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Main Macroeconomic Indicators of the Egyptian Economy 2009/2010

1) Area		
Total	1009.4	(Thousand km ²)
Populated	79.0	(Thousand km ²)
2) Population and Employment		
Population on 1 st January, (excl. expatriates)	77.7	(million persons)
Annual Growth Rate (%)	2.2	
Number of Employees	23.9	(million employees)
Annual Growth Rate (%)	5.2	
3) GDP (2006/2007 Prices)		LE bn
GDP at Market Price		878.5
Annual Growth Rate (%)		5.1
GDP at Factor Cost		837.8
Annual Growth Rate (%)		5.1
GDP by Sector (A+B)(percentage point)		5.1
A) Productive Sectors		2.1
of which:		
Manufacturing (Oil Refining & Others)		0.8
Construction and Building		0.6
Agriculture, Irrigation and Fishing		0.5
Extractions (Oil, Natural Gas & Others)		0.1
B) Services Sectors		3.0
of which:		
Wholesale and Retail Trade		0.6
Communications		0.5
Tourism		0.5
Public Government		0.4
Transportation and Storage		0.3
Financial Intermediaries		0.2
4) Annual Inflation Rate (%)		June
(Month/ Corresponding Month of the Previous FY)		2009 2010
CPI (urban) (January 2007 = 100)		9.9 10.7
PPI by Economic Activity (2004/2005 = 100)		-12.0 8.6

5) Annual Discount and Interest Rates (%)	End of June	
	2009	2010
- CBE Lending and Discount Rate	9.0	8.5
- CBE Overnight Deposit and Lending Rates		
Deposit	9.0	8.3
Lending	10.5	9.8
- Interest Rate on Less than 3-Month Deposits	6.5	6.3
- Interest Rate on One Year or Less Loans	12.1	11.1

6) US Dollar Exchange Rate Announced by the CBE (PT/Dollar)	June	
	2009	2010
- Buy and Sell Exchange Rates (Average of the Year)	552.6	552.4
- End of the Year (Average Market Buy Rate)	558.6	568.1

7) Consolidated Fiscal Operations of the General Government	2009/2010	
	Actual (LE bn)	
- Total Revenues	303.4	
- Total Expenditures	396.8	
Cash Deficit/Surplus	93.4	
Net Acquisition of Financial Assets	5.5	
Overall Deficit	98.9	
Total Finance	98.9	
- Domestic Finance	102.4	
Banking	39.4	
Non-Banking	63.0	
- Foreign Borrowing	2.5	
- Arrears	-	
- Others	0.3	
- Revaluation Differences	1.3	
- Net Privatization Proceeds	0.4	
- Difference between TBs Face and Present Value	-0.2	
- Discrepancy	-7.8	
- Cash Deficit (Surplus) as a Percentage of GDP	7.7	
- Overall Fiscal Balance as a Percentage of GDP	8.2	
- Expenditures as a Percentage of GDP	32.9	
- Revenues as a Percentage of GDP	25.1	

8) Domestic Public Debt (LE bn)	End of June	
	2009	2010
Gross, due on:	755.3	888.7
- Government Debt (net)	562.3	663.8
- Public Economic Authorities Debt (net)	52.3	67.8
- NIB Debt (net) minus intra-debt	140.7	157.1

9) Monetary Survey (LE bn)	End of June	
	2009	2010
Domestic Liquidity (M2)	831.2	917.5
Growth Rate (%)	8.4	10.4
Reserve Money	175.1	203.1
Growth Rate (%)	3.1	16.0
Money Supply (M1)	183.0	214.1
Growth Rate (%)	7.3	17.0
Currency in Circulation/Money Supply (%)	64.6	63.2
Foreign Currency Deposits/Total Deposits (%)	23.4	20.2
Banking System Foreign Assets, of which:	282.9	322.2
CBE Foreign Assets	173.1	198.6
Banking System Foreign Liabilities, of which:	28.8	39.8
CBE Foreign Liabilities	1.3	8.4
Total Deposits with Banks (Excl. CBE)	809.7	892.5
In Local Currency	598.6	686.1
In Foreign Currencies	211.1	206.4
Total Lending and Discount Balances Extended by Banks (Excl. CBE), of which:	430.0	466.0
To Government and Public Economic Authorities	30.7	39.4
To Business Sectors (Public and Private)	300.8	317.0
Portfolio and TBs with Banks (Excl. CBE), of which:	332.6	405.9
TBs and Government Securities	275.9	318.6
Loans/Deposits with Banks (%)	53.1	52.2
Investment in Securities, TBs and Equity Participation/Deposits (%)	41.1	45.5

10) Balance of Payments (US\$ bn)	Fiscal Year	
	2008/09	2009/10
Current Account & Transfers	(4.4)	(4.3)
Trade Balance	(25.2)	(25.1)
Merchandise Exports	25.2	23.9
Oil and its Products %	43.7	43.0

Others %	56.3	57.0
Merchandise Imports	50.3	49.0
Intermediate Goods %	33.1	33.2
Investment Goods %	20.4	20.5
Consumer Goods %	19.1	25.0
Fuel, Raw Materials and Others %	27.4	21.3
Services Balance	12.5	10.3
Receipts, of which:	23.8	23.6
Transportation %	31.4	30.6
Travel %	44.1	49.2
Investment Income %	8.1	3.5
Payments, of which:	11.3	13.2
Transportation %	13.2	9.3
Travel %	24.2	17.6
Investment Income %	15.8	39.3
Transfers	8.2	10.5
Official %	7.4	9.1
Private %	92.6	90.9
Capital and Financial Account	2.3	8.3
Overall Surplus/(Deficit)	(3.4)	3.4

11) Outstanding External Debt (US\$ bn)

	<u>End of June</u>	
	<u>2009</u>	<u>2010</u>
Total	31.5	33.7
Due on the Government and Public Sector	29.7	31.4
Due on the Private Sector	1.8	2.3

The Leading Article

Estimation of Egypt's Potential Output and Output Gap

I. Introduction

Estimating potential output has become an issue of high importance since it represents one of the widely used tools for policy formulation. Potential output is the maximum output an economy can sustain, without generating a rise in inflation (Masi 1997). It is also defined as the level of output at which demand and supply are balanced. Following Cobb-Douglas production function, it is the level of output that an economy can produce, based on its available resources (factors), given the current technology (total factor productivity TFP).

The potential output determines the pace of sustainable growth in the medium term, while its deviation from the actual results in the output gap which provides a benchmark against the dynamics of inflation and the policy control process in the short term. Their importance stems from the necessity of identifying the level of output that would be consistent with the objectives of the macroeconomic policy, especially price stability.

On the other hand, the output gap - defined here as actual output minus potential output - plays a key role in the inflation process. In detail, when the actual level of output is above the potential output, inflation tends to rise due to inflationary pressures and vice versa. Thus, it becomes important to estimate the future path of potential output in order to ascertain whether the projected path of output - which is the outcome of the current monetary policy - will cause the price level to be consistent with the monetary policy target.

Egypt is one of the small open economies that have gone through many structural changes and global shocks which created relatively large fluctuations in its output levels. For instance, Egypt's GDP growth rate increased from 4.2% in 2003/2004 (the year preceding large economic reforms) to 7.2% in 2007/2008.

By estimating Egypt's potential output, output gap, and the Non-Accelerating Inflation Rate of Unemployment (NAIRU), these estimates could be used to investigate the effects of the global economic crisis on Egypt and to find out whether these effects are permanent or transitory.

Estimates of potential output may vary, depending on the estimation technique, giving possibly misleading indications, which poses the risk of formulating inappropriate macroeconomic policy decisions. Hence, it is highly recommended to employ several techniques to estimate the potential output and compare them, especially the extent to which they can interpret economic changes such as inflation and the unemployment gap.

Multiple univariate and multivariate statistical methods are implemented to estimate the potential output; including the popular production function approach. The employed univariate techniques include: Hodrick-Prescott (HP) filter, the Running Median Smoothing filter (RMS), and the de-noising wavelets filter.

The work is organized as follows: section II describes the data and briefly defines the respective estimation techniques. Section III is reserved for empirical results. Firstly, the potential output and the output gap of Egypt are derived on the basis of univariate de-trending techniques. Secondly, Egypt's production function is estimated and then the potential level of output is derived. Special emphasis is placed on deriving the NAIRU estimate as part of the process of deriving the potential output. In addition, a medium term forecast for the output gap, based on each of the used approaches is presented. Finally, section IV draws conclusions.

II. Theoretical Framework

In this section, some univariate de-trending methods are implemented to estimate potential output. In addition, the popular production function approach is employed to derive the potential output, with a special focus on deriving the potential employment via the NAIRU concept.

II.1. Data Description

The computations in this work are based on quarterly data. The output data is the GDP at 2001/2002 prices starting from the third quarter of 2001 (the earliest quarterly observation published by the Egyptian Ministry of Economic Development). Output data are exponentially smoothed. Using the seasonal factor index for output series, the annual values of output two years earlier were decomposed into quarterly data to provide a minimum length for de-trending using the de-noising wavelets method. Otherwise, for other methods, the analysis sticks only to the published series length.

For the production function, in order to calculate the NAIRU, the unemployment rate, labor force, and the number of employees are used starting from the first quarter of 2003 (the first data point available from the Central Agency for Public Mobilization and Statistics CAPMAS). In addition, data on the imported inflation are calculated using the whole price indices for Egypt's major trade partners which are available on the International Monetary Fund (IMF) website; IFS data.

II.2. Univariate Methods

The univariate methods identify the permanent component in the output to be a measure of potential output (Beveridge and Nelson 1981, Clark 1987). Univariate methods for estimating potential output depend on de-trending the output. They differ in the degree of smoothness they achieve, or equivalently the amount of economic changes they incorporate into the derived series.

Univariate time-series techniques are used to fit trend lines through the data and these trend lines provide measures of the underlying "equilibrium" values. Deviations of the trend lines from the actual define "gaps".

The Hodrick Prescott (HP) Filter

The HP filter is a very common technique used to derive the trend in an actual data series. It is famous for its simplicity and for being a univariate technique which allows for working on a relatively short time series. However, it is criticized for assuming stable conditions over an extended period of time and, in doing so, it does not account for structural changes.

Mathematically, the HP filter is a linear filter that computes the smoothed series Y^* of Y by minimizing the variance of Y around Y^* , subject to a penalty that constrains the second difference of Y^* . That is, the HP filter chooses Y^* to minimize the quantity:

$$\sum_1^T (Y_t - Y_t^*)^2 + \lambda \sum_2^{T-1} ((Y_{t+1}^* - Y_t^*) - (Y_t^* - Y_{t-1}^*))^2 \quad (1)$$

The penalty parameter λ controls the smoothness of the series Y^* . The larger λ , the smoother Y^* . T refers to the series length.

The issue of the degree of smoothing emerges in the HP filter as with similar de-trending techniques. One has to assign a smoothing degree in the filtering process, depending on the nature of the shocks to the economy. If the shocks to the economy are primarily shocks to aggregate demand, with supply conditions largely unaffected, then potential output does not move closely with the data, and it is appropriate to use a high level of smoothing in the filter. If, on the other hand, there is a high proportion of supply shocks, then potential output is indeed moving with the data, and a lower degree of smoothing is appropriate (Benes and N'Diaye 2004).

The Running Median Smoothing (RMS) Filter

RMS filter is another univariate statistical technique with an advantage over the HP filter, as it adapts to structural changes, and thus, results in less smoothed estimates. It separates transitory from permanent movements in the data and excludes outliers from the permanent so that it can extract the business cycle dynamics rather than noisy fluctuations.

Within this work, an algorithm for Tukey (1977) is used, where the non-linear RMS of the input vector is computed. The used technique of the R3RSR type¹, smoothes the data (Y^s), computes the residuals (E), smoothes the residuals (E^s), and adds this back to the first smooth (Y^s) to finally get the RMS filter (Y^*):

$$\left. \begin{array}{l} Y = Y^s + E \\ E = E^s + e \end{array} \right\} \Rightarrow Y^* = Y^s + E^s$$

This technique is maintained, using the MATLAB environment.

The Wavelets Filter

The wavelets filter is a middle ground of sorts between the previous two filters in the sense that it is less adaptive to structural changes than the RMS, but it does not suffer from the HP problems, especially the way the HP deals with shocks experienced by the economy. It has an advantage of letting potential output include time-varying dynamics.

¹ The used code is written by Huy Le, Massachusetts Institute of Technology, 1997.
<http://www.mathworks.com/matlabcentral/fileexchange/274-smooth>

The filter used in this study is known as the wavelets de-noising filter or wavelets shrinkage developed by Donoho et al (1995). The de-noising methods, based on wavelets decomposition, were mainly initiated by Donoho and Johnstone in the USA, and Kerkyacharian and Picard in France. Meyer (1993) considers that this topic is one of the most significant applications of wavelets.

The idea is to extract a filtered series from the original noisy series by decomposing the actual one into the de-noised series – potential output – and an error component which denotes transitory movements as in the following equation:

$$Y = Y^* + E \quad (2)$$

where Y denotes the actual output, Y^* potential output, and finally E denotes the transitory movements or equivalently the output gap. It is worth noting that extraction of Y^* is implemented via the MATLAB software using the wavelets toolbox facility². It is worth mentioning that univariate filtering techniques may be preferably chosen over other more complicated approaches because considerably less data are required, and implementation is easier. However, they suffer from a number of problems, such as lacking an economic basis, in addition to becoming imprecise at the end of the sample.

Estimation of the potential output using structural approaches, such as the production function, is a common classical technique which is credited for being useful in identifying the factors contributing to changes in the growth rate of potential output. Its importance is even higher within the emerging and developing countries, where growth is generally higher than advanced countries, making short-term fluctuations less clear.

II.3. Production Function Approach

The classic Cobb-Douglas specification for the production function is adopted, assuming constant returns to scale. This technique is largely common in literature (Epstein and Macchiarelli 2010 and Konuki 2008).

² The wavelets toolbox facility provides an interactive interface that allowed for using the soft thresholding method for extracting the de-noised series, assuming a wavelet following the DB family with level 3. A minimum number of 40 observations is required to run this software which is 5 observations larger than the available. To overcome this obstacle, the annual output levels in the two years preceding the available quarterly data on output are decomposed, using the seasonal factors index, to obtain sufficient observations.

According to the Cobb-Douglas specification, the output is considered a function of labor and capital inputs, as well as of Total Factor Productivity (TFP):

$$Y_t = A_t L_t^\alpha K_t^{1-\alpha} \quad (3)$$

where Y_t is output, L_t and K_t are labor and capital, respectively, and A_t denotes TFP. The assumption of constant returns to scale adds the restriction that the output elasticities sum up to one as can be inferred from the previous form of the production function.

The labor input is defined as the number of employees in the economy. The capital input is the capital stock constructed from total investment using perpetual inventory method, which takes the stock of capital as the accumulation of the stream of past investments:

$$K_t = I_t + (1 - \phi)K_{t-1} \quad (4)$$

where ϕ is the rate of geometric decay, K_t refers to capital stock in period t , and I_t refers to investment flow in period t . Following Nehru and Dhareshwar (1993), the concept of initial capital stock $K(0)$ is used in the construction of the capital stock series:

$$K_t = (1 - \phi)^t K(0) + \sum_{i=0}^{t-1} I_{t-i} (1 - \phi)^i \quad (5)$$

where $K(0)$ is the initial capital stock. Following Nehru and Dhareshwar (1993), the initial investment value is re-estimated through a linear regression of log investment against time. The fitted value of initial investment $\hat{I}(1)$ is used to calculate the initial capital stock using the following equation:

$$K(0) = \hat{I}(1)/(g + \phi) \quad (6)$$

where g is the average rate of quarterly output growth and ϕ is the quarterly depreciation rate of capital where it is assumed to equal 0.01.

It is worth mentioning that the output, labor, and investment stock variables were exponentially smoothed before proceeding to the analysis process.

TFP is calculated as Solow residual from the Cobb-Douglas production function, although it is preferable to be improved by allowing for quality changes in factor inputs by using indices that reflect changes in composition of capital and labor force. However, the non-availability of such readymade indices in Egypt makes it difficult to make such a refinement. The TFP component can then be derived as a Solow residual from (3):

$$A_t = \frac{Y_t}{L_t^\alpha K_t^{1-\alpha}} \cdot \quad (7)$$

To estimate potential output, there is a need to obtain potential inputs. As for potential utilization of the capital stock, and in consistency with literature, full utilization of the existing stock of capital is assumed, since the capital stock can be regarded as an indicator for the overall capacity of the economy (Denis et al. 2000). On the other hand, potential TFP is obtained as an HP trend for the TFP obtained in (7).

In order to obtain potential employment, an estimate of the Non-Accelerating Inflation Rate of Unemployment (NAIRU) is derived. It is defined as the unemployment rate at which inflation will have no tendency to move up or down. A natural rate of output (potential output) corresponds to NAIRU.

NAIRU is obtained through decomposing the unemployment rate, using Kalman filter, into a trend component representing a benchmark for the equilibrium unemployment rate and a cyclical component representing a reference for the unemployment gap (Epstein and Macchiarelli 2010). The derived cyclical component is then modeled through a standard Philips curve relationship. Thus, NAIRU can be derived directly from estimates of the Phillips curve and then an estimate of potential output can be obtained (Adamu 2009).

III. Empirical Results

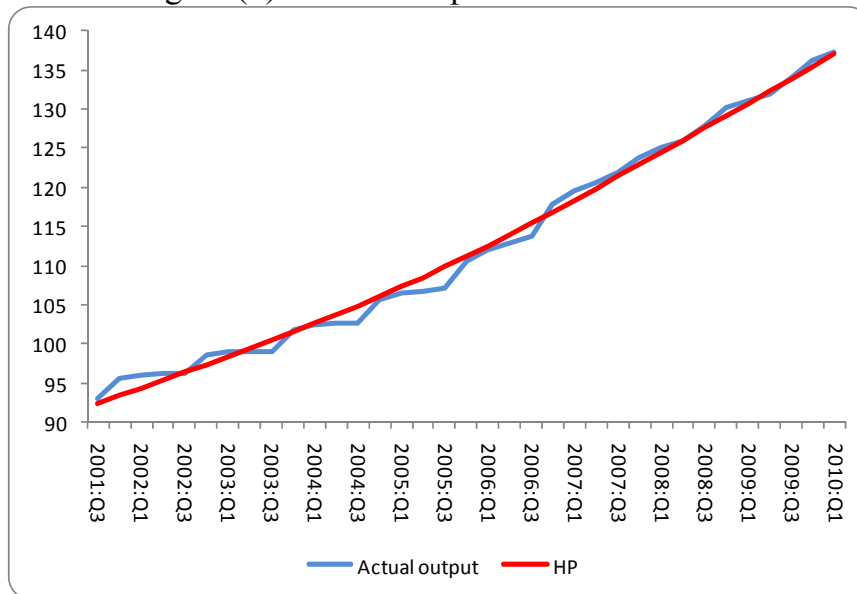
This section presents the outcomes of applying the univariate methods; HP, RMS, and wavelets, and the production function approach for estimating the potential output and the output gap. It is noteworthy that the term “actual output” is used as a shortcut for the exponentially smoothed real output series.

