 percent over the corresponding period.

Rising by LE 4.4 billion or 11.7 percent, to reach about LE 42.5 billion, wages and compensations of employees accounted for more than half of the increase in expenditures (51.1 percent). Those wages and compensations drained about 42.6 percent of total revenues and represented 30.0 percent of total current government spending. Likewise, domestic and external interest payments went up by LE 2.5 billion to LE 35.7 billion. Subsidies, grants and social benefits also increased by LE 2.1 billion or 5.4 percent over the period of comparison, to reach LE 41.6 billion. Of this figure, GASC subsidies accounted for LE 12.3 billion and oil subsidies for LE 17.0 billion. Moreover, defense outlays rose by LE 2.8 billion.



On the other hand, investment spending declined by LE 2.1 billion or 11.3 percent, to reach LE 16.3 billion.

Against this background, the budgetary cash deficit in July/Dec. 2010/2011 hit LE 61.4 billion or 52.3 percent of the cash deficit estimated for the whole FY. Net acquisition of financial assets reached some LE 1 billion (negative), bringing the overall deficit in the reporting period to LE 60.4 billion or 4.4 percent of GDP (against a deficit of LE 57.5 billion and 4.9 percent of GDP in the period of comparison), revealing an increase of LE 3.0 billion.

Local financing sources (mainly subscriptions for treasury bills and bonds) were chiefly used to cover the budget deficit. Also, some various local repayments were made.

Budget Sector, NIB and SIFs

Adding the fiscal operations of the NIB and SIFs to those of the budget sector, total revenues would augment by 4.9 percent over the period of comparison, to stand at LE 114.8 billion (8.3 percent of GDP).

Consolidated Fiscal Operations of the General Government
(Budget Sector, NIB and SIFs)
(Total Revenues)
(Actual Figures)

(LE bn)

	July/Dec. 2010/2011					
	Budget Sector	**Relative Structure**	**Execution Ratio/Total Estimates for the Year**	**Budget Sector, NIB & SIFs**	**Relative Structure**	**Execution Ratio/Total Estimates for the Year**
Total Revenues	**99.7**	**100.0**	**34.9**	**114.8**	**100.0**	**35.6**
Tax Revenues	**75.4**	**75.6**	**37.6**	**75.4**	**65.7**	**37.6**
▪ Taxes on income and profits	29.9	30.0	33.7	29.9	26.1	33.7
The EGPC	9.8	9.8	27.3	9.8	8.5	27.3
The SCA	5.0	5.0	46.9	5.0	4.4	46.9
The CBE	0.0	0.0	0.0	0.0	0.0	0.0
Other entities	7.0	7.0	30.5	7.0	6.1	30.5
Payable by individuals	8.2	8.2	42.3	8.2	7.1	42.3
▪ Taxes on property	4.6	4.6	37.3	4.6	4.0	37.3
▪ Taxes on goods and services	33.8	33.9	41.8	33.8	29.4	41.8
▪ Taxes on international trade (customs)	6.9	6.9	44.2	6.9	6.0	44.2
▪ Other taxes	0.3	0.3	8.4	0.3	0.2	8.4
Grants	**2.1**	**2.1**	**41.3**	**2.1**	**1.9**	**41.3**
Other Revenues	**22.2**	**22.3**	**27.6**	**37.2**	**32.4**	**31.8**
Property income	14.3	14.4	26.7	16.4	14.3	27.1
Selling proceeds of goods and services	5.1	5.2	34.6	5.1	4.5	34.6
Financing investments	1.5	1.5	20.1	1.5	1.3	20.1
Others	1.2	1.2	28.3	14.1	12.3	41.4

Source: Ministry of Finance.
Percentages are calculated in terms of LE million.

Expenditures also rose by 3.6 percent over the period of comparison, posting LE 174.6 billion (12.7 percent of GDP).

Consolidated Fiscal Operations of the General Government
(Budget Sector, NIB and SIFs)
(Total Expenditures)
(Actual Figures)

(LE bn)

	July/Dec. 2010/2011					
	Budget Sector	**Relative Structure**	**Execution Ratio / Total Estimates for the Year**	**Budget Sector, NIB & SIFs**	**Relative Structure**	**Execution Ratio /Total Estimates for the Year**
Total Expenditures	**161.1**	**100.0**	**40.0**	**174.6**	**100.0**	**39.8**
Wages & Compensations of Employees	**42.5**	**26.3**	**44.6**	**43.0**	**24.7**	**44.6**
Purchases of Goods & Services	**9.3**	**5.8**	**32.1**	**9.4**	**5.4**	**32.3**
Interest	**35.7**	**22.2**	**39.2**	**21.5**	**12.3**	**26.2**
Subsidies, Grants & Social Benefits	**41.6**	**25.8**	**35.6**	**68.3**	**39.1**	**42.8**
Subsidies	34.9	21.7	34.5	34.9	20.0	34.5
Grants	3.0	1.8	58.2	3.0	1.7	58.2
Social benefits	3.4	2.1	54.4	30.2	17.3	61.3
Others	0.3	0.2	6.9	0.3	0.1	6.9
Other Expenditures	**15.9**	**9.8**	**51.0**	**16.0**	**9.1**	**51.1**
Purchases of Non-Financial Assets (Investments)	**16.3**	**10.1**	**40.6**	**16.4**	**9.4**	**40.7**

Source: Ministry of Finance.
Percentages are calculated in terms of LE million.

The cash deficit of the consolidated fiscal operations of the general government in the relevant period reached LE 59.8 billion. By adding the net acquisition of financial assets (negative LE 3.1 billion) to the cash deficit, the overall deficit would post LE 56.7 billion (4.1 percent of GDP), constituting 51.5 percent of the overall deficit estimated for the whole year. The deficit was financed by local banking and non-banking sources.

Consolidated Fiscal Operations of the General Government
(Budget Sector, NIB and SIFs)
(Cash and Overall Deficit/Surplus & Finance Sources)
(Actual Figures)

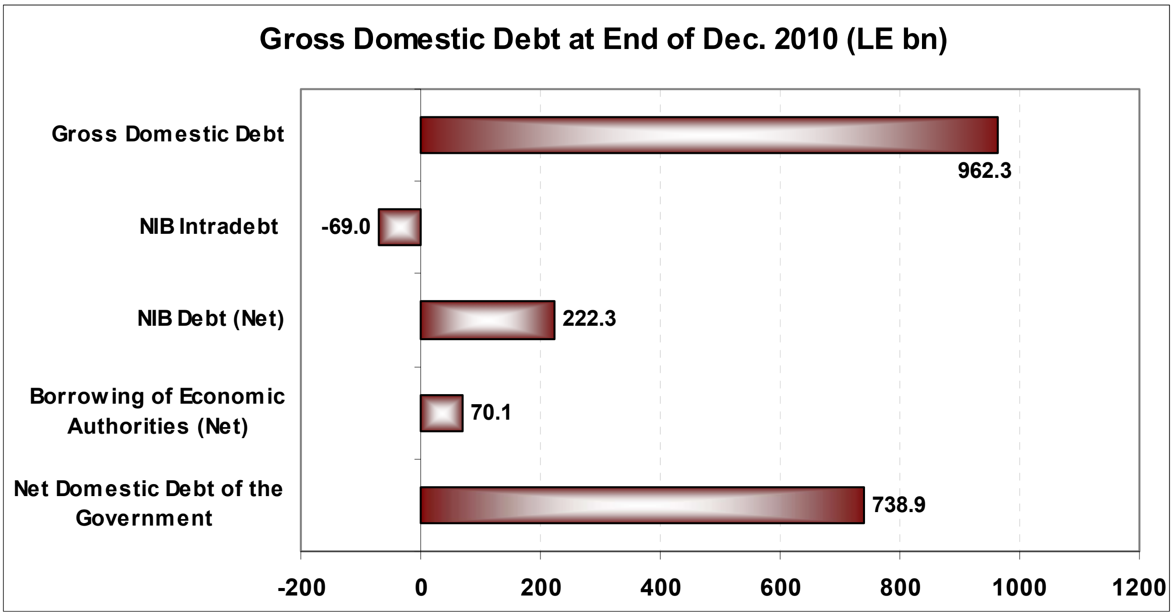
(LE bn)

	July/Dec. 2010/2011					
	Budget Sector	**Relative Structure**	**Execution Ratio / Total Estimates for the Year**	**Budget Sector, NIB & SIFs**	**Relative Structure**	**Execution Ratio /Total Estimates for the Year**
Total Revenues	**99.7**		**34.9**	**114.8**		**35.6**
Total Expenditures	**161.1**		**40.0**	**174.6**		**39.8**
Cash deficit	61.4		52.3	59.8		51.6
Net acquisition of financial assets	-1.0		11.6	-3.1		53.5
Overall Deficit	**60.4**		**55.4**	**56.7**		**51.5**
Finance Sources	**60.4**	**100.0**	**55.4**	**56.7**	**100.0**	**51.5**
Domestic Finance	**75.5**	**124.9**	**63.7**	**72.5**	**127.8**	**60.6**
Banking finance	37.6	62.2	70.7	39.5	69.6	83.2
Non-banking finance	37.9	62.7	58.0	33.0	58.2	45.8
Blocked Account Used in Amortizing Part of CBE Bonds	**0.0**	**0.0**		**0.0**	**0.0**	
External Borrowing	**3.4**	**5.6**	**-35.1**	**3.4**	**6.0**	**-35.1**
Arrears	**0.0**	**0.0**		**0.0**	**0.0**	
Others	**-0.2**	**-0.3**	**27.6**	**-0.9**	**-1.6**	**135.2**
Finance Effects for Eliminations	**0.0**	**0.0**		**0.0**	**0.0**	
Revaluation Differences	**0.0**	**0.0**		**0.0**	**0.0**	
Net Privatization Proceeds	**0.0**	**0.0**	**8.8**	**0.0**	**0.0**	**8.8**
Difference between the TBs Face Value & Present Value	**-1.1**	**-1.8**	**00**	**-1.1**	**-1.9**	**00**
Foreign Debt Reclassification Diff. and Related FX Diff.	**0.0**	**0.0**		**0.0**	**0.0**	
Discrepancy	**-17.2**	**-28.4**	**-2563.8**	**-17.2**	**-30.3**	**-2563.8**

Source: Ministry of Finance.
Percentages are calculated in terms of LE million.

4/2- Domestic Public Debt

In the first half of 2010/2011, **domestic public debt** went up by LE 73.6 billion or 8.3 percent, standing at LE 962.3 billion or 69.8 percent of GDP at end of December 2010, compared with 73.6 percent of GDP at end of June. It consists of the sum of net government debt, public economic authorities' debt and that of the National Investment Bank (minus intra-debts of public economic authorities and the government to the NIB).



4/2/1- Debt of the Government (Net)

The government's domestic debt (net) reached some LE 738.9 billion, or 53.6 percent of GDP at end of Dec. 2010, up by LE 75.1 billion or 11.3 percent in July/Dec. 2010/2011. The rise resulted from the LE 68.7 billion pickup in the balances of government bonds and bills and the LE 6.4 billion decline in the net credit position of the government with the banking system (because of the increase in government loans and deposits by LE 12.1 billion and LE 5.7 billion, respectively).

Domestic Debt of the Government (Net)

(LE bn)

Balances at End of	June 2010 Value	June 2010 %	Dec. 2010 Value	Dec. 2010 %	Change + (-) July/Dec. 2010/2011
Net Domestic Debt	**663.8**	**100.0**	**738.9**	**100.0**	**75.1**
- Balances of Bonds & Bills	**779.2**	**117.4**	**847.9**	**114.8**	**68.7**
• Notes and bonds*, of which:	513.1	77.3	566.0	76.7	52.9
Tradable on exchanges	169.7	25.6	213.9	28.9	44.2
• Treasury bills	266.1	40.1	281.9	38.1	15.8
- Credit Facilities from SIFs	**2.4**	**0.3**	**2.4**	**0.3**	**0**
- Net Balances at the Banking System	**-117.8**	**-17.7**	**-111.4**	**-15.1**	**6.4**
• Credit facilities	26.8	4.0	38.9	5.3	12.1
• Deposits (-)	144.6	21.8	150.3	20.4	5.7
Domestic Government Debt/GDP (%)	55.0		53.6		

Source: Ministry of Finance, CBE and NIB.
Ratios are calculated in terms of LE million.
* Including treasury bonds; housing bonds; bonds denominated in foreign currencies with public commercial banks; the 5 percent ratio retained from profits of corporations subject to Law No. 97 for 1983 for the purchase of government bonds; holdings of resident financial institutions in Egypt (the banking and insurance sectors) of bonds floated abroad; and the SIFs' bonds against the transfer of NIB debt to the Public Treasury.

The increase of LE 68.7 billion in the balance of government bonds and bills was an outcome of the following developments:

A- The pickup in the balance of government bonds by LE 52.9 billion to LE 566.0 billion at end of December 2010, as a result of:

1- The LE 43.5 billion rise in the balance of Egyptian Treasury bonds in July/December 2010/2011, represented in:

- The LE 3.0 billion rise in the 39th tranche of 3-year Egyptian Treasury bonds, issued in April 2009 at an annual interest rate of 10.35 percent (on the same conditions of issuance), thus raising the total value of these bonds to LE 6.0 billion.
- The LE 2.0 billion rise in the 50th tranche of 7-year Egyptian Treasury bonds, issued in February 2010, at an annual interest rate of 12.6 percent.
- The LE 3.0 billion rise in the 55th tranche of 10-year Egyptian Treasury bonds, issued in August 2010, at an annual interest rate of 13.0 percent (on the same conditions of issuance).

- The issuance of the 56th tranche of 3-year bonds on 5 October 2010, at a value of LE 3.0 billion and an annual interest rate of 11.60 percent. The tranche was increased by LE 7.0 billion (LE 5 billion in November 2010 and LE 2.0 billion in December) on the same conditions of issuance, thus raising the total value of these bonds to LE 10.0 billion.

- The issuance of the 57th tranche of 5-year bonds on 19 October 2010, at a value of LE 3.0 billion and an interest rate of 12.35 percent. The value of the tranche was raised by LE 3.0 billion (LE 2.0 billion in November 2010 and LE 1.0 billion in December) on the same conditions of issuance, driving up their total value to LE 6.0 billion.

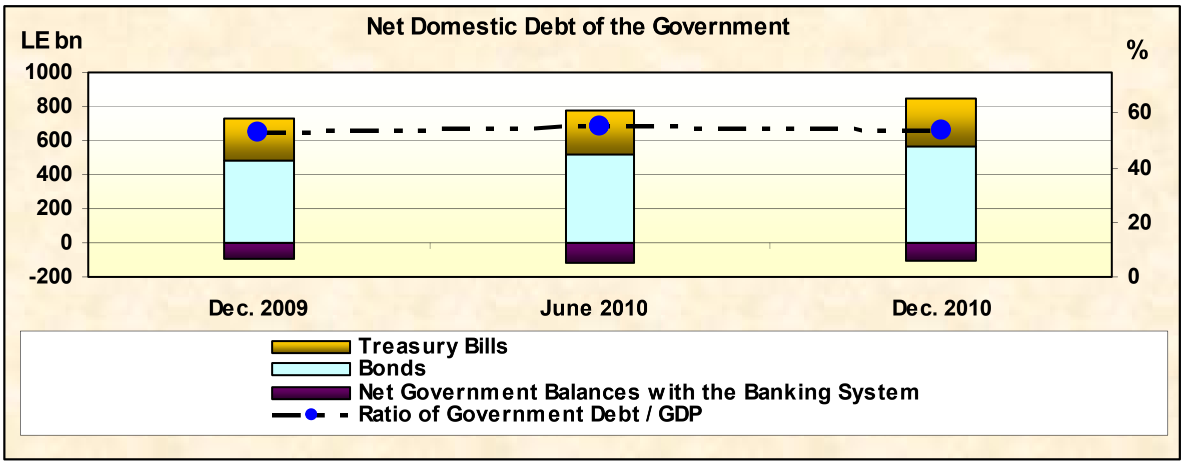
- The issuance of treasury bonds at a value of LE 25.5 billion in July/September 2010/2011.

- The redemption of Egyptian Treasury bonds at a value of LE 6.0 billion in July/December 2010/2011 (of which, LE 2.0 billion represented the 15th tranche falling due in July 2010, the 17th tranche due in August, and the 20th tranche due in October).

2- The issuance of 10-year Public Treasury bonds (non-interest bearing) at a value of LE 9.1 billion on the 1st of July 2010.

3- The increase in the net balance of bonds tradable abroad in US dollar, along with the bonds issued in Egyptian pound (up by LE 0.1 billion worth), and foreign currency bonds at public commercial banks by the equivalent of LE 0.2 billion.

B- The pickup of LE 15.8 billion in the outstanding balance of Public Treasury bills, to stand at LE 281.9 billion at end of December 2010, compared with LE 266.1 billion at end of June.

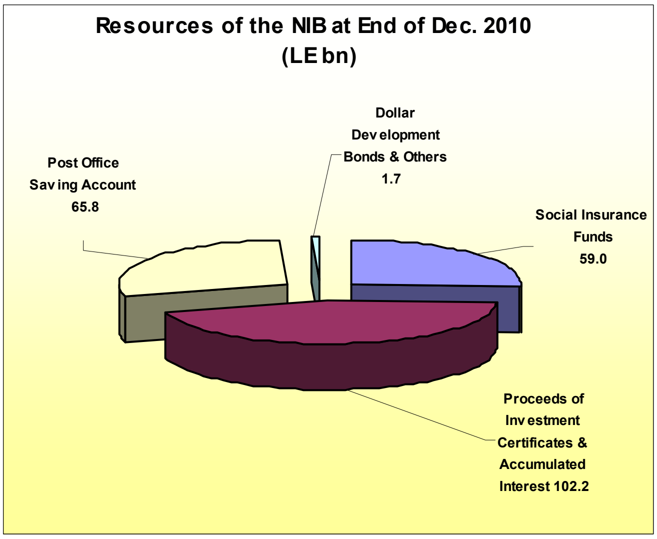


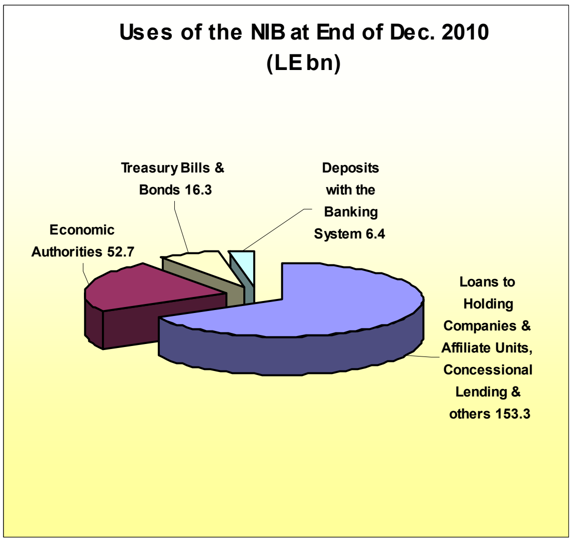
4/2/2- Debt of Public Economic Authorities (Net)

Debt of public economic authorities (net basis) went up by LE 2.3 billion, posting LE 70.1 billion at end of December 2010. The rise was attributed to the increase of LE 1.1 billion in their net borrowing from the banking system (because of the rise of LE 3.8 billion in their loans and LE 2.7 billion in their deposits), along with the pick up of LE 1.2 billion in their borrowing from the NIB.

4/2/3- Debt of the National Investment Bank (Net)

Net debt of the NIB (including the intra-debt) reached some LE 222.3 billion at end of December 2010, mounting by LE 87.0 million, compared with the end of June. The rise was partly due to the expansion in NIB's total invested resources by LE 962.0 million above the level of the end of June 2010, thereby reaching LE 228.7 billion at end of December, and partly because of the pickup of LE 875.0 million in its deposits at the banking system, to register LE 6.4 billion at the end of December.





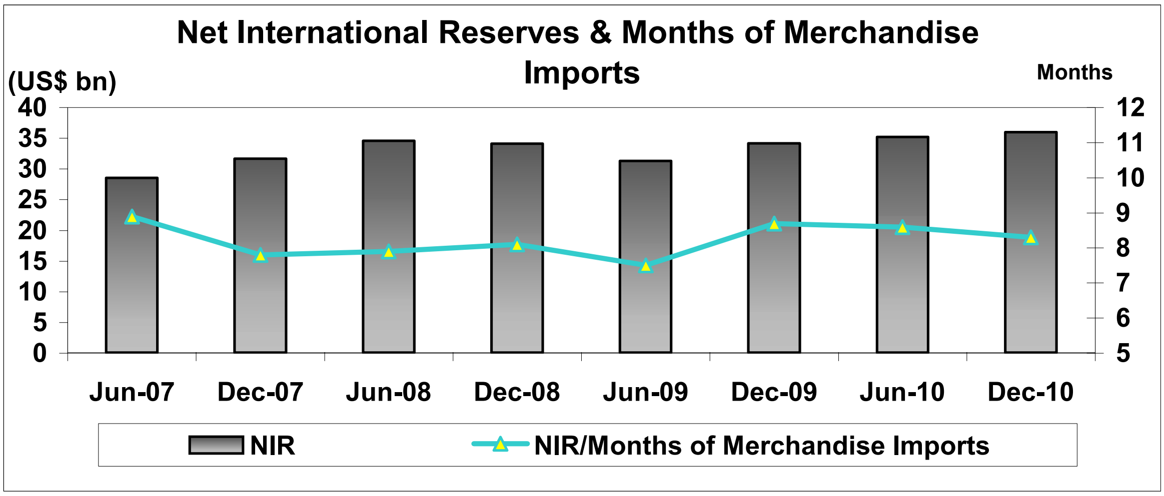
4/2/4- Intra-Debt

The intra-debt of public economic authorities and the government to the NIB reached about LE 69.0 billion at end of December 2010, compared with LE 65.1 billion at end of June. Loans granted by the NIB to these authorities posted about LE 52.7 billion, with an increase of LE 1.2 billion during the relevant period, while its investments in government securities (bills and bonds) reached some LE 16.3 billion, up by LE 2.7 billion during the period under review.

5: External Transactions

5/1- Foreign Exchange Market and External Reserves

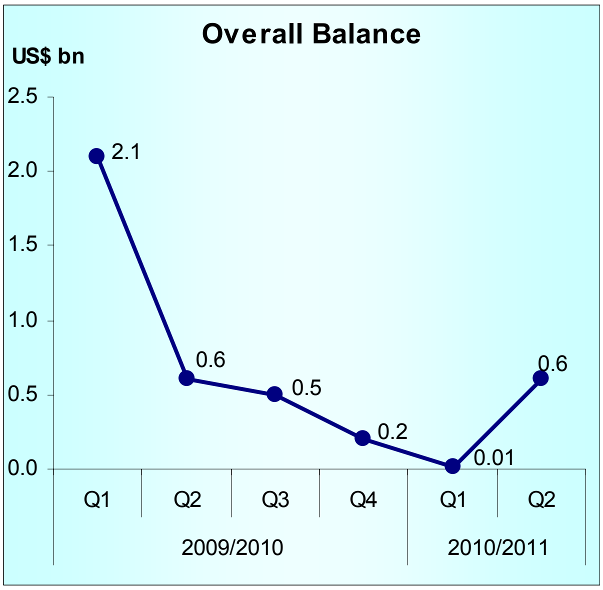
The weighted average of the US dollar interbank rate posted LE 5.8049 on 30 December 2010, against LE 5.6952 on 30 June. Thus, the Egyptian pound depreciated vis-à-vis the US dollar by some 1.9 percent in the period under review. According to the latest available data, the weighted average of the US dollar registered LE 5.968 at end of March 2011, denoting a decline of 2.7 percent in the value of the Egyptian pound, affected by the recent events in the wake of the January 25 Revolution.



NIR with the CBE increased by US$ 0.8 billion or 2.2 percent to US$ 36.0 billion in the first half of 2010/2011, covering 8.3 months of merchandise imports at end of December 2010, against US$ 35.2 billion at end of June. It is noteworthy that during the preparation of this Review and in light of the current conditions after the January 25 Revolution, NIR retreated to US$ 30.1 billion at end of March 2011.

5/2- Balance of Payments*

In July/December 2010/2011, Egypt's transactions with the external world recorded a lower overall BOP surplus of US$ 571.7 million (down from US$ 2.6 billion in the same period a year earlier). In the light of the events which hit Egypt at the advent of this year, tourism revenues, export proceeds, remittances of Egyptians working abroad and foreign investments have been negatively influenced, and such a state of affairs is likely to carry over in the upcoming period as well.



The current account deficit widened by 9.2 percent, registering US$ 1.4 billion in the period under review (against US$ 1.3 billion). The capital and financial account unfolded a decline in net inflows, to post US$ 2.8 billion (against US$ 3.3 billion).