III.1. Univariate Methods

Figure (1) shows actual output against its potential measured with the HP filter which clearly gives a very smooth line as expected. According to the HP filter, the period starting the 2nd quarter of 2004 and ending the 3rd quarter of 2006 witnessed negative output gaps, while the following period – that witnessed high growth rates in real output – showed better performance, where the actual was very much close to, or even higher than, the potential.

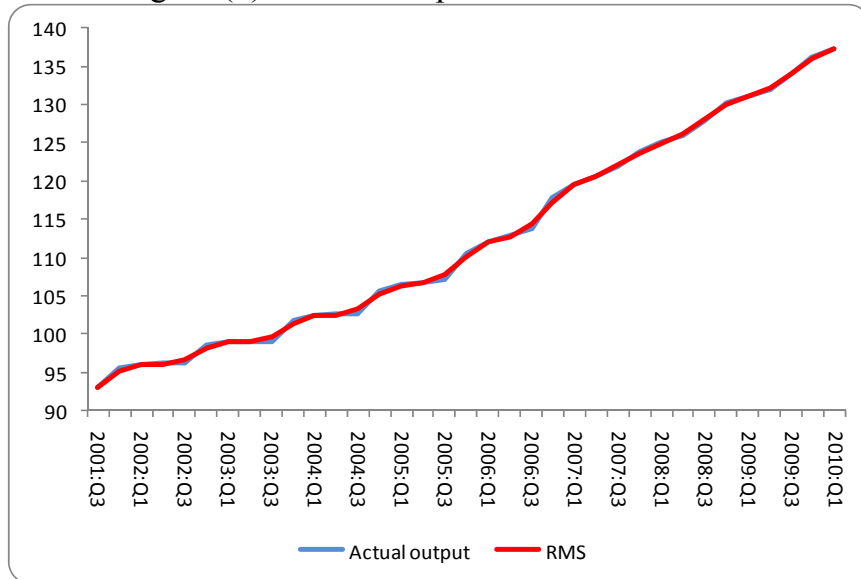
It is worthy to mention that the effect of the financial crisis was not clear according to the HP filter. This may be due to its nature, since it is a univariate filter and is known to suffer from end of sample biases.

Figure (1): Actual Output and the HP Filter



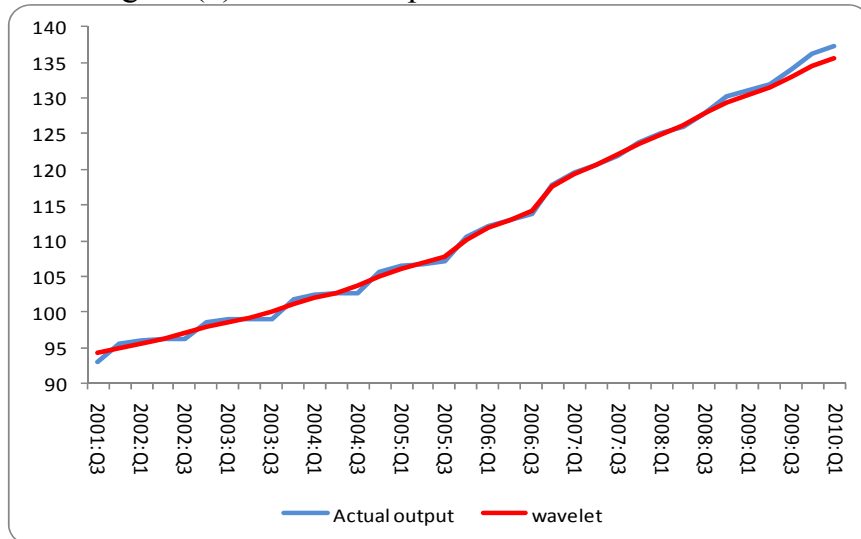
On the other hand, figure (2) shows the actual output against its potential measured with the RMS filter of the R3RSR type. While this filter is very adaptive to changes in the actual level of output, it considers the peaks of ups and downs as transitory effects and, hence, removes them from the potential. According to the said filter, there were no significant output gaps.

Figure (2): Actual Output and the RMS Filter



Finally, figure (3) shows the actual output against its potential measured with the de-noising wavelets filter. According to the wavelets filter trend, it recently seems that the economy is showing output levels higher than its potential and the gap is gradually increasing. The recent increase in actual output growth could have driven that trend.

Figure (3): Actual Output and the Wavelets Filter



Although Egypt exhibited low growth rates in the wake of the crisis, the positive output gap - according to the wavelets filter - started by the end of 2008, implying that the crisis had larger effect on the potential output than it had on the actual. However, the early positive gap may simply be due to the end of sample biases that univariate methods could entail.

III.2. Production Function Approach

To estimate the production function, the involved variables are first tested for stationarity to avoid spurious regression. It is noteworthy that the used software for analysis and estimation is Eviews. Table (1) below shows the results of Philips-Perron unit root tests for the natural logarithm of the actual output (y), capital stock (k), and labor (l). It is found that all variables are non-stationary in terms of their levels, yet they are stationary in terms of their first-differences.

Table (1)
Philips-Perron Unit Root Tests for Variables' Stationarity

Variable	Bandwidth (Newey-West using Bartlett kernel)	Adj. t-statistic
y	12	1.53
Δy	26	-8.34*
k	3	2.59
Δk	1	-4.07*
l	1	-0.64
Δl	0	-4.12*

(*) Denotes rejection of the hypothesis at the 1% level.

Standard Johansen's co-integration test - based on an unrestricted VAR model with 1 lag and no constant term - suggests the existence of one long-run co-integrating relationship among the three variables (Table 2).

Table (2)
Johansen's Co-Integration Test

Hypothesized No. of Co-Integrating Vectors	Eigen Value	Trace Statistics	5% Critical Value	1% Critical Value
None *	0.58	30.91	29.68	35.65
At most 1	0.24	7.41	15.41	20.04
At most 2	0.01	0.16	3.76	6.65

* Denotes rejection of the hypothesis at the 5% level.

Trace test indicates 1 co-integrating equation at the 5%.

Thus, by reformulating equation (3) to its logarithmic form and estimating it (under the constant returns to scale assumption), we get the following result:

$$\begin{aligned} y &= -3.82 + 0.44 k + 0.56 l & (8) \\ \text{S.E.:} & (0.13) \quad (0.04) \quad (0.04) \\ \text{P-value:} & (0.000) \quad (0.000) \quad (0.000) \\ \text{Adj. R}^2 &= 0.987 \end{aligned}$$

The model parameters are highly significant and give the expected sign. These results show that 98.7% of Egypt's production is explained by capital and labor, while the remaining 1.3% is due to TFP. The estimated elasticities of both capital and labor are highly significant and their values are consistent with many empirical studies on the developing countries.

Thus, the TFP is easily computed as Solow residuals mentioned earlier by equation (7). The HP trend of the resulting series can then be considered as the potential TFP.

Potential output is achieved when all factors of production are fully utilized. As previously mentioned, we assume full utilization of the existing stock of capital and the potential TFP is taken as the HP filter for the derived TFP, and finally comes the estimation of the potential employment. To estimate the potential employment, NAIRU is estimated, accordingly the derivation of the potential employment is straightforward.

To estimate the NAIRU, we follow a similar algorithm to that of Epstein and Macchiarelli (2010), the unemployment rate U_t is first decomposed - using the Kalman filter approach - into a trend \bar{U}_t and a cyclical component G_t :

$$U_t = \bar{U}_t + G_t \quad (9)$$

where the trend component follows a local linear trend model; specifically:

$$\bar{U}_t = \mu_{t-1} + \bar{U}_{t-1} + \eta_t \quad (10)$$

where the trend unemployment is described by a random walk plus drift process, and where the drift is allowed to be stochastic, i.e. $\mu_t = \mu_{t-1} + \xi_t$. η_t is assumed to be iid following $N(0, 0.01)$. This choice for the variance of η_t allows the long-run unemployment rate to display the desirable property of shifting smoothly (Gordon 1996). The cyclical component is modeled as a stationary autoregressive process:

$$G_t = \phi_1 G_{t-1} + \phi_2 G_{t-2} + \phi_3 G_{t-3} + \phi_4 G_{t-4} + \psi_t \quad (11)$$

The Philips relation can be represented as follows:

$$\pi_t - \pi_t^* = \beta (U_t - \bar{U}_t) + \delta Z_t + \nu_t \quad (12)$$

where π_t is an estimate of the actual inflation rate, π_t^* is the expected inflation rate, Z_t is the imported inflation to represent the supply shocks, and ν_t is an error term. It is assumed that the economic agents are building their expectations for inflation in a simple way; based on the last observed inflation rate. Hence $\pi_t^* = \pi_{t-1}$, so that $\pi_t - \pi_t^* = \Delta\pi_t$. The model becomes:

$$\Delta\pi_t = \beta (U_t - \bar{U}_t) + \delta Z_t + \nu_t \quad (13)$$

Equation (13) neglects the possibility of serial correlation in the error term. Therefore, an autoregressive specification is used:

$$\Delta\pi_t = \beta(L)(U_t - \bar{U}_t) + \gamma(L)\Delta\pi_{t-1} + \delta(L)Z_t + \varepsilon_t \quad (14)$$

where L is the lag operator (e.g. $B(L)X = B_1X_{t-1} + B_2X_{t-2} + \dots$), $\beta(L)$, $\gamma(L)$, and $\delta(L)$ are lag polynomials and ε_t is a serially uncorrelated error term.

The variables involved in the estimation relationship are tested and found stationary. In the estimated model, the change in the quarterly inflation rate (4 quarters change) with one lead $\Delta\pi_{t+1}$ is regressed on the cyclical component G_t under the specification in (11), the contemporaneous change in inflation $\Delta\pi_t$ and its lagged value $\Delta\pi_{t-1}$, and finally the lead and contemporaneous values of imported inflation Z_{t+1} and Z_t :

$$\Delta\pi_{t+1} = 0.04 G_t + 0.58 \Delta\pi_t - 0.20 \Delta\pi_{t-1} + 0.41 Z_{t+1} - 0.37 Z_t \quad (15)$$

$$\text{S.E.}: \quad (0.03) \quad (0.21) \quad (0.25) \quad (0.22) \quad (0.23)$$

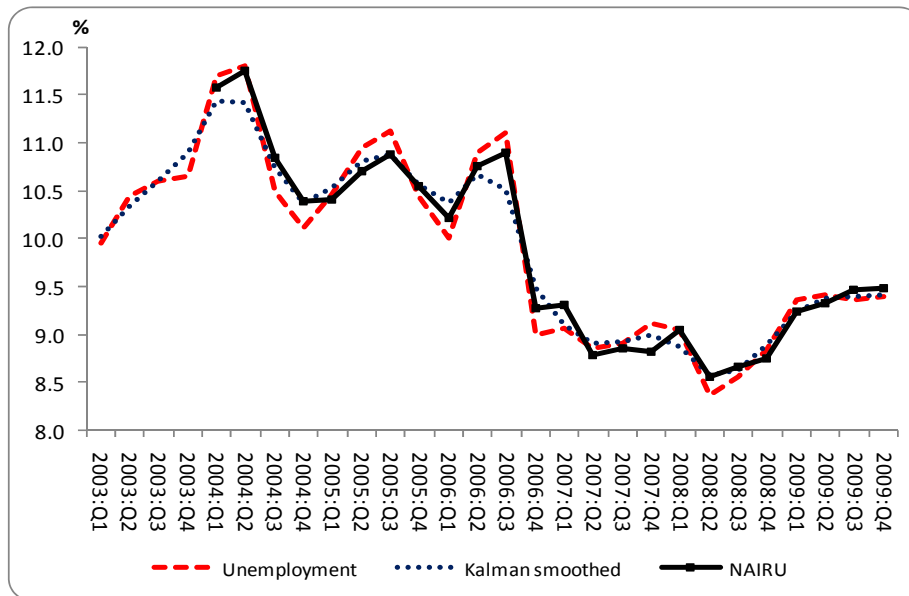
$$\text{P-value}: (0.108) \quad (0.014) \quad (0.421) \quad (0.076) \quad (0.123)$$

$$\text{Adj. } R^2 = 0.50$$

The estimated Philips model gives the expected sign with explanatory variables that are significant. The relatively low value of the Adj. R^2 is accepted with models depending on differenced series.

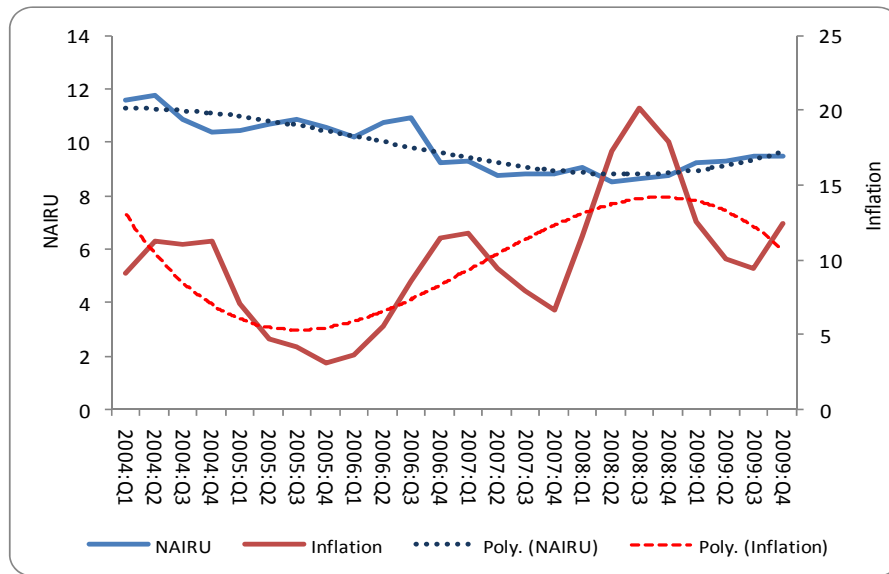
Figure (4) reports the actual unemployment rate, NAIRU, and the equilibrium unemployment rate (obtained by the Kalman filter; \bar{U}). It can be noted that all the trends for unemployment rates show increases by the end of 2008 affected by the global crisis.

Figure (4): Unemployment (Actual, Equilibrium, and NAIRU)



The relationship between NAIRU and the rate of inflation is shown in figure (5) where the NAIRU series is plotted against the annual inflation rate. Polynomial trends of the 3rd order for each of the two series are also plotted for better observance.

Figure (5): Unemployment and Inflation Rates



As well documented in literature, there exists an inverse relationship between the natural rate of unemployment and inflation rate which is clearly noticed in figure (5). It is noticed that from the last quarter of 2008 (when the global financial crisis began to hit the world), the NAIURU decreasing trend has slowed down and a new increasing trend began to show, which is consistent with the decreasing trend of inflation.

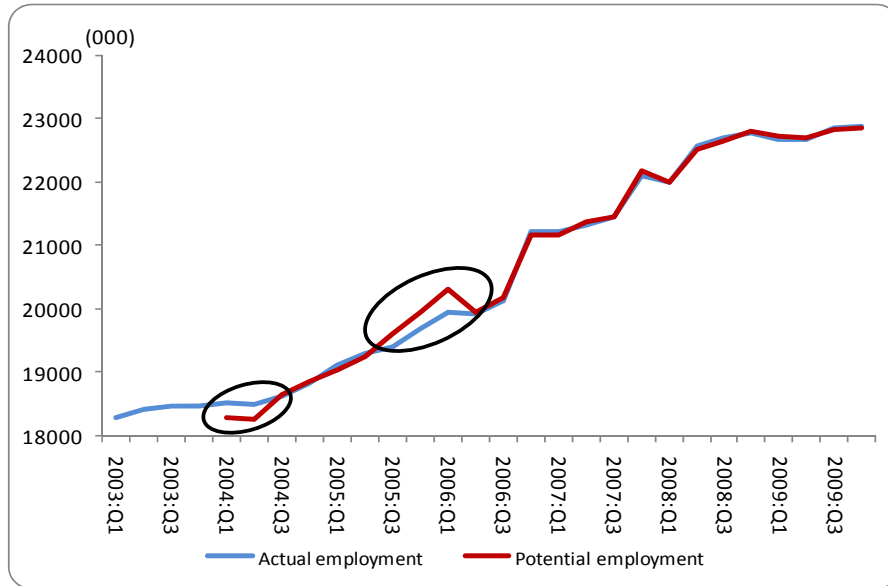
The estimated NAIURU from the Philips relationship is considered to be the potential level of unemployment. Thus, the derivation of potential employment is straightforward as shown by the following relation:

$$L_p = L * (1 - \text{NAIRU}), \text{ where } L \text{ denotes labor force.} \quad (16)$$

It is worth mentioning that the potential employment level can be modified by the participation ratio or other factors, such as the hours of work. However, these methods will not be followed due to data limitations.

Figure (6) shows the actual employment level versus the potential level derived from NAIURU. From this figure, one can notice the negative gap in employment in the fiscal year 2005/2006. The reason behind the gap can be inferred from relating figure (5) to figure (6), where the former indicates the very low inflation rates in this period; therefore the potential employment would lead to a higher inflation rate that is closer to its normal track; i.e. the employment should be higher. The positive employment gap at the beginning of 2004 can be interpreted similarly.

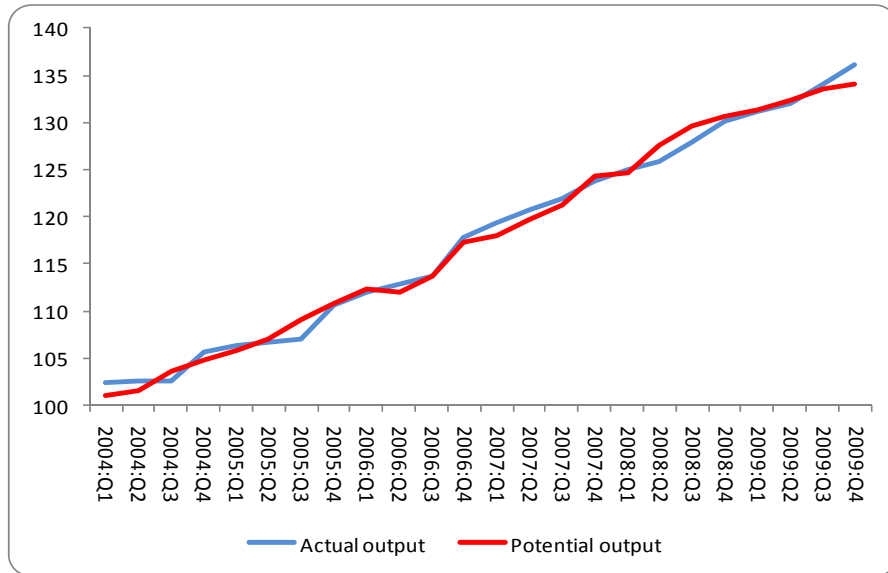
Figure (6): Actual and Potential Employment



By applying the estimated Cobb-Douglas function, using the potential inputs, potential output is obtained. Potential output is plotted against the actual in the next figure which shows a positive gap that started in the 2nd quarter of 2006 and lasted for 6 quarters. However, the period from 2008 to mid-2009 exhibited negative gaps. By the end of 2008, the potential output decelerated compared to its previous trend and this behavior resulted in tightening the output gap. A positive gap started to appear by the end of 2009 which is consistent with the late increases in actual output growth rates.

Estimating potential output using the production function approach may entail some problems, as Cerra and Saxena (2000) point out: “problems in obtaining potential estimates of the production function inputs are simply shifted to the estimated potential output”. On the other hand, the merit of this approach over the univariate ones is that it focuses on the factors that drive growth in potential output, rather than simply on the historical behavior of output. These factors are useful for interpreting the structural changes that an economy may face.

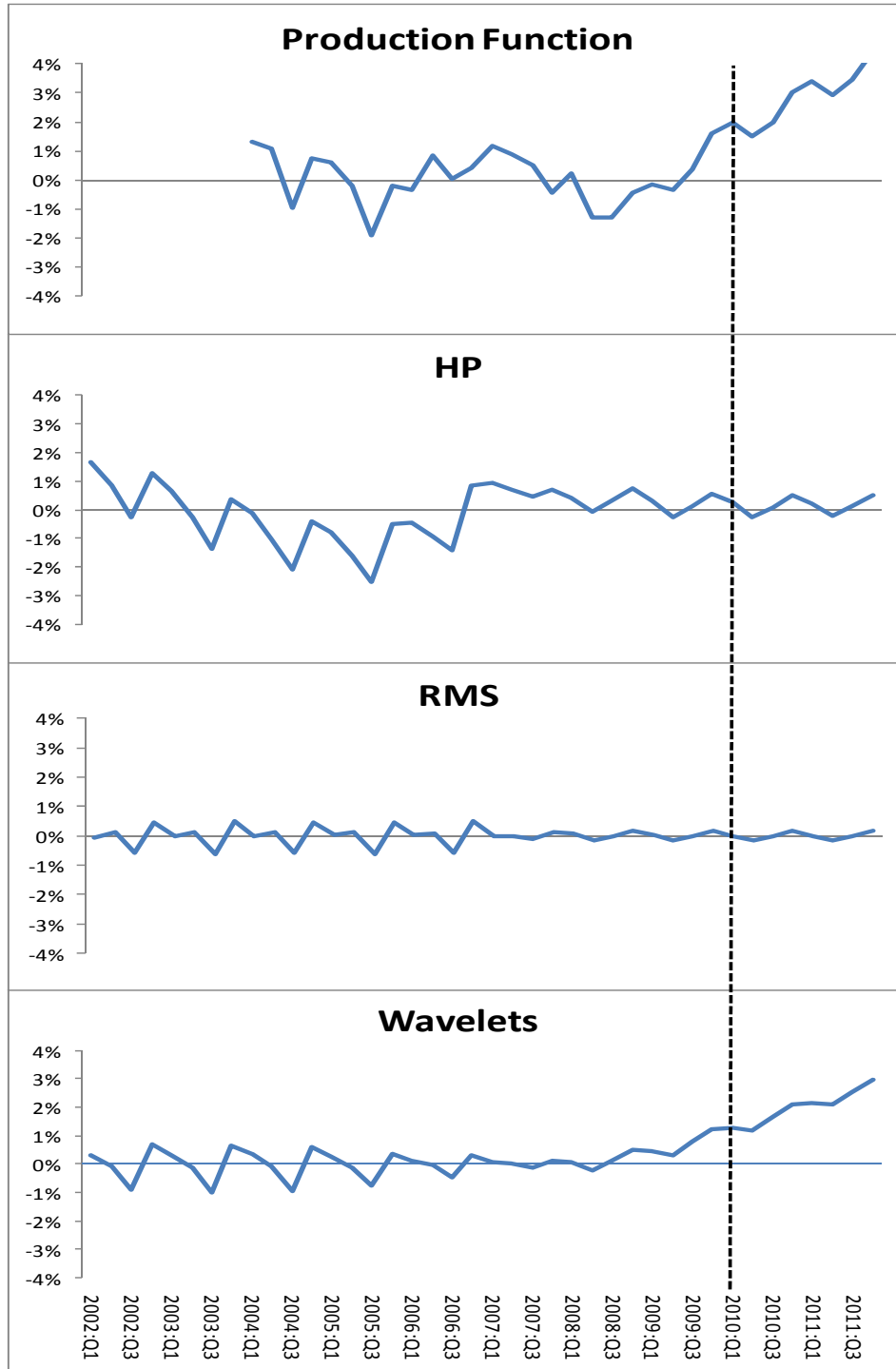
Figure (7)
Production Function: Actual and Potential Output



Forecasting Egypt's output gap for the two years 2010 and 2011 is conducted, using the appropriate SARIMA (Seasonal Autoregressive Integrated Moving Average) models for each of the four gaps derived throughout this study³. The forecast is shown in figure (8). It is worth mentioning that data were first adjusted for outliers and forecasted, using TRAMO/SEATS within the Eviews environment.

³ The production function gap was fitted as a SARIMA model of order (0,1,1)(0,1,1), the HP followed SARIMA(1,0,0)(1,0,0) model, the RMS gap followed SARIMA(2,0,0)(0,1,0) model, and finally the wavelets gap followed SARIMA (0,1,0)(1,1,0) model.

Figure (8): Forecasting the Output Gap⁴



⁴ Output gap here is calculated as the actual output minus potential output divided by potential output.

It is noticed that, according to the production function approach, the output gap is expected to widen further, implying that the economy would exhibit unstable high output levels. This is relatively similar to the wavelets forecast. However, the latter shows positive gaps, starting with the end of 2008 which is illogical. The RMS and the HP filters show that the output level is expected to stay close to its potential, with tiny fluctuations.

The effect of the world's post-financial crisis has started to surface in the second quarter of 2008/2009, when the output growth registered a record low of 4.1%, compared to the 7% average registered over the past three years. However, a gradual increase continued to show in the following periods to reach 5.8% in the first quarter of 2010. The crisis also led to a temporary increase in the unemployment rate and a decrease in total investments. These facts suggest the following pattern of output gap: small or even negative output gaps rather than positive gaps were expected at the end of 2008. Afterwards, as gradual improvements started to show in the economy, positive output gaps are expected. This pattern is maintained by the production function approach.

IV. Conclusion

- As an input for potential output, NAIRU reflects well the inflation changes in the estimated potential unemployment, and hence shows the effect of these changes in the estimated potential output.
- The production function approach adapts well to structural changes, since it accurately describes the structural changes that the economy has gone through. The effect of the financial crisis is reflected by a negative gap, while the period of improvement is reflected by a positive gap.
- Given the production function approach, the output gap is expected to widen, showing increasing positive values till the end of 2011. In other words, the economy is expected to experience increasing output levels.
- Unexpectedly, the wavelets output gap showed a positive output gap, following the global financial crisis, which may be due to the end of sample biases. While, on the other hand, the RMS did not reflect any structural changes that the economy has gone through. Finally, the HP did not manage to reflect the effect of the global crisis.

- In fact, all of the measures provided for the output gap do not imply a major structural change in the Egyptian economy, in the wake of the global financial crisis. It can be explained by the fact that the damages of the global crisis were extremely limited because of the nature of the Egyptian economy which is not very open to the global financial markets. This is especially true after implementing a package of reforms in the Egyptian financial sector. It is worth mentioning that the banking sector was strong and was holding a considerable amount of liquidity by the beginning of the crisis. In addition, the Central Bank of Egypt held a large amount of NIRs (as the annual growth rate reached 17.1% in September 2008).

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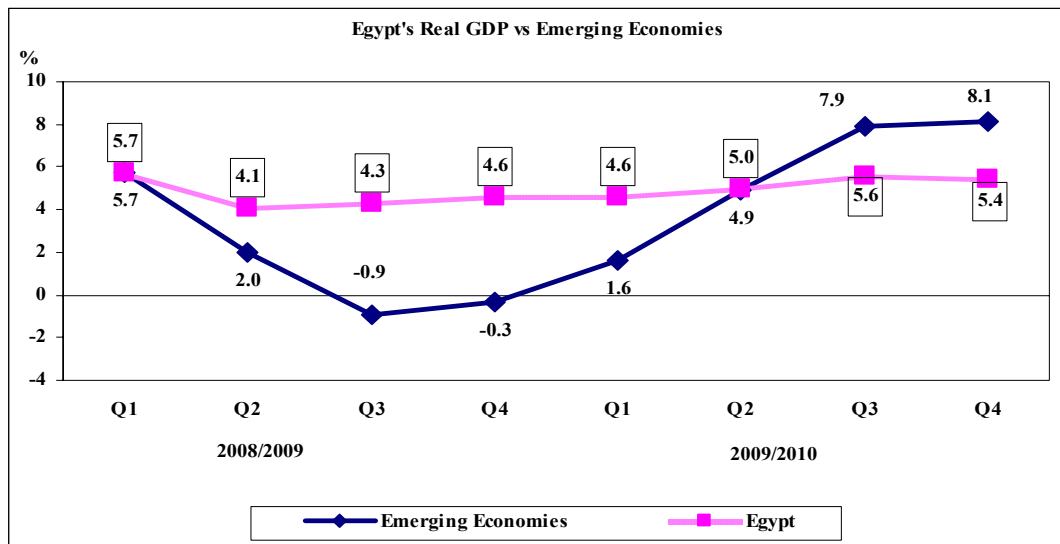
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1: Macroeconomic Performance

1/1: Gross Domestic Product (GDP)

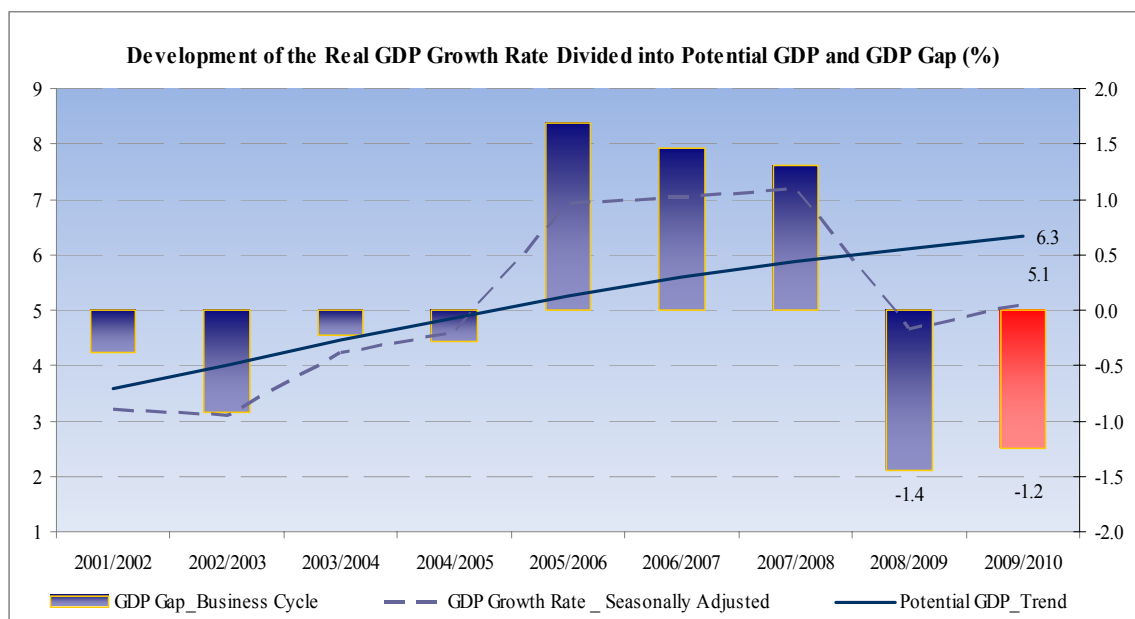
In FY 2009/2010, efforts continued to spur economic growth and to contain the adverse effects of the global financial crisis on the Egyptian economy. That was evident in the acceleration of the annual real GDP growth at factor cost to 5.1 percent in FY 2009/2010, from 4.7 percent in FY 2008/2009. Despite the improvement in the growth rate, it has not yet risen to the level of FY 2007/2008 (7.2 percent) although it was close to the estimated average growth of the emerging economies as a whole (5.6 percent in the reporting year).



Source: Ministry of Economic Development. As for emerging economies, J.P Morgan “World Financial Markets Report,” Sept. 2010.

Analysis of the sources of sustainable growth indicated that the annual GDP growth rates reflected the ability of some sectors that are sensitive to foreign market growth rates to face the repercussions of the global financial crisis. On the other hand, the domestic demand-driven sectors managed to gradually recover, thus helping the Egyptian economy to achieve sustainable growth. The following graph shows that long-term growth (potential GDP)¹ recorded about 6.3 percent during FY 2009/2010 or some 1.2 percent above the real growth rate.

¹ Trend Component was calculated on the basis of the annual growth data of real GDP and some economic sectors in the period (FY 2001/02-2009/10). The approach of Hodrick- Prescott Filter (HP Filter) was used to calculate the Trend Component or the Permanent Component, and to derive the Cyclical Component impact, which reflects the GDP gap and hence identifies whether or not the economy experiences an overheating.



To elaborate, the (HP Filter) approach was applied to some economic sectors in order to identify the sectors that are to blame, for deepening the negative impact of the crisis, and the other sectors that helped the economy to hold up relatively well and achieve a sustainable and positive growth. In comparison, many emerging economies were worse off under the crisis, as their growth rates sank to negative levels in the reporting year.

Comparison between the Real and Potential GDP Growth by Key Sectors in FY 2009/2010

Sector	Real GDP (%) (1)	Potential GDP (%) (2)	Difference (%) (2)-(1)
Manufacturing	5.1	6.4	1.3
Construction & Building	13.2	17.1	3.9
Real Estate	4.2	5.3	1.1
Wholesale & Retail Trade	6.1	6.4	0.3
Tourism	12.0	6.2	-5.8
Suez Canal	-2.9	-1.3	1.6

Source: According to the data of the Ministry of Economic Development.

The aforementioned approach showed that the domestic demand-driven sectors, headed by manufacturing, real estate, wholesale and retail trade and construction and building, succeeded in recording real growth rates convergent to the potential GDP growth. That bore witness to the realization of sustainable growth, driven mainly by the domestic demand-driven sectors. As for external demand-driven sectors, tourism sector achieved a real growth rate that exceeds the potential GDP, while Suez Canal receipts continued to retreat, with its real growth rate falling below that of the potential GDP (see the previous table).