5/2/1- Trade Balance

The trade deficit rose by 11.7 percent during the reporting period, to some US$ 13.3 billion (against US$ 11.9 billion). This was an outcome of the pickup of US$ 2.5 billion or 10.9 percent in merchandise imports, that surpassed the rise of US$ 1.2 billion or 10.0 percent in merchandise exports.

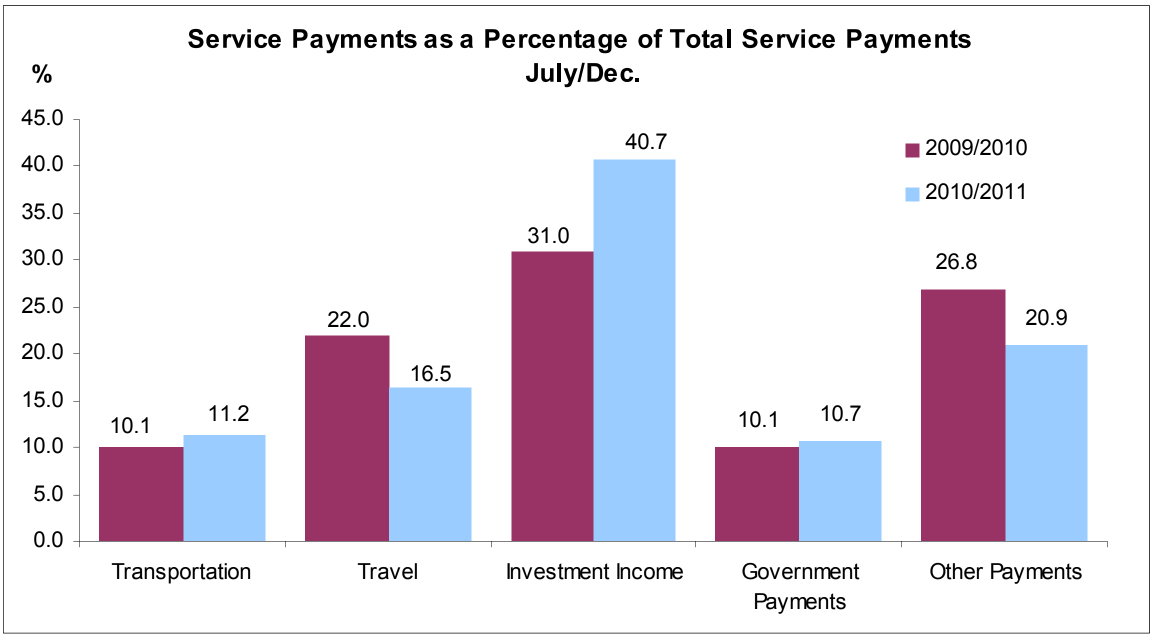
5/2/2- Balance of Services and Transfers

The services surplus fell by 11.1 percent, to US$ 5.6 billion (against US$ 6.3 billion), because of the increase in service payments by more than the rise in services receipts, as shown below:

* Compiled in accordance with the Fifth Edition of the IMF's Balance of Payments Manual, September 1993.

- **Service payments** increased by 24.7 percent to US$ 7.5 billion (against US$ 6.0 billion), reflecting the following developments:

- **Investment income payments** surged by 63.8 percent, to US$ 3.0 billion (against US$ 1.9 billion), as a result of the increase in the profit transfers of foreign companies operating in Egypt and the transfers of interest payments and dividends of bonds and securities.
- **Transportation payments** rose by 38.1 percent to US$ 838.9 million (against US$ 607.3 million), owing to larger transfers by foreign navigation and aviation companies, and Egyptian navigation companies and transfers for the hiring of airplanes from abroad.
- **Government expenditures** also scaled up by 31.8 percent, recording US$ 796.3 million (against US$ 604.0 million) as a consequence of the pickup in other government expenditures, and the expenses of Egyptian embassies abroad.
- **Travel payments** decreased by 6.7 percent to only US$ 1.2 billion (against US$ 1.3 billion), because of the drop in the expenses of tourism and medical treatment abroad, as well as lower payments of tourism companies and hotels to abroad.
- **Other service payments** also retreated by 2.6 percent to US$ 1.56 billion (against US$ 1.60 billion), due to the decline in the payments for communication services, royalties and license fees, insurance services, transfers by Egyptian and foreign companies abroad, and payments for foreign experts.



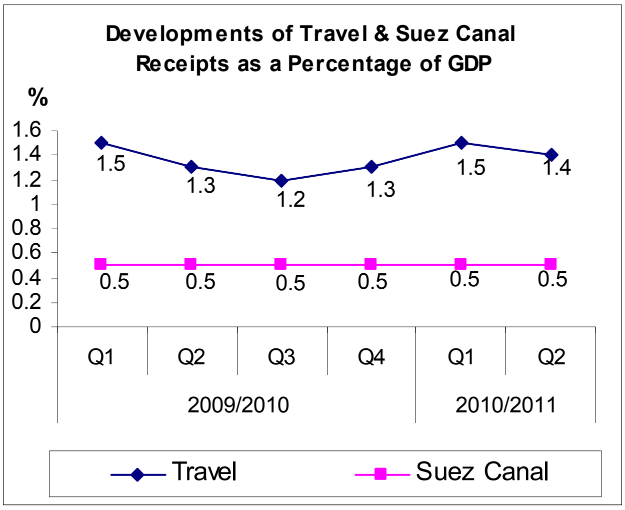
- **Service receipts** increased by 6.3 percent, to US$ 13.0 billion (against US$ 12.3 billion) as an outcome of the following developments:

• **Travel receipts (tourism revenues)*** rose by 15.6 percent, to US$ 6.9 billion (against US$ 6.0 billion) driven by the increase in the number of tourist nights from 70.7 million to 81.7 million in the reporting period.

It is worthy to note that tourism revenues mounted to US$ 3.3 billion in October/December 2010, compared with US$ 2.8 billion in the same period a year earlier.

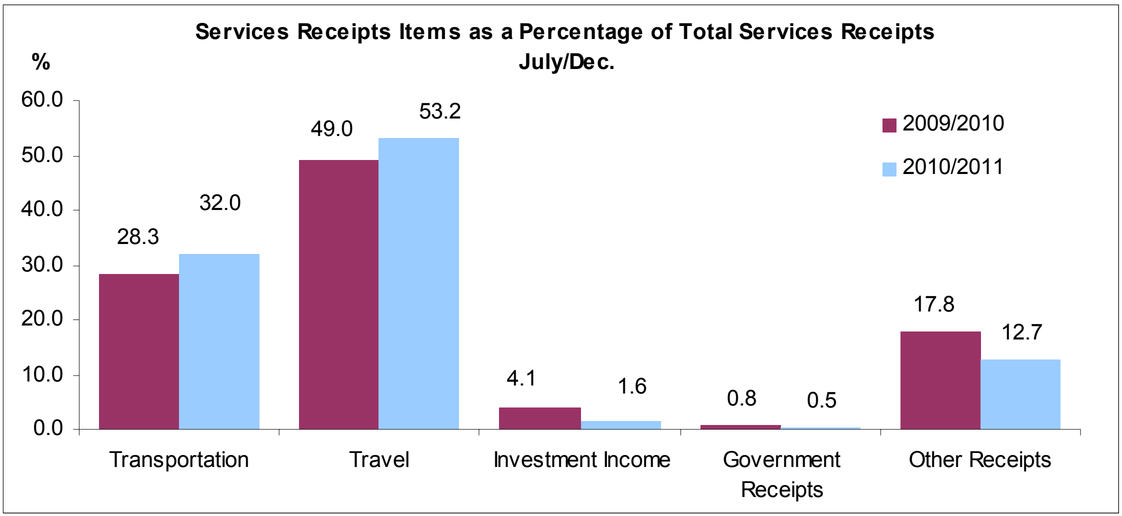
• **Transportation receipts** also increased by 20.2 percent, to US$ 4.2 billion (against US$ 3.5 billion), due to the rise in Suez Canal earnings by 10.9 percent and in the receipts of Egyptian navigation and aviation companies.

Obviously, **Suez Canal revenues** (quarterly) had been stable in the previous FY and at the beginning of the current FY, registering in the first and second quarters of FY 2010/2011 some US$ 1.3 billion each. That signified recovery from the spillovers of the slackened world trade, in the wake of the global financial crisis, and from the effects of piracy on Suez Canal navigation.



• **Other service receipts** shrank by 24.4 percent, to about US$ 1.7 billion (against US$ 2.2 billion) on the back of the weak invisible receipts of the EGPC, transfers to foreign companies, and revenues of investment services companies, as well as the decline in the receipts of computer services, subscriptions for magazines and newspapers, and agencies' commissions and fees.

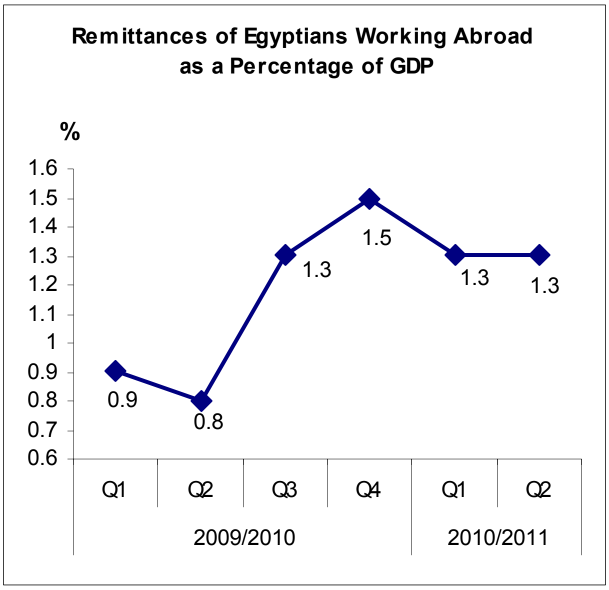
* Calculated on the basis of the number of tourist nights multiplied by the average tourist spending per night.



- **Investment income receipts** more than halved, falling by 58.3 percent, to register US$ 211.1 million (against US$ 506.4 million), because of the drop in interest payments and dividends of bonds and securities.

- **Government receipts** dropped by 29.4 percent, to US$ 69.4 million (from US$ 98.3 million) due to the lower expenses of foreign embassies in Egypt, the Arab League and international institutions.

- **Net unrequited transfers** accelerated by 45.3 percent, to US$ 6.3 billion (against US$ 4.4 billion). The pickup in net unrequited transfers was driven by the 78.3 percent rise in net private transfers that registered US$ 6.2 billion (against US$ 3.5 billion), thanks to the remittances of Egyptians working abroad that scored an increase of 75.4 percent. Concurrently, net official transfers re-treated from US$ 902.2 million to US$ 167.3 million.



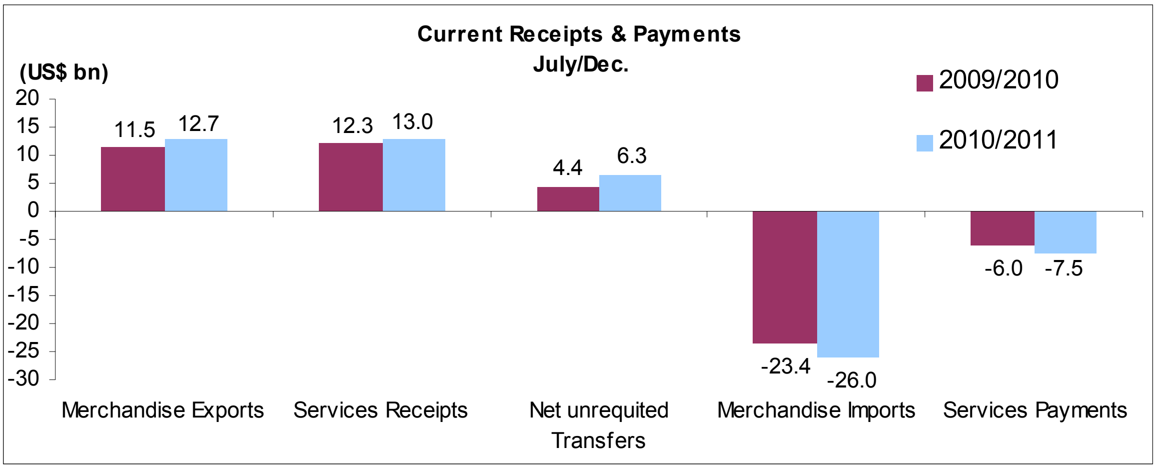
Net Current Transfers (Unrequited)

(US$ mn)

	July/December		Change	
	2009/2010	2010/2011	Value	%
Net Current Transfers (Unrequited)	**4361.9**	**6337.5**	**1975.6**	**45.3**
1- Official Transfers (Net) (a+b-c)	**902.2**	**167.3**	**-734.9**	**-81.5**
a- Inward cash grants	466.9	6.1	-460.8	-98.7
b- Other inward grants	454.7	170.6	-284.1	-62.5
c- Official outward transfers	19.4	9.4	-10.0	-51.5
2- Private Transfers (Net) (a+b-c)	**3459.7**	**6170.2**	**2710.5**	**78.3**
a- Workers' remittances	3579.9	6279.6	2699.7	75.4
b- Other transfers	25.9	46.8	20.9	80.7
c- Private transfers abroad	146.1	156.2	10.1	6.9

Against this backdrop, the current account deficit widened to US$ 1.4 billion (against US$ 1.3 billion) during July/Dec. 2010/2011, owing to the increase in current payments by US$ 4.0 billion or 13.7 percent, to US$ 33.5 billion (against US$ 29.4 billion). Thus, the rise in current payments exceeded that of current receipts, as the latter went up by US$ 3.9 billion or 13.9 percent, to post US$ 32.1 billion (against US$ 28.1 billion).

The following chart clarifies current receipts and payments in both the reporting and previous corresponding periods:



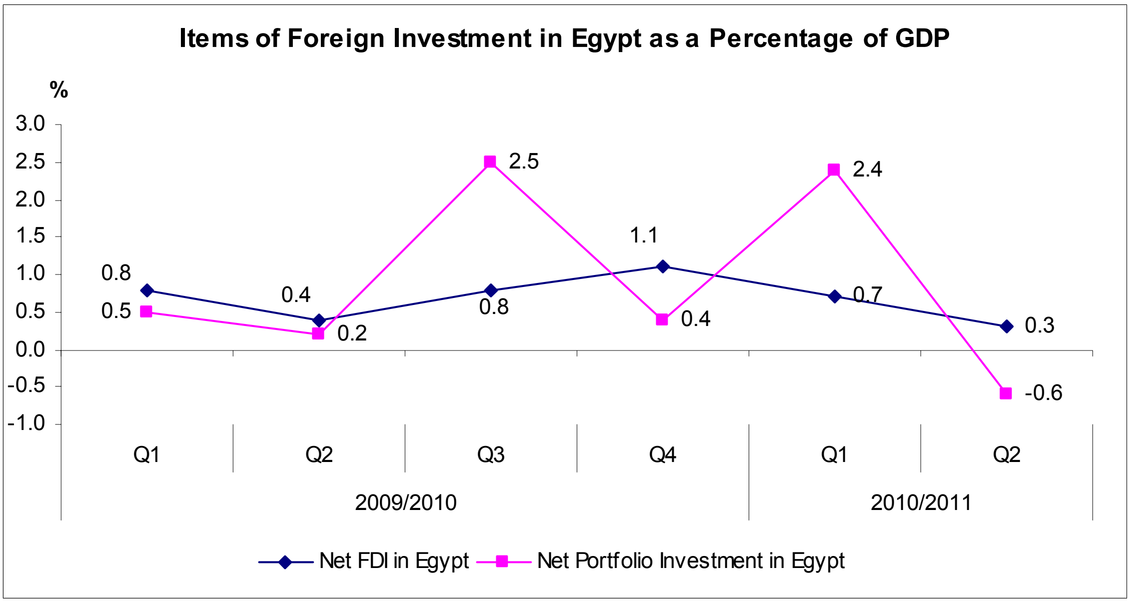
5/2/3- Capital and Financial Account

The **capital and financial account** recorded a lower net inflow of US$ 2.8 billion in the first half of FY 2010/2011, against US$ 3.3 billion a year earlier, as a reflection of the following:

1- Portfolio investment in Egypt* recorded a net inflow of US$ 4.6 billion (against US$ 1.6 billion), of which US$ 3.1 billion were foreigners' net transactions on Egyptian TBs, US$ 881.3 million were their net transactions on shares, and US$ 623.1 million were their net transactions on other Egyptian bonds and notes.

2- Foreign direct investment (FDI)** in Egypt registered a net inflow of US$ 2.3 billion (against US$ 2.6 billion), down by 14.2 percent, as an outcome of the following developments:

- Net direct investments in the oil sector retreated to US$ 607.2 million (from US$ 1.9 billion).
- Net greenfield investments increased to US$ 1.6 billion (from US$ 698.1 million).
- Privatization proceeds (selling of companies and productive assets to non-residents) recorded US$ 19.2 million; the same level of the previous quarter, against nil in the period of comparison, since no sales were made in October/December 2010.

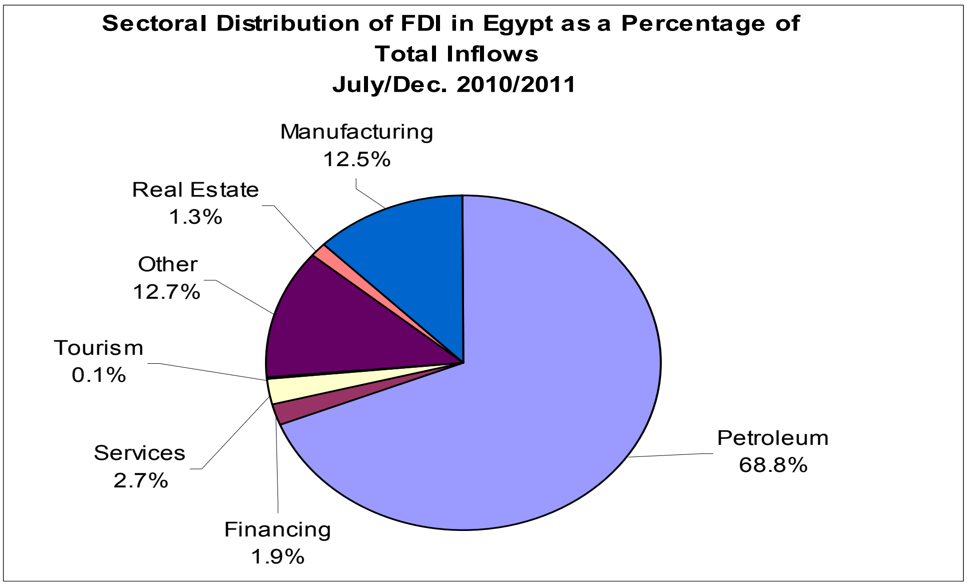


---

* Representing foreigners' net dealings in securities and Egyptian bonds and notes.

** FDI represents foreign investors that own 10 percent or more of the capital of any resident economic entity, or have an effective voice in its management. In Egypt, a foreign investor's equity participation shall be at least 10 percent of the capital of any enterprise.

- The chart below shows the sectoral distribution of FDI in Egypt as a percentage of total inflows:



3- Other assets and liabilities (the change in banks' foreign assets and liabilities, the CBE's non-reserve foreign assets and foreign liabilities and the counterpart of some items included in the current account) posted a net outflow of US$ 4.0 billion (against US$ 2.1 billion).

4- Medium- and long-term loans and facilities showed a net repayment of US$ 770.4 million (against US$ 561.9 million) reflecting the increase in total repayments from US$ 926.9 million to US$ 1.1 billion, and the decline in total disbursements from US$ 365.0 million to US$ 290.2 million.

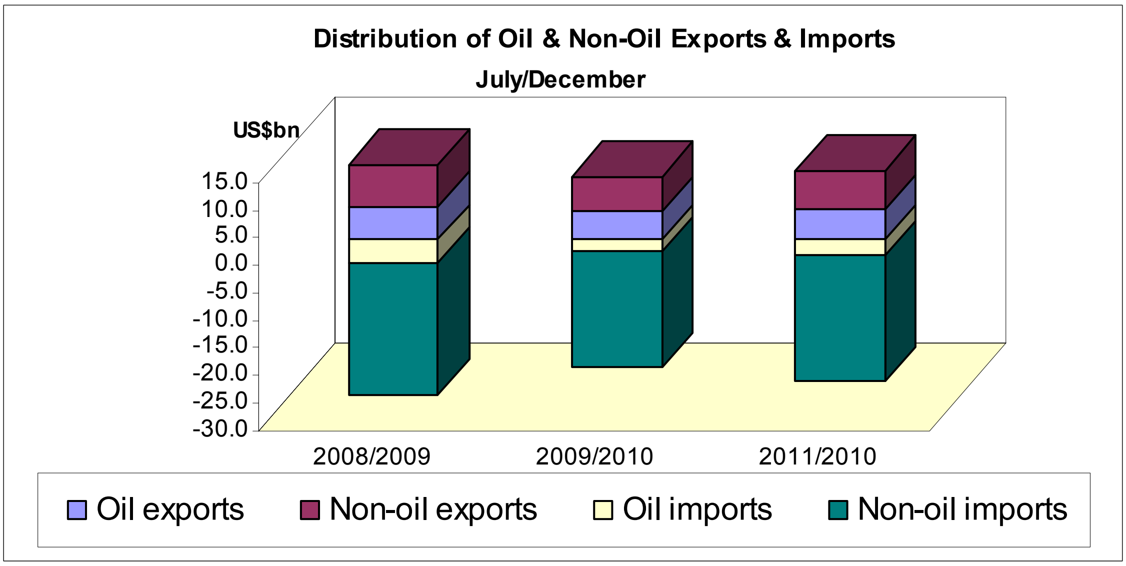
5/3- External Trade

5/3/1- Trade

In the first half of 2010/2011, the volume of trade increased by 10.6 percent to some US$ 38.7 billion (against US$ 35.0 billion in the corresponding period of the previous FY).

Merchandise export proceeds went up by 10.0 percent to US$ 12.7 billion (against US$ 11.5 billion). That was traceable to the rise of 10.8 percent in non-oil exports (representing 57.1 percent of total exports) and of 8.9 percent in oil exports (42.9 percent of the total).

Likewise, import payments went up by 10.9 percent to some US$ 26.0 billion (against US$ 23.4 billion), due to the increase in oil imports by 33.6 percent (11.3 percent of total imports) and in non-oil imports by 8.5 percent (88.7 percent of the total).

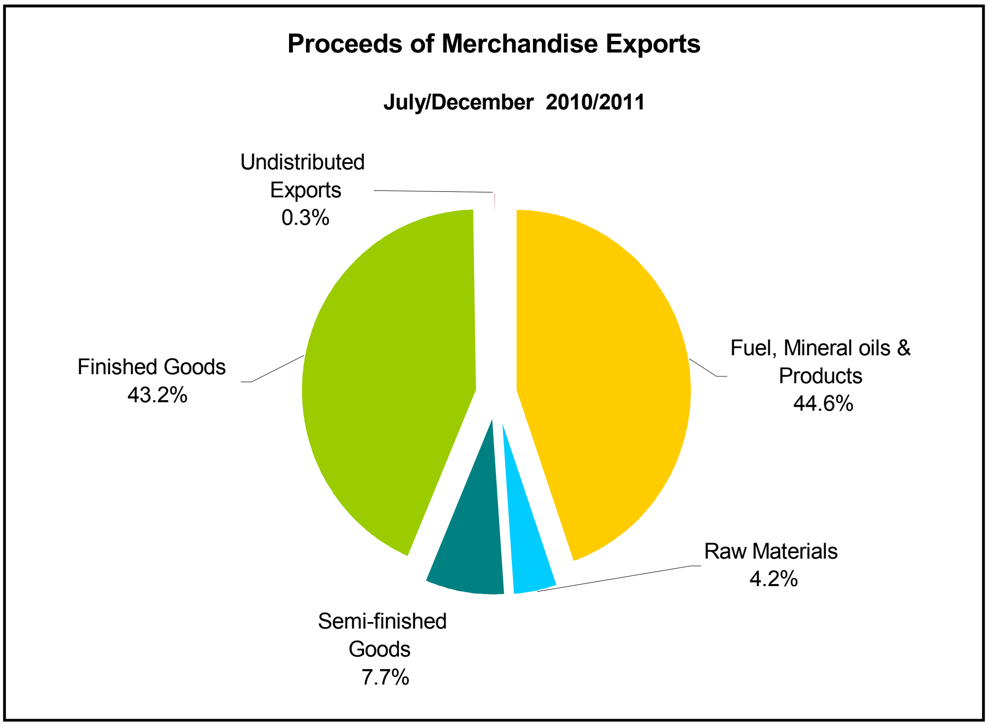


5/3/2- Structure of Export Proceeds and Import Payments

A- Merchandise Export Proceeds by Degree of Processing

Earnings of exports increased by 10.0 percent to US$ 12.7 billion in the period under review (against US$ 11.5 billion), as a result of the rises in the exports of semi-finished goods (20.8 percent), finished goods (14.2 percent) and fuel, mineral oils and products (9.8 percent). By contrast, exports of raw materials decreased by 16.5 percent.