GDP Growth by Domestic and External Demand-Driven Sectors in FY 2009/2010

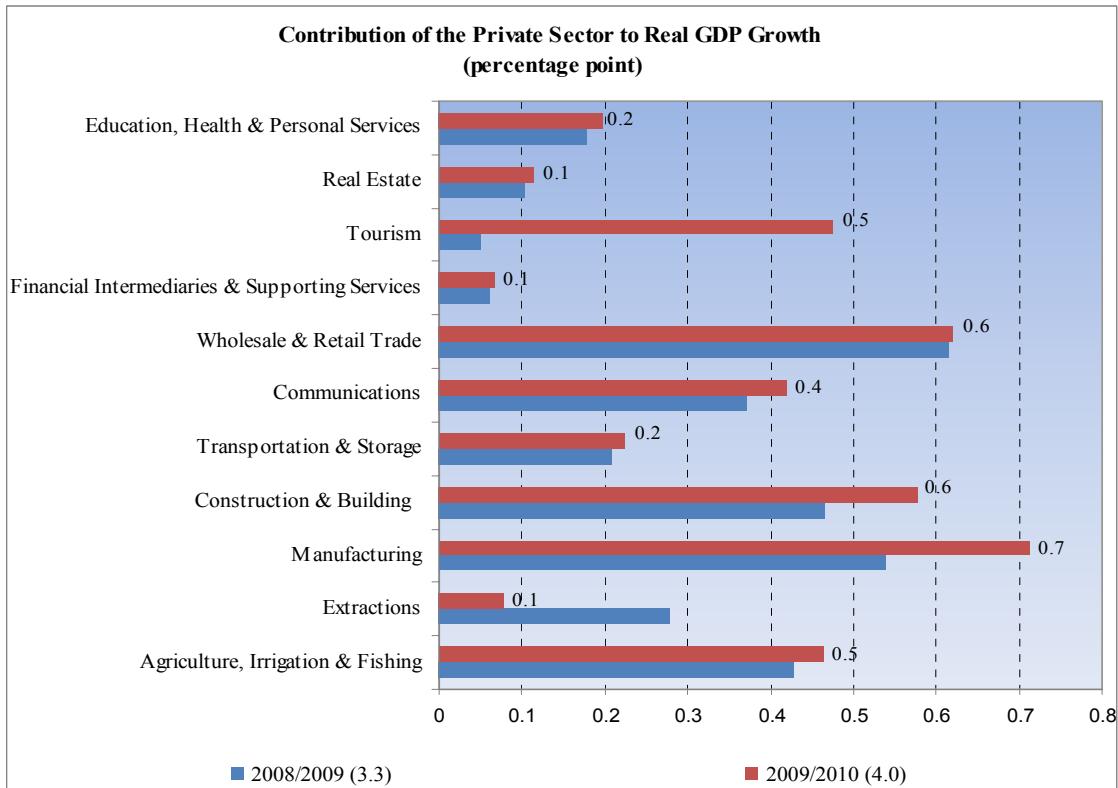
Domestic Demand-Driven Sectors		
Sector	Growth Rate %	Share in Real GDP Growth (5.1 %) (percentage point)
Agriculture, Irrigation & Fishing	3.5	0.5
Manufacturing	5.1	0.8
Electricity	6.3	0.1
Construction & Building	13.2	0.6
Transportation & Storage	6.8	0.3
Communications	13.3	0.5
Wholesale & Retail Trade	6.1	0.6
Financial Intermediaries	5.2	0.2
General Government	4.3	0.4
Other sectors		0.6
Total		4.6
External Demand-Driven Sectors		
Sector	Growth Rate %	Share in Real GDP Growth
Extractions	0.9	0.1
Suez Canal	-2.9	-0.1
Tourism	12.0	0.5
Total		0.5

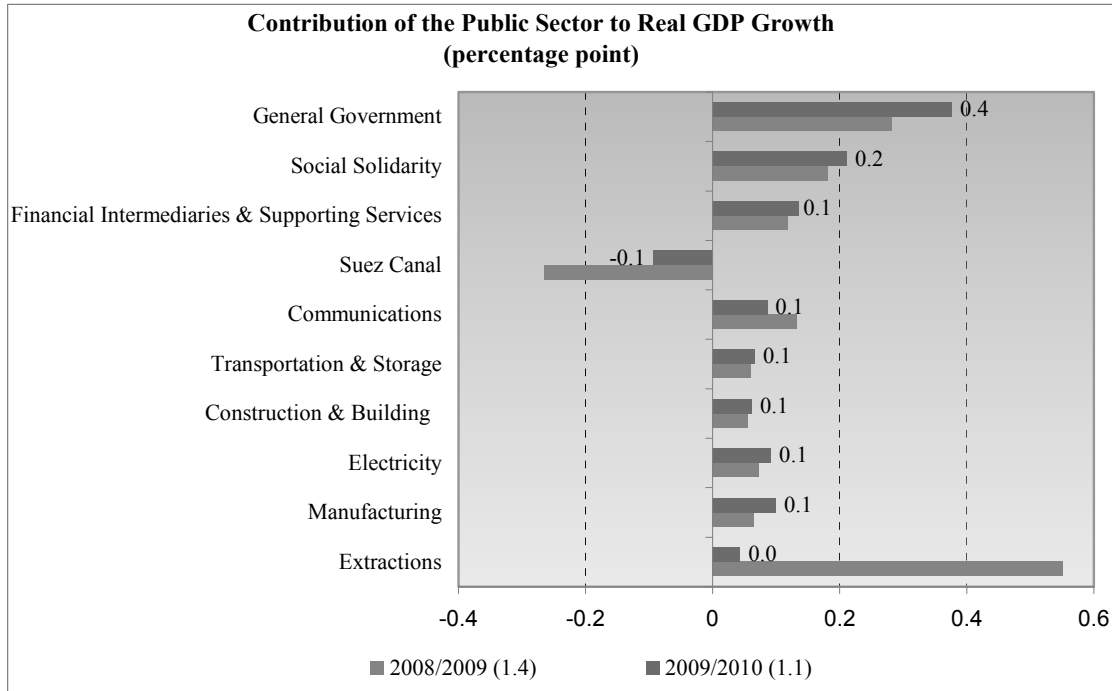
Source: According to the Ministry of Economic Development data for FY 2009/2010

On the **supply** side, the acceleration of the pace of growth was mainly attributed to higher contributions (4.6 percentage points) of domestic demand-driven sectors, particularly the manufacturing; followed by wholesale and retail trade; construction and building; agriculture; communications; and the general government. The external demand-driven sectors - mainly tourism and

extractions - added only 0.5 percentage point to GDP growth. Tourism contributed 0.5 percentage point, prompted by the increase in tourism revenues. Moreover, extractions continued to make a positive contribution, although its share was lower than the previous fiscal year (0.1 percentage point against 0.8 point). On the other hand, the share of the Suez Canal remained negative, due to the fall in the number of transiting ships and net tonnage.

As regards the public and private sectors' contributions to economic growth (5.1 percent) during the reporting year, the public sector generated 1.1 percentage points (against 1.4 points in the previous fiscal year), and the private sector 4.0 points (against 3.3 points), indicating the key role played by the latter in economic development, particularly the sectors of manufacturing, wholesale and retail trade, construction and building, tourism, and agriculture. At the level of the public sector, the main driver of growth was the general government.



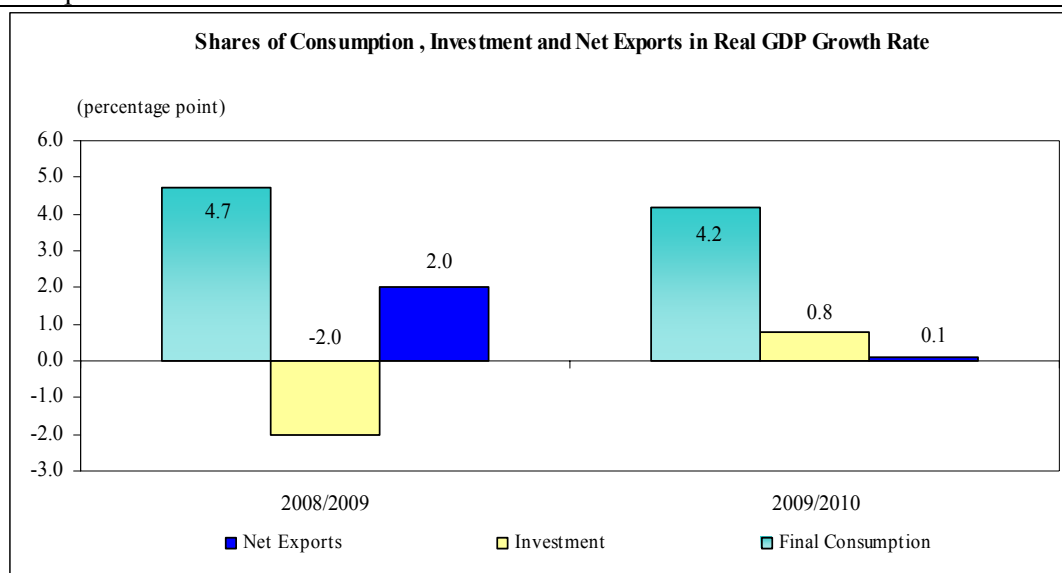


1/2: GDP by Expenditure

On the **demand** side, the improvement in real GDP growth (5.1 percent against 4.7 percent) was essentially ascribed to the higher contribution (0.8 percentage point against a negative 2.0 points) of total investment (including change in stock) to GDP growth. It was a main result of the increase in the private investment share in total investments. The improvement in economic growth was also supported by the continuous positive contribution of private consumption, which added 3.7 percentage points, or almost 72.5 percent of the overall growth. However, this share declined as compared with the previous FY (4.1 percentage points). Such developments in domestic demand made up for the poor contribution of net external demand (exports of goods and services less imports of goods and services) which fell to as low as 0.1 percentage point in the reporting year (from 2.0 percentage points a year earlier).

Share of Demand Components in Real GDP Growth

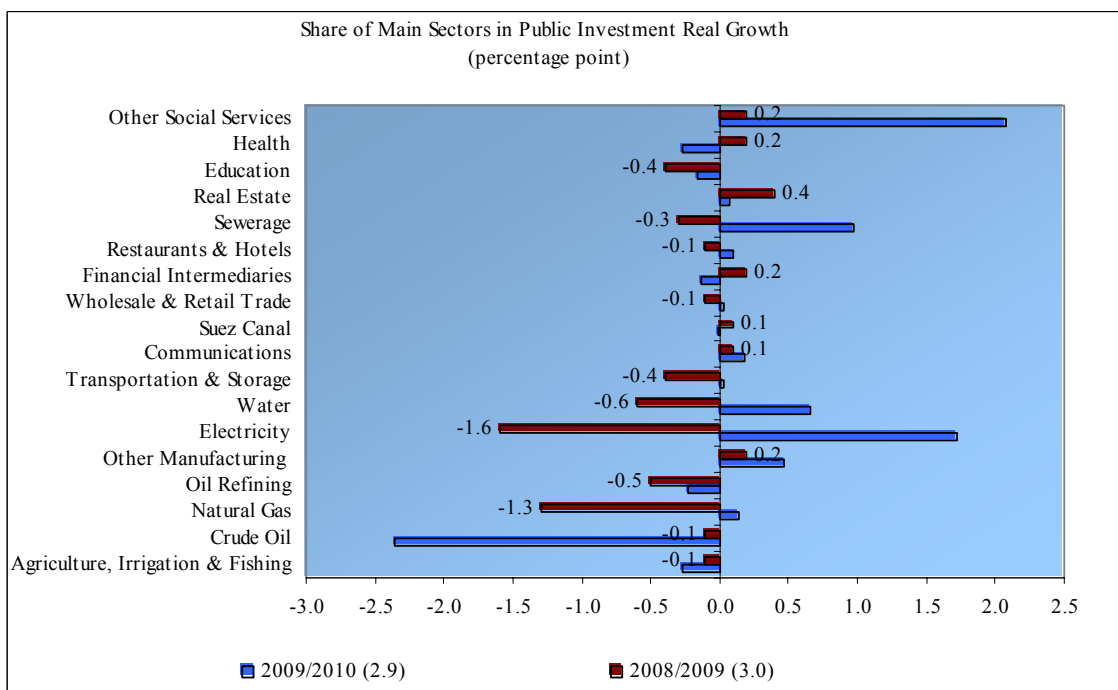
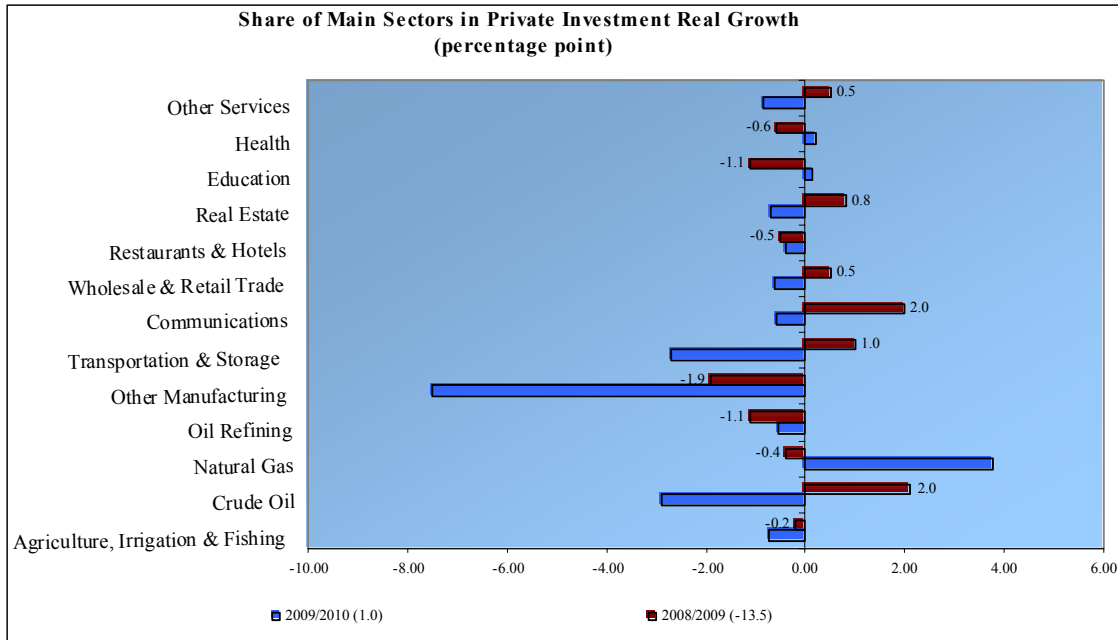
	Growth Rates during FY (%)		Share in GDP Growth during FY (percentage points)	
	2008/09	2009/10	2008/09	2009/10
<u>Real GDP Growth Rate (1+2)</u>	4.7	5.1	4.7	5.1
<u>1-Domestic Demand (A+B)</u>	2.5	4.9	2.7	5.0
<u>A- Final Consumption</u>	5.7	5.0	4.7	4.2
Private	5.7	5.1	4.1	3.7
Public	5.6	4.5	0.6	0.5
<u>B- Capital Formation (Including Change in Stock)</u>	-9.1	4.2	-2.0	0.8
<u>2- Net External Demand (A-B)</u>	44.0	5.2	2.0	0.1
A- Exports of Goods & Services	-14.5	-3.0	-5.3	-0.9
B- Imports of Goods & Services	-17.9	-3.2	7.3	1.0



Implemented investments* (at 2006/07 prices) reached LE 166.4 billion, with a growth rate of 3.9 percent in the reporting year (against a drop of 10.2 percent in the previous year). The improvement seen in the investments' growth was essentially ascribed to the larger contribution of the private sector (1.0 percentage point against a negative 13.5 points). That growth was mainly manifest in the sectors of crude oil, communications, transportation and storage and real estate. Moreover, the share of the public sector slightly declined to 2.9 percentage points in the reporting year (against 3.0 points a year earlier). About half of that contribution came from the sectors of real estate, other health and

* Excluding change in stock

social services, financial intermediaries, manufacturing (excluding oil refining), communications and Suez Canal. The acceleration of private investments (local and foreign) was spurred by the following factors: development of the legislative framework that governs the investment climate; streamlining the procedures of establishing companies; further facilities for investors by supporting decentralization in governorates; more incentives to investors in Upper Egypt and the expansion of infrastructure projects.



A breakdown of total implemented investments (at constant prices) by economic sector ran as follows: 18.9 percent in the oil and gas sector, 11.3 percent in manufacturing (including oil refining), 9.7 percent in electricity and water, 8.8 percent in communications, 2.9 percent in agriculture and irrigation, 1.9 percent in construction and building, 30.3 percent in social services and 16.2 percent in productive services.

According to the Performance Report of the Ministry of Investment, the reporting year witnessed the foundation of 7269 new companies, with a capital of LE 17.6 billion, up by 15 percent over the previous fiscal year. A sectoral distribution of those companies during the year in question shows that services accounted for 43.1 percent, manufacturing 18.7 percent and construction and building 14.2 percent. As for the geographical distribution, about 68 percent of those companies are located in Greater Cairo.

1/3: Cotton

For the first time after the liberalization of cotton trade in 1994, the government decided in the reporting year to offer a guarantee price for cotton (according to its variety). The action is meant to support cotton producers. As a consequence, an increase is expected in the production of cotton and its cultivated area in the 2010/2011 season.

Hereunder are the main cotton developments for the 2009/2010 season from the supply and demand perspectives:

Production

According to the data of the Cotton and Textile Industries Holding Company, cultivated area is estimated at about 287.9 thousand feddans during the 2009/2010 season, shrinking by 7.9 percent compared with the final figure of the previous season. With the expected low yield of cotton plantation, farmers were increasingly reluctant to grow cotton, in preference for other more profitable crops. The area cultivated with long-staple varieties constituted about 87.9 percent of the total area, whereas extra-long staples accounted for 12.1 percent.

Area and Production of Cotton Varieties

	Area (Thousand Feddans)		Change + (-) (%)	Production (Thousand Metric Cantars)		Change + (-) (%)	Average Productivity Cantar/feddan					
	2008/09 Final	2009/10 Estimate		2008/09 Final	2009/10 Estimate		2008/09	2009/10				
Total:	312.7	100.0	287.9	100.0	(7.9)	2105.9	100.0	1886.0	100.0	(10.4)	6.7	6.5
Extra-long staples	60.0	19.2	34.8	12.1	(42.0)	458.5	21.8	257.1	13.6	(43.9)	7.6	7.4
Long staples	252.7	80.8	253.1	87.9	0.2	1647.4	78.2	1628.9	86.4	(1.1)	6.5	6.4

Source: The Cotton and Textile Industries Holding Company

Cotton output totaled about 1.9 million metric cantars during the 2009/2010 season, down by 10.4 percent as compared with the previous season. The lower output was a result of the downsizing of the cotton-cultivated area and the estimated decrease in the average productivity per feddan from 6.7 cantars/feddan (actual) to some 6.5. The decrease covered both extra-long and long staples.

Stock, Total Supply and Domestic Consumption

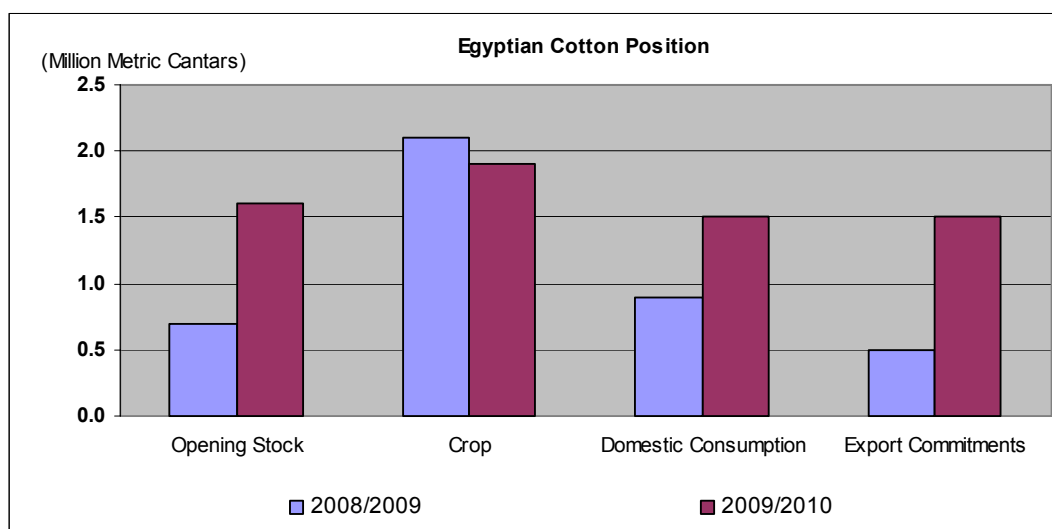
During the 2009/2010 season, the supply of raw cotton reached about 3.5 million metric cantars, with a rise of 21.7 percent, relative to the previous season. The increase was attributed to the noticeable rise in the opening stock of the 2009/2010 season, while a decline is expected in cotton production, particularly of extra-long staples.