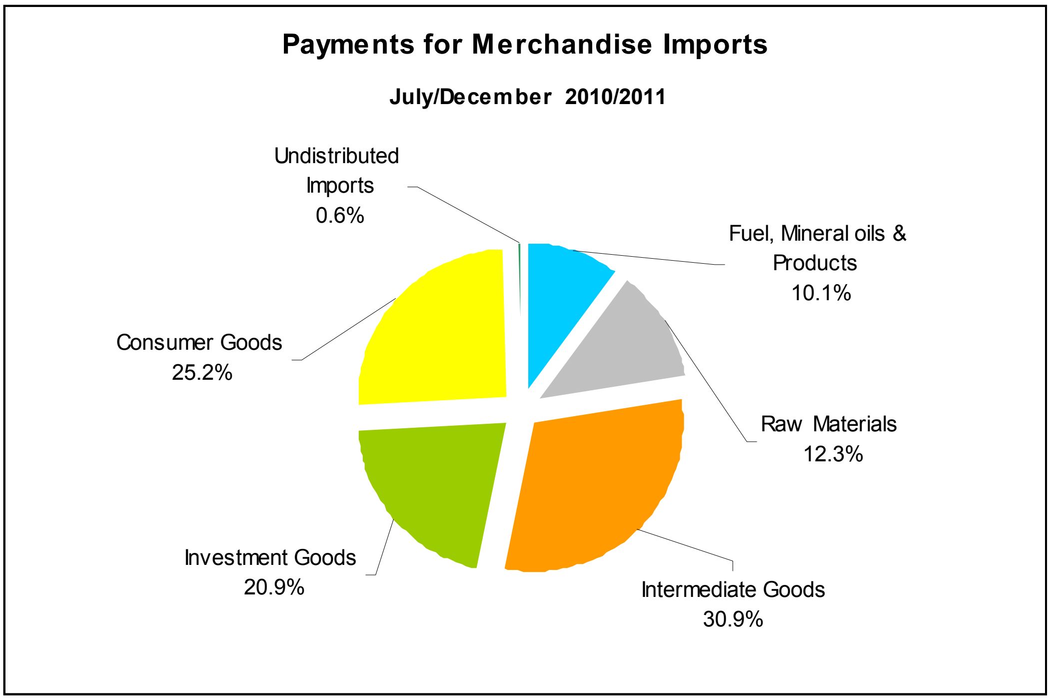
The following chart shows the respective shares of merchandise groups in total export proceeds:



B- Merchandise Import Payments by Degree of Use

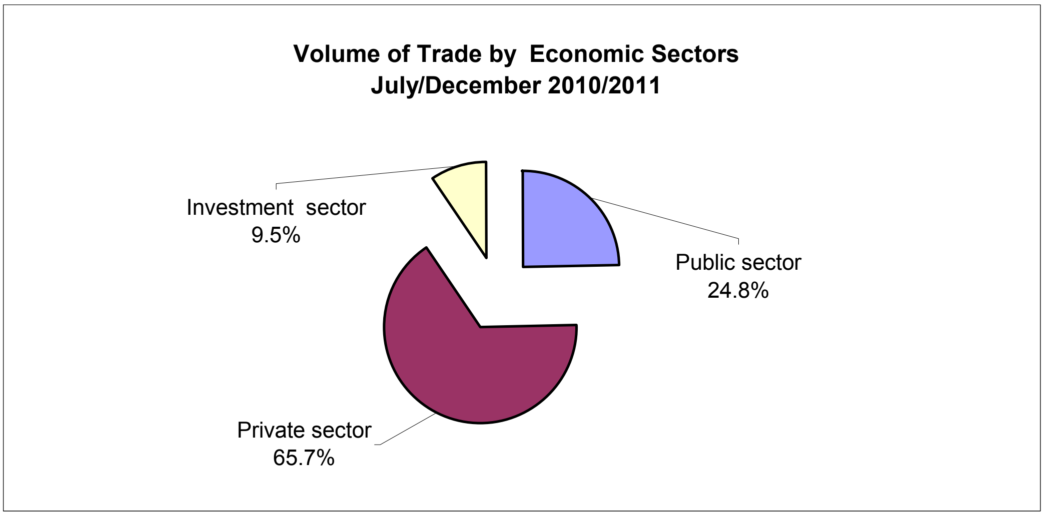
Import payments scaled up by 10.9 percent to US$ 26.0 billion in the reporting period (against US$ 23.4 billion a year earlier), reflecting the rise in all groups. As such, imports of raw materials rose by 50.2 percent, fuel, mineral oils and products by 26.1 percent, consumer goods by 10.7 percent, investment goods by 9.1 percent and intermediate goods by 5.5 percent.

The following chart shows the respective shares of merchandise groups in total import payments.



5/3/3- Sectoral Distribution of Commodity Transactions

The private sector accounted for 65.7 percent of the total volume of trade (against 65.9 percent), while the public sector shared with 24.8 percent (against 26.1 percent) and the investment sector with 9.5 percent (up from 8.0 percent).



The following is an overview of the exports and imports of the private, public, and investment sectors:

A-Private Sector:

The volume of trade of the private sector rose by 10.2 percent; reaching some US$ 25.4 billion (exports represented 23.9 percent and imports 76.1 percent). To elaborate, exports of the private sector picked up by 8.2 percent; recording US$ 6.1 billion (47.9 percent of total export proceeds at the country level) against US$ 5.6 billion (finished goods represented 77.0 percent of the total exports of this sector).

Similarly, imports of the sector scaled up by 10.8 percent, amounting to some US$ 19.3 billion, compared with US$ 17.4 billion (intermediate goods constituted 35.4 percent and consumer goods 30.1 percent of the sector's total imports).

B- Public Sector:

Its volume of trade edged up by 5.1 percent to about US$ 9.6 billion (exports made up 53.5 percent and imports 46.5 percent). That was traced to the higher export proceeds (up by 3.3 percent) recording US$ 5.1 billion (40.6 percent of Egypt's exports) against US$ 5.0 billion, given that fuel, mineral oils and products stood for 94.4 percent of the sector's total exports.

Likewise, imports of the public sector stepped up by 7.3 percent to US$ 4.5 billion (fuel, mineral oils and products constituted 40.0 percent and raw materials 25.6 percent of the sector's total imports).

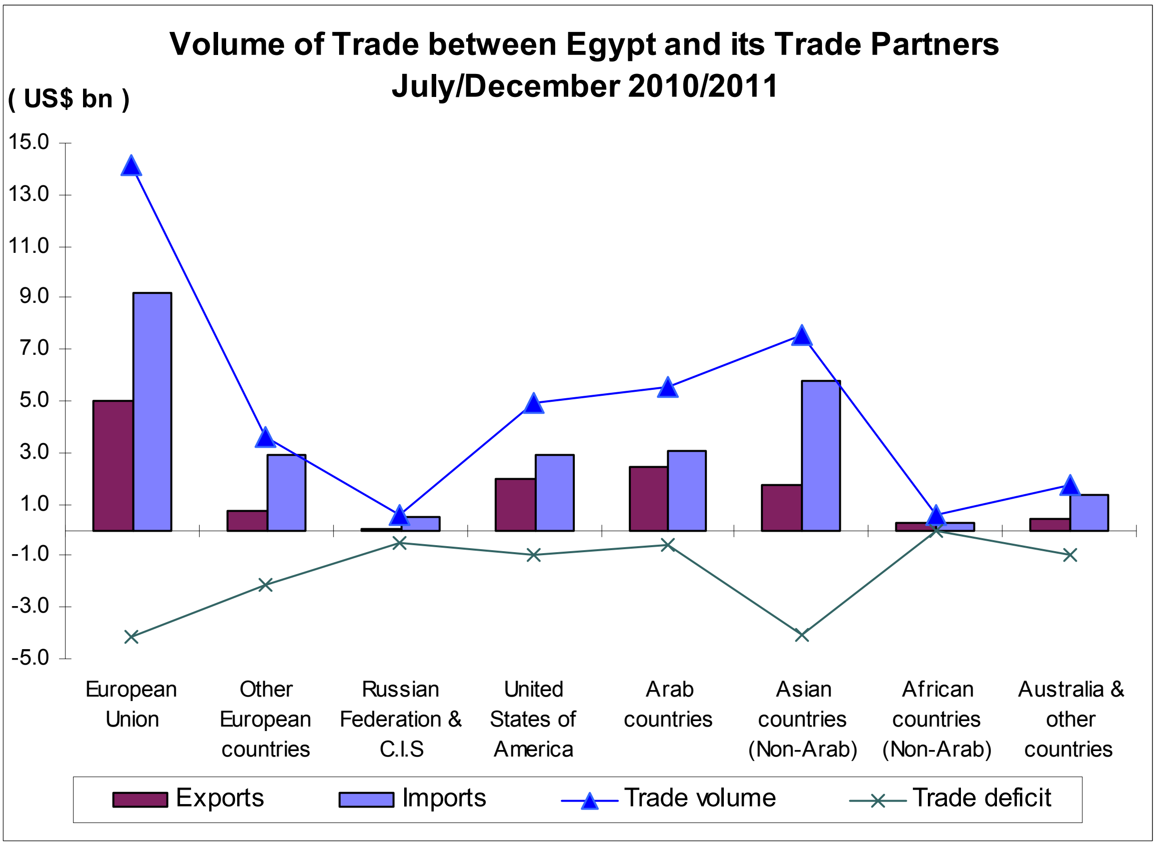
C- Investment Sector:

The trade volume of the investment sector soared by 31.5 percent, amounting to about US$ 3.7 billion (exports made up 40.1 percent and imports 59.9 percent). The volume of trade was pushed up by the 56.2 percent rise in exports to register US$ 1.5 billion, against US$ 0.9 billion (finished goods represented 45.4 percent, and fuel, mineral oils and products 42.5 percent of the total exports of this sector).

Another factor at work was the upward trend in the sector’s imports, that recorded US$ 2.2 billion, indicating a rise of 18.9 percent (intermediate goods constituted 33.9 percent and investment goods 27.0 percent of the sector's imports).

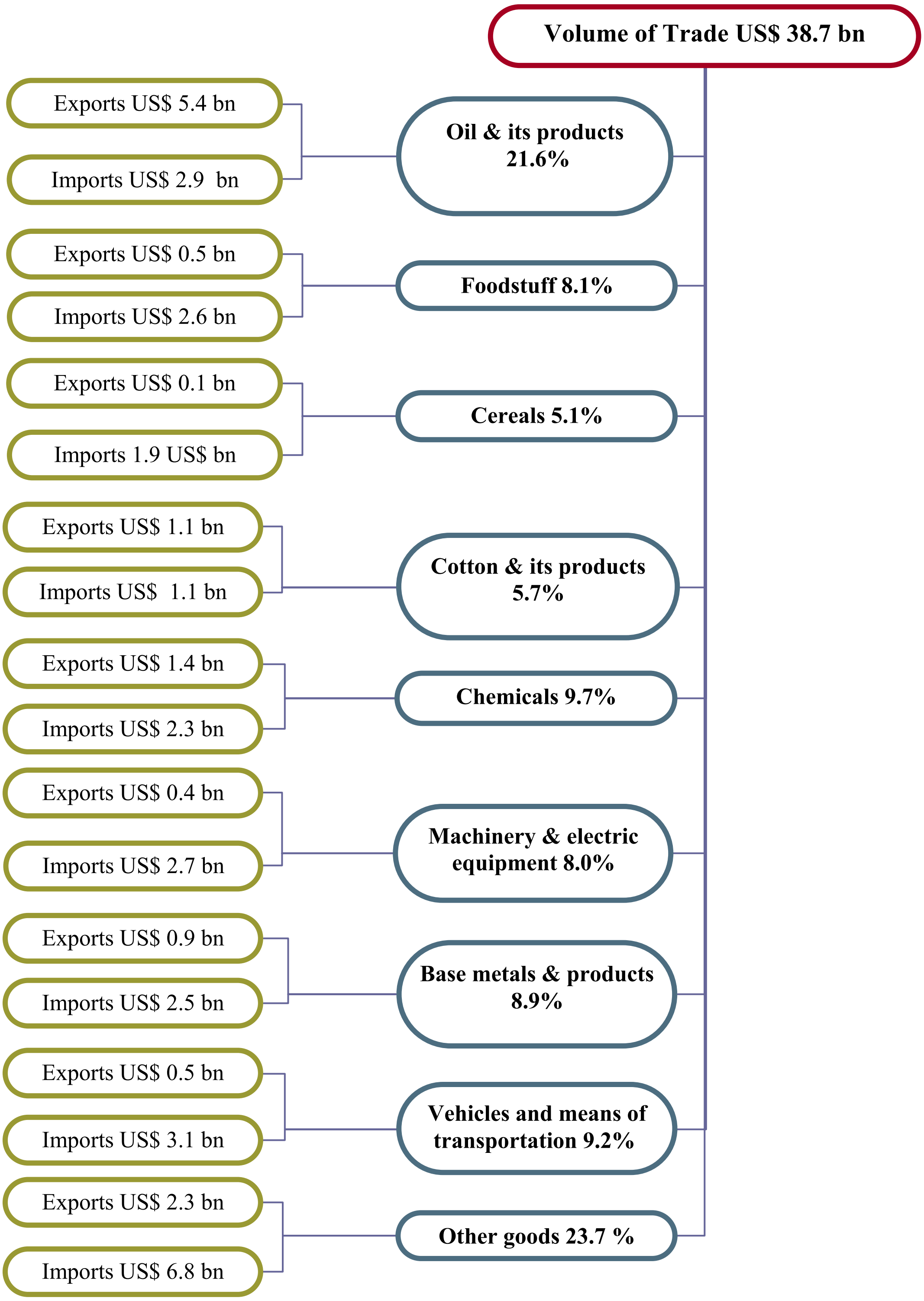
5/3/4- Geographical Distribution of Commodity Transactions

The volume of trade between Egypt and the external world rose to US$ 38.7 billion, registering a rise of 10.6 percent in the reporting report, thanks to the expansion in trade between Egypt and all economic groupings, except for Federal Russia and USA. Notably, the trade deficit widened by 11.7 percent to US$ 13.3 billion in the period under review (from US$ 11.9 billion a year earlier) because of the rise in the imports and exports to some US$ 26.0 billion and US$ 12.7 billion, respectively. A few countries accounted for 32.1 percent of the total volume of trade, particularly Italy, Switzerland, the United Kingdom, Germany and China.



5/3/5- Breakdown of Trade by Main Commodity

The following chart illustrates the volume of trade of all merchandise groups and the share of each group in July/December 2010/2011.

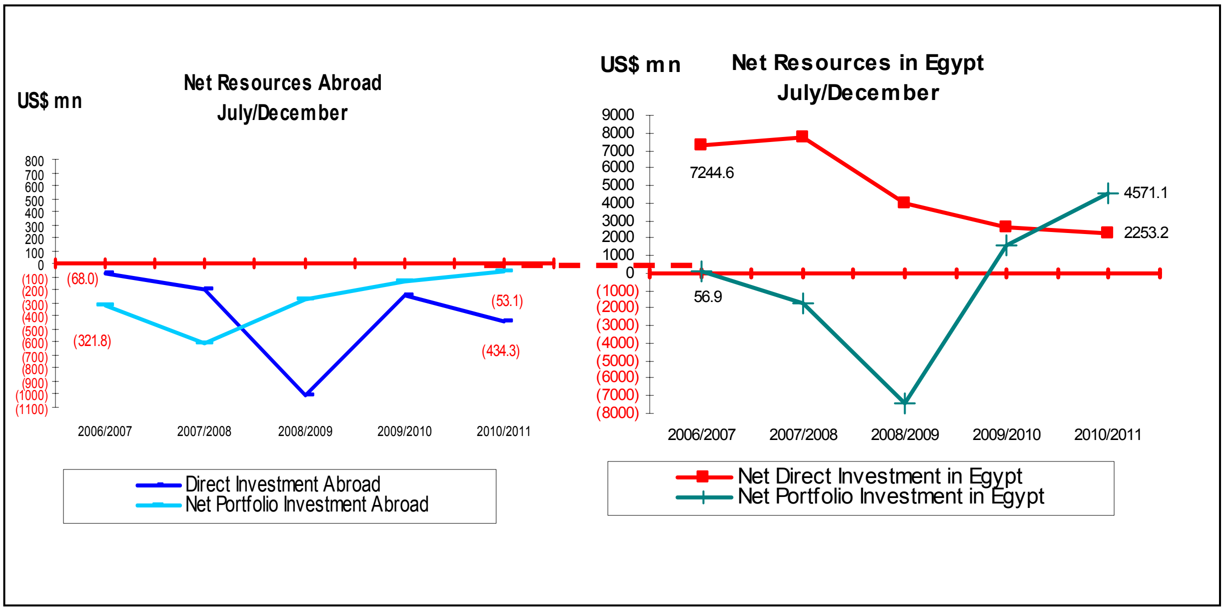

Volume of Trade US$ 38.7 bn
Oil & its products 21.6%
Exports US$ 5.4 bn
Imports US$ 2.9 bn
Foodstuff 8.1%
Exports US$ 0.5 bn
Imports US$ 2.6 bn
Cereals 5.1%
Exports US$ 0.1 bn
Imports 1.9 US$ bn
Cotton & its products 5.7%
Exports US$ 1.1 bn
Imports US$ 1.1 bn
Chemicals 9.7%
Exports US$ 1.4 bn
Imports US$ 2.3 bn
Machinery & electric equipment 8.0%
Exports US$ 0.4 bn
Imports US$ 2.7 bn
Base metals & products 8.9%
Exports US$ 0.9 bn
Imports US$ 2.5 bn
Vehicles and means of transportation 9.2%
Exports US$ 0.5 bn
Imports US$ 3.1 bn
Other goods 23.7 %
Exports US$ 2.3 bn
Imports US$ 6.8 bn

5/4- International Finance

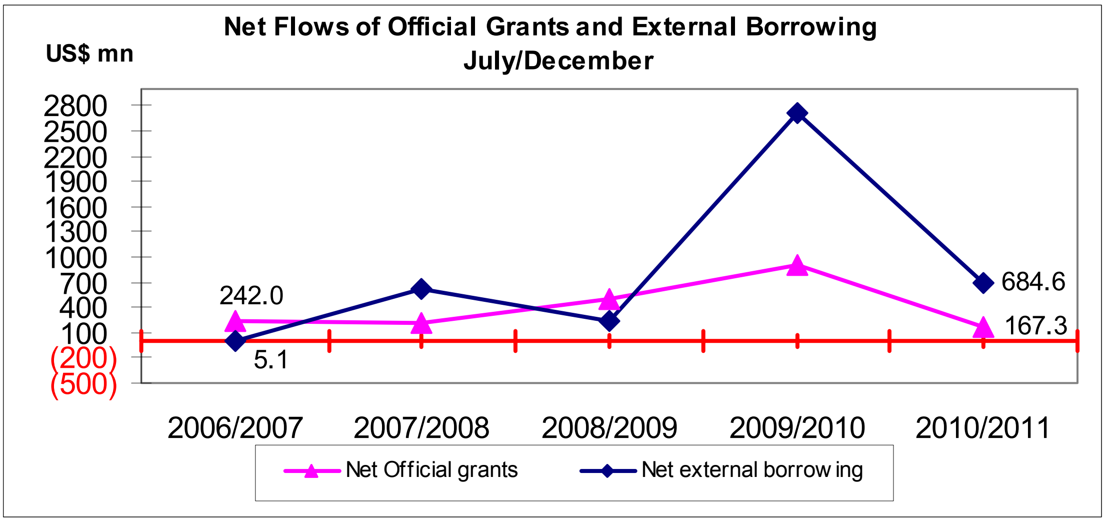
According to the international finance data in the first half of 2010/2011, net finance retreated by US$ 1.4 billion, resulting in a net inflow of US$ 4.2 billion (against US$ 5.6 billion a year earlier). That was attributed mainly to the increase of US$ 1.2 billion in the outflows of interest payments and profit transfers to US$ 3.0 billion (against US$ 1.9 billion). In addition, total net resources from abroad declined by US$ 258.1 million to US$ 7.2 billion in the period under review (against US$ 7.4 billion in the period of comparison). The decline was ascribable to the following main factors:

- Net foreign investment abroad (direct and portfolio) accelerated by some US$ 121.5 million, since FDI abroad increased by US$ 198.9 million to US$ 434.3 million, while portfolio investment abroad decreased by US$ 77.4 million to US$ 53.1 million.
- Net foreign investment in Egypt (direct and portfolio) went up by US$ 2.6 billion, as portfolio investment in Egypt rose by US$ 3.0 billion, leading to a net inflow of US$ 4.6 billion (representing foreigners' net transactions on securities and on Egyptian bonds and notes) during the period under review (against US$ 1.6 billion a year earlier). However, net FDI in Egypt continued to decline by US$ 372.6 million to US$ 2.3 billion (against US$ 2.6 billion).

The following chart illustrates the developments in net foreign investment (direct and portfolio) in Egypt and abroad during the period in question:



- Net disbursement of external borrowing (medium-, long- and short-term loans and facilities) decreased to US$ 684.6 million in the period under review (against US$ 2.7 billion in the period of comparison, thanks to the new SDR allocations of US$ 1.2 billion).
- Net official grants shrank by US$ 734.9 million or 81.5 percent to only US$ 167.3 million.



On the other hand, total interest payments and profit transfers abroad accelerated by US$ 1.2 billion to US$ 3.0 billion, due to the rise in profit transfers abroad by foreign oil companies operating in Egypt.

International Finance from Abroad (Net)

(US$ mn)

	July/Dec.		Change
	2009/10	**2010/11***	**+ (-)**
Net International Finance from Abroad (A-B)	**5592.0**	**4150.6**	**(1441.4)**
A- Total Net Resources from Abroad	**7446.9**	**7188.8**	**(258.1)**
1 - Official grants (net)	902.2	167.3	(734.9)
2- External borrowing (net)	2721.1	684.6	(2036.5)
3- Direct investment in Egypt (net)	2625.8	2253.2	(372.6)
4- Portfolio investment in Egypt (net)	1563.7	4571.1	3007.4
5- Direct investment abroad	(235.4)	(434.3)	(198.9)
6- Portfolio investment abroad (net)	(130.5)	(53.1)	77.4
B- Interest Payments and Profit Transfers (Outflows)	**(1854.9)**	**(3038.2)**	**(1183.3)**
1- Interest on external loans and facilities	(276.3)	(267.0)	9.3
2- Interest on non-residents' deposits at Egyptian banks	(8.4)	(12.6)	(4.2)
3- Profit transfers of direct investment	(1449.3)	(2458.1)	(1008.8)
4- Profit transfers of portfolio investment	(120.9)	(300.5)	(179.6)

*Provisional.

5/4/1- Foreign Direct Investment (FDI) in Egypt*

In July/Dec. 2010/2011, **net FDI** in Egypt slightly contracted by 14.2 percent, registering US$ 2.3 billion (against US$ 2.6 billion). That resulted mainly from the increase in capital repatriation by 61.3 percent to US$ 3.2 billion, and the rise in total investment inflows by 18.4 percent to US$ 5.5 billion (against US$ 4.6 billion).

The rise in investment inflows reflects larger flows from the USA, (up by US$ 536.0 million to US$ 1.2 billion, of which 88.3 percent were directed to oil investments); from the EU countries (up by US$ 539.4 million to US$ 3.3 billion); and from the Arab countries (up by some US$ 89.1 million to US$ 512.3 million (of which greenfield investments made up 60.7 percent). However, flows from the other countries fell by US$ 317.3 million to US$ 367.8 million.

The **sectoral distribution** of total FDI in Egypt in the first half of 2010/2011 indicates that inflows to the petroleum sector accounted for 68.8 percent (as illustrated by the following table). The bulk of those flows (64.6 percent) came from the EU countries, particularly the UK (45.9 percent) and Belgium (9.9 percent). The USA provided 29.4 percent; the Arab countries 1.7 percent, led by Qatar (0.5 percent); and the other countries contributed 4.3 percent, especially Switzerland (2.4 percent) and Hong Kong (0.7 percent).

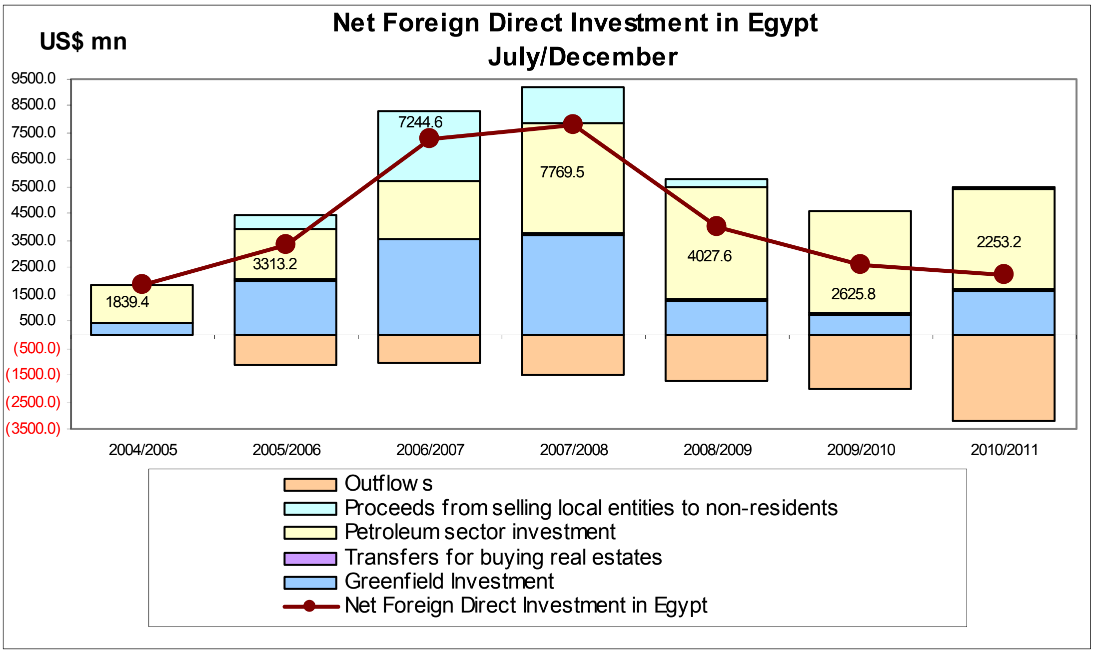
* FDI is a category of international investment that implies the existence of a long-term relationship between a resident in a given economy and an enterprise resident in another economy), in which a direct investor owns 10 percent or more of the ordinary shares or voting power in an incorporated enterprise, or its equivalent in an unincorporated enterprise. (Source: IMF's BOP Manual, Fifth Edition).

Sectoral Distribution of Total FDI in Egypt

(US$ mn)

	July/Dec.			
	2009/2010		2010/2011	
Sector	Value	%	Value	%
Total Inflows	**4615.8**	**100.0**	**5463.0**	**100.0**
Manufacturing	89.1	1.9	681.4	12.5
Agriculture	5.3	0.1	21.4	0.4
Construction	60.5	1.3	34.8	0.7
Finance	134.6	2.9	103.9	1.9
Services	100.2	2.2	146.5	2.7
Tourism	89.7	2.0	7.4	0.1
Communications & IT	52.9	1.2	1.9	0.0
Real Estate	65.6	1.4	72.1	1.3
Petroleum	3809.1	82.5	3760.2	68.8
Undistributed	208.8	4.5	633.4	11.6

The breakdown of **total FDI** in Egypt by investment purpose shows that petroleum investments ranked first as stated above, reaching US$ 3.8 billion or 68.8 percent of the total. Greenfield investments came next with some US$ 1.6 billion (29.5 percent), while real estate investments came last (about US$ 72.1 million or 1.3 percent).



Geographical Distribution of FDI in Egypt

(US$ mn)

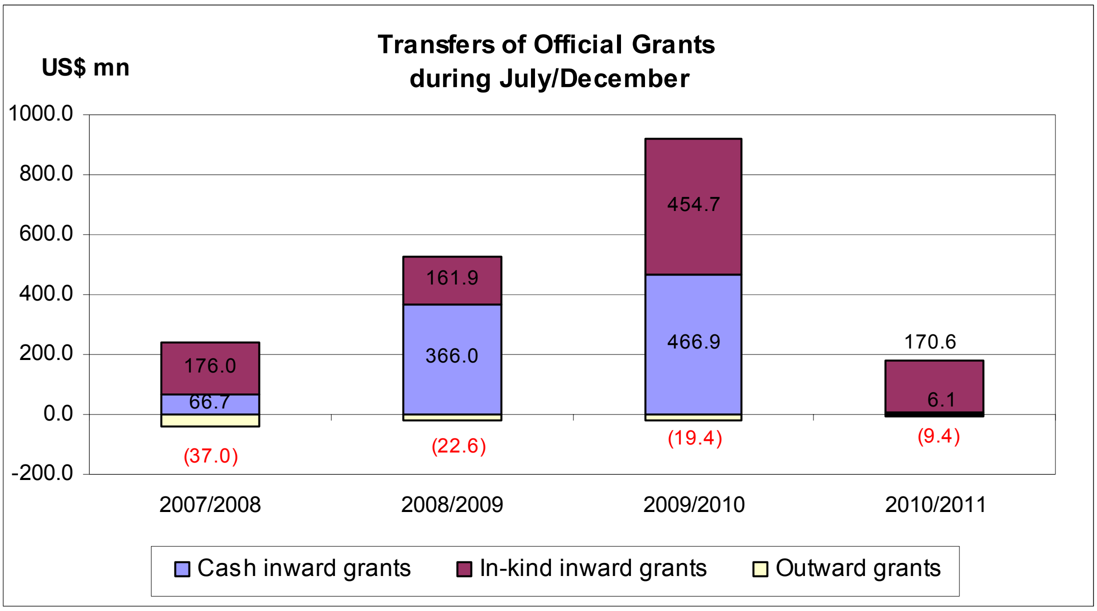
	July/Dec.		Change + (-)
	2009/2010	2010/2011*	
Flows of FDI in Egypt (Net)	**2625.8**	**2253.2**	**(372.6)**
Total Inflows	**4615.8**	**5463.0**	**847.2**
USA	**713.7**	**1249.7**	**536.0**
EU Countries	**2793.8**	**3333.2**	**539.4**
Germany	55.2	137.5	82.3
France	139.8	106.6	(33.2)
UK	1803.4	2333.9	530.5
Italy	24.8	124.5	99.7
Greece	45.9	25.8	(20.1)
Spain	45.7	28.0	(17.7)
The Netherlands	69.3	105.4	36.1
Belgium	510.8	438.5	(72.3)
Luxemburg	1.8	0.1	(1.7)
Denmark	0.0	14.8	14.8
Sweden	45.9	1.0	(44.9)
Austria	1.1	1.2	0.1
Cyprus	47.9	6.8	(41.1)
Others	2.2	9.1	6.9
Arab Countries	**423.2**	**512.3**	**89.1**
Saudi Arabia	86.4	131.5	45.1
UAE	128.0	228.5	100.5
Tunisia	0.1	0.3	0.2
Kuwait	56.9	19.0	(37.9)
Lebanon	2.2	6.0	3.8
Libya	8.9	6.8	(2.1)
Jordan	76.0	1.5	(74.5)
Bahrain	20.9	39.3	18.4
Qatar	10.8	40.3	29.5
Oman	3.8	6.6	2.8
Yemen	5.7	14.3	8.6
The Sudan	0.4	0.2	(0.2)
Others	23.1	18.0	(5.1)
Other Countries	**685.1**	**367.8**	**(317.3)**
Switzerland	42.4	104.7	62.3
Japan	8.5	13.7	5.2
Canada	1.8	5.3	3.5
China	12.1	33.3	21.2
Australia	0.8	3.2	2.4
India	7.4	13.4	6.0
Turkey	20.3	12.6	(7.7)
Norway	2.0	1.1	(0.9)
Other countries	589.8	180.5	(409.3)
Capital Repatriation**	**-1990.0**	**-3209.8**	**(1219.8)**

* Provisional.

** Capital repatriation (outflows) means that a direct investor recovers his share in the capital of an investment enterprise - in case of partial or full disposal - and transfers part or all of it abroad.

5/4/2- External Official Grants

Net transfers of official grants (cash and in-kind), as shown in the chart below, retreated to some US$ 167.3 million in July/Dec. 2010/2011 (from US$ 902.2 million a year earlier), because of the noticeable decline in the inflows of grants. In detail, the inflows of cash grants fell dramatically by some US$ 460.8 million (98.7 percent) to only US$ 6.1 million; and so did those of in-kind grants by US$ 284.1 million (or 62.5 percent) to US$ 170.6 million, mostly from the USA. Official grants transferred abroad fell by some US$ 10.0 million to US$ 9.4 million.



According to the Ministry of International Cooperation, new grant commitments scaled down by US$ 299.0 million or 57.1 percent to US$ 224.6 million, largely as a consequence of the decline in new commitments with the USA and the European Commission.

Official Grants: New Commitments and Net Actual Flows

(US$ mn)

	July/Dec.			
	2009/2010	2010/2011*	2009/2010	2010/2011*
	Actual Flows		New Commitments	
Net Inflows	**902.2**	**167.3**		
Inflows, of which:	**921.6**	**176.7**	**523.6**	**224.6**
USA	556.7	143.2	275.4	161.6
Japan	4.2	13.3		
Germany	19.0	11.2		17.8
The Netherlands	0.2			
Italy	1.1			
Norway				6.2
Switzerland	0.5	0.1		
China		6.7	11.7	
Canada	0.8	0.3		
Saudi Arabia	200.1			
Kuwait		0.4		
Austria		0.4		
Belgium	49.0			
World Bank			0.4	12.2
European Commission			236.1	25.8
OPEC				0.7
Kuwaiti Fund for Arab Economic Development				0.3
Other countries	90.0	1.1		
Outflows	**(19.4)**	**(9.4)**		

*Provisional.

The **Sectoral distribution of grant commitments** indicates that grants for the services sector were directed to education, health, the general government, and financial intermediaries.

Breakdown of Official Grant Commitments by Beneficiary

(US$ mn)

	July/Dec.				
	2009/2010	%	2010/2011	%	Change
Total	**523.6**	**100.0**	**224.6**	**100.0**	**(299.0)**
Productive Sectors	**0.0**	**0.0**	**59.1**	**26.3**	**59.1**
Agriculture and irrigation	0.0	0.0	33.0	14.7	33.0
Energy & electricity	0.0	0.0	26.1	11.6	26.1
Services Sectors	**523.6**	**100.0**	**165.5**	**73.7**	**(358.1)**
Financial intermediaries & supporting services	15.3	2.9	24.6	10.9	9.3
General government	13.1	2.5	62.6	27.9	49.5
Education and health	61.3	11.7	78.3	34.9	17.0
Others	433.9	82.9	0.0	0.0	(433.9)

5/4/3- External Debt

Total external debt (public and private, all maturities) denominated in US dollar, rose by US$ 1.3 billion at end of Dec. 2010, as compared with the end of June, to post US$ 35.0 billion. That was ascribed, above all, to the increase in most currencies of borrowing versus the US dollar by almost the same amount.

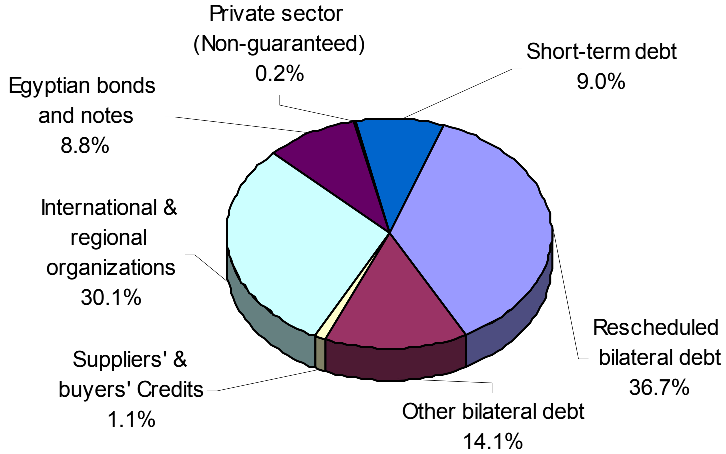
The public sector (official debts) was the major obligor, with a share of US$ 32.8 billion, or 93.6 percent of the total debt at end of Dec. 2010. The private sector accounted for the remaining US$ 2.2 billion, or 6.4 percent.

External Debt Components*

The breakdown of external debt by maturity shows that medium- and long-term debt (guaranteed and non-guaranteed) reached US$ 31.8 billion (91.0 percent of total external debt) at end of Dec. 2010, of which US$ 31.4 billion were long-term loans, US$ 439.6 million were medium-term loans, and US$ 3.1 billion (9.0 percent) were short term loans.

Around US$ 17.2 billion** of long-term loans were owed to Paris Club members (49.2 percent of the total). Debt to countries other than Paris Club members registered around US$ 944.7 million (2.7 percent).

External Debt Structure
End of December 2010



---

* The structure of Egypt's external debt by currency of borrowing is one of the key indicators used by the CBE to determine the structure of international reserves by currency.

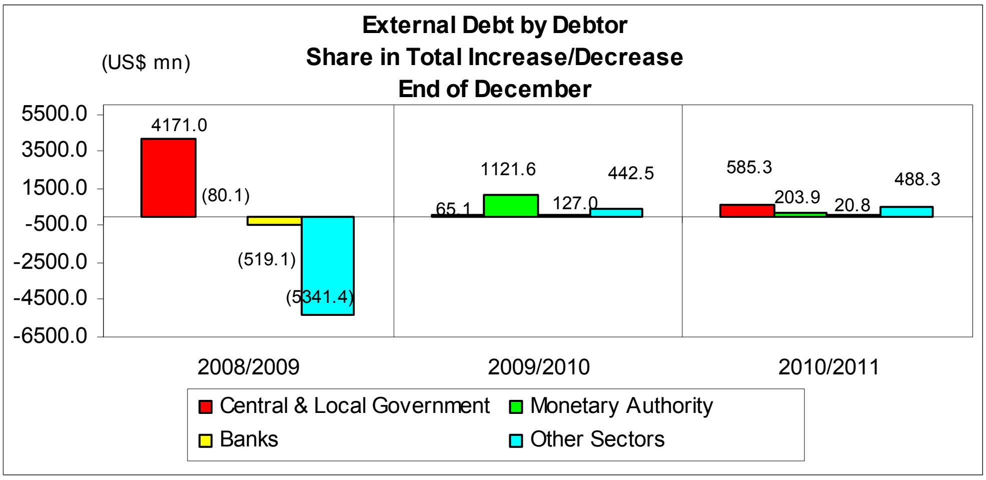
** Representing bilateral loans (rescheduled and non-rescheduled) and suppliers' and buyers' credits.

Debt to international and regional organizations reached US$ 10.5 billion or 30.1 percent of the total at end of Dec. 2010 (the public sector owed 98.7 percent). The stock of Egyptian bonds and notes (holdings of non-residents) amounted to some US$ 3.1 billion or 8.8 percent of total debt. That figure comprised US$ 200.5 million of dollar-denominated sovereign bonds issued by the government in July 2001; US$ 1.3 billion of guaranteed government securities issued in September 2005; and US$ 382.8 million of LE bonds issued in July 2007. Non-guaranteed debt of the private sector constituted US$ 53.7 million or 0.2 percent of the total at end of Dec. 2010.

The balance of short-term debt (9.0 percent of the total stock of debt) rose by US$ 194.2 million to US$ 3.1 billion (65.2 percent of which was owed by the private sector), as a result of the increase in short-term trade facilities by US$ 274.2 million to US$ 1.8 billion, offset by the decline in short-term deposits of non-residents by 5.9 percent to US$ 1.3 billion.

External Debt by Debtor

The breakdown of external debt by debtor at end of Dec. 2010 shows increases in the debts of the following: the central government* (up by US$ 585.3 million to US$ 26.8 billion), the other sectors (by US$ 488.3 million to US$ 4.7 billion), the monetary authority** (by US$ 203.9 million to US$ 1.5 billion), and banks (by US$ 20.8 million to US$ 2.0 billion).

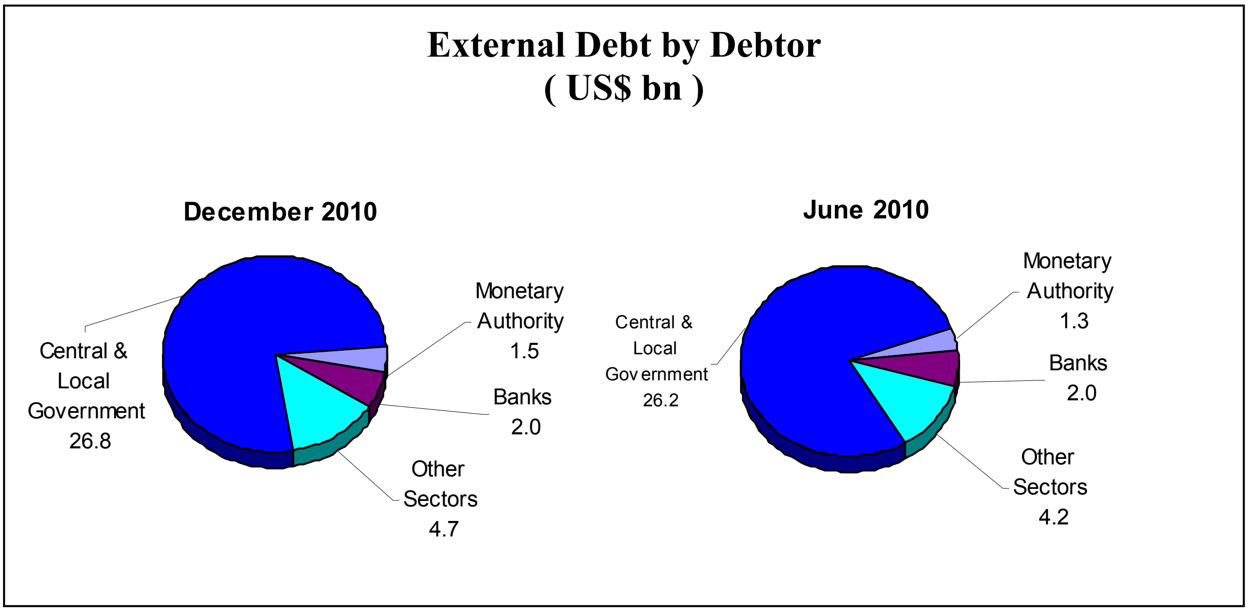


---

* As of September 2008, the CBE - in coordination with the Ministry of Finance - has reclassified part of the debt under the "central and local government sector" instead of "other sectors".

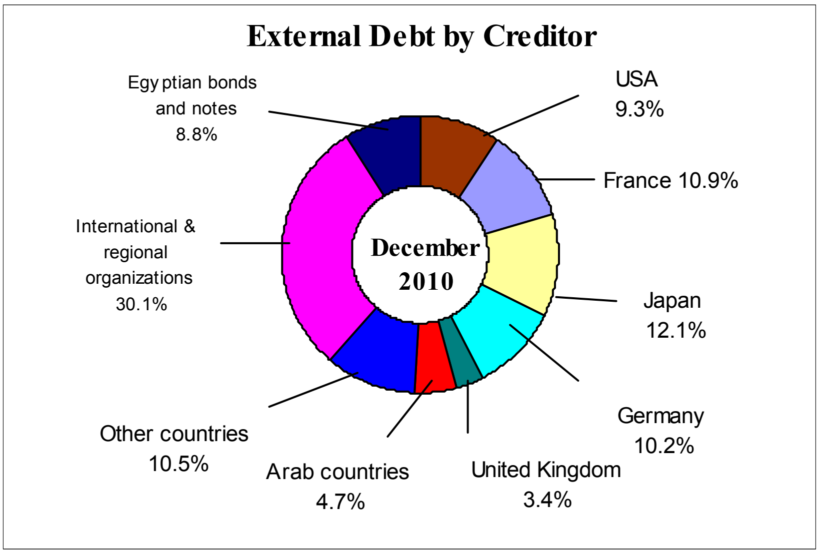
** Including SDR allocations of US$ 1.2 billion from the IMF to Egypt in July/Dec. 2009/2010.

Despite the above developments, the structure of external debt by debtor has not changed, as the central government remained the major obligor (76.7 percent of the total debt) at end of Dec. 2010, followed by the other sectors (13.4 percent), then banks (5.7 percent) and the monetary authority (4.2 percent).



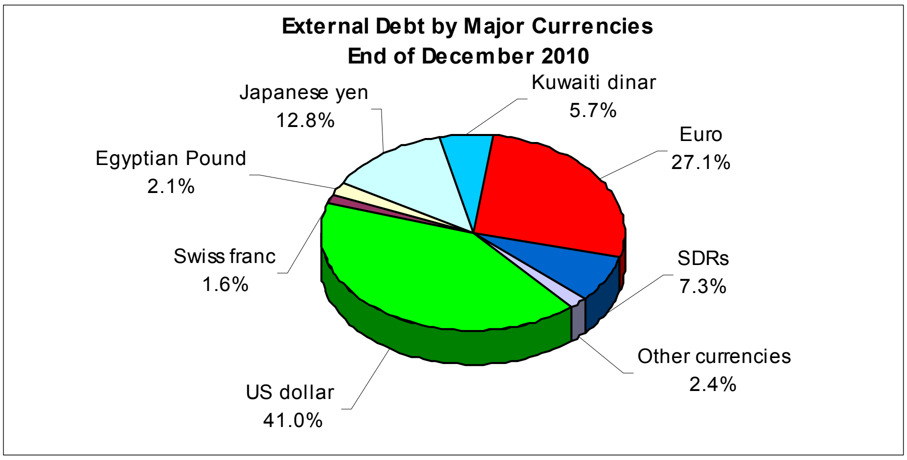
Debt by Main Creditor

The breakdown of external debt by creditor shows that 42.5 percent of the total was owed to the four main Paris Club members; namely Japan (12.1 percent), France (10.9 percent), Germany (10.2 percent), and the USA (9.3 percent). Meanwhile, debt to the Arab countries combined posted 4.7 percent, particularly Kuwait (2.3 percent), Saudi Arabia (1.1 percent) and the UAE (0.4 percent).



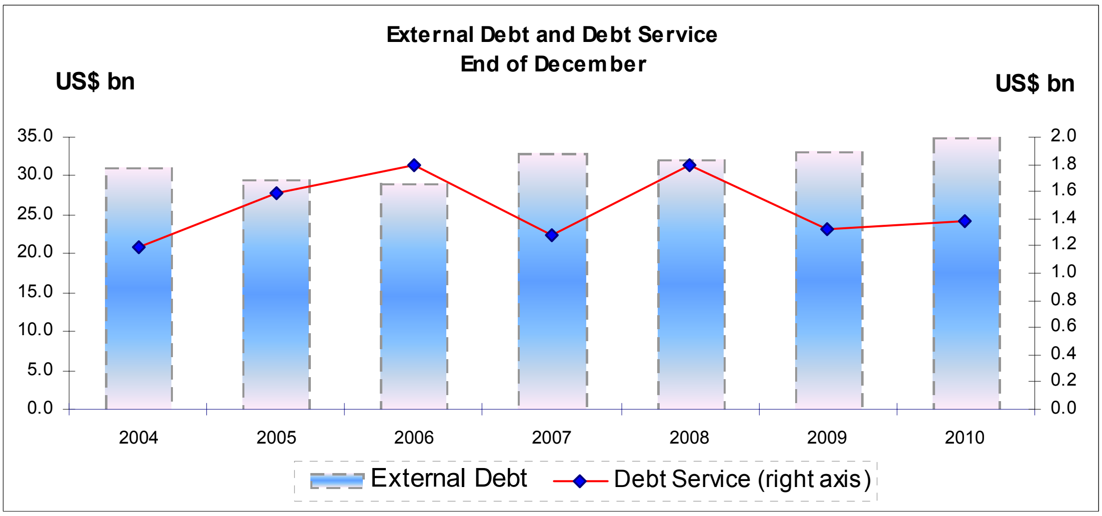
External Debt by Currency of Borrowing

The distribution of external debt by main component currencies reveals that the US dollar was the main currency of borrowing, with a relative importance of 41.0 percent, because of the outstanding obligations in US dollar to creditors other than the USA. The euro came next (27.1 percent), followed by the Japanese yen (12.8 percent), the special drawing rights (7.3 percent), and the Kuwaiti dinar (5.7 percent).