Total Supply and Uses

Season	(thousand metric cantars)		
	2008/2009 Final	2009/2010 Estimated	Change +(-) %
Total Supply	2841.6	3459.4	21.7
Opening stock	735.7	1573.4	113.9
Production (Crop)	2105.9	1886.0	(10.4)
Total Uses	1276.1	2972.0	132.9
Domestic Consumption	878.9	1465.7	66.8
Export Commitments	397.2	1506.3	279.2

Source: Ibid.

Since the beginning of the season up to the end of June 2010, domestic consumption is expected to increase by about 66.8 percent, relative to the same period of the previous season. As such, local mills received some 1.5 million metric cantars of raw cotton in the 2009/2010 season against 0.9 million a season earlier.



Export Commitments

According to the Cotton and Textile Industries Holding Company, total export commitments, since the beginning of the season up to the end of June 2010, reached about 1.5 million metric cantars (against 0.4 million metric cantars during the same period of the previous season). Commitments, during the period under review, on extra-long staple varieties reached some 434.7 thousand metric cantars, with a rise of 75.4 percent, whereas long staples reached 1071.6 thousand metric cantars. The private sector companies accounted for the bulk of total commitments (87.4 percent), while the share of the public sector reached about 12.6 percent.

Export Commitments (Preliminary) by Variety and Exporting Companies

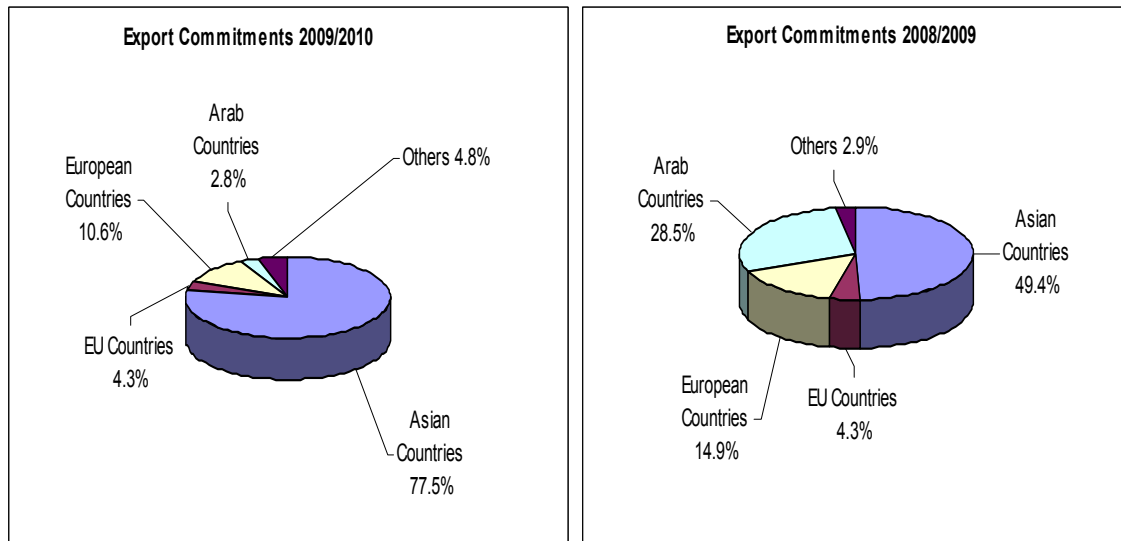
Season	(thousand metric cantars)		
	2007/2008 From 1/9/2007 till 30/6/2008	2008/2009 From 1/9/2008 till 30/6/2009	2009/2010 From 1/9/2009 till 30/6/2010
<u>1-Variety</u>			
Extra-long staples	659.3	247.9	434.7
Long staples	2033.3	149.3	1071.6
Total	2692.6	397.2	1506.3
<u>2-Exporting Companies</u>			
Public business sector companies	447.7	57.5	189.5
Private sector companies	2244.8	339.7	1316.8
Total	2692.5	397.2	1506.3

As for export commitments by importer, Asian countries (mainly India, China and Pakistan) came in the forefront, accounting for 77.5 percent of the total. The other European countries (mainly Turkey and Switzerland) came second with 10.6 percent of the total. The EU countries (led by Germany and Italy) followed with 4.3 percent. The Arab countries (headed by Qatar) accounted for 2.8 percent of the total.

Export Commitments by Importer

Season (Up to End of June)	2008/2009	2009/2010
<u>Total (million metric cantars)</u>	<u>397.2</u>	<u>1506.3</u>
<u>Asian countries, of which</u>	<u>49.4</u>	<u>77.5</u>
India	11.7	36.3
Pakistan	2.6	12.6
China	23.8	21.9
<u>EU countries, of which</u>	<u>4.3</u>	<u>4.3</u>
Italy	2.7	2.7
Germany	0.0	9.4
<u>Other European countries, of which</u>	<u>14.9</u>	<u>10.6</u>
Switzerland	0.6	4.6
Turkey	14.3	6.0
<u>Arab countries, of which</u>	<u>28.5</u>	<u>2.8</u>
Qatar	27.0	1.7
<u>Others</u>	<u>2.9</u>	<u>4.8</u>

Source: Ibid.



International Developments

According to the estimates of the International Cotton Advisory Committee (ICAC) for the 2009/2010 season, compared with the preceding season, the opening stock increased by 1.4 percent to 56.1 million bales, while world cotton production contracted by 5.1 percent, influenced by the diminution of the cotton cultivated area. Consequently, total world supply of cotton declined by 2.9 percent to 158.1 million bales. In addition, the ICAC forecasted a rise of 3.7 percent in world consumption, to reach 110.6 million bales. The average volume of the world trade of cotton also increased by 11.3 percent, reaching 33.5 million bales.

Statistical Position of World Cotton

Season	2008/2009	2009/2010	(million bales*)
	Final	Estimate	Change + (-) %
Opening stock	55.3	56.1	1.4
World production	107.5	102.0	(5.1)
Total Supply	162.8	158.1	(2.9)
World consumption	106.7	110.6	3.7
Carryover at end of the season	56.1	47.5	(15.3)
World trade**	30.1	33.5	11.3

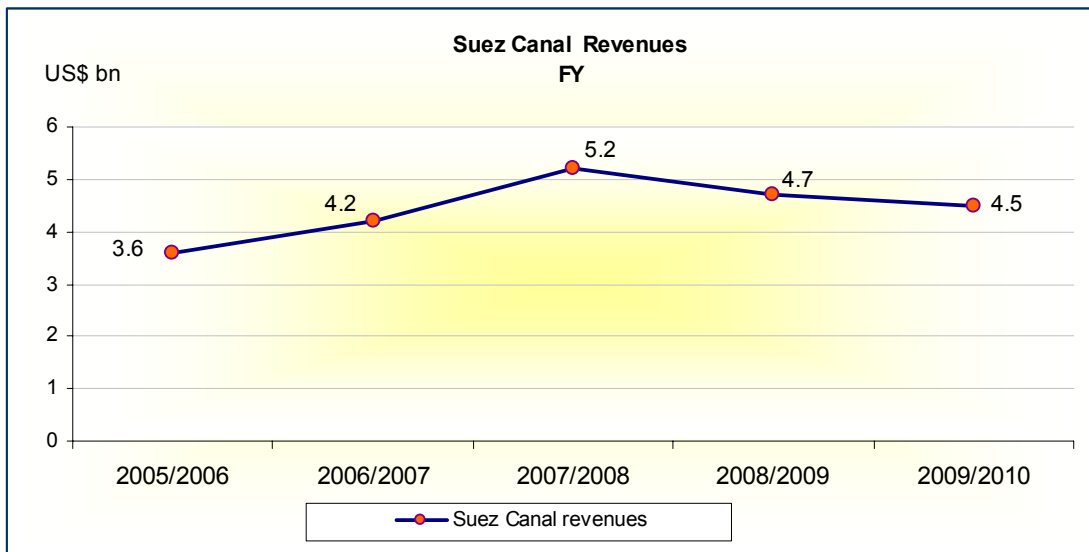
Source: International Cotton Advisory Committee (ICAC)

* World bale = 4.6 cantars

**Measured in terms of average exports and imports.

1/4: Suez Canal

During FY 2009/2010, Suez Canal receipts rolled back for the second year in a row, to record US\$ 4.5 billion (against US\$ 4.7 billion during the previous FY). It is worthy to mention that Suez Canal receipts reached a peak in 2007/2008 (US\$ 5.2 billion). The decrease was mainly ascribed to the decline in the number of transiting ships and net tonnage by 9.6 percent and 3.0 percent, respectively; influenced by the global financial crisis in 2008 and the piracy events in the Red Sea.



Transiting ships declined by 1850 in number, to register 17.5 thousands in FY 2009/2010, due to the retreat in their number (other than oil tankers) by 1516, to 14.1 thousand ships or 80.4 percent of the total, and the number of oil tankers by 334 to 3.4 thousands.

Traffic in Suez Canal

	2008/2009	2009/2010	Change %
<u>Total Number of Ships</u>	<u>19354</u>	<u>17504</u>	<u>-9.6</u>
Oil tankers	3772	3438	-8.9
Others	15582	14066	-9.7
<u>Total Net Tonnage (Million Tons)</u>	<u>811.4</u>	<u>787.4</u>	<u>-3.0</u>
Oil tankers	128.6	110.9	-13.8
Others	682.8	676.5	-0.9

During FY 2009/2010, the volume of cargo transiting the Suez Canal declined by 13.6 million tons or 2.2 percent, reaching 611.7 million tons (against 625.3 million tons during the previous FY). The decline stemmed mainly from the decrease in the northbound cargo by 30.1 million tons or 9.2 percent (mainly petroleum products, and metals and ores), while southbound cargo increased by 16.5 million tons or 5.5 percent.

Traffic in Suez Canal

		2007/2008	2008/2009	2009/2010
<u>Oil Tankers:</u>				
Number		3513	3772	3438
Net tonnage	Million tons	142.0	128.6	110.9
Average tonnage	Thousand tons	40.4	34.1	32.3
<u>Other Ships</u>				
Number		17567	15582	14066
Net tonnage	Million tons	748.9	682.8	676.5
Average tonnage	Thousand tons	42.6	43.8	48.1
<u>Total</u>				
Number		21080	19354	17504
Net tonnage	Million tons	890.9	811.4	787.4
Average tonnage	Thousand tons	42.3	41.9	45

Transiting Cargo by Destination

	2007/2008	2008/2009	2009/2010
	(million tons)		
<u>Total</u>	<u>726.2</u>	<u>625.3</u>	<u>611.7</u>
<u>Southbound:</u>	<u>300.1</u>	<u>297.3</u>	<u>313.8</u>
Petroleum products	46.6	41.7	42.1
Cereals	15.9	32.1	25.6
Mineral fertilizers	16.8	15.3	12.5
Fabricated metals	22.5	20.6	22.0
Others	198.3	187.6	211.6
<u>Northbound:</u>	<u>426.1</u>	<u>328.0</u>	<u>297.9</u>
Petroleum products	77.5	75.1	48.8
Ores and metals	32.0	16.2	6.9
Cereals	0.5	0.4	0.5
Oil seeds	2.5	1.2	0.7
Others	313.6	235.1	241.0

1/5: Labor Force and Unemployment

According to CAPMAS data released at end of FY 2009/2010, unemployment decelerated to 9.0 percent (from 9.4 percent a year earlier). The fall was an outcome of the retreat in both male unemployment from 5.2 percent to 4.93 percent and female unemployment from 23.2 percent to 22.2 percent.

Developments in Unemployment Rates

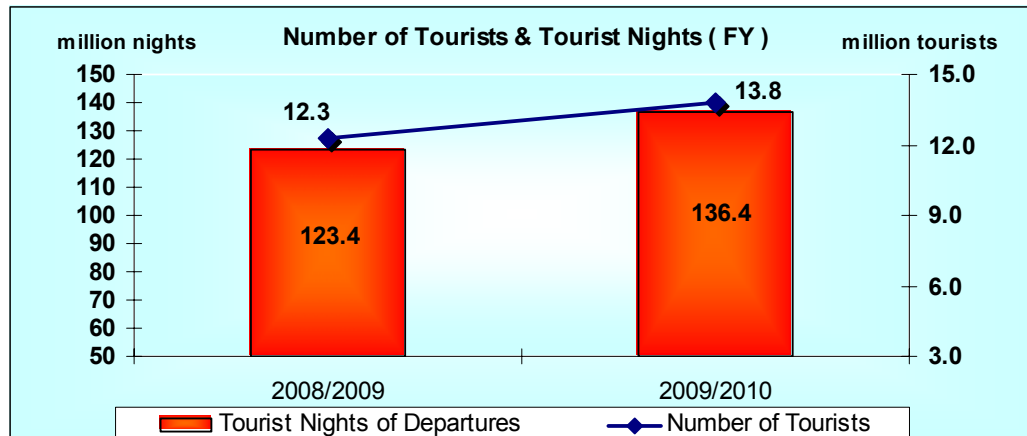
FY	2008/2009				2009/2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Unemployment	8.6	8.8	9.4	9.4	9.4	9.4	9.1	9.0

Source: Labor Force Survey, CAPMAS.

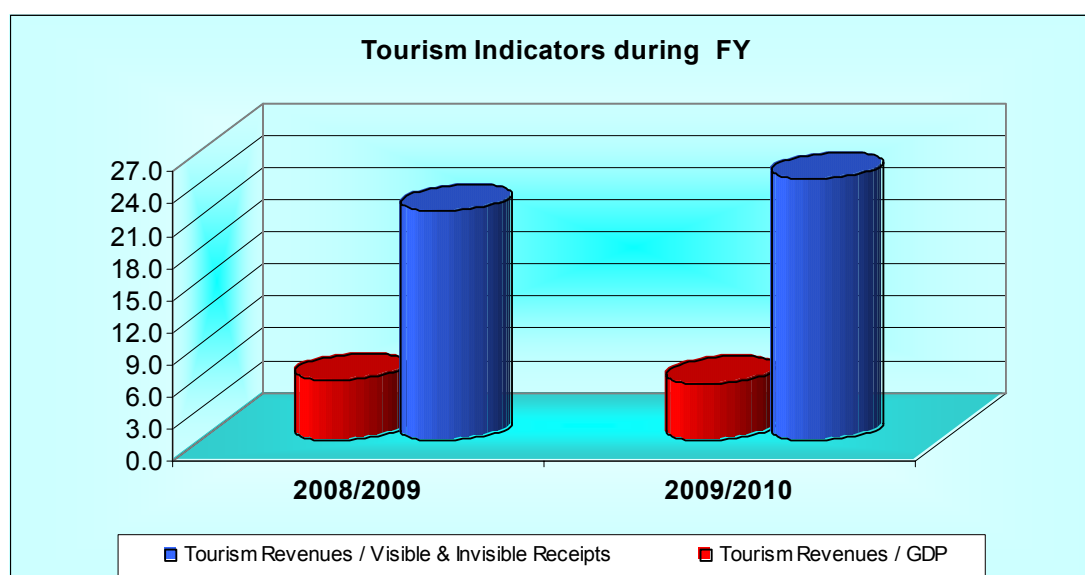
According to the Ministry of Economic Development data, about 521 thousand new job opportunities were created during the reporting year, with an increase of 14 percent over the previous FY's level. The Social Development Fund provided about 261 thousand of those jobs.

1/6: Tourism

According to the Ministry of Tourism data, tourism indicators in Egypt improved in FY 2009/2010, relative to the previous FY. The total number of arrivals rose by 11.9 percent to some 13.8 million (against 12.3 million visitors), and that of tourist nights for departures increased by 10.5 percent to 136.4 million (against 123.4 million nights).



Among the signs of recovery was the pickup in tourism revenues, even though the average spending per tourist a night remained unchanged at US\$ 85 a night. Hence, tourism revenues went up by 10.5 percent to US\$ 11.6 billion (against US\$ 10.5 billion) representing 5.3 percent of GDP at current market prices during the reporting year, and making up 24.4 percent of total BOP visible and invisible receipts.



Investments in the tourism sector amounted to LE 4.4 billion during the reporting period, constituting 2.0 percent of total investments, against 2.6 percent a year earlier. The private sector undertook the majority of these investments (92.2 percent).

Tourism Indicators

FY	2008/2009	2009/2010	Change + (-) %
Number of arrivals (000s)	12293	13758	11.9
Number of nights for departures (000s)	123383	136370	10.5
Estimated average spending per tourist a night (US\$)	85.0	85.0	0.0
Tourism revenues (US\$ bn)	10.5	11.6	10.5
Average tourist stay (night)	10.04	9.91	-1.3
Visible and invisible receipts (LE mn)	48970	47436	-1.0
GDP at current prices (LE bn)	1042.2	1206.6	15.8

Source: CBE and the Ministries of Tourism & Economic Development.

Number of Tourists

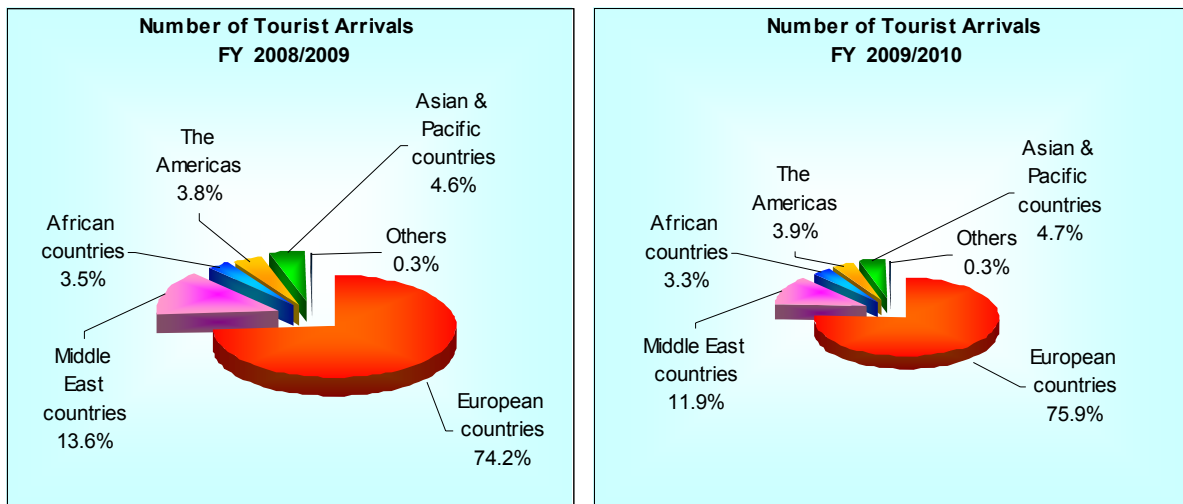
During the reporting period, visitors from all tourist exporting markets registered 13.8 million, up by 1.5 million visitors or 11.9 percent, in comparison with the previous FY.

Number of Tourist Arrivals

(Thousand)

	<u>FY</u>		<u>FY</u>		Change + (-) %
	<u>2008/2009</u>	<u>2009/2010</u>	<u>2008/2009</u>	<u>2009/2010</u>	
	Number	Relative Weight	Number	Relative Weight	
Total	12293	100.0	13758	100.0	11.9
Europe	9120	74.2	10439	75.9	14.5
Middle East	1666	13.6	1635	11.9	(1.9)
Africa	428	3.5	462	3.3	7.9
The Americas	476	3.8	531	3.9	11.6
Asia and the Pacific	561	4.6	652	4.7	16.2
Others	42	0.3	39	0.3	(7.1)

Source: Ministry of Tourism.



With a relative weight of 75.9 percent of total tourist flows, the **European group** remained in the lead, registering a rise of 1.3 million tourists or 14.5 percent. Despite the 1.9 percent decline in visitors from the **Middle East group**, it occupied the second position, with a share of 11.9 percent of the total number of tourists.

Ranking third, the **Asian and Pacific group** accounted for 4.7 percent, as arrivals therefrom rose by 16.2 percent. Arrivals from the **Americas** and **African groups** ranked fourth and fifth, with relative weights of 3.9 percent and 3.3 percent, respectively, due to higher arrivals therefrom, by 11.6 percent and 7.9 percent, in order.

Tourist Nights

Following suit of tourist arrivals, tourist nights exhibited an upward trend during FY 2009/2010. The number of nights spent by all departure groups totaled some 136.4 million, up by 13 million or 10.5 percent.

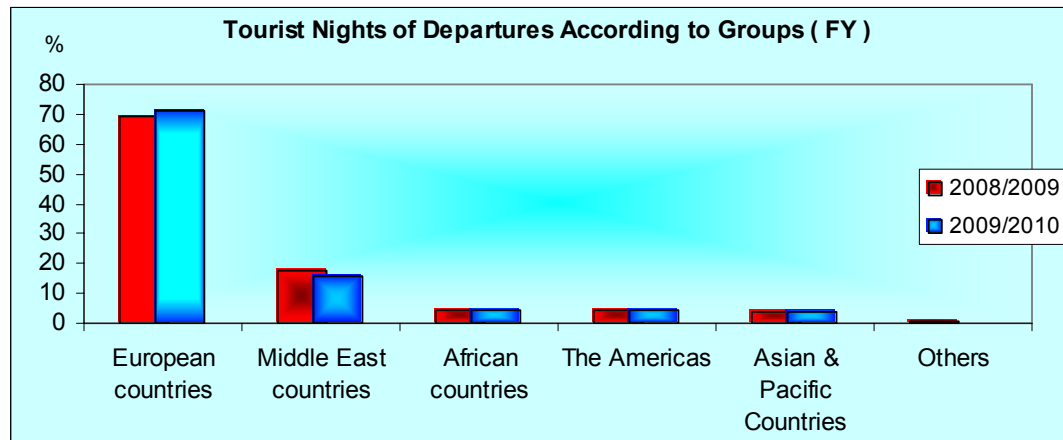
Number of Tourist Nights by Departure Group

(Thousand)

	FY		FY		Change + (-) %
	2008/2009	2009/2010	2008/2009	2009/2010	
	Number	Relative Weight	Number	Relative Weight	
Total	123383	100.0	136370	100.0	10.5
Europe	85599	69.4	97305	71.3	13.7
Middle East	21463	17.4	21514	15.8	0.2
Africa	5144	4.2	5538	4.1	7.7
The Americas	5718	4.6	6219	4.6	8.8
Asia and the Pacific	4801	3.9	5462	4.0	13.8
Others	658	0.5	332	0.2	(49.5)

Source: Ibid.

The **European group** ranked first, with a relative weight of 71.3 percent of the total tourist nights, registering a rise of about 13.7 percent, or about 90.1 percent of the total increase in tourist nights during the reporting year.

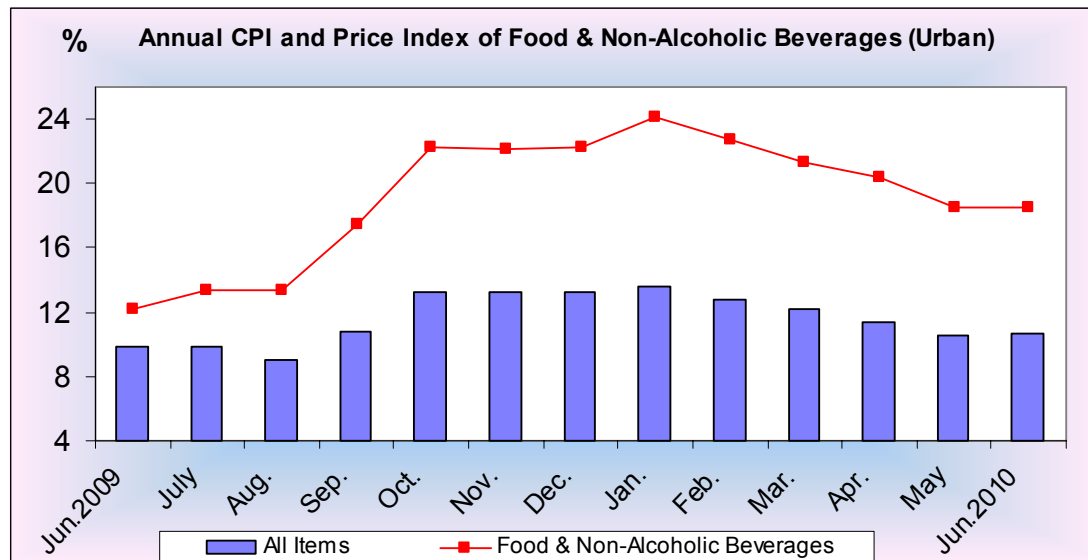


With a relative weight of 15.8 percent, the **Middle East group** ranked second. Tourist nights by departures of this group picked up by 51 thousand nights or 0.2 percent. The **Americas group** ranked third, with a share of 4.6 percent, registering a growth rate of 8.8 percent, followed by the **Asian and Pacific markets** and the **African markets**, with respective relative weights of 4.0 percent and 4.1 percent.

1/7: Inflation

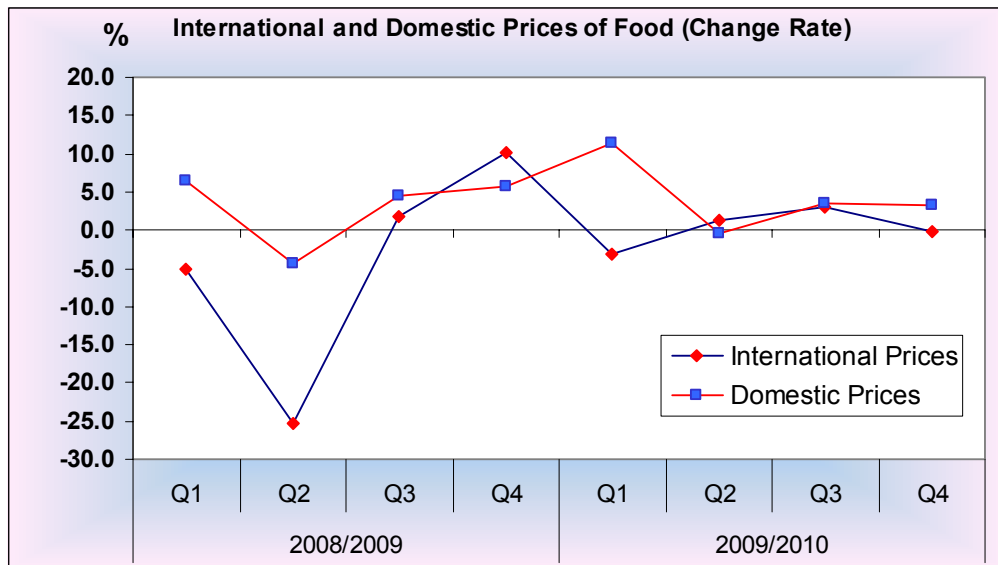
Consumer Price Index (CPI)

During FY 2009/2010, the annual headline CPI inflation (urban) rose to 10.7 percent at end of June 2010 (from 9.9 percent at end of June 2009). The increase was particularly pronounced in the prices of food and non-alcoholic beverages that added 8.9 percentage points to headline inflation (against 5.7 points).



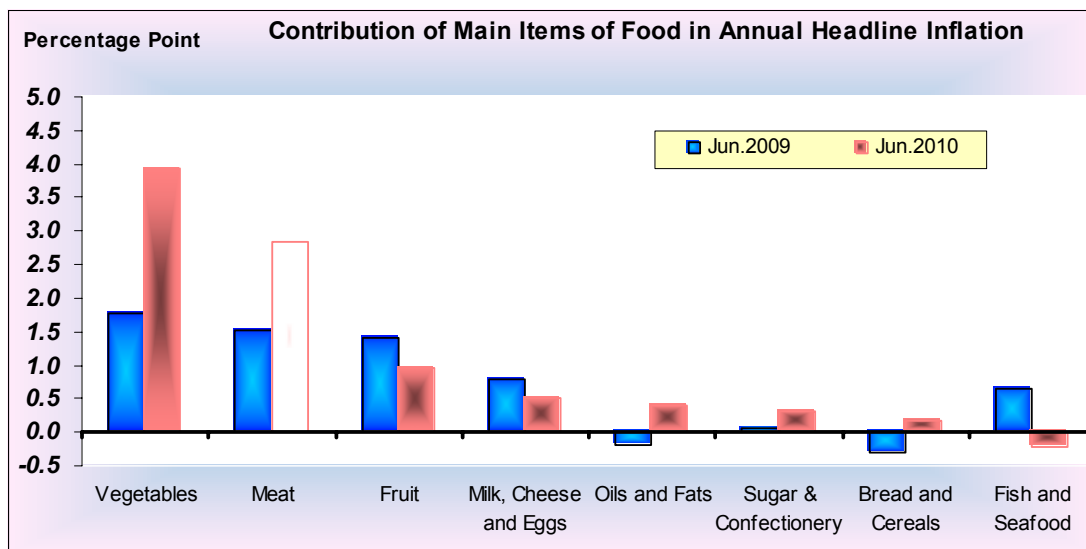
Source: CAPMAS.

The inflation of food and non-alcoholic beverages accelerated to 18.5 percent in the reporting year (from 12.2 percent in the previous FY). The fall in international food prices by 4.8 percent in the reporting year was not reflected on domestic price levels, as inflation kept on rising, indicating downward price rigidities in the domestic market.



Source : IMF.

The rise in the share of food and non-alcoholic beverages was ascribed to the larger contributions of most subgroups, especially vegetables (3.9 percentage points against 1.7 point) and meat and poultry (2.8 points against 1.5 point). On the other hand, declines were observed in the groups of fish (-0.2 point against 0.7 point) and fruits (0.9 point against 1.4 point).

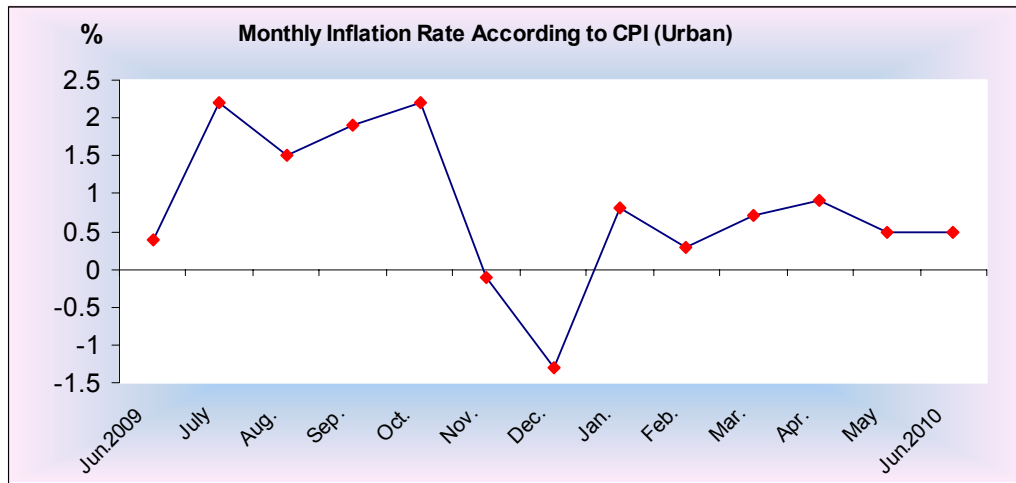


Another factor behind the increase in the annual inflation rate in the reporting year was the higher shares of education (0.5 percentage point against 0.2 point); and miscellaneous goods and services (0.6 point against 0.3 point), due to the rise in health insurance fees in October 2009). By contrast, the shares of other CPI subgroups declined, thus hindering a higher rise in inflation, as illustrated in the following table:

**Shares of CPI Groups (Urban) in Headline Inflation
(January 2007 = 100)**

Main CPI Groups	Inflation Rate during the Year Ending in June %		Share in Headline Inflation during the Year Ending in June (Percentage Point)	
	2009	2010	2009	2010
<u>General index</u>	<u>9.9</u>	<u>10.7</u>	<u>9.9</u>	<u>10.7</u>
Food and non-alcoholic beverages	12.2	18.5	5.7	8.9
Alcoholic beverages, tobacco and narcotics	7.9	0.0	0.2	0.0
Clothing and footwear	13.4	0.6	0.9	0.0
Housing, water, electricity, gas & fuel	4.1	1.3	0.5	0.1
Furnishings, household equipment and routine maintenance	13.1	1.1	0.5	0.0
Health care	4.5	0.3	0.2	0.0
Transportation	4.1	1.4	0.2	0.1
Communications	5.2	-0.1	0.2	0.0
Culture and recreation	15.0	6.3	0.5	0.3
Education	4.6	9.4	0.2	0.5
Restaurants and hotels	12.7	4.7	0.5	0.2
Miscellaneous goods & services	8.3	16.6	0.3	0.6

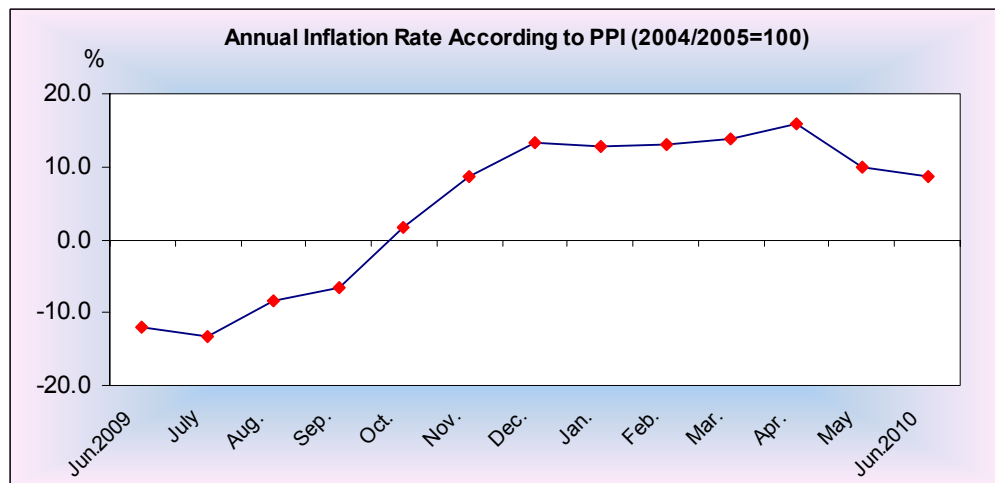
According to the CPI (urban), the **monthly headline inflation** reached 0.5 percent in June 2010, against 0.4 percent in June 2009, recording an average of 0.8 percent during the reporting year. The rise in the monthly headline inflation was concentrated in the subgroups of vegetables, meat and poultry, and fruits.



The same downtrend of December 2008 was noticeable in December 2009, with the steep fall in the monthly inflation rate to record a twelve month low of -1.3 percent in the reporting year. That was evidently attributable to the decline in the share of food and non-alcoholic beverages, especially vegetables and fruits.

Producer Price Index (PPI)

Taking the same upward trend of the CPI, the annual PPI inflation accelerated during FY 2009/2010, registering 8.6 percent, against a negative 12.0 percent in the previous FY.



The rise in PPI inflation was largely ascribed to the higher contribution of mining and quarrying (2.0 points against a negative 12.6 points). Such a higher contribution stemmed from the noticeable pickup in the share of crude oil (3.0 points against -19.7 points), reflecting a significant increase in the inflation rate of this group (9.8 percent against -42.1 percent). Also, the share of the manufacturing group increased (2.5 points against -1.0 point), mainly due to the larger contribution of iron and steel industry (0.8 point against -2.3 points) and the group of agriculture and fishing (3.7 points against 1.4 point), owing to the higher contribution of vegetables (2.0 points against 0.8 point).