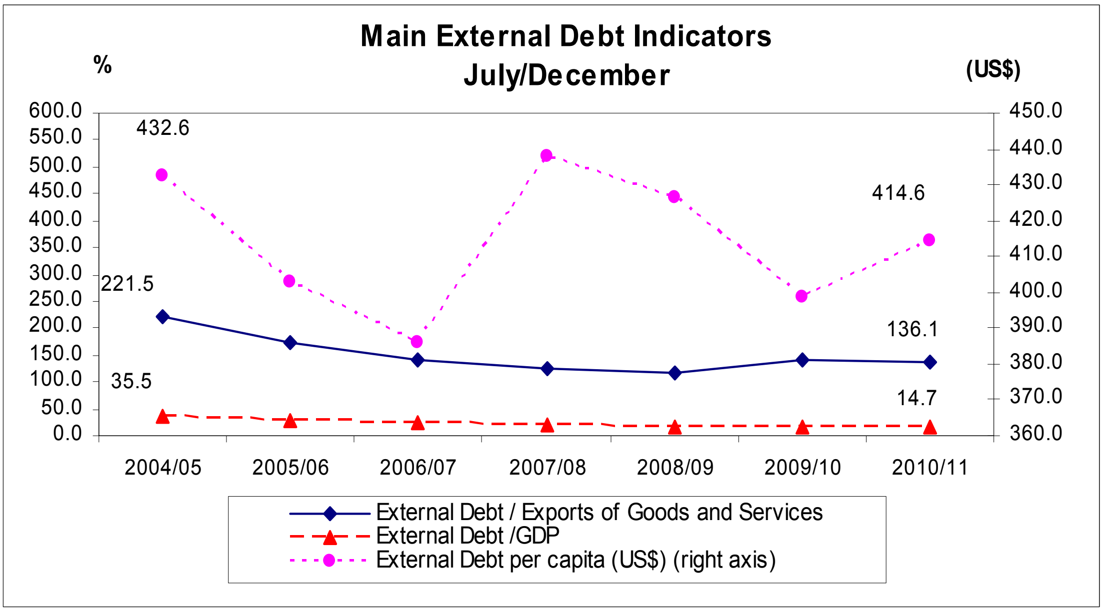
Debt Service

Turning to external debt service (medium- and long-term), total debt service payments went up by US$ 64.6 million, registering US$ 1.4 billion in July/Dec. 2010/2011. That was traceable to the increase in principal repayments by US$ 76.6 million, to US$ 1.1 billion, and interest payments by about US$ 12.0 million to some US$ 321.6 million.



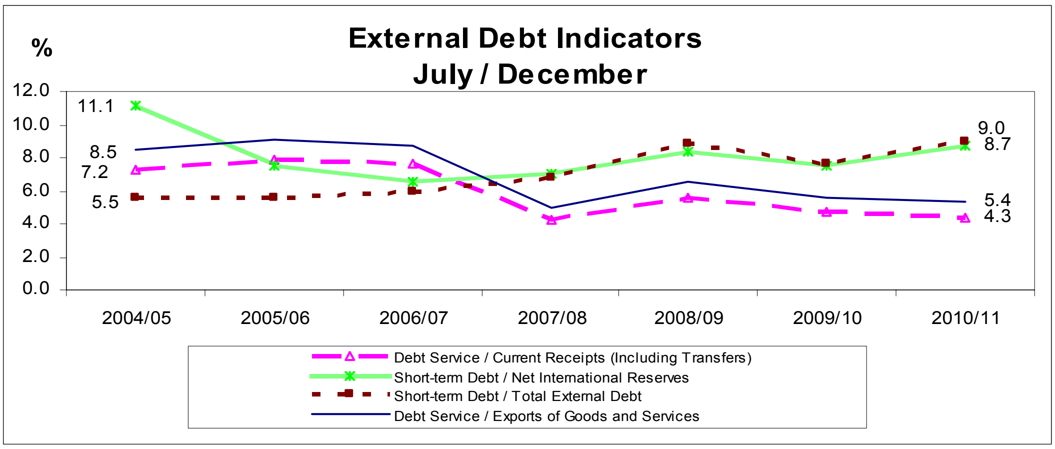
<u>Main Indicators of External Debt</u>

In the period under review, the key **indicators of external debt** revealed a rise in debt service payments as mentioned above. Consequently, the ratio of debt service/current receipts (including transfers) declined to 4.3 percent (from 4.7 percent). Likewise, its ratio to the exports of goods and services also improved (5.4 percent down from 5.5 percent).



As GDP growth outpaced the rise in the stock of external debt, the indicator of total external debt/GDP unfolded an improvement, posting 14.7 percent, against 15.1 percent a year earlier. Moreover, the external debt per capita improved (US$ 414.6, down from US$ 441.9).

The ratios of short-term debt to total debt, and to NIR, increased from 7.7 percent to 9.0 percent and from 7.5 percent to 8.7 percent, respectively.



New Commitments on Loans and Facilities

In the first half of 2010/2011, **new commitments** on loans and facilities registered US$ 1.6 billion, mostly were loan commitments with international and regional organizations (some US$ 1.5 billion or 93.5 percent of total commitments). Commitments on bilateral loans recorded some US$ 106.2 million or 6.5 percent of total commitments. Thus, total commitments registered a rise of US$ 864.3 million above the level of the first half of the previous FY, due to the new commitments concluded with the European Investment Bank, the World Bank, and the Islamic Development Bank in the relevant period.

Annex

Statistical Section

(1) Indicators of Development and Economic Growth

(2) Monetary Aggregates

Financial Sector

Activity of the Banking System

Central Bank of Egypt

Banks

Interest Rates

(3) Non-Banking Financial Sector

(4) Public Finance & Domestic Public Debt

(4/1) Consolidated Fiscal Operations of the General Government (Expenditures)
(4/2) Consolidated Fiscal Operations of the General Government (Revenues)
(4/3) Summary of the Consolidated Fiscal Operations of the General Government
(4/4) Gross Domestic Debt
(4/5) National Investment Bank (Resources & Uses)

(5) External Transactions

(5/1) Balance of Payments (US$)
(5/2) Exports by Degree of Processing
(5/3) Imports by Degree of Use
(5/4) Regional Distribution of Exports and Imports
(5/5) Average LE Foreign Exchange Rates
(5/6) External Debt
(5/7) Distribution of External Debt by Main Currencies

(1/1) GDP at Factor Cost by Economic Sector
At 2006/2007 Prices

(LE mn)

Sectors	2009/2010 Public	2009/2010 Private	2009/2010 Total	2010/2011 Public	2010/2011 Private	2010/2011 Total	Growth Rate (%) 2010/2011 Public	Growth Rate (%) 2010/2011 Private	Growth Rate (%) 2010/2011 Total
	July / December								
Total GDP	**153143.0**	**262660.5**	**415803.5**	**159621.9**	**279496.0**	**439117.9**	**4.2**	**6.4**	**5.6**
Agriculture, Irrigation & Fishing	8.9	59045.0	59053.9	9.3	60884.0	60893.3	4.5	3.1	3.1
Extractions	**46643.0**	**10308.0**	**56951.0**	**46358.0**	**10618.0**	**56976.0**	**-0.6**	**3.0**	**0.0**
Oil	20095.0	3445.0	23540.0	20703.0	3549.0	24252.0	3.0	3.0	3.0
Natural gas	26361.0	5409.0	31770.0	25460.0	5548.0	31008.0	-3.4	2.6	-2.4
Others	187.0	1454.0	1641.0	195.0	1521.0	1716.0	4.3	4.6	4.6
Manufacturing Industries	**10373.0**	**54059.0**	**64432.0**	**10888.0**	**57467.0**	**68355.0**	**5.0**	**6.3**	**6.1**
Oil refining	1794.0	1400.0	3194.0	1790.0	1521.0	3311.0	-0.2	8.6	3.7
Others	8579.0	52659.0	61238.0	9098.0	55946.0	65044.0	6.0	6.2	6.2
Electricity	**5080.0**	**794.0**	**5874.0**	**5654.0**	**691.0**	**6345.0**	**11.3**	**-13.0**	**8.0**
Water	**1419.0**	**0.0**	**1419.0**	**1511.0**	**0.0**	**1511.0**	**6.5**	**0.0**	**6.5**
Sanitation	**335.2**	**0.0**	**335.2**	**356.0**	**0.0**	**356.0**	**6.2**	**0.0**	**6.2**
Construction & Building	**2202.0**	**18586.0**	**20788.0**	**2470.0**	**20927.0**	**23397.0**	**12.2**	**12.6**	**12.6**
Transportation & Storage	**3868.0**	**14166.0**	**18034.0**	**4120.0**	**15054.0**	**19174.0**	**6.5**	**6.3**	**6.3**
Communications	**5345.0**	**10909.0**	**16254.0**	**5846.0**	**12201.0**	**18047.0**	**9.4**	**11.8**	**11.0**
Information	**309.4**	**591.4**	**900.8**	**328.0**	**631.0**	**959.0**	**6.0**	**6.7**	**6.5**
Suez Canal	**12858.9**	**0.0**	**12858.9**	**14280.0**	**0.0**	**14280.0**	**11.1**	**0.0**	**11.1**
Wholesale & Retail Trade	**1557.0**	**42366.0**	**43923.0**	**1665.0**	**45006.0**	**46671.0**	**6.9**	**6.2**	**6.3**
Financial Intermediaries & Supporting Services	**10551.0**	**5935.0**	**16486.0**	**11076.0**	**6224.0**	**17300.0**	**5.0**	**4.9**	**4.9**
Insurance	**1028.0**	**308.0**	**1336.0**	**1082.0**	**326.0**	**1408.0**	**5.3**	**5.8**	**5.4**
Social Solidarity	**14311.0**	**0.0**	**14311.0**	**15084.0**	**0.0**	**15084.0**	**5.4**	**0.0**	**5.4**
Restaurants & Hotels	**161.0**	**18031.3**	**18192.3**	**173.0**	**20555.0**	**20728.0**	**7.5**	**14.0**	**13.9**
Real Estate	**289.0**	**10655.0**	**10944.0**	**301.0**	**11138.0**	**11439.0**	**4.2**	**4.5**	**4.5**
Real Estate Ownership	188.0	5591.0	5779.0	196.0	5835.0	6031.0	4.3	4.4	4.4
Business Services	101.0	5064.0	5165.0	105.0	5303.0	5408.0	4.0	4.7	4.7
General Government	**36434.0**	**0.0**	**36434.0**	**38032.0**	**0.0**	**38032.0**	**4.4**	**0.0**	**4.4**
Education, Health & Personal Services	**369.6**	**16906.8**	**17276.4**	**388.6**	**17774.0**	**18162.6**	**5.1**	**5.1**	**5.1**
Education	0.0	4662.0	4662.0	0.0	4891.0	4891.0	0.0	4.9	4.9
Health	353.0	5249.0	5602.0	371.0	5521.0	5892.0	5.1	5.2	5.2
Others*	16.6	6995.8	7012.4	17.6	7362.0	7379.6	6.0	5.2	5.2

Source: Ministry of Economic Development

* The two items of "Sanitation" and "Information" were excluded from "Other Services" item, in accordance with the International Classification ISIC, Rev. 4.

(1/2) GDP by Expenditure (Constant Prices)

July/December

	Value at LE bn		Structure (%)		Growth Rate (%)	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
1- GDP at Market Price (2+3+4-5)	**434.5**	**458.6**	**100.0**	**100.0**	**4.8**	**5.5**
2- Final Consumption	**373.4**	**389.5**	**85.9**	**84.9**	**3.7**	**4.3**
Private	326.5	340.9	75.1	74.3	3.6	4.4
Government	46.9	48.6	10.8	10.6	4.0	3.6
3- Gross Capital Formation	**75.8**	**81.2**	**17.4**	**17.7**	**0.1**	**7.1**
Investments	72.3	81.2	16.6	17.7	-3.0	12.3
Change in stock	3.5	0.0	0.8	0.0	-	-
4- Exports of Goods & Services	**119.8**	**134.8**	**27.6**	**29.4**	**-10.1**	**12.5**
5- Imports of Goods & Services	**134.5**	**146.9**	**30.9**	**32.0**	**-12.9**	**9.2**
6- Gross Domestic Saving (1-2)	**61.1**	**69.1**	**14.1**	**15.1**	**12.3**	**13.1**

Source: Ministry of Economic Development

(1/3) Consumer Price Index (Urban) (Jan. 2010 = 100) *

Groups	Relative Weights	2009 June	2009 Dec.	2010 June	2010 Dec.	Inflation Rate (%) July/Dec. 2009/2010	Inflation Rate (%) July/Dec. 2010/2011
General Index	**100.00**	**93.0**	**99.4**	**102.4**	**109.7**	**6.9**	**7.1**
Food & Non-alcoholic Beverages	39.92	89.3	99.1	105.9	116.1	11.0	9.6
Tobacco	2.19	100.0	100.0	100.0	146.9	0.0	46.9
Clothing & Footwear	5.41	99.4	100.0	100.0	103.1	0.6	3.1
Housing , Water, Electricity, Gas & Fuel	18.37	96.5	99.0	99.3	99.5	2.6	0.2
Furnishings, Household Equipment & Routine Maintenance of the House	3.77	99.3	100.0	102.6	103.7	0.7	1.1
Health Care	6.33	99.7	100.0	100.0	101.3	0.3	1.3
Transportation	5.68	99.6	100.0	100.6	101.2	0.4	0.6
Communications	3.12	100.0	100.0	99.9	99.9	0.0	0.0
Recreation & Culture	2.43	99.5	100.0	102.4	105.7	0.5	3.2
Education	4.63	91.4	100.0	100.0	124.3	9.4	24.3
Restaurants & Hotels	4.43	95.9	100.0	100.2	111.8	4.3	11.6
Miscellaneous	3.72	86.5	100.1	100.7	101.8	15.7	1.1

Source: Central Agency for Public Mobilization and Statistics (CAPMAS) (Monthly CPI Bulletin).

* The 9th series of CPI was introduced in August 2010. The weights involved in the formation of the Index were taken from the results of the 2008/2009 survey of income, expenditure and consumption using January 2010 as a base period.

(1/4) Producer Price Index (2004/2005 = 100)

Groups	Relative Weights	2009 June	2009 Dec.	2010 June	2010 Dec.	Inflation Rate (%) July/Dec. 2009/2010	Inflation Rate (%) July/Dec. 2010/2011
All Items	**100.0**	**148.2**	**155.1**	**160.9**	**174.9**	**4.7**	**8.7**
Agriculture, Forestry and Fishing	25.1	188.9	199.5	210.9	225.4	5.6	6.9
Mining and Quarrying	21.8	134.6	144.7	147.8	174.3	7.5	17.9
Manufacturing Industries	38.9	140.0	144.1	149.6	158.9	2.9	6.2
Electricity, Gas, Steam and Air Conditioning Supply	2.3	115.0	140.3	140.3	140.3	22.0	0.0
Water Supply, Sewerage, Waste Management and Remediation Activities	2.0	138.7	146.5	146.5	146.5	5.6	0.0
Transportation and Storage	2.8	124.2	124.8	124.8	127.3	0.5	2.0
Accommodation and Food Service Activities	5.0	114.6	108.6	110.6	129.4	-5.2	17.0
Information and Communication Activities	2.1	112.5	112.5	112.5	112.5	0.0	0.0

Source: Central Agency for Public Mobilization and Statistics (CAPMAS) (Monthly PPI Bulletin issued every two months).

(2/1/1) CBE Financial Position: Reserve Money and Counterpart Assets

(LE mn)

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
Reserve Money	**140826**	**169911**	**167906**	**175104**	**193063**	**203071**	**218393**
Currency in circulation outside CBE *	103674	111412	121280	126268	134039	144253	153209
Banks' deposits in local currency	37152	58499	46626	48836	59024	58818	65184
Counterpart Assets	**140826**	**169911**	**167906**	**175104**	**193063**	**203071**	**218393**
Net Foreign Assets +	**107207**	**180333**	**184397**	**171732**	**177126**	**190234**	**198207**
Foreign Assets	**172727**	**182021**	**185787**	**173055**	**185621**	**198605**	**206313**
Gold	6744	8695	8695	9385	9385	12393	12393
Foreign securities	118402	151175	149271	150556	153613	162247	176192
Foreign currencies	47581	22151	27821	13114	22623	23965	17728
Foreign Liabilities **	**65520**	**1688**	**1390**	**1323**	**8495**	**8371**	**8106**
Net Domestic Assets	**33619**	**-10422**	**-16491**	**3372**	**15937**	**12837**	**20186**
Net Claims on Government	**114735**	**81872**	**86147**	**68613**	**103989**	**80611**	**100252**
Claims; of which:	191663	159697	158886	146899	176961	150288	176458
Government securities **	165688	123123	123123	121708	127474	121533	130596
Deposits	76928	77825	72739	78286	72972	69677	76206
Net Claims on Banks	**67907**	**77581**	**4169**	**334**	**7048**	**29010**	**39847**
Claims	86539	97828	24509	21786	27445	49863	60877
Deposits in foreign currencies	18632	20247	20340	21452	20397	20853	21030
Other Items (Net) +	**-149023**	**-169875**	**-106807**	**-65575**	**-95100**	**-96784**	**-119913**
Assets **	46232	25233	34237	28978	18311	15431	9587
Liabilities	195255	195108	141044	94553	113411	112215	129500

Source : Central Bank of Egypt.

* Including subsidiary coins & notes issued by the Ministry of Finance.

** At the end of June 2008, the CBE and the government agreed on using part of the rescheduled debts -under Paris Club agreement- which are not yet due, to settle part of the government debt to the CBE.

+ According to the updated statistical treatment adopted by the IMF, SDR allocations are to be classified as foreign liabilities rather than capital accounts, as of August 2009.

(2/1/2) Banking Survey: Domestic Liquidity and Counterpart Assets

(LE mn)

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
1- Domestic Liquidity	**716275**	**766664**	**791378**	**831211**	**866354**	**917459**	**973962**
A- Money Supply	**151800**	**170579**	**174460**	**182991**	**196973**	**214040**	**223456**
Currency in circulation outside the banking system	96676	104656	114036	118146	126666	135209	143633
Demand deposits in local currency	55124	65923	60424	64845	70307	78831	79823
B- Quasi-Money	**564475**	**596085**	**616918**	**648220**	**669381**	**703419**	**750506**
Time & saving deposits in local currency	404236	436268	453733	481054	514528	545303	592451
Demand and time & saving deposits in foreign currencies	160239	159817	163185	167166	154853	158116	158055
2- Counterpart Assets							
Net foreign assets *	232658	303680	248470	254134	255857*	282408	305252
Domestic credit	567506	570953	661796	695326	746813	775268	805057
Other items (net) +	-83890	-107969	-118888	-118249	-136316+	-140217	-136347

Source : Central Bank of Egypt.

* Due to the agreement between the CBE and the government, as mentioned in the footnote of table (2/1/1).

+ According to the new classification of SDR allocations referred to in table (2/1/1).

(2/1/3) Banking Survey: Deposits in Local Currency

(LE mn)

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
Total Deposits in Local Currency	**459360**	**502191**	**514157**	**545899**	**584835**	**624134**	**672274**
1- Demand Deposits	**55124**	**65923**	**60424**	**64845**	**70307**	**78831**	**79823**
Public business sector *	6120	8698	6176	7145	6671	8938	7296
Private business sector	28007	34301	31098	33240	36380	41246	41884
Household sector	21696	24003	23758	25235	27790	29510	31294
Minus: Purchased cheques & drafts	699	1079	608	775	534	863	651
2- Time and Saving Deposits	**404236**	**436268**	**453733**	**481054**	**514528**	**545303**	**592451**
Public business sector *	20263	20736	24000	21654	23261	23788	24816
Private business sector	71026	85415	71146	71076	80451	73183	85207
Household sector	312947	330117	358587	388324	410816	448332	482428

Source : Central Bank of Egypt.

* Including all public sector companies subject or not to Law No. 203 for 1991.

(2/1/4) Banking Survey: Deposits in Foreign Currencies

(LE mn)

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
Total Deposits in Foreign Currencies	**160239**	**159817**	**163185**	**167166**	**154853**	**158116**	**158055**
1- Demand Deposits	**26876**	**26581**	**25889**	**32050**	**29124**	**33901**	**34072**
Public business sector *	1833	943	2121	1334	1272	1055	1251
Private business sector	17284	17417	15667	21104	18444	22313	22003
Household sector	8009	8404	8292	9712	9520	10673	10894
Minus: Purchased cheques & drafts	250	183	191	100	112	140	76
2- Time and Saving Deposits	**133363**	**133236**	**137296**	**135116**	**125729**	**124215**	**123983**
Public business sector *	7050	8202	7911	7401	6083	5419	5809
Private business sector	38607	39785	43738	37217	34376	32594	32892
Household sector	87706	85249	85647	90498	85270	86202	85282

Source: Central Bank of Egypt

* including all public sector companies subject or not to Law No. 203 for 1991.

(2/1/5) Banking Survey: Foreign Assets and Liabilities

(LE mn)

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
Net Foreign Assets	**232658**	**303680**	**248471**	**254134**	**255857**	**282408**	**305252**
1- Foreign Assets	**321012**	**330770**	**278781**	**282914**	**291067**	**322209**	**354417**
Central Bank of Egypt	172727	182021	185787	173055	185621[+]	198605	206313
Banks	148285	148749	92994	109859	105446	123604	148104
2- Foreign Liabilities	**88354**	**27090**	**30310**	**28780**	**35210**	**39801**	**49165**
Central Bank of Egypt *	65520	1688	1390	1323	8495[+]	8371	8106
Banks	22834	25402	28920	27457	26715	31430	41059

Source: Central Bank of Egypt

* Due to the agreement between the CBE and the government, as mentioned in the footnote of table (2/1/1).

+ According to the new classification of SDR allocations referred to in table (2/1/1).

(2/1/6) Banking Survey: Domestic Credit and Other Items (Net)

(LE mn)

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
1- Domestic Credit	**567507**	**570953**	**661796**	**695326**	**746813**	**775268**	**805057**
Net claims on the government (A+B-C)	193161	174005	244418	273122	328752	326141	364675
A-Securities*	297067	271788	343408	397804	432443	440410	472344
B-Credit facilities	57932	67732	67443	55939	83678	68140	84034
C-Government deposits	161838	165515	166433	180621	187369	182409	191703
Claims on public business sector **	27643	26897	28840	33146	35633	29985	32477
Claims on private business sector	278202	291719	302158	304470	293504	326350	312216
Claims on household sector	68501	78332	86380	84588	88924	92792	95689
2- Other Items (Net)	**-83890**	**-107969**	**-118888**	**-118249**	**-136316**	**-140217**	**-136347**
Capital accounts+	-122199	-135401	-143394	-148332	-151012	-170877	-151125
Net unclassified assets and liabilities*	38309	27432	24506	30083	14696	30660	14778

Source: Central Bank of Egypt

* Due to the agreement between the CBE and the government, as mentioned in the footnote of table (2/1/1)

** Including all public sector companies subject or not to law No. 203 for 1991.

+ According to the new classification of SDR allocations referred to in table (2/1/1).

(2/1/7) Total Saving Vessels

(LE mn)

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
Total Saving Vessels	**696176**	**742177**	**760522**	**803063**	**756363**	**794350**	**843948**
Savings at the Banking System	**564475**	**596085**	**616918**	**648220**	**669381**	**703419**	**750506**
Time & saving deposits in local currency	404236	436268	453733	481054	514528	545303	592451
Demand and time & saving deposits in foreign currencies	160239	159817	163185	167166	154853	158116	158055
Net Sales of Investment Certificates	**73400**	**79354**	**78586**	**81262**	**86982**	**90931**	**93442**
Post Office Saving Deposits	**58301**	**66738**	**65018**	**73581**	**Not Available**	**Not Available**	**Not Available**

Source: Central Bank of Egypt

(2/1/8) Bank Lending and Discount Balances to Business Sector

Public Business Sector *

(LE mn)

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
Total	**27344**	**26652**	**28667**	**32881**	**35376**	**29812**	**32225**
In Local Currency	**19613**	**19475**	**20690**	**23725**	**27685**	**21051**	**23777**
Agriculture	7	11	4	3	16	3	103
Manufacturing	8825	9066	10810	13167	12444	9258	10127
Trade	4299	4114	3272	4098	5369	1737	1094
Services	6482	6284	6604	6457	9856	10053	12453
In Foreign Currencies	**7731**	**7177**	**7977**	**9156**	**7691**	**8761**	**8448**
Agriculture	-	-	-	-	-	-	-
Manufacturing	3903	3440	3768	4176	2609	3294	2919
Trade	716	709	810	1282	1514	1566	971
Services	3112	3028	3399	3698	3568	3901	4558

Source: Central Bank of Egypt

* including all public sector companies subject or not to Law No. 203 for 1991.

(2/1/8) Bank Lending and Discount Balances to Business Sector (Contd.)

Private Business Sector

(LE mn)

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
Total	**245795**	**258087**	**272681**	**267885**	**256675**	**287148**	**271414**
In Local Currency	**164172**	**167258**	**177279**	**177107**	**165662**	**185694**	**170247**
Agriculture	5557	5326	5392	4718	4195	4461	4396
Manufacturing	61025	62693	70083	74053	68532	76229	68308
Trade	37917	38342	40899	39881	38085	49486	37300
Services	59673	60897	60905	58455	54850	55518	60243
In Foreign Currencies	**81623**	**90829**	**95402**	**90778**	**91013**	**101454**	**101167**
Agriculture	1106	843	1733	2145	1635	1534	2053
Manufacturing	36248	43349	43872	41240	45034	53355	51710
Trade	12536	14599	17197	13356	12741	13563	11390
Services	31733	32038	32600	34037	31603	33002	36014

Source: Central Bank of Egypt.