The following table shows inflation rates and the shares of PPI groups in headline inflation during the reporting year and the year of comparison:

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

Main PPI Groups	Inflation Rate (%)		Share in Headline Inflation (Percentage Point)	Share in Headline Inflation (Percentage Point)
	July/June		July/June	July/June
	2008/09	2009/10	2008/09	2009/10
<u>General Index</u>	<u>-12.0</u>	<u>8.6</u>	<u>-12.0</u>	<u>8.6</u>
<u>1-Agriculture, Forestry and</u>				
<u>Fishing, of which:</u>	<u>5.2</u>	<u>11.6</u>	<u>1.4</u>	<u>3.7</u>
Cereals and leguminous crops	-23.4	1.3	-1.1	0.1
Rice	-45.3	13.8	-0.7	0.1
Vegetables	19.3	37.5	0.8	2.0
Fruits	22.8	6.3	1.1	0.4
Poultry and eggs	13.3	23.3	0.4	0.8
Fish	9.5	-5.0	0.2	-0.1
<u>2-Mining and Quarrying, of which:</u>	<u>-42.1</u>	<u>9.8</u>	<u>-12.6</u>	<u>2.0</u>
Crude oil	-50.1	13.5	-19.7	3.0
Stone, sand and clay	3.7	13.8	0.0	0.0
<u>3-Manufacturing, of which:</u>	<u>-3.0</u>	<u>6.9</u>	<u>-1.0</u>	<u>2.5</u>
Processed food products, of which:	5.9	11.8	0.4	1.0
Oils and fats	5.0	0.5	0.1	0.0
Dairy products	7.9	3.6	0.1	0.0
Fertilizers	17.8	29.9	0.1	0.3
Wood & products	-6.7	-13.4	0.0	0.0
Cement	17.3	2.0	0.2	0.0
Iron and steel	-39.8	19.2	-2.3	0.8
<u>4-Electricity and Gas, of which:</u>	<u>0.9</u>	<u>22.0</u>	<u>0.0</u>	<u>0.4</u>
Electric power generation, transmission and distribution	1.1	29.4	0.0	0.4
<u>5-Water Supply Activities</u>	<u>0.0</u>	<u>5.6</u>	<u>0.0</u>	<u>0.1</u>
<u>6-Transportation and Storage, of which:</u>	<u>12.0</u>	<u>0.5</u>	<u>0.2</u>	<u>0.0</u>
Inland transport	0.0	3.5	0.0	0.0
<u>7- Food and Accommodation Services, of which:</u>	<u>-2.5</u>	<u>-3.5</u>	<u>-0.1</u>	<u>-0.1</u>
Meal serving services in limited service facilities	7.4	5.7	0.0	0.0
<u>8-Information and Communications</u>	<u>4.4</u>	<u>0.0</u>	<u>0.1</u>	<u>0.0</u>

Source: CAPMAS

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.

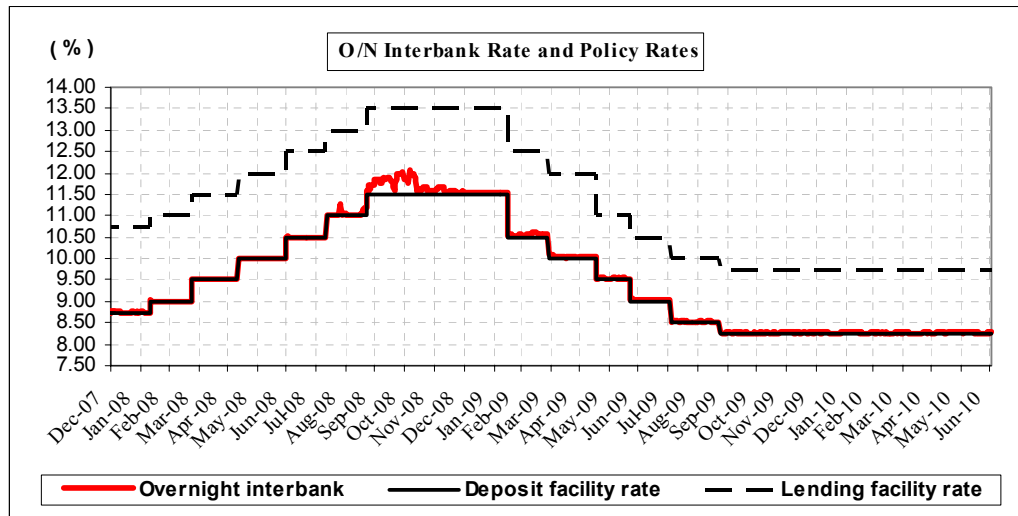
It is worth mentioning that the CBE announced on 25 Oct. 2009 a new measure of core inflation. The core measure is used as a complementary indicator that distinguishes the underlying trend of the inflation rate from its transitory movements. It is derived from the headline CPI, prepared by the Central Agency for Public Mobilization and Statistics, after excluding the prices of most volatile items and regulated prices, to make an accurate analysis of the causes for the increase of prices.

The decisions of the Monetary Policy Committee (MPC) during FY 2009/2010 aimed at achieving the overriding objective of the monetary policy. Accordingly, the MPC decided in the first quarter to cut the CBE key interest rates (the overnight deposit and lending rates), with a cumulative drop of 0.75 percent to 8.25 percent and 9.75 percent, respectively. The discount rate was also cut by 0.5 percent to 8.5 percent per annum. The MPC decided in 6 successive meetings, from November 2009 to June 2010, to keep the overnight deposit and lending rates and the discount rate unchanged. During the preparation of the Review, the MPC decided on 29 July 2010, and 16 Sept. 2010 to keep the overnight deposit and lending rates, as well as the discount rate unchanged.

The following are the CBE's key interest rates according to the MPC's decisions taken during FY 2009/2010:

	Overnight Deposit Interest Rate	Overnight Lending Interest Rate	Lending & Discount Rate
18 June 2009	9.00%	10.50%	9.00%
30 July 2009	8.50%	10.00%	8.50%
17 Sept. 2009	8.25%	9.75%	Unchanged
5 Nov. 2009- 17 June 2010	Unchanged	Unchanged	Unchanged

The above decisions of the MPC were reflected on the overnight interbank interest rate. Given the excess liquidity at the banking system, the weighted average of the said rate moved closer to the overnight deposit rate at the CBE in the reporting period (see the following chart).



The MPC’s decisions were also reflected on the market interest rates on deposits and loans. Hence, the average interest rate on three-month deposits reached about 6.3 percent per annum at end of June 2010 (against 6.9 percent at end of July 2009), while those on one-year or-less loans averaged 11.1* percent per annum (against 12.1 percent).

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

Open Market Operations:

The reporting year witnessed a rise in the outstanding balance of liquidity, which the CBE had absorbed from the market. It registered LE 101.5 billion at end of June 2010 (against LE 82.9 billion at end of June 2009). Such an increase was mainly due to the pickup in the purchases of foreign exchange by the CBE from banks.

2/1/2: Reserve Money

Reserve money (currency in circulation outside the CBE and banks' local currency deposits) reached LE 203.1 billion at end of June 2010, up by LE 28.0 billion or 16.0 percent during FY 2009/2010 (against LE 5.2 billion or 3.1 percent a year earlier). The rise resulted in a growth in currency in circulation outside the CBE by LE 18.0 billion, and in banks' local currency deposits by LE 10.0 billion.

Reserve Money and Counterpart Assets*

	Balances at End of June 2010	Change During FY	
		2008/09 Value	2009/10 Value
<u>A- Reserve Money</u>	<u>203071</u>	<u>5193</u>	<u>27967</u>
-Currency in circulation outside the CBE	144253	14856	17985
-Banks' local currency deposits	58818	(9663)	9982
<u>B- Counterpart Assets</u>	<u>203071</u>	<u>5193</u>	<u>27967</u>
<u>Net Foreign Assets</u>	<u>190234</u>	<u>(8601)</u>	<u>18502</u>
Foreign assets	198605	(8966)	25550
Foreign liabilities	8371	(365)	7048
<u>Net Domestic Assets</u>	<u>12837</u>	<u>13794</u>	<u>9465</u>
Claims on the government (net)	80611	(13259)	11998
Claims on banks (net)	29010	(77247)	28676
<u>Other Items (Net)</u>	<u>-96784</u>	<u>104300</u>	<u>(31209)</u>

* Derived from the CBE's balance sheet

As for the components of reserve money, the breakdown of currency in circulation outside the CBE by denomination indicates that the relative importance of large denominations (LE 200, LE 100 and LE 50) continued to rise, recording 92.1 percent of total currency in circulation outside the CBE at end of June 2010 (against 90.5 percent at end of June 2009). The increase was

mainly concentrated in the relative importance of the new LE 200 note (after modifying its specifications and size and putting it in circulation as of August 2009). That mirrored the continued preference for large notes, in the light of the increasing value of transactions associated with higher prices. Against these developments, the average value per note increased from LE 30.8 at end of June 2009 to LE 33.4 at end of June 2010.

Currency in Circulation Outside the CBE*

Banknotes	June 2009		June 2010		Change during FY	
	Value	Relative Importance	Value	Relative Importance	2008/09	2009/10
Total	126268	100.0	144254	100.0	13.3	14.2
Banknote in Circulation	125981	99.8	143948	99.8	13.4	14.3
PT 25	158	0.1	184	0.1	9.0	16.3
PT 50	308	0.3	293	0.2	27.3	(4.9)
LE 1	770	0.6	843	0.6	30.3	9.5
LE 5	1257	1.0	1495	1.0	13.8	18.9
LE 10	2911	2.3	2844	2.0	2.3	(2.3)
LE 20	6297	5.0	5480	3.8	(12.5)	(13.0)
LE 50	22898	18.1	18704	13.0	(9.9)	(18.3)
LE 100	60867	48.2	68641	47.6	11.6	12.8
LE 200**	30515	24.2	45464	31.5	60.1	49.0
Subsidiary Currencies	287	0.2	306	0.2	4.4	6.6

* The difference between banknote issue and cash at the CBE vaults.

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

The pickup in currency in circulation outside the CBE was due to the increase in the balance of banknote issue by LE 18.3 billion or 14.3 percent in the reporting year (against a rise of LE 15.2 billion or 13.5 percent a year earlier) to reach LE 146.2 billion at end of June 2010. As for the components of the issue cover, the value of gold increased by LE 3.0 billion, as a result of its revaluation on 30 June 2010, to register LE 12.4 billion. Likewise, Egyptian government bonds rose by LE 4.2 billion to LE 122.4 billion. In addition, about LE 11.1 billion worth of foreign currencies were added to the issue cover. Accordingly, the structure of the cover at end of June 2010 was as follows: 83.9 percent as government bonds, 8.5 percent as gold, and 7.6 percent as foreign currencies.

Banknote Issue*

At End of June	Balance of Banknote Issue	Change during the Year	
		Value	%
2006	79253	11500	17.0
2007	93499	14246	18.0
2008	112705	19206	20.5
2009	127912	15207	13.5
2010	146220	18308	14.3

(LE mn)

*Including subsidiary coins issued by the Ministry of Finance.

The increase in **the counterpart assets of reserve money** was due to the pickup in both net foreign assets and net domestic assets. Adding 10.6 percentage points or LE 18.5 billion worth, net foreign assets at the CBE contributed the bulk of the increase in reserve money, while net domestic assets contributed some 5.4 points or LE 9.5 billion.

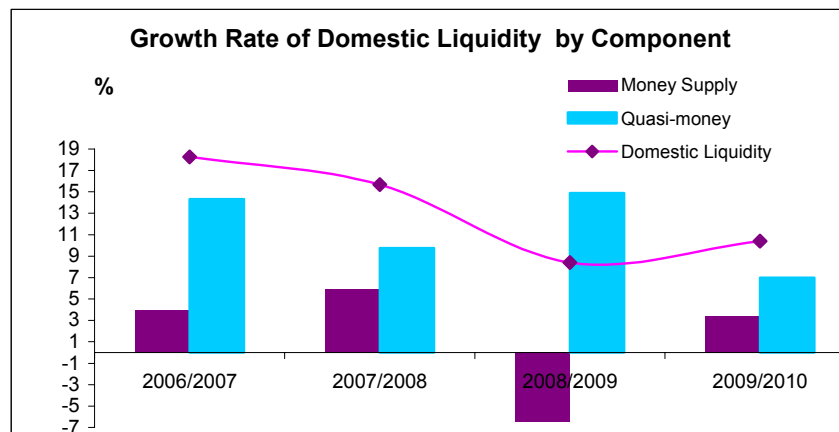
A number of factors stood behind the pickup in net domestic assets. First, the CBE's net claims on the government went up by LE 12.0 billion (due to the rise in its claims on the government by LE 3.4 billion and the decline in government deposits therewith by LE 8.6 billion). Second, the CBE's net claims on banks went up by LE 28.7 billion due to the increase in the CBE's claims on banks by LE 28.1 billion (represented in the rise of the CBE's foreign currency deposits at banks) and the drop in banks' foreign currency deposits at the CBE by LE 0.6 billion worth. On the other hand, the negative balance of other items (net) rose by LE 31.2 billion, owing to the LE 18.6 billion increase in the deposits accepted by the CBE under the open market operations, and the LE 12.6 billion drop in net unclassified assets and liabilities.

The rise of LE 18.5 billion worth in net foreign assets with the CBE was an outcome of the pickup of LE 25.6 billion worth in foreign assets, curbed by the rise in foreign liabilities by the equivalent of LE 7.1 billion. It is worthy to note that SDR allocations - issued by the IMF to its members to boost global financial markets - were classified as foreign assets and liabilities, according to the IMF's proposed classification.

2/1/3: Domestic Liquidity (M2) and Counterpart Assets

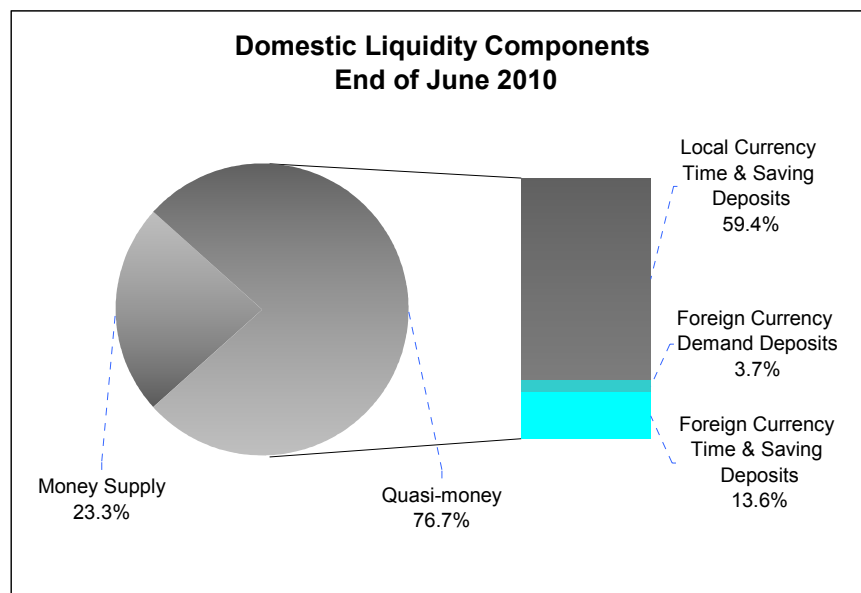
Domestic liquidity went up by LE 86.3 billion or 10.4 percent during FY 2009/2010 (against LE 64.5 billion or 8.4 percent a year earlier) to reach LE 917.5 billion at end of June 2010. The rise resulted from the growth in net domestic assets by LE 58.0 billion or 10.0 percent, and net foreign assets by LE 28.3 billion worth or 11.1 percent.

The rise in domestic liquidity was reflected on the growth of money supply and quasi-money. **Money supply** augmented by LE 31.1 billion or 17.0 percent (against LE 12.4 billion or 7.3 percent a year earlier) reaching LE 214.1 billion or 23.3 percent of total domestic liquidity at end of June 2010. The pickup in money supply was a result of the rise in currency in circulation outside the banking system by LE 17.1 billion or 14.4 percent (against LE 13.5 billion and 12.9 percent) to reach LE 135.2 billion at end of June 2010. Another contributing factor was the rise in local currency demand deposits by LE 14.0 billion or 21.6 percent (against a decline of LE 1.1 billion or 1.6 percent) to stand at LE 78.8 billion at end of June 2010. The bulk of the increase in these deposits (57.2 percent) was contributed by the private business sector.



Quasi-money accelerated by LE 55.2 billion or 8.5 percent in the reporting year (against LE 52.1 billion or 8.7 percent in the previous year) to post LE 703.4 billion at end of June 2010. The rise was due to the LE 64.3 billion or 13.4 percent increase in LE time and saving deposits by all sectors, to register LE 545.3 billion or 77.5 percent of total quasi-money, and 59.4 percent of total liquidity at end of June 2010.

Most of the increase (93.4 percent) in LE time and saving deposits was contributed by the household sector. Deposits of that sector rose by LE 60.0 billion or 15.5 percent, to reach LE 448.3 billion or 82.2 percent of total LE time and saving deposits and 63.7 percent of total quasi-money. By contrast, foreign currency deposits of all sectors declined by LE 9.1 billion worth or 5.4 percent, to stand at LE 158.1 billion worth and to represent 22.5 percent of total quasi-money at end of June 2010.



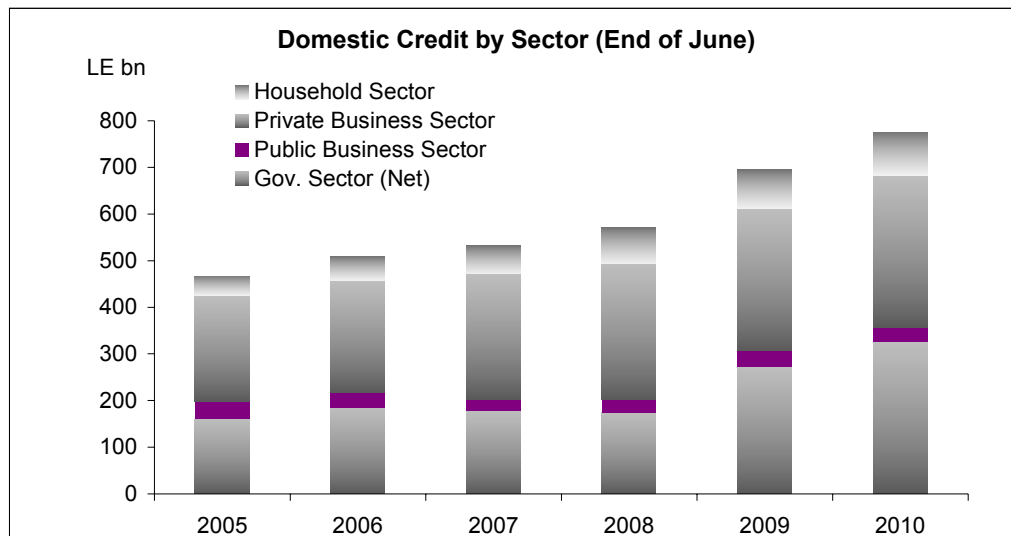
Against these developments, the ratio of foreign currency deposits / total deposits (dollarization ratio) declined from 23.4 percent at end of June 2009 to 20.2 percent at end of June 2010, a fact that reflects the propensity for saving in Egyptian pound rather than foreign currencies, especially, given 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 as compared with the US dollar and other main currencies.