(2/2/1) Structure of Egyptian Banking System

End of	Total Number of Banks Operating in Egypt	Total Number of Branches
December 2007	41	3205
June 2008	40	3297
December 2008	39	3382
June 2009	39	3443
December 2009	39	3504
June 2010	39	3502
December 2010	39	3546

Source : Central Bank of Egypt.

(2/2/2) Local Mutual Funds Authorized and Operating as at 31/12/2010

Fund Name	Fund Manager	Par Value (LE)	Document Value (LE) at End of June 2010	Document Value (LE) at End of Dec. 2010
Open-end Balance Funds				
National Bank of Egypt I +	Al Ahly Fund Management	10	37.42	38.02
Banque Misr I	Concord International Investments	100	102.23	102.33
National Bank of Egypt II	Al Ahly Fund Management	100	81.60	81.84
National Bank of Egypt III	HC Securities	100	74.52	79.69
El Watany Bank of Egypt	Hermes Fund Management	100	126.95	129.36
National Bank of Egypt V	Al Ahly Fund Management	10	9.21	9.58
Al-Massi	Hermes Fund Management	100	99.65	112.27
Kheir Fund	Beltone Asset Management	10	9.91	10.20
National Societe Generale Bank (Themar)	Beltone Asset Management	100	-	100.97
Open-end Equity Funds				
Credit Agricole Egypt I *	Hermes Fund Management	100	223.38	229.11
Bank of Alexandria I	Hermes Fund Management	100	214.12	232.82
Arab Misr Insurance Group **	Prime Investments Fund Management	100	148.53	166.89
Banque Misr II	Concord International Investment	66.67	51.77	47.37
Banque de Caire ***	Hermes Fund Management	10	51.58	58.02
Export Development Bank I (El-Khabeer) ++	HC Securities	33.33	73.74	81.32
Suez Canal Bank I	HC Securities	500	290.34	324.31
Credit Agricole Egypt II *	Hermes Fund Management	100	103.68	112.18
Egyptian Gulf Bank	Hermes Fund Management	100	153.60	172.73
Banque Misr III ****	HC Securities	100	406.42	455.90
Shield Fund *****	Arab African Investment Management	50	103.83	115.81
Misr Iran Development Bank I	HC Securities	100	339.53	376.05
Commercial International Bank II (Istethmar)	CI Asset Management	100	74.81	81.26
Piraeus Bank-Egypt I	Phoneix Kato Asset Management	100	93.70	103.39
Housing & Development Bank (Al-Taameer)	Prime Investments Fund Management	100	99.07	109.11
ABC Bank	Delta Rasmala	100	84.66	94.12
Suez Canal Bank II (Al-Agyal)	Beltone Asset Management	10	10.40	11.31
Blom Bank	Prime Investment	100	94.99	106.76
Pharos Fund I	Pharos Asset Management	100	94.48	107.12
Pioneers Fund I	Amual for Financial Investments	100	-	104.23
Insight	Beltone Asset Management	10	-	10.16
Open-end Fixed Income Funds				
Al Rabeh Fund +++	Prime Investment Fund Management	100	101.81	100.62
Credit Agricole Egypt III *	Egyptian Fund Management Group	1000	1039.30	1000.00
Misr Money Mareket	Beltone Asset Management	10	16.20	16.81
Commercial International Bank I (Osoul)	CI Asset Management	100	154.01	160.25
Misr Iran Development Bank II	HC Securities	1000	1037.12	1000.00
Bank of Alexandria II	EFG-Hermes	10	14.04	14.62
National Bank of Egypt IV	Al Ahly Fund Management	100	137.59	142.72
National Societe Generale Bank (Themar)	EFG-Hermes	100	134.83	140.18
Export Development Bank II	Delta Rasmala	100	133.55	138.80
ABC Bank (Mazaya)	Beltone Asset Management	10	10.95	11.34
HSBC Egypt Bank Fund (Kol Youm)	Beltone Asset Management	100	109.14	113.31
AAIB(Juman)	Arab African Investement Management	100	108.77	113.01
Piraeus bank- Egypt II	Phoneix Kato Asset Management	10	10.82	11.22
Audi Bank Fund	EFG-Hermes	10	10.81	11.22
Banque du Caire II	Beltone Asset Management	10	10.62	11.00
Blom Bank Fund II	C I Capital Asset Management	100	105.40	109.52
Al Watany Bank of Egypt Fund (Eshrak)	NBK Capital Asset Management Egypt	10	10.32	10.70
Arab Bank Fund (Youmati)	Beltone Asset Management	10	10.29	10.67
Housing & Development Bank (Mawared)	Prime Investments Fund Management	10	10.25	10.64
Bank of Alexandria III	EFG-Hermes	10	10.16	10.67
Prinicipal Bank for Development & Agricultural Credit (Hasad)	HC Securities	10	10.15	10.51
Arab Investment Bank Fund	EFG-Hermes	10	10.02	10.38
Egyptian Gulf Bank Fund (Tharaa)	Prime Investments Fund Management	10	-	10.11
Open-end Islamic Funds				
Faisal Islamic Bank	EFG-Hermes	100	106.74	113.39
Al Baraka Bank Egypt ++++	EFG-Hermes	100	75.60	82.38
Faisal Islamic Bank - CIB (Al Amman)	CI Asset Management	100	57.58	60.97
Banque Misr IV	HC Securities	100	73.77	81.06
Sanabel Fund	Prime Investment Fund Management	100	80.52	89.16
Egyptian Saudi Finance -National Bank of Egypt (Bashayer)	Al Ahly Fund Management	100	73.22	73.93
El Watany Bank of Egypt(Alhayah)	El Watany Capital Asset Management	10	-	10.09
Open-end Islamic Balanced Funds				
Al Baraka Bank Egypt	AT. Asset Management	100	-	101.60
Closed-end Funds				
Orient Trust	Egyptian Investment & Finance Co.	1000	1207.21	1281.88
Misr Direct Investment Fund	Al Ahly Development & Investment	1000	1035.00	1035.00
Arab Land Direct	Prime Investment Fund Management	1000	707.33	227.59
Capital Guaranteed Funds				
Misr Bank Capital Guaranteed (Al Omr Fund)	Cairo Funds Management	100	218.96	227.59
Asset Allocator Funds				
Societe Arab Int'l Banque I +++++	Prime Investment Fund Management	100	427.07	478.95
Societe Arab Int'l Banque II	Prime Investment Fund Management	100	297.59	333.83
Capital Protected Funds				
HSBC Egypt Fund II	EFG-Hermes	100	96.01	100.61
CIB Fund IV (Hamaya)	CI Capital Asset Management	100	-	102.99
Foreign Currency Funds				
Misr Money Market ($)	Beltone Asset Management	10$	10.66$	10.69$
Misr Money Market (Euro)	Beltone Asset Management	10 €	10.70 €	10.72 €
Fund of Funds				
Misr Iran Development Bank III (Wafi)	El Rashad Asset Management	10	9.88	10.29
National Bank of Egypt VII	El Rashad Asset Management	100	99.10	106.86

Source: Monthly Bulletin of Egyptian Stock Exchange

\+ The fund's document has been split into ratio of 1: 50 as of 29/11/2007. The fund has also changed its structure from Balanced to Equity during the period (12 March 2009 - 4 February 2010).

++ Two free documents has been distributed for each original document on 28/6/2007.

+++ The fund's name has changed to Al Rabeh Fund instead of Societe Arab Int'l Banque III.

++++ Previously known as Egyptian Saudi Finance Bank.

+++++ The fund's document has been split into ratio of 1: 5 and the par value has also changed from LE 500 to LE 100 as of 29/3/2007.

* The name of Egyptian American Bank Fund I, II, III has changed to Credit Agricole Egypt starting from 3/9/2006.

** The document has been split into ratio of 1:5 as of 10/11/2009.

*** The price of issuing the document has also changed from LE 100 to LE 10 as of 3/6/2007.

**** The name of Misr Exterior Bank fund has changed to Banque Misr III Fund starting from 16/9/2004 after the merger of Misr Exterior Bank with Banque Misr. The price of issuing the document has also changed from LE 1000 to LE100 after the amendment of Article (5) of the fund's prospectus as of 27/8/2006.

***** The name of Misr International Bank fund has changed to Shield Fund starting from 2/4/2006 and the document has been split into a ratio of 1:2 on the same date. The par value has also changed from LE 100 to LE 50.

(2/3/1) Note Issued by Denomination

(LE mn)

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
Currency By Denomination +	**105593**	**112430**	**122442**	**127625**	**135633**	**145914**	**155598**
PT 25	166	147	185	160	214	184	176
PT 50	278	252	372	309	298	294	312
LE 1	670	608	929	772	759	845	928
LE 5	1240	1169	1475	1309	1832	1619	2650
LE 10	3309	2938	3320	2991	3296	2930	3437
LE 20	8251	7394	7403	6419	6334	5619	6763
LE 50	27094	25646	24886	23045	20542	18836	18563
LE 100	51439	54987	57063	61561	65849	69299	69214
LE 200 *	13146	19289	26809	31059	36509	46288	53555

Source: Central Bank of Egypt

+ Including coin denominations of 25, 50 and 100 piasters.

* The LE 200 note has been in circulation as of May 2007.

(2/3/2) Currency in Circulation Outside CBE by Denomination

(LE mn)

End of	2007	2008		2009		2010	
	Dec.	June	Dec.	June	Dec.	June	Dec.
Total	**103675**	**111412**	**121282**	**126268**	**134039**	**144253**	**153209**
Subsidiary Coins & Notes *	270	275	282	287	297	306	314
PT 25	163	145	183	158	214	184	176
PT 50	272	242	365	308	297	292	311
LE 1	656	591	919	770	757	843	925
LE 5	1179	1105	1432	1257	1757	1495	2554
LE 10	3189	2845	3217	2911	3180	2844	3346
LE 20	7985	7194	7221	6297	6055	5480	6482
LE 50	26785	25422	24638	22898	20276	18704	18190
LE 100	50727	54529	56636	60867	65173	68641	68183
LE 200+	12449	19064	26389	30515	36033	45464	52728

Source: Central Bank of Egypt.

* Issued by the Ministry of Finance.

+ The LE 200 note has been in circulation as of May 2007.

(2/3/3) CBE: Transactions via RTGS and SWIFT

During	Fiscal Year					July/December	
	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2009/2010	2010/2011
Local Currency Transactions via RTGS*							
1- Automated Clearing House (ACH)							
Number of transactions (thousand)	9508	10481	11724	12062	12994	6357	6441
Value of transactions (LE mn)	288715	356900	483113	548038	584546	275761	308849
2- Other Transactions via RTGS**	404776	525236	700668	897205	1191374	558070	637156
Number of transactions (in unit)	1658794	2280198	3092401	5294357	13274677	6223996	8147509
Value of transactions (LE mn)							
Foreign Currency Transfers (Dollar Interbank Transactions) via the Fin-Copy System***							
Number of transactions (in unit)	11049	12070	13925	12365	12204	5505	6838
Value of transactions (US$ mn)	39773	78997	105587	83019	70008	29701	41478

Source: Central Bank of Egypt.

* The RTGS was launched on 15 /3/ 2009.

** Including corridor operations and deposits for monetary policy purposes as of 15/3/2009.

*** This service was introduced on 19/ 9/ 2004.

(2/4/1) Banks: Aggregate Financial Position

(LE mn)

	2007	2008		2009		2010	
End of	**Dec.**	**June**	**Dec.**	**June**	**Dec.**	**June**	**Dec.**
A- Assets							
Cash	10713	10261	10363	11128	10582	12448	13353
Securities & investments in TBs	183236	201858	268658	332597	361245	405895	441179
Balances with banks in Egypt	259939	278185	204857	173482	204371	200719	218120
Balances with banks abroad	121426	122792	64918	77120	69150	57371	67217
Loan and discount balances	381773	401425	429188	429957	432597	465990	458081
Other assets	62926	68790	67630	67709	73750	78232	84960
Assets =Liabilities	**1020013**	**1083311**	**1045614**	**1091993**	**1151695**	**1220655**	**1282910**
B- Liabilities							
Capital	33253	37576	40392	41550	43540	46598	51238
Reserves	12396	19763	17877	21371	20007	28486	28822
Provisions	64132	62314	71378	69748	70744	70418	54026
Bonds & Long-term loans	20929	22285	20197	22045	21731	21697	25321
Obligations to banks in Egypt	94306	98699	24367	31004	34521	53881	61224
Obligations to banks abroad	12161	13327	19368	18195	17111	20305	24295
Total deposits	700750	747199	767668	809694	848699	892492	943972
Other liabilities	82086	82148	84367	78386	95342	86778	94012

Source : Central Bank of Egypt

(2/4/2) Banks: Deposits by Maturity

(LE mn)

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
Total Deposits	**700750**	**747199**	**767668**	**809694**	**848699**	**892492**	**943972**
Demand deposits	89773	100569	94413	102852	110183	119518	122407
Time & saving deposits and saving accounts	579108	612737	642134	673048	703859	738650	786785
Blocked or retained deposits	31869	33893	31121	33794	34657	34324	34780
1- Local Currency Deposits	**508063**	**552079**	**565374**	**598586**	**649451**	**686052**	**735314**
Demand deposits	61264	71971	66615	69261	79608	84152	86946
Time & saving deposits and saving accounts	427953	460285	480452	509156	547992	580020	626393
Blocked or retained deposits	18846	19823	18307	20169	21851	21880	21975
2- Foreign Currency Deposits	**192687**	**195120**	**202294**	**211108**	**199248**	**206440**	**208658**
Demand deposits	28509	28598	27798	33591	30575	35366	35461
Time & saving deposits and saving accounts	151155	152452	161682	163892	155867	158630	160392
Blocked or retained deposits	13023	14070	12814	13625	12806	12444	12805

Source : Central Bank of Egypt.

(2/4/3) Banks: Deposits by Sector

(LE mn)

End of	2007	2008		2009		2010	
	Dec.	June	Dec.	June	Dec.	June	Dec.
Total Deposits	**700750**	**747199**	**767668**	**809694**	**848699**	**892492**	**943972**
Local Currency Deposits	**508063**	**552079**	**565374**	**598587**	**649451**	**686052**	**735314**
Government sector	44780	44789	47659	49564	61450	58496	59432
Public business sector *	26493	29434	30176	28800	29932	32726	32112
Private business sector	99295	119716	102175	104250	115160	114372	127039
Household sector	334097	354119	382345	413558	440215	477842	513722
External sector **	3398	4021	3019	2415	2694	2616	3009
Foreign Currency Deposits	**192687**	**195120**	**202294**	**211107**	**199248**	**206440**	**208658**
Government sector	30644	33203	37016	41481	41839	45618	47229
Public business sector *	8884	9146	10032	8735	7355	6474	7060
Private business sector	55927	57202	59405	58321	52820	54907	54895
Household sector	95678	93653	93938	100210	94790	96875	96176
External sector**	1554	1916	1903	2360	2444	2566	3298

Source : Central Bank of Egypt

*Including all public sector companies subject or not to Law No. 203 for 1991 .

**Including counterpart deposits of USAID .

(2/4/4) Banks: Deposits by Economic Activity

(LE mn)

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
Total Deposits	**700750**	**747199**	**767668**	**809694**	**848699**	**892492**	**943972**
Local Currency Deposits	**508063**	**552079**	**565374**	**598586**	**649451**	**686052**	**735314**
Agriculture	4465	5673	5303	6323	5848	5072	4263
Manufacturing	28722	36169	36798	37537	37531	38302	44416
Trade	19477	23928	22023	20850	23444	27829	24285
Services	48608	59337	52512	53846	59630	64895	72342
Unclassified sectors	406791	426972	448738	480030	522998	549954	590008
Foreign Currency Deposits	**192687**	**195120**	**202294**	**211108**	**199248**	**206440**	**208658**
Agriculture	979	1002	997	904	726	930	589
Manufacturing	27149	26223	30744	27757	24606	23772	23260
Trade	9466	10263	9860	12046	11332	11065	11448
Services	28096	30202	28207	25848	22921	25767	26281
Unclassified sectors	126997	127430	132486	144553	139663	144906	147080

Source : Central Bank of Egypt.

(2/4/5) Banks: Portfolio Investments by Sector

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
Total	**183236**	**201858**	**268658**	**332597**	**361245**	**405895**	**441179**
In Local Currency	**149267**	**168182**	**235030**	**297194**	**326015**	**338834**	**363600**
Government sector	117419	135129	206425	262044	291154	303297	325989
Public business sector *	1513	1414	1331	1338	1284	1052	1087
Private business sector	30335	31609	27217	33755	33488	34394	36434
Household sector	-	-	-	-	-	-	-
External sector	-	30	57	57	89	91	90
In Foreign Currencies	**33969**	**33676**	**33628**	**35403**	**35230**	**67061**	**77579**
Government sector	13959	13536	13861	14051	13809	15579	15758
Public business sector *	-	-	-	-	-	-	-
Private business sector	5042	4914	4648	5532	5856	5597	5382
Household sector	-	-	-	-	-	-	-
External sector	14968	15226	15119	15820	15565	45885	56439

Source : Central Bank of Egypt.

*Including all public sector companies subject or not to Law No. 203 for 1991.

(2/4/6) Banks: Lending and Discount Balances by Sector

(LE mn)

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
Total	**381773**	**401425**	**429188**	**429957**	**432597**	**465990**	**458081**
In Local Currency	**258780**	**267166**	**284982**	**295192**	**294225**	**313654**	**307551**
Government sector	11024	9698	8034	12946	13082	15389	19457
Public business sector *	19613	19475	20690	23725	27685	21051	23778
Private business sector	164172	167258	177279	177107	165662	185694	170246
Household sector	63278	69838	77950	78827	85787	90266	92821
External sector	693	897	1029	2587	2009	1254	1249
In Foreign Currencies	**122993**	**134259**	**144206**	**134765**	**138372**	**152336**	**150530**
Government sector	20933	21460	23645	17802	21109	23995	18715
Public business sector *	7731	7177	7978	9155	7691	8761	8447
Private business sector	81623	90829	95401	90778	91013	101454	101168
Household sector	5223	8494	8430	5762	3135	2526	2868
External sector	7483	6299	8752	11268	15424	15600	19332

Source : Central Bank of Egypt

* Including all public sector companies subject or not to Law No. 203 for 1991.

(2/4/7) Banks: Credit by Sector

(LE mn)

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
Total	**565009**	**603283**	**697846**	**762554**	**793842**	**871885**	**899260**
In Local Currency	**408047**	**435348**	**520012**	**592386**	**620240**	**652488**	**671151**
Government sector	128443	144827	214459	274990	304236	318686	345446
Public business sector *	21126	20889	22021	25063	28969	22103	24865
Private business sector	194507	198867	204496	210862	199150	220088	206680
Household sector	63278	69838	77950	78827	85787	90266	92821
External sector	693	927	1086	2644	2098	1345	1339
In Foreign Currencies	**156962**	**167935**	**177834**	**170168**	**173602**	**219397**	**228109**
Government sector	34892	34996	37506	31853	34918	39574	34473
Public business sector *	7731	7177	7978	9155	7691	8761	8447
Private business sector	86665	95743	100049	96310	96869	107051	106550
Household sector	5223	8494	8430	5762	3135	2526	2868
External sector	22451	21525	23871	27088	30989	61485	75771

Source : Central Bank of Egypt.

*Including all public sector companies subject or not to Law No. 203 for 1991.

(2/4/8) Banks: Lending and Discount Balances by Economic Activity

(LE mn)

	2007	2008		2009		2010	
End of	Dec.	June	Dec.	June	Dec.	June	Dec.
Total	**381773**	**401425**	**429188**	**429957**	**432597**	**465990**	**458081**
In Local Currency	**258780**	**267166**	**284982**	**295192**	**294225**	**313654**	**307551**
Agriculture	5996	5758	5829	5137	4571	4856	4536
Manufacturing	75873	76793	84558	94674	89042	94810	91888
Trade	42217	42456	44171	44079	43459	51241	38397
Services	70536	71208	71233	69790	69230	70931	78362
Unclassified sectors	64158	70951	79191	81512	87923	91816	94368
In Foreign Currencies	**122993**	**134259**	**144206**	**134765**	**138372**	**152336**	**150530**
Agriculture	1125	863	1753	2165	1655	1554	2053
Manufacturing	59627	67690	70637	61808	67045	79423	71590
Trade	13263	15319	18015	14646	14263	15134	12365
Services	36227	35594	36619	39117	36850	38084	42317
Unclassified sectors	12751	14793	17182	17029	18559	18141	22205

Source : Central Bank of Egypt.

(2/5/1) Discount and Interest Rates on Deposits and Loans in Egyptian Pound

(% Annually)

End of	Discount Rate	Average Interest Rates in Banks*				Interest Rate on Investment Certificates		Interest Rate on Post Office Saving Deposits**
		More than one-month and less than or equal to three-month deposits	More than three-month and less than or equal to six-month deposits	More than six-month and less than or equal to one year deposits	Less than or equal to one year loans	Simple Return	Of increasing certificate value	
January 2008	9.00	6.00	6.50	6.80	12.10	10.00	9.50	9.50
February	,,	6.00	6.50	6.80	12.10	,,	,,	,,
March	,,	6.00	6.50	6.90	12.20	,,	,,	,,
April	,,	6.10	6.50	6.90	12.10	,,	,,	,,
May	,,	6.30	6.60	7.10	12.00	,,	,,	,,
June	10.00	6.50	6.70	7.10	12.00	,,	,,	,,
July	10.00	6.60	6.80	7.20	12.20	,,	,,	9.25
August	11.00	6.80	7.00	7.30	12.30	,,	,,	,,
September	11.50	6.90	7.10	7.40	12.40	,,	,,	,,
October	,,	7.20	7.40	7.80	12.40	,,	,,	,,
November	,,	7.30	7.50	7.90	12.50	,,	,,	,,
December	,,	7.40	7.70	8.20	12.50	,,	,,	,,
January 2009	,,	7.30	7.60	8.30	12.60	,,	,,	,,
February	10.50	7.30	7.60	8.30	12.60	,,	,,	,,
March	10.00	7.10	7.50	8.30	12.40	,,	,,	,,
April	10.00	7.00	7.30	8.20	12.30	,,	,,	,,
May	9.50	6.70	7.10	7.90	12.30	,,	,,	,,
June	9.00	6.50	7.00	7.80	12.10	,,	,,	,,
July	9.00	6.20	6.90	7.50	12.10	,,	,,	9.00
August	8.50	6.10	6.60	7.30	12.00	,,	,,	,,
September	,,	6.00	6.50	7.10	11.60	9.50	9.00	,,
October	,,	5.90	6.40	6.90	11.40	,,	,,	,,
November	,,	5.90	6.30	6.80	11.30	,,	,,	,,
December	,,	5.90	6.30	6.70	11.00	,,	,,	,,
January 2010	,,	5.90	6.40	6.70	11.10	,,	,,	,,
February	,,	5.90	6.40	6.70	11.00	,,	,,	,,
March	,,	6.00	6.40	6.70	11.10	,,	,,	,,
April	,,	6.00	6.40	6.70	11.10	,,	,,	,,
May	,,	5.90	6.50	6.80	11.20	,,	,,	,,
June	,,	6.30	6.90	7.30	11.10	,,	,,	,,
July	,,	6.30	6.90	7.20	11.10	,,	,,	,,
August	,,	6.30	6.90	7.20	10.90	,,	,,	,,
September	,,	6.40	7.00	7.20	10.90	,,	,,	,,
October	,,	6.60	6.90	7.30	11.00	,,	,,	,,
November	,,	6.60	6.90	7.30	10.90	,,	,,	,,
December	,,	6.60	6.90	7.20	10.70	,,	,,	,,

Source: Central Bank of Egypt and the Egyptian National Post Authority

* As of June 2010, maturities have been changed and the data on interest rates (on deposits and loans) have been compiled according to the Domestic Money Monitoring System (DMMS).

** Up till June 2008, the deposits remaining for more than one year earned an additional 0.25% interest rate, but this was abolished as of July 2008.

(2/5/2) Domestic Interest Rates on 3-Month Deposits in Major Currencies

(Annually %)

End of	US Dollar		Sterling Pound		Euro	
	Min.	Max.	Min.	Max.	Min.	Max.
January 2008	2.75	2.94	4.44	5.19	3.63	3.88
February	2.56	2.75	4.56	5.31	3.63	3.88
March	2.19	2.38	4.88	5.63	3.94	4.19
April	2.42	2.62	4.63	4.88	3.82	4.07
May	2.14	2.34	4.61	4.86	3.86	4.11
June	2.46	2.66	4.70	4.95	3.96	4.21
July	2.45	2.65	4.54	4.79	3.96	4.21
August	2.46	2.66	4.50	4.75	3.96	4.21
September	2.86	3.06	4.81	5.06	4.05	4.30
October	3.12	3.32	4.69	4.94	3.85	4.10
November	1.85	2.05	2.71	2.96	2.93	3.18
December	1.12	1.32	1.65	1.90	2.01	2.26
January 2009	0.83	1.03	0.92	1.17	1.13	1.38
February	0.90	1.10	0.82	1.07	0.86	1.11
March	0.88	1.08	0.47	0.72	0.55	0.80
April	0.69	0.89	0.62	0.87	0.63	1.13
May	0.31	0.51	0.43	0.68	0.52	1.02
June	0.41	0.61	0.62	0.87	0.66	1.16
July	0.29	0.49	0.31	0.56	0.33	0.83
August	0.18	0.38	0.15	0.35	0.26	0.76
September	0.12	0.29	0.15	0.22	0.16	0.66
October	0.13	0.28	0.15	0.41	0.20	0.54
November	0.12	0.26	0.15	0.43	0.20	0.54
December	0.11	0.25	0.15	0.42	0.20	0.53
January 2010	0.11	0.24	0.15	0.43	0.18	0.49
February	0.11	0.25	0.16	0.45	0.18	0.48
March	0.13	0.28	0.16	0.45	0.17	0.47
April	0.15	0.32	0.17	0.46	0.18	0.47
May	0.24	0.53	0.18	0.50	0.19	0.51
June	0.24	0.53	0.18	0.51	0.20	0.53
July	0.21	0.47	0.19	0.52	0.25	0.66
August	0.14	0.30	0.18	0.50	0.25	0.66
September	0.13	0.28	0.18	0.51	0.25	0.66
October	0.13	0.28	0.18	0.52	0.29	0.78
November	0.13	0.28	0.18	0.52	0.29	0.78
December	0.14	0.30	0.19	0.53	0.28	0.75

Source: National Bank of Egypt.

(2/5/3) Interest Rates on Treasury Bills
(Weekly Weighted Averages)

(%)

		91 days	182 days	252 days	259 days	266 days	273 days	280 days	350 days	357 days	364 days
October 2010											
First week	(5/10)	9.144	9.766	..	..	..	10.017	..	..	..	..
Second week	(12/10)	8.916	9.556	..	..	9.827	..	..	..	..	10.253
Third week	(19/10)	8.823	9.487	..	..	..	..	..	..	10.257	..
Fourth week	(26/10)	9.348	9.804	..	..	..	10.339	..	10.509	..	..
Monthly Average		**9.058**	**9.653**	**0.00**	**0.000**	**9.827**	**10.178**	**..**	**10.509**	**10.257**	**10.253**
November 2010											
First week	(2/11)	9.292	9.976	..	..	10.373	..	..	..	..	..
Second week	(9/11)	9.059	9.778	..	..	10.114	..	..	..	..	10.341
Third week	(16/11)	8.681	9.635	..	..	..	..	..	..	10.352	..
Fourth week	(23/11)	..	9.716	10.197	..	..	..	..	10.430	..	..
	(30/11)	..	9.808	..	..	..	..	10.322	..	..	..
Monthly Average		**9.011**	**9.783**	**10.197**	**0.000**	**10.244**	**0.000**	**10.322**	**10.430**	**10.352**	**10.341**
December 2010											
First week	(7/12)	9.031	9.891	..	..	..	10.420	..	..	..	10.471
Second week	(14/12)	..	9.947	..	..	..	..	..	..	10.503	..
Third week	(21/12)	9.277	9.977	..	..	..	10.514	..	10.541	..	..
Fourth week	(28/12)	..	10.140				10.661	..	..	..	10.665
Monthly Average		**9.154**	**9.989**	**0.00**	**0.000**	**0.000**	**10.532**	**..**	**10.541**	**10.503**	**10.568**

Source: Central Bank of Egypt.

(3/1) Companies Listed on the Stock Exchange

End of	2007 Dec.	2008 June	2008 Dec.	2009 June	2009 Dec.	2010 June	2010 Dec.
Number of Companies (in Unit)	435	377	373	333	306	215	212
On the official schedules	138	121	120	119	121	115	-
On the unofficial schedules	296	255	252	213	184	100	-
On the temporary schedule*	1	1	1	1	1	-	-
Number of shares (mn)	17833	19809	21962	22430	23757	29002	31749
Nominal value of capital (LE mn)	119815	137974	150399	149587	149944	134748	142419
Market value of capital (LE mn)	768276	813341	473636	463644	499613	410144	488209
The Market of Medium and Small Enterprises (Nilex)**							
Number of companies (in unit)						10	16
Number of shares (mn)						5	2
Market value of capital (LE mn)						407	1020
The Egyptian Exchange Indeces***							
EGX 30	10549.7	9827.3	4596.5	5702.9	6208.8	6033.1	7142.1
EGX 70				623.1	642.9	527.7	721.5
EGX 100					1059.3	908.7	1166.2

Source: Monthly Bulletin of the Egyptian Exchange.

* Companies which have not adjusted their statuses according to the new listing rules.

** Trading in the Nilex Started on 3/6/2010.

*** The Egyptian Exchange CASE 30 Index was renamed EGX 30, while the EGX 70 index was introduced as of March 2009 to cover 70 companies other than the 30 constituent companies of EGX 30. EGX 100 was also introduced, encompassing those companies constituting EGX 30 and EGX 70,as of August 2009.

(3/2) Trading in Shares on the Stock Exchange

	During July/December					
	2009/2010			2010/2011		
	Number of Transactions (Unit)	Amount (Thousand)	Market Value (mn)	Number of Transactions (Unit)	Amount (Thousand)	Market Value (mn)
In Egyptian Pound	**6341307**	**14462522**	**230239**	**4189115**	**13902982**	**89113**
Floor Transactions	5962120	11094118	141607	4136720	12566782	81277
Over the Counter Trading	379187	3368404	88632	52395	1336200	7836
Foreign Currencies (US Dollar)	**187826**	**507118**	**1140**	**83451**	**313709**	**778**
Floor Transactions	182158	454990	832	82274	300684	478
Over the Counter Trading	5668	52128	308	1177	13025	300
Foreign Currencies (Euro)	**19**	**3359**	**87**	**9**	**265**	**36**
Floor Transactions	0	0	0	0	0	0
Over the Counter Trading	19	3359	87	9	265	36

Source : Egyptian Financial Supervisory Authority.

(3/3) Trading in Bonds on the Stock Exchange

	During July/December					
	2009/2010			2010/2011		
	Number of Transactions	Amount	Market Value	Number of Transactions	Amount	Market Value
		(Unit)	(Thousand)		(Unit)	(Thousand)
In Egyptian Pound	**519**	**19470715**	**19933580**	**764**	**33214046**	**33474401**
Floor Transactions	519	19470715	19933580	764	33214046	33474401
Over the Counter Trading	0	0	0	0	0	0
In US Dollar	**0**	**0**	**0**	**0**	**0**	**0**
Floor Transactions	0	0	0	0	0	0
Over the Counter Trading	0	0	0	0	0	0

Source : Egyptian Financial Supervisory Authority.

(3/4) Foreigners' Transactions on the Stock Exchange

	During July/December			
	2009/2010		2010/2011	
	Egyptian Pound	US Dollar	Egyptian Pound	US Dollar
Net Number of Transactions (Unit)	**73465**	**637**	**87580**	**5609**
Purchases	489054	21842	500960	19592
Sales	415589	21205	413380	13983
Net Volume of Securities (mn)	**143**	**-13**	**176**	**11**
Purchases	1519	78	2259	71
Sales	1376	91	2083	60
Net Value of Securities (mn)	**2730**	**13**	**3184**	**-13**
Purchases	29339	204	25950	127
Sales	26609	191	22766	140

Source : Egyptian Financial Supervisory Authority - monthly report.

(3/5) Global Depository Receipts (GDRs)

Company	Order & Date of Offering	Depository Bank	Sub Custodian Bank	Conversion Ratio	Volume on Offering Date (000s)	GDRs Listed on Global Exchanges: Price ($) at end of June-10	GDRs Listed on Global Exchanges: Price ($) at end of Dec.-10	Corporate Stocks Issued on Egyptian Exchange: Price (LE) at end of June-10	Corporate Stocks Issued on Egyptian Exchange: Price (LE) at end of Dec.-10
Comercial International Bank / Egypt (CIB)	July-96	Bank of New York	CIB / HSBC	1.00	9999	12.20	8.35	67.55	47.40
Suez Cement	July-96	Bank of New York	CIB / HSBC	1.00	7310	5.80	5.85	35.73	38.00
Paints & Chemicals Industries (Pachin)	Oct.-97	Bank of New York	CIB / HSBC	3.00	6297	2.80	2.80	48.50	54.05
EFG-Hermes	Aug.-98	Bank of New York	HSBC / CIB	0.50	4324	11.10	12.01	29.20	33.92
Ezz Steel	June-99	Bank of New York	CIB / HSBC	0.33	573	32.50	32.50	17.58	19.60
Holding Company for Financial Investments (Lakah Group)*	July-99	Bank of New York	CIB / HSBC	0.33	35000	0.44	0.44	-	-
Orascom Telecom Holding (OT)**	July-00	Bank of New York	CIB / HSBC	0.20	11713	4.40	3.65	4.98	4.32
Orascom Construction Industries (OCI)***	Aug.-02	Bank of New York	CIB / HSBC	1.00	50	38.70	48.99	227.44	287.11
Egypt Lebanon Ceramics (Lecico)	Nov.-04	Bank of New York	CIB / HSBC	1.00	8796	3.00	4.10	13.02	16.92
Telecom Egypt	Dec.-05	Bank of New York	CIB / HSBC	0.20	8522	15.50	15.99	15.74	18.08
Naeem Holding	Feb.-08	Bank of New York	CIB / HSBC	0.25	5625	1.72	1.96	0.43	0.49
Palm Hills Development	May-08	Bank of New York	CIB / HSBC	0.20	5435	4.70	5.30	4.89	6.34
G B Auto	May-09	Bank of New York	CIB	0.20	100	34.43	37.42	39.22	43.44
Remco for Touristic Villages Construction	May-10	JPMorgan	HSBC	0.20	1000	-	-	3.90	4.26

Source: Monthly Bulletin of the Egyptian Exchange.

* Last closing price was on 3 March 2005 as no trading has occurred after this date.

** The conversion ratio has changed to be 5 shares: 1 GDR, as of 12 April 2007.

*** The conversion ratio has changed to be 1 share: 1 GDR, as of 7 May 2009.

(3/6) Outstanding Balance of Treasury Bills (Quarterly)

(LE mn)

End of	91 days	182 days	252 days	259 days	266 days	273 days	280 days	350 days	357 days	364 days	Total
2005											
March	-	34550	-	-	-	-	-	-	-	82358	116908
June	2750	23900	-	-	-	-	-	-	-	98257	124907
Sept.	8900	22350	-	-	-	-	-	-	-	71726	102976
Dec.	5500	22600	-	-	-	-	-	-	-	67816	95916
2006											
March	6000	24100	-	-	-	-	-	-	-	69016	99116
June	7100	26500	-	-	-	-	-	-	-	69544	103144
Sept.	9900	27500	-	-	-	-	-	-	-	69957	107357
Dec.	8200	27000	-	-	-	-	-	-	-	71157	106357
2007											
March	11000	26000	-	-	-	-	-	-	-	73657	110657
June	9000	27500	-	-	-	-	-	-	-	82157	118657
Sept.	8500	31500	-	-	-	-	-	-	-	90657	130657
Dec.	12000	33000	-	-	-	-	-	-	-	100957	145957
2008											
March	10500	32500	-	-	-	-	-	-	-	106457	149457
June	6800	33000	-	-	-	-	-	-	-	106639	146439
Sept.	17000	42500	-	-	-	-	-	-	-	105940	165440
Dec.	14500	48500	-	-	-	28000	-	-	-	114940	205940
2009											
March	9500	51500	-	-	-	55500	-	6000	-	97940	220440
June	6021	43119	-	6000	-	77500	-	15000	3000	88440	239080
Sept.	11000	28990	-	6000	-	88500	-	18000	15000	82890	250380
Dec.	8480	32767	-	6000	10025	79442	-	18000	32419	64618	251751
2010											
March	20000	47264	6000	-	16025	69442	-	19000	39419	68118	285268
June	13000	46867	6000	3000	27025	45442	-	15000	45169	64618	266121
Sept.	19000	45000	15000	3000	26000	39000	-	21000	42169	58618	268787
Dec.	9975	54250	12000	3000	27500	42500	3500	31500	38250	59390	281865

Source : Central Bank of Egypt.

(3/7) Outstanding Balance of Treasury Bills (Weekly)

(LE mn)

		91 days	182 days	252 days	259 days	266 days	273 days	280 days	350 days	357 days	364 days	Total
October 2010												
First week	(5/10)	19000	45500	13000	3000	24000	39000	0	21000	42169	58618	265287
Second week	(12/10)	19500	45500	13000	3000	27000	39000	0	21000	39169	60118	267287
Third week	(19/10)	19500	46500	13000	3000	27000	39000	0	21000	42669	60118	271787
Fourth week	(26/10)	20000	46500	13000	3000	27000	42000	0	24500	40191	57118	273309
End of Month		**20000**	**46500**	**13000**	**3000**	**27000**	**42000**	**0**	**24500**	**40191**	**57118**	**273309**
November 2010												
First week	(2/11)	20000	47000	11000	3000	26500	39000	0	24500	40191	57118	268309
Second week	(9/11)	19000	49000	11000	3000	29500	39000	0	24500	37191	58523	270714
Third week	(16/11)	18500	50500	11000	3000	29500	39000	0	24500	40691	58523	275214
Fourth week	(23/11)	17000	50500	14000	3000	29500	39000	0	28000	39159	56401	276560
End of Month		**15500**	**53000**	**12000**	**3000**	**27500**	**36000**	**3500**	**28000**	**39159**	**56401**	**274060**
December 2010												
First week	(7/12)	15000	52500	12000	3000	27500	38500	3500	28000	37128	58890	276018
Second week	(14/12)	13500	52500	12000	3000	27500	38500	3500	28000	40628	58890	278018
Third week	(21/12)	12475	52500	12000	3000	27500	42000	3500	31500	38250	55890	278615
Fourth week	(28/12)	9975	54250	12000	3000	27500	42500	3500	31500	38250	59390	281865
End of Month		**9975**	**54250**	**12000**	**3000**	**27500**	**42500**	**3500**	**31500**	**38250**	**59390**	**281865**

Source: Central Bank of Egypt.

(3/8) Outstanding Balance of Treasury Bonds*

End of Dec. 2010

Tranche	Date of Issue	Value (LE bn)	Interest Rate%	Duration	Maturity & Due Date
Bonds under the Primary Dealers System **					
Eleventh	26/10/2004	5.0	11.500	7 years	26/10/2011
Twelveth	16/11/2004	5.0	11.625	10 years	16/11/2014
Fourteenth	18/01/2005	1.0	11.400	20 years	18/01/2025
Eighteenth	20/09/2005	6.0	9.100	7 years	20/09/2012
Twenty First	15/11/2005	5.0	9.300	10 years	15/11/2015
Twenty Third	24/01/2006	6.0	8.850	7 years	24/01/2013
Twenty Fifth	28/02/2006	4.0	8.600	5 years	28/02/2011
Twenty Seventh	29/05/2007	2.0	9.450	7 years	29/05/2014
Twenty Eighth	25/09/2007	2.0	8.450	7 years	25/09/2014
Twenty Ninth	23/10/2007	2.0	8.600	8 years	23/10/2015
Thirtieth	13/11/2007	5.0	8.550	6 years	13/11/2013
Thirty First	22/01/2008	3.0	8.700	8 years	22/01/2016
Thirty Second	12/02/2008	1.5	9.150	10 years	12/02/2018
Thirty Third	19/02/2008	3.0	9.200	6 years	19/02/2014
Thirty Fourth	27/05/2008	3.0	10.650	7 years	27/05/2015
Thirty Fifth	10/06/2008	2.0	10.950	8 years	10/06/2016
Thirty Sixth	13/01/2009	6.0	12.000	3 years	13/01/2012
Thirty Seventh	10/02/2009	6.0	12.000	5 years	10/02/2014
Thirty Eighth	14/04/2009	5.0	10.550	5 years	14/04/2014
Thirty Ninth	28/04/2009	6.0	10.350	3 years	28/04/2012
Fortieth	09/06/2009	6.0	11.000	7 years	09/06/2016
Fourty First	07/07/2009	3.5	10.600	2 years	07/07/2011
Fourty Second	28/07/2009	6.0	10.800	4 years	28/07/2013
Fourty Third	11/08/2009	6.0	10.450	3 years	11/08/2012
Fourty Fourth	15/09/2009	5.1	10.900	5 years	15/09/2014
Fourty Fifth	29/09/2009	6.0	10.900	4 years	29/09/2013
Fourty Sixth	24/11/2009	2.0	12.170	4 years	24/11/2013
Fourty Seventh	08/12/2009	6.5	12.500	5 years	08/12/2014
Fourty Eighth	15/12/2009	5.1	12.800	6 years	15/12/2015
Fourty Ninth	05/01/2010	8.0	12.350	3 years	05/01/2013
Fiftieth	16/02/2010	12.5	12.600	7 years	16/02/2017
Fifty First	02/03/2010	10.0	12.250	5 years	02/03/2015
Fifty Second	06/04/2010	9.5	11.350	3 years	06/04/2013
Fifty Third	06/07/2010	10.0	11.550	3 years	06/07/2013
Fifty Fourth	20/07/2010	7.5	12.550	5 years	20/07/2015
Fifty Fifth	03/08/2010	5.0	13.000	10 years	03/08/2020
Fifty Sixth	05/10/2010	10.0	11.600	3years	05/10/2013
Fifty Seventh	19/10/2010	6.0	12.350	5 years	14/09/2015
		203.2			

* According to Law No. (4) for 1995.

** This system was put into force as of July 2004, in virtue of the Minister of Finance's Decree No. 480 for 2002 and the provisions governing it, issued by the Minister of Finance's Decree No. 723 for 2002, in accordance with the provisions of Article (7) of Law No. 92 for 2004.

(4/1) Consolidated Fiscal Operations of the General Government

(The Budget Sector, NIB and SIFs)

(Total Expenditures)

(LE mn)

	2010/2011			
	Estimates		6 Months (Actual)	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB & SIFs
Total Expenditures	**403168**	**438619**	**161145**	**174563**
Compensations of Employees	**95308**	**96525**	**42460**	**43031**
Salaries and wages	76334	77445	35319	35824
Social contributions	9445	9531	4021	4059
Other	9529	9549	3120	3148
Purchases of Goods and Services	**28857**	**29103**	**9271**	**9408**
Goods	13228	13250	3769	3777
Services	11140	11309	4500	4566
Other	4489	4544	1002	1065
Interests	**91143**	**81922**	**35702**	**21477**
Foreign interests	4497	4497	1672	1672
Domestic interests:	86646	77425	34030	19805
To NIB & SIFs	19283	0	14225	0
To others	67363	77425	19805	19805
Subsidies, Grants and Social Benefits	**116616**	**159622**	**41559**	**68331**
Subsidies	**101272**	**101272**	**34894**	**34894**
To GASC	13585	13585	12280	12280
To petroleum	67680	67680	16990	16990
To others	20007	20007	5624	5624
Grants	**5114**	**5114**	**2974**	**2974**
Social Benefits	**6283**	**49289**	**3418**	**30190**
Contribution to SIFs	4100	0	1556	0
Other	2183	49289	1862	30190
Other	3947	3947	273	273
Other Expenditures	**31125**	**31201**	**15883**	**15954**
Defense	25215	25215	14178	14178
Other	5910	5986	1705	1776
Purchases of Non-Financial Assets (Investments)	**40119**	**40246**	**16270**	**16362**
Fixed assets	36263	36390	14628	14720
Others	3856	3856	1642	1642

Source: The Ministry of Finance

(4/2) Consolidated Fiscal Operations of the General Government
(The Budget Sector, NIB and SIFs)
(Total Revenues)

(LE mn)

	2010/2011			
	Estimates		6 Months (Actual)	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB & SIFs
Total Revenues	**285810**	**322732**	**99745**	**114786**
Tax Revenues	**200424**	**200424**	**75437**	**75437**
Taxes on income, Profits	**88656**	**88656**	**29908**	**29908**
From EGPC	35765	35765	9752	9752
From SCA	10666	10666	5000	5000
From CBE	0	0	0	0
From other units	22961	22961	7003	7003
Payable by individuals	19264	19264	8153	8153
Taxes on Property	**12306**	**12306**	**4588**	**4588**
Taxes on Goods and Services	**80920**	**80920**	**33826**	**33826**
Taxes on International Trade	**15500**	**15500**	**6858**	**6858**
Other Taxes	**3042**	**3042**	**257**	**257**
Grants	**5156**	**5156**	**2131**	**2131**
Current	1458	1458	46	46
Capital	3698	3698	2085	2085
Other Revenues	**80230**	**117152**	**22177**	**37218**
Property Income	**53588**	**60538**	**14320**	**16407**
From EGPC	25099	25099	5020	5020
From SCA	14033	14033	7303	7303
From CBE	805	805	498	498
From economic authorities	2661	2661	485	485
From companies	5340	5340	374	374
Other (TML)*	1280	1280	0	0
Other	4370	11320	640	2727
Sales of Goods and Services	**14871**	**14871**	**5148**	**5148**
Financing Investment	**7596**	**7596**	**1529**	**1529**
Other	**4175**	**34147**	**1180**	**14134**

Source : The Ministry of Finance .

* third mobile license

(4/3) Summary of the Consolidated Fiscal Operations of the General Government

(The Budget Sector , NIB and SIFs)

(LE mn)

	2010/2011			
	Estimates		6 Months (Actual)	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB & SIFs
Total Revenues	**285810**	**322732**	**99745**	**114786**
Total Expenditures	**403168**	**438619**	**161145**	**174563**
Cash Deficit	**117358**	**115887**	**61400**	**59777**
Net Acquisition of Financial Assets	**-8283**	**-5751**	**-964**	**-3074**
Overall Fiscal Balance Finance	**109075**	**110136**	**60436**	**56703**
Financing Sources	**109075**	**110136**	**60436**	**56703**
Domestic Financing	**118479**	**119540**	**75490**	**72479**
Banking Financing	**53150**	**47474**	**37580**	**39477**
Central Bank	**-52707**	**-52708**	**21029**	**21029**
Other Banks	**105857**	**100182**	**16551**	**18448**
Non-Banking Financing	**65329**	**72066**	**37910**	**33002**
NIB	900	0	2767	0
SIFs	0	0	8347	0
Other	64429	64429	26836	26836
NIB Borrowing	0	7637	0	6206
Special Accounts for Economic Authorities	0	0	-40	-40
Blocked Account Used in Amortizing Part of CBE Bonds	**0**	**0**	**0**	**0**
Foreign Borrowing	**-9654**	**-9654**	**3392**	**3392**
Arrears	**0**	**0**	**0**	**0**
Others,	-671	-671	-185	-907
Financing Effects for Eliminations	**0**	**0**	**0**	**0**
Exchange Rate Revaluation	**0**	**0**	**-10**	**-10**
Net Privatization Proceeds	**250**	**250**	**22**	**22**
Privatization Proceeds	500	500	22	22
Treasury Contribution to the Fund	250	250	0	0
Difference between Treasury Bills Face Value & Present Value	**0**	**0**	**-1070**	**-1070**
Foreign Debt Reclassification diff. & FX diff. Related to it	**0**	**0**	**0**	**0**
Discrepancy	**671**	**671**	**-17203**	**-17203**
Cash Deficit (surplus) as a percentage of GDP	**8.5%**	**8.4%**	**4.5%**	**4.3%**
Overall fiscal balance as a percentage of GDP	**7.9%**	**8.0%**	**4.4%**	**4.1%**
Revenues as a percentage of GDP	**20.7%**	**23.4%**	**7.2%**	**8.3%**
Expenditures as a percentage of GDP	**29.3%**	**31.8%**	**11.7%**	**12.7%**

Source : The Ministry of Finance .

(4/4) Gross Domestic Debt

(LE mn)

End of	June 2009	Dec. 2009	June 2010	Dec. 2010	Change + (-) during July/Dec. 2009/2010	Change + (-) during July/Dec. 2010/2011
Gross Domestic Debt (1+2+3-4)	**755297**	**828791**	**888661**	**962277**	**73494**	**73616**
1- Net Domestic Debt of Government (A+B+C)	**562327**	**634765**	**663818**	**738869**	**72438**	**75051**
A- Balances of Bonds & Bills	**681838**	**732006**	**779232**	**847923**	**50168**	**68691**
. Treasury bonds with the CBE	121708	127541	121533	130596	5833	9063
. Local currency bonds with public sector banks	4000	4000	4000	4000	0	0
. Bonds offered abroad *						
US$	4036	4134	6005	6176	98	171
LE	3773	3873	3808	3782	100	(26)
. Egyptian treasury bonds	92500	124200	159767	203267	31700	43500
. Government notes to compensate for the actuarial deficit in social insurance funds	2000	2000	2000	2000	0	0
. Housing bonds	116	114	114	115	(2)	1
. Foreign currency bonds with public sector commercial banks	11677	11445	11883	12112	(232)	229
. The equivalent of the retained 5% of corporate profits to purchase government bonds	1700	1700	1764	1773	0	9
. Bonds of the Insurance Funds (against the transfer of NIB debt to the Treasury)	201248	201248	202237	202237	0	0
. Treasury Bills	239080	251751	266121	281865	12671	15744
B- Credit Facilities from the social Insurance Funds	**2343**	**2343**	**2343**	**2343**	**0**	**0**
C- Net Government Balances with the Banking System	**-121854**	**-99584**	**-117757**	**-111397**	**22270**	**6360**
2- Borrowing of Economic Authorities (Net)	**52255**	**56441**	**67771**	**70115**	**4186**	**2344**
.Net Balances of Economic Authorities with the Banking System	2193	5232	16302	17448	3039	1146
. Borrowing of Economic Authorities from NIB **	50062	51209	51469	52667	1147	1198
3- NIB Debt (Net)	**200754**	**201104**	**222205**	**222292**	**350**	**87**
.NIB Debt	205560	210210	227715	228677	4650	962
.Deposits of the NIB with the banking system (-)	4806	9106	5510	6385	4300	875
4- Intra-debt	**60039**	**63519**	**65133**	**68999**	**3480**	**3866**
. Government debt to the NIB (investments in government securities)	9977	12310	13664	16332	2333	2668
. Loans of economic authorities to NIB	50062	51209	51469	52667	1147	1198

Source: Central Bank of Egypt - Ministry of Finance - National Investment Bank.

* (Holdings of resident financial institutions in Egypt represented in the banking system and the insurance sector).

** Apart from the interest payments due on the NIB.

(4/5) National Investment Bank (Resources and Uses)

(LE mn)

End of June	June 2009	Dec. 2009	June 2010	Dec. 2010	Change + (-) during July/Dec. 2009/2010	Change + (-) during July/Dec. 2010/2011
Liabilities :of which	**205560**	**210210**	**227715**	**228677**	**4650**	**962**
. Social Insurance Fund for Gov. Employees	29638	29638	31613	31613	0	0
. Social Insurance Fund for Pub. & Priv. Business Sectors Employees	24895	24895	27384	27384	0	0
. Proceeds from investment certificates	81454	87030	91134	93480	5576	2346
. Accumulated interest on investment certificates (Category A)	8654	8746	8648	8640	92	(8)
. Proceeds from US dollar development bonds	11	10	10	9	(1)	(1)
. Post office savings	54487	57987	64837	65837	3500	1000
. Others*	6421	1904	4089	1714	(4517)	(2375)
Assets :of which	**205560**	**210210**	**227715**	**228677**	**4650**	**962**
. Loans to economic authorities	50062	51209	51469	52667	1147	1198
. Investments in government securities (bills and bonds)	9977	12310	13664	16332	2333	2668
. Deposits of the NIB with the banking system	4806	9106	5510	6385	4300	875
. Lending to holding companies and affiliate units, concessional loans, and others (NIB debt minus its intradebt)	140715	137585	157072	153293	(3130)	(3779)

* Including deposits of the private insurance funds, saving certificates, and loans & deposits of various entities.

(5/1) Balance of Payments

(US$ mn)

	July/Dec.				Change
	2009/2010*		2010/2011*		
	Value	%	Value	%	(-)
Balance of Current Account	**(1283.0)**		**(1400.7)**		**(117.7)**
Balance of Current Account (Excluding Transfers)	**(5644.9)**		**(7738.2)**		**(2093.3)**
Receipts	**23786.6**	**100.0**	**25715.5**	**100.0**	**1928.9**
Export proceeds**	11516.7	48.4	12667.8	49.3	1151.1
Transportation, of which	3470.2	14.6	4169.8	16.2	699.6
Suez Canal dues	*2262.0*	*9.5*	*2507.8*	*9.8*	*245.8*
Travel	6006.5	25.3	6942.9	27.0	936.4
Investment income	506.4	2.1	211.1	0.8	(295.3)
Government receipts	98.3	0.4	69.4	0.3	(28.9)
Other receipts	2188.5	9.2	1654.5	6.4	(534.0)
Payments	**29431.5**	**100.0**	**33453.7**	**100.0**	**4022.2**
Import payments**	23445.9	79.7	25990.0	77.7	2544.1
Transportation	607.3	2.1	838.9	2.5	231.6
Travel	1316.0	4.5	1228.0	3.7	(88.0)
Investment income, of which	1854.9	6.3	3038.2	9.1	1183.3
Interest paid	*284.7*	*1.0*	*279.6*	*0.8*	*(5.1)*
Government expenditures	604.0	2.0	796.3	2.4	192.3
Other payments	1603.4	5.4	1562.3	4.6	(41.1)
Transfers	**4361.9**	**100.0**	**6337.5**	**100.0**	**1975.6**
Private (net)	3459.7	79.3	6170.2	97.4	2710.5
Official (net)	902.2	20.7	167.3	2.6	(734.9)

* Preliminary figures.

** Including the exports & imports of free zones.

(5/1) Balance of Payments (Contd.)

(US$ mn)

	July/Dec.	
	2009/2010*	2010/2011*
	Value	Value
Capital & Financial Account	**3286.0**	**2817.4**
Capital Account	**-16.4**	**-19.4**
Financial Account	**3302.4**	**2836.8**
Direct Investment Abroad	**-235.4**	**-434.3**
Direct Investment in Egypt (Net)	**2625.8**	**2253.2**
Portfolio Investments Abroad (Net)	**-130.5**	**-53.1**
Portfolio Investments in Egypt (Net), of which :	**1563.7**	**4571.1**
Bonds	-193.2	623.1
Other Investments (Net)	**-521.2**	**-3500.1**
Net Borrowing	1587.1	477.2
Medium -and Long-Term Loans	-558.4	-760.5
Drawings	323.0	246.4
Repayments	-881.4	-1006.9
Medium-Term Suppliers' and Buyers' Credit	-3.5	-9.9
Drawings	42.0	43.8
Repayments	-45.5	-53.7
Short-Term Suppliers' and Buyers' Credit (Net)	2149.0	1247.6
Other Assets	-3279.9	-4795.8
CBE	-86.6	-21.6
Banks	407.1	-3810.4
Other	-3600.4	-963.8
Other Liabilities	1171.6	818.5
CBE	1207.4	6.3
Banks	-35.8	812.2
Net Errors & Omissions	**648.3**	**-845.0**
Overall Balance	**2651.3**	**571.7**
Change in Reserve Assets, Increase (-)	**-2651.3**	**-571.7**

Source: Central Bank of Egypt.

* Preliminary figures.

(5/2) Exports by Degree of Processing *

(US$ mn)

	July/December				Change(-)
	2009/2010		2010/2011**		
	value	%	value	%	
Total ***	**11516.7**	**100.0**	**12667.8**	**100.0**	**1151.1**
Fuels , Mineral Oils & Products	**5146.3**	**44.7**	**5652.6**	**44.6**	**506.3**
Crude oil	2200.1	19.1	2244.0	17.7	43.9
Petroleum products ****	2786.6	24.2	3185.9	25.1	399.3
Coal & types thereof	26.9	0.2	35.4	0.3	8.5
Raw Materials	**635.9**	**5.5**	**530.7**	**4.2**	**(105.2)**
Cotton	42.2	0.4	70.7	0.6	28.5
Potatoes	8.2	0.1	11.5	0.1	3.3
Edible fruits & nuts	39.4	0.3	50.8	0.4	11.4
Oil seeds & oleaginous fruits, medicinal plants & plants for manufacturing	17.3	0.2	20.2	0.2	2.9
Spices&vanilla	4.3	0.0	3.2	0.0	(1.1)
Medicinal plants	11.5	0.1	6.9	0.1	(4.6)
Citrus fruits	1.4	0.0	6.5	0.1	5.1
Raw hides & tanned leather	7.5	0.1	14.1	0.1	6.6
Flax, raw	1.2	0.0	0.4	0.0	(0.8)
Edible vegetables roots & tubers	43.6	0.4	76.1	0.6	32.5
Dairy products ,eggs and honey	44.6	0.4	83.7	0.7	39.1
Semi-finished Goods	**806.4**	**7.0**	**974.1**	**7.7**	**167.7**
Carbon	38.5	0.3	61.3	0.5	22.8
Essential oils & resins	9.2	0.1	20.5	0.2	11.3

(5/2) Exports by Degree of Processing * (Contd.)

(US$ mn)

	July/December				Change(-)
	2009/2010		2010/2011**		
	Value	%	Value	%	
Cotton yarn	66.3	0.6	103.7	0.8	37.4
Aluminium, unalloyed	22.7	0.2	29.5	0.2	6.8
Animal & vegetable fats, greases & oils & products	75.2	0.7	55.1	0.4	(20.1)
Synthetic fibers	17.2	0.1	44.0	0.3	26.8
Organic & inorganic chemicals	248.7	2.2	245.8	1.9	(2.9)
Cast iron & semi-finished products & rolled iron	170.7	1.5	214.5	1.7	43.8
Leather, tanned	8.6	0.1	22.8	0.2	14.2
Tanning or dyeing extracts	28.0	0.2	55.5	0.4	27.5
Plastic & articles thereof	118.3	1.0	102.9	0.8	(15.4)
Finished Goods	**4794.6**	**41.6**	**5476.4**	**43.2**	**681.8**
Milk & condensed cream	36.5	0.3	11.1	0.1	(25.5)
Dried onion	3.2	0.0	6.2	0.0	3.0
Rice	79.6	0.7	14.3	0.1	(65.3)
Vegetable & fruit preparations	6.3	0.1	20.9	0.2	14.6
Miscellaneous edible preparations	251.1	2.2	182.3	1.4	(68.8)
Manufactured tobacco and tobacco substitutes	42.2	0.4	41.7	0.3	(0.5)
Sugar and its products	32.5	0.3	86.3	0.7	53.8
Pharmaceuticals	201.9	1.8	246.1	1.9	44.2
Fertilizers	271.6	2.4	608.4	4.8	336.8
Cement *****	115.3	1.0	78.7	0.6	(36.6)

(5/2) Exports by Degree of Processing * (Contd.)

(US$ mn)

	July/December				Change(-)
	2009/2010		2010/2011**		
	Value	%	Value	%	
Extracts of essential oils & resins	40.1	0.3	39.2	0.3	(0.9)
Leather products	19.7	0.2	16.9	0.1	(2.8)
Rubber & articles	20.8	0.2	17.3	0.1	(3.5)
Paper, cardboard paper & articles thereof	97.2	0.8	172.1	1.4	74.9
Ceramic products	98.2	0.9	136.9	1.1	38.7
Cars, bicycles & tractors	150.9	1.3	117.0	0.9	(33.9)
Cotton textiles	189.0	1.6	291.2	2.3	102.2
Carpets & other floor coverings	96.4	0.8	94.1	0.7	(2.4)
Shoes & accessories	0.7	0.0	2.7	0.0	2.0
Ready-made clothes	327.5	2.8	368.0	2.9	40.5
Glass & glassware	99.0	0.9	136.1	1.1	37.1
Copper & articles	37.1	0.3	79.6	0.6	42.5
Aluminium articles	212.7	1.8	145.9	1.2	(66.8)
Articles of iron and steel	257.9	2.2	289.5	2.3	31.6
Wood & articles thereof and charcoal	7.6	0.1	7.6	0.1	0.0
Marble & granite	32.1	0.3	48.9	0.4	16.8
Articles of base metals	121.4	1.1	101.0	0.8	(20.4)
Optical appliances	25.7	0.2	57.6	0.5	31.9
Soap & Detergents, fabricated candles	103.2	0.9	165.1	1.3	61.9
Miscellaneous Goods (Undistributed)	**133.5**	**1.2**	**34.0**	**0.3**	**(99.5)**

Source: Central Bank of Egypt.

* According to the Harmonized System.

** Provisional.

*** Include exports of free zones.

**** Include natural gas, and bunker & jet fuel.

***** Taking into consideration the Ministerial Decree No. 340 for 2009 Banning Cement Export from April,13,to Sept. ,1 , 2009; and Decree No. 604 for 2009 Regarding the Continual Ban of Cenmet Export till Oct. , 1 , 2010.

(5/3) Imports by Degree of Use *

(US$ mn)

	July/December				Change(-)
	2009/2010		2010/2011**		
	Value	%	Value	%	
Total ***	**23445.9**	**100.0**	**25990.0**	**100.0**	**2544.1**
Fuels, Mineral Oils & Products	**2074.8**	**8.8**	**2616.6**	**10.1**	**541.8**
Petroleum products ****	1823.3	7.8	2190.2	8.4	366.9
Coal & types thereof	14.9	0.1	130.5	0.5	115.6
Raw Materials	**2131.4**	**9.1**	**3200.9**	**12.3**	**1,069.5**
Crude oil	372.3	1.6	743.5	28.4	371.2
Wheat	613.1	2.6	1083.5	4.2	470.4
Maize	236.2	1.0	338.5	1.3	102.3
Tobacco	254.0	1.1	282.0	1.1	28.0
Metal ores	73.3	0.3	79.0	0.3	5.7
Iron, ore	155.7	0.7	194.4	0.7	38.7
Seeds & oleaginous seeds	239.7	1.0	250.7	1.0	11.0
Cotton	43.3	0.2	46.8	0.2	3.5
Intermediate Goods	**7609.0**	**32.5**	**8028.9**	**30.9**	**419.9**
Sugar, raw	127.0	0.5	189.8	0.7	62.8
Animal and vegetable fats, greases & oils and products	599.9	2.6	583.0	2.2	(16.9)
Cement	399.8	1.7	252.5	1.0	(147.3)
Organic & inorganic chemicals	853.0	3.6	769.5	3.0	(83.5)
Fertilizers	101.3	0.4	161.8	0.6	60.5
Tanning & dyeing extracts	153.6	0.7	150.4	0.6	(3.2)
Essential oils & resinoids	39.5	0.2	61.1	0.2	21.6
Plastic & articles thereof	692.1	3.0	629.0	2.4	(63.1)

(5/3) Imports by Degree of Use* (Contd.)

(US$ mn)

	July/December				Change(-)
	2009/2010		2010/2011**		
	Value	%	Value	%	
Wood & articles thereof	408.6	1.7	486.9	1.9	78.3
Paper, cardboard paper & articles thereof	541.2	2.3	523.5	2.0	(17.7)
Cotton textiles	121.6	0.5	78.1	0.3	(43.5)
Synthetic fibers	241.8	1.0	295.8	1.1	54.0
Ceramic products	155.4	0.7	168.1	0.6	12.7
Glass & articles	128.4	0.5	66.3	0.3	(62.1)
Iron & steel products	1273.1	5.4	1488.2	5.7	215.1
Copper & articles	157.8	0.7	184.1	0.7	26.3
Rubber & articles	224.9	1.0	235.8	0.9	10.9
Aluminium & articles	154.8	0.7	137.7	0.5	(17.1)
Articles of base metals	248.5	1.1	276.2	1.1	27.7
Parts & accessories of motor vehicles	920.6	3.9	1091.3	4.2	170.7
Investment Goods	**4969.8**	**21.2**	**5420.4**	**20.8**	**450.6**
Pumps, fans & parts thereof	414.1	1.8	331.5	1.3	(82.6)
Machines and apparatus for ginning and spinning & parts thereof	86.2	0.4	62.0	0.2	(24.2)
Computers	494.7	2.1	431.1	1.7	(63.6)
Motors, generators, transformers & parts thereof	355.9	1.5	361.4	1.4	5.5
Parts of railway and tramway locomotives or rolling stock equipment	64.1	0.3	76.4	0.3	12.3
Tractors	20.5	0.1	14.1	0.1	(6.4)
Vehicles for transport of passengers	15.0	0.1	29.8	0.1	14.8
Vehicles for transport of goods	36.0	0.2	29.4	0.1	(6.6)

(5/3) Imports by Degree of Use* (Contd.)

(US$ mn)

	July/December				Change(-)
	2009/2010		2010/2011**		
	Value	%	Value	%	
Tools, implements, cuttery & spoons	139.3	0.6	158.0	0.6	18.7
Air conditioners	69.2	0.3	129.4	0.5	60.2
Cranes and bulldozers & parts thereof	567.3	2.4	855.6	3.3	288.3
Agricultural machinery	47.9	0.2	83.4	0.3	35.5
Printing machinery & parts	44.6	0.2	29.2	0.1	(15.4)
Electric appliances for telephones & telegraph	422.9	1.8	392.5	1.5	(30.4)
Optical appliances	263.8	1.1	271.2	1.0	7.4
Consumer Goods	**5918.6**	**25.2**	**6551.1**	**25.2**	**632.5**
A - Durable Goods	**1456.0**	**6.2**	**1655.4**	**6.4**	**199.4**
Household refrigerators & electric freezers	107.1	0.5	105.0	0.4	(2.1)
Televisions & parts thereof	33.2	0.1	67.1	0.3	33.9
Vehicles for transport of persons	569.1	2.4	616.3	2.4	47.2
Household electric-motor appliances	278.5	1.2	295.9	1.1	17.4
B - Non-durable Goods	**4462.6**	**19.0**	**4895.7**	**18.8**	**433.1**
Meat and edible offals	308.5	1.3	634.1	2.4	325.6
Fish, crustaceans, molluscs and others	125.4	0.5	142.2	0.5	16.8
Dairy products, eggs, poultry and honey	194.7	0.8	241.0	0.9	46.3
Edible vegetables roots & tubers	123.0	0.5	250.9	1.0	127.9
Tea	69.6	0.3	75.5	0.3	5.9

(5/3) Imports by Degree of Use* (Contd.)

(US$ mn)

	July/December				Change(-)
	2009/2010		2010/2011**		
	Value	%	Value	%	
Miscellaneous edible preparations	452.4	1.9	473.8	1.8	21.4
Pharmaceuticals	1091.6	4.7	958.9	3.7	(132.7)
Insecticides	12.2	0.1	10.9	0.0	(1.3)
Residues of foodstuff industries & animal fodder	68.4	0.3	154.3	0.6	85.9
Live animals	25.4	0.1	66.4	0.3	41.0
Ready-made clothes	464.2	2.0	403.7	1.6	(60.5)
Cotton textiles	218.3	0.9	265.5	1.0	47.2
Sugar, refined and products	21.5	0.1	33.2	0.1	11.7
Lentils	23.9	0.1	33.1	0.1	9.2
Soap, detergents & artificial wax	47.9	0.2	64.7	0.2	16.8
Miscellaneous Goods (Undistributed)	**742.3**	**3.2**	**172.1**	**0.7**	**(570.2)**

Source: Central Bank of Egypt.

* According to the Harmonized System.

** Provisional.

*** Including imports of free zones, and commodity grants & loans.

**** Including gas, and bunker & jet fuel.

(5/4) Regional Distribution of Exports and Imports

(US$ mn)

	July/December					
	Proceeds of Exports		Payments for Imports*		Trade Balance	
	2009/2010	2010/2011**	2009/2010	2010/2011**	2009/2010	2010/2011**
Total ***	**11516.7**	**12667.8**	**23445.9**	**25990.0**	**(11929.2)**	**(13322.2)**
European Union	4042.4	4980.7	8823.9	9153.5	(4781.5)	(4172.8)
Other European countries	403.9	736.9	2888.2	2881.4	(2484.3)	(2144.5)
Russian Federation & C.I.S	51.4	65.9	559.9	532.1	(508.5)	(466.2)
United States of America	2437.3	1971.5	2973.0	2937.5	(535.7)	(966.0)
Arab countries	2163.3	2460.7	2161.6	3058.2	1.7	(597.5)
Asian countries (Non Arab)	1641.6	1747.7	4736.5	5785.5	(3094.9)	(4037.8)
African countries (Non Arab)	174.2	292.5	182.7	295.9	(8.5)	(3.4)
Australia	6.9	7.5	92.0	217.1	(85.1)	(209.6)
Other countries & regions	595.7	404.4	1028.1	1128.8	(432.4)	(724.4)

Source: Central Bank of Egypt

* Including commodity grants and loans.

** Provisional.

*** Including exports & imports of free zones.

(5/5) Average LE Foreign Exchange Rates

(In piasters per foreign currency unit)

End of	June 2010		December 2010	
First: Interbank US$ Rates				
Minimum	569.40		580.39	
Maximum	569.70		580.60	
Weighted average	569.52		580.49	
Second: Market Rates	**Buy**	**Sell**	**Buy**	**Sell**
US Dollar	568.07	570.96	579.26	582.02
Euro	697.53	701.48	768.15	771.93
Pound Sterling	853.02	857.64	894.72	899.27
Swiss Franc	525.31	528.28	617.35	620.95
100 Japanese Yens	640.44	643.77	710.40	713.95
Saudi Riyal	151.46	152.24	154.43	155.22
Kuwaiti Dinar	1948.12	1966.12	2051.70	2071.75
UAE Dirham	154.63	155.48	157.69	158.51
Chinese Yuan	83.76	84.19	87.70	88.18

Source : Central Bank of Egypt

The interbank system started at 23/12/2004.

(5/6) External Debt by Type

(US$ mn)

End of	June 2010		December 2010*		Change	
	Value	%	Value	%	Value (-)	%
Total External Debt **	**33694.2**	**100.0**	**34992.5**	**100.0**	**1298.3**	**3.9**
1- Medium & Long term debt :	**30739.4**	**91.2**	**31843.5**	**91.0**	**1104.1**	**3.6**
Rescheduled bilateral debt +	12599.3	37.4	12831.1	36.7	231.8	1.8
ODA	7054.6	20.9	7235.7	20.7	181.1	2.6
Non-ODA	5544.7	16.5	5595.4	16.0	50.7	0.9
Other bilateral debt	4692.4	13.9	4948.4	14.1	256.0	5.5
Paris club countries	3774.7	11.2	4003.7	11.4	229.0	6.1
Other countries	917.7	2.7	944.7	2.7	27.0	2.9
Suppliers' & buyers' Credits	313.5	0.9	414.8	1.1	101.3	32.3
International & regional organizations	9977.5	29.6	10528.5	30.1	551.0	5.5
Egyptian bonds and notes	3079.5	9.2	3067.0	8.8	(12.5)	(0.4)
Private sector (Non-guaranteed)	77.2	0.2	53.7	0.2	(23.5)	(30.4)
2- Short term debt :	**2954.8**	**8.8**	**3149.0**	**9.0**	**194.2**	**6.6**
Deposits	1359.5	4.0	1279.5	3.6	(80.0)	(5.9)
Other Facilities	1595.3	4.8	1869.5	5.4	274.2	17.2

Source: Loans & External Debt Department- CBE

* Provisional.

** The difference from World Bank data is in short-term debt.

+ According to the agreement signed with Paris club countries on 25/5/1991

(5/7) Distribution of External Debt by Main Currencies

(US$ mn)

End of	June 2010		December 2010 *		Change
	Value	%	Value	%	(-)
Total	**33694.2**	**100.0**	**34992.5**	**100.0**	**1298.3**
US dollar **	14493.2	43.0	14346.7	41.0	(146.5)
Canadian dollar	144.0	0.4	146.5	0.4	2.5
Australian dollar	107.0	0.3	119.3	0.4	12.3
Swiss franc	509.0	1.5	561.5	1.6	52.5
Sterling pound	215.0	0.6	282.4	0.8	67.4
Japanese yen	4212.0	12.5	4471.1	12.8	259.1
Danish krone	112.0	0.3	116.5	0.4	4.5
Norwegian krone	4.0	0.0	4.8	0.0	0.8
Swedish krona	26.0	0.1	27.6	0.1	1.6
Kuwaiti dinar	1973.0	5.9	2046.6	5.7	73.6
Saudi riyal	33.0	0.1	69.9	0.2	36.9
UAE dirham	30.0	0.1	29.3	0.1	(0.7)
Euro	8835.0	26.2	9498.9	27.1	663.9
Egyptain Pound	722.0	2.2	739.8	2.1	17.8
SDRs	2279.0	6.8	2531.6	7.3	252.6

Source: Loans & External Debt Department- CBE

* Provisional.

** Including other liabilities due in US dollar.

Periodical Publications of the Central Bank of Egypt

Name of Publication	Language	Periodicity
1 -Monthly Statistical Bulletin	Arabic and English	Monthly
2 -Economic Review	Arabic and English	Quarterly
3 -Annual Report	Arabic and English	Every fiscal year
4 -External Position of the Egyptian Economy	English	Quarterly

Note:

- All publications of the Central Bank of Egypt are available on the CBE's website: www.cbe.org.eg