Domestic Liquidity Growth Rate by Counterpart Assets

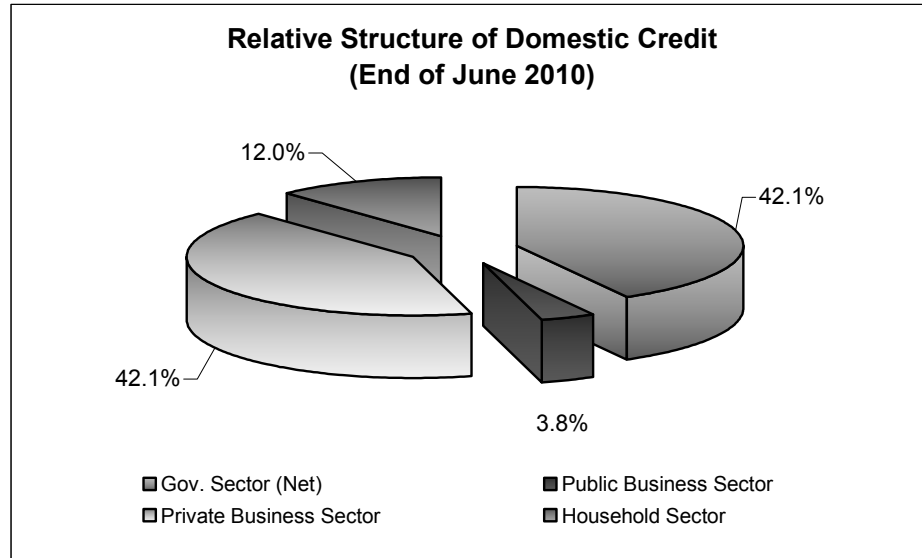
June	2007	2008	2009	2010
Domestic liquidity growth rate (%)	18.3	15.7	8.4	10.4
Net foreign assets (%)	15.2	12.8	(6.5)	3.4
Net domestic assets (%)	3.1	2.9	14.9	7.0

Domestic credit rose by LE 79.9 billion or 11.5 percent during the reporting year (against LE 124.4 billion or 21.8 percent a year before) to reach LE 775.3 billion at end of June 2010.

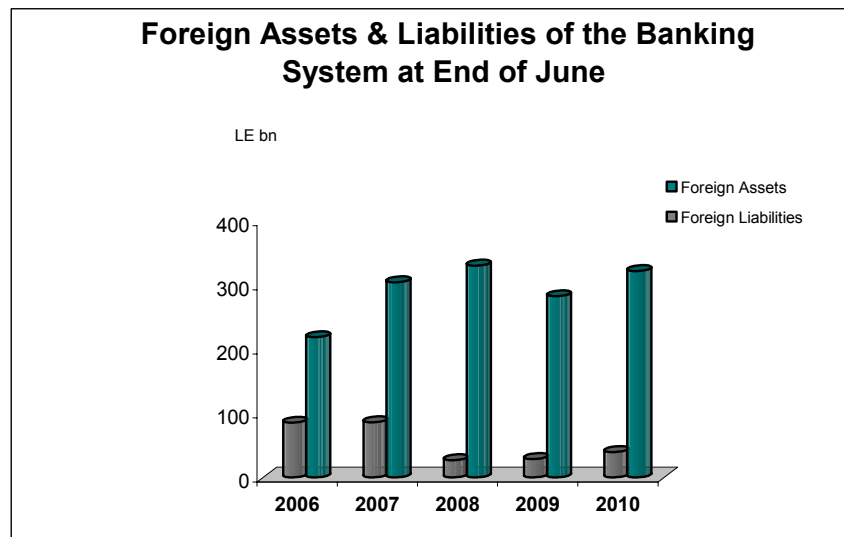
The rise in domestic credit reflects mainly the increase in net credit to the government (including public economic authorities) by LE 53.0 billion or 19.4 percent (against LE 99.1 billion or 57.0 percent a year earlier) reaching LE 326.1 billion or 42.1 percent of total credit at end of June 2010. Such a rise came as a result of the increase in banks' holdings of government securities by LE 42.6 billion, and in government borrowing by LE 12.2 billion, on the one hand, and the rise in government deposits by LE 1.8 billion, on the other hand.



Given the marked rise in its investments, credit to the private business sector augmented by LE 21.9 billion or 7.2 percent (against LE 12.8 billion or 4.4 percent) posting LE 326.4 billion or 42.1 percent of total domestic credit at end of June 2010. Credit to the household sector surged by LE 8.2 billion or 9.7 percent (against LE 6.3 billion or 8.0 percent) bringing its balance to LE 92.8 billion or 12.0 percent of total credit at end of June 2010, due to the increase in the activities of retail banking and consumer credit (especially personal loans). However, credit to the public business sector rolled back by LE 3.2 billion or 9.5 percent (against a rise of LE 6.2 billion or 23.2 percent), bringing its indebtedness to banks to LE 30.0 billion or 3.9 percent of total credit at end of June 2010.



Net foreign assets with the banking system amounted to LE 282.4 billion worth at end of June 2010, with a rise of LE 28.3 billion worth or 11.1 percent in the reporting year (against a decline of LE 49.5 billion worth or 16.3 percent a year earlier). The rise reflects larger net foreign assets at the CBE by LE 18.5 billion worth (due to the rise in its foreign assets by LE 25.6 billion worth, and its foreign liabilities by LE 7.1 billion worth) and higher net foreign assets at banks by LE 9.8 billion worth. The marked increase in net foreign assets at the CBE reflects the stronger performance of the balance of payments that registered an overall surplus of US\$ 3.4 billion in the year under review (against an overall deficit of almost the same amount in the year of comparison).



Net balancing items exerted a contractional effect on domestic liquidity during the year. Its credit balance rose by LE 22.0 billion (against LE 10.3 billion a year earlier). That was an outcome of the increase in capital accounts by LE 22.5 billion, and the decline in unclassified assets and liabilities by LE 0.5 billion.

2/1/4: 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, ensure their liabilities and confidentiality, and progressively move to a cashless society. In this respect, the following achievements were made during FY 2009/2010:

- A project was initiated to develop the Core Banking & Financial System. An international bid was made for this purpose and offers were received from international companies with high experience in that field. The CBE is now in the process of making technical and financial evaluations of these offers. 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 access to its relevant 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. As an initial step, the updating and development of the Bank's accounting framework was completed with the participation of all the sectors concerned.
- The development of the banking sector units database at the CBE is currently under way, by setting up a data warehouse conforming to the international standards. The warehouse is designed to help the CBE's different sectors to obtain such accurate and transparent reports that are required for them to follow up 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 of the main center at El-Gomhoria building in Cairo. The action aims at ensuring access to data and services with accuracy and timeliness, taking into account that the backup site should conform to the international rules and conditions. The CBE building in Tanta was chosen to be the location for this site, and a

study was approved for this purpose. Moreover, necessary procedures for implementing the project were taken.

- The CBE has finished the preparation, installation and operation of the new Domestic Money Monitoring System (DMMS). The system aims to electronically monitor the performance of the domestic market (mutual funds, interbank, and interest rates). Technically, the system receives electronic files through the interface with the CBE. After files are uploaded to the system, data would be analyzed and a number of monitoring reports are produced with the aim of following up banks' performance.
- The Central Chamber for FX Statistics was transferred to the CBE building in El-Gomhoria Street. In this context, actions were taken concerning its interface with banks and forex companies in addition to the hardware, software, and application programs.
- Out of its keenness to secure the data of banks, especially with the increased risks associated with internet use and the provision of banking services via the internet, the CBE adopted a project that obliges banks to identify and assess the vulnerabilities of the data network that serves the banking operations system and the CBE's website. Banks should also revise the design of the data security systems, and conduct penetration tests in cooperation with specialized companies. The project also obliges banks to present a plan that addresses any detected vulnerabilities, with the agreement of the companies specialized in this regard. Moreover, banks should submit to the CBE a report on the identification and assessment of vulnerabilities, a report on the remedial plan, and another on the penetration tests.
- To automate the procedures of submitting offers for the auctions of treasury bills and bonds and the CBE's certificates of deposits (CDs), an electronic system called the "auction portal system" was introduced. Through this system, the primary and non primary dealers can submit their offers for the auctions online within the scope of the secure and private data network which connects the banks operating in Egypt with the CBE according to specific regulations.
- The payment systems and information technology sector is participating in the project, by designing and monitoring the infrastructure of Qasr El Nile building.

2/1/5: RTGS and SWIFT Local Services

Data on 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 1.2 million messages, with a value of LE 13274.7 billion (against 0.9 million, with a value of LE 5294.4 billion a year earlier). The marked rise in the number of transactions during the year was ascribed to the implementation of the RTGS system (whereas in the year of comparison, the system's impact was not felt except in the last quarter). In addition, the 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

During FY	Number of Messages (Unit)	Value of Transfers (LE mn)	Change During the Year	
			Number	Value
2006/2007	525236	2280198	120460	621404
2007/2008	700668	3092401	175432	812203
2008/2009	897205	5294357	196537	2201956
2009/2010	1191374	13274677	294169	7980320

According to the statistics of the CBE Automated Clearing House, included in the RTGS since its launch, the number of exchanged cheques increased during the year to 13.0 million cheques (from 12.1 million a year earlier). Their total value went up to LE 584.5 billion (from LE 548.0 billion). As a result, the average value per cheque declined to LE 45.0 thousand (from LE 45.4 thousand).

CBE Automated Clearing House Activity

During FY	Number of Cheques (thousand)	Value of Cheques (LE mn)	Change	
			Number	Value
2006/2007	10481	356900	10.2	23.6
2007/2008	11724	483113	11.9	35.4
2008/2009	12062	548038	2.9	13.4
2009/2010	12994	584546	7.7	6.7

Transactions executed in foreign currencies under the Fin-Copy system, via SWIFT, showed a decrease in both number and value. As such, the number of executed transactions reached 12.2 thousand at a value of US\$ 70.0 billion during the year, against 12.4 thousand transactions, valuing US\$ 83.0 billion a year earlier.

SWIFT Local Service Activity in US Dollar

During FY	Number of Messages (Unit)	Value of Transfers (US\$ mn)	Change During the Year	
			Number	Value
2006/2007	12070	78997	1021	39224
2007/2008	13925	105586	1855	26589
2008/2009	12365	83019	(1560)	(22567)
2009/2010	12204	70008	(161)	(13011)

2/2: Banking Developments

2/2/1: Banking Reform

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

- Prepare and implement a comprehensive program for the financial and administrative 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), which is expected to positively affect these banks' performance by the end of the second stage of the said banking reform plan.
- Follow 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. All requirements necessary to increase 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 were completed in the second stage.
- Apply 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 on 1 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 two main principles; 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** (continuing implementation) - 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.
- Adopt 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 improving and financing 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. As a preliminary stage, this survey will be initiated in Al Sharqiya Governorate, and in the light of the results, it will be completed in the rest of the governorates. According to the findings, a database will be set up and is to be periodically updated.

- Review and strictly apply the international governance rules to the Egyptian banking sector and the CBE.

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 non-performing loans issue, (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 the end of December 2004 to 39 banks at the 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), management information systems (MIS) 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 cash 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 world financial crisis.

2/2/2: Supervision Sector

The CBE conducts supervision over banks in Egypt to ensure the soundness of their financial positions and to evaluate their performance from the perspective of risk-based supervision. In addition, it checks that banks comply with the CBE regulatory standards, including the minimum-reserve and liquidity ratios, the maximum limits of a bank's exposure to a single customer, his connected parties, and exposure abroad, as well as the asset-liability matching in terms of maturity and currency. Add to this a number of qualitative standards that ensure – besides the abovementioned standards – the sound performance of

banks and the safety of depositors' funds. Those standards include good governance rules, information system efficiency and appropriate competency standards for officials and managers of banks' key sectors.

The implications of the financial crisis showed that the instructions and the reform policies adopted by the CBE to restructure banks, raise their capital and strengthen their risk management system were instrumental in containing the effects of this crisis. Moreover, during the reporting year, the CBE had thoroughly monitored the financial crisis in Dubai, Greece and some EU countries, so as to be capable of making immediate decisions when necessary to counteract the spillovers in due time. The CBE's Board of Directors issued a decision, on its session dated 22 June 2010, approving the regulations relating to the maximum exposure of banks operating in Egypt to their customers of financial institutions abroad.

In the reporting year, the CBE issued other regulations and instructions, the most important of which were the following:

- 1- The CBE emphasized that banks operating in the foreign exchange market shall be prohibited from conducting any margin trading on any currency or precious metal on behalf of their customers.
- 2- Banks should be free to change the list of their announced market rates, whenever the interbank rates change, provided that the buying market rates do not exceed the buying interbank rates, and that the selling market rates are higher than those of the interbank rates.
- 3- Banks are required to obtain data and information from the Egyptian Credit Bureau (I-Score) on the credit history of natural persons and SMEs, as part of the process of analyzing information on, and assess the creditworthiness of, each customer to decide whether credit be offered, increased or renewed. Moreover, banks should observe accuracy of the information sent therefrom to the Credit Bureau to ensure the reliability of the Bureau's reports, on the basis of which banks should assess the creditworthiness of their customers.
- 4- The CBE agreed to include the bonds issued by a public economic authority in the numerator of the local currency liquidity ratio, and the US dollar bonds issued by the Treasury in a stock market in the numerator of the foreign currency liquidity ratio.

- 5- The CBE agreed to include the repo transactions it conducts with its customers – apart from the banks registered at the CBE – on government securities (treasury bonds and bills) in the components of reserve ratio.
- 6- The CBE approved a new electronic system called the “Domestic Money Monitoring System” whereby banks shall be committed to submit daily data on their interbank rates, weekly data on mutual funds, and monthly data on interest rates of loans and deposits.
- 7- Offers for the auctions of treasury bills and bonds and the CBE certificates of deposits (CDs) shall be submitted through a new system called the “Auction Portal System” operating within the scope of the secure and private data network, which connects the banks operating in Egypt with the CBE.
- 8- Prior to providing e-banking services or entering into a contract with a company operating in this field, a bank should obtain the approval of the CBE.
- 9- The rules and regulations governing the operation of payment orders via mobile phones in Egypt (mobile-banking) were established, with the aim of regulating money transfer transactions through mobile phones. If it is found out, upon verification by the CBE, that the technical and administrative systems of an applicant bank do not conform to the above-said rules and regulations, it shall be denied the CBE’s approval.
- 10- The CBE called on banks to ensure the efficient security of their information systems, taking into account the increasing risks resulting from using and providing banking services via the internet.
- 11- The CBE set out its strategy for applying Basel II accords at the Egyptian banking sector as of the beginning of 2009 till the end of 2011. Within the framework of applying these accords, the CBE prepared discussion papers on operational risks, credit risks, market risks, and the capital base for assessing the capital adequacy of own funds to know the comments of banks and exchange their viewpoints prior to conducting quantitative studies.
- 12- Forms sent by banks to the Supervision Sector at the CBE (40 forms) shall be automated in compliance with the rules entitled “preparation and presentation of banks’ financial statements and the principles of

recognition and measurement” approved by the CBE Board of Directors on its session of 16/12/2008. These rules shall be effective on, or after, January 1st, 2010.

- 13- Banks shall start increasing their “risk reserves” annually, by 10 percent of the value of assets that are transferred to their ownership, in discharge of the debts owed to them by other parties, in the event that these debts are not disposed of within the legal period. However, this action shall not be an alternative to disposing of the assets in question, as banks were urged to do such disposals.
- 14- Each bank shall specify the required security deposit when opening documentary credits; confirming the bills submitted under suppliers’ credit; or issuing letters of credit to import commodities on behalf of traders for the purpose of trading, or on behalf of government entities. The minimum limit of such ratio shall be 50 percent for each individual case, in accordance with the bank’s credit policy and its customer case studies.

As for enhancing the framework of 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 managers of banks to make sure that they are qualified for their positions. Moreover, the Board agreed, on its session dated 24 November 2009, to modify these criteria by adding a new criterion stipulating that “It shall be prohibited for any one to simultaneously occupy the two positions of a senior manager in one bank and a member of the board of directors of another bank. This shall only be applicable to future nominations, and an exception shall be made for those banks that are entirely owned by the CBE.” The criterion in question is intended to prevent any conflict of interests, in compliance with sound corporate governance practices. In addition, interviews should be made with the chairmen and their deputies, delegated members, executive board members of banks and the executive managers 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.

As for foreign nominees at banks (board members and executive managers), a regulation was set in relation to consulting the regulatory authority to which the nomination entity is affiliated with the aim of ensuring that these nominees are eligible for the positions they are nominated for.

In light of the study conducted on some of the banks' statutes relating to the periodicity and place of holding the meetings of banks' boards of directors, the CBE Board of Directors agreed, on its session dated 20 June 2009, to exceptionally allow banks to hold their board meetings outside Egypt for one time during the fiscal year.

Regulations are currently set to allow banks to promote the products of mortgage finance companies through the branches of banks.

The Egyptian Financial Supervisory Authority (EFSA) issued Decision No. (3) for 2010 concerning the regulations of depository banks activity and the issuance of Egyptian depository receipts. The regulations shall be applicable to banks that apply for the CBE to practise this activity.

In line with the CBE's policy of encouraging the growth and spread 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 the applicant banks, that give due regard to the soundness of banks' financial positions, internal control systems, the efficiency of their information systems and their capital adequacy to ensure that they can better face the risks arising from the expansion in their activities. In addition, the CBE has set and modified the rules concerning the business hours of all banks operating in Egypt. That step is meant to ensure equality among banks, with respect to the number of hours of offering customer services, thus ensuring fair and equal standards of competition among banks. The CBE also laid out the security regulations of foreign exchange offices at banks. The regulations aim at avoiding events which can affect the safety and security of these offices.

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 (63 houses of expertise were listed). 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 non-performing loans.

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

Recently, banks have been eager to provide e-banking services to keep pace with the technological progress in this field. These are either traditional banking services or innovative ones (effected via electronic networks) and had already been regulated by the rules issued by the CBE Board of Directors on 28 February 2002. On 2 February 2010, the CBE Board of Directors approved the regulations governing the operation of payment orders via mobile phones in Egypt. Furthermore, the CBE is currently in the process of updating the rules of internet banking so as to reduce the risks resulting from the provision of e-banking services.

Moreover, the CBE's system of pooling credit risk aims at providing all the information (positive and negative) about customers who make regular or irregular payments and obtain finance and credit facilities in an amount of LE 30 thousand or more. The purpose is to notify banks, through the CBE's data network, of the positions of these customers before deciding whether credit be offered, renewed, or increased. On the other hand, the credit registration system at the CBE provides a set of supervisory reports that ensure banks' compliance with the CBE's supervisory regulations in this respect.

The credit registration system at the CBE was updated with the aim of making it more effective and transparent, and thus enhance the efficient performance and soundness of the banking system and its ability to manage banking risks and to cope with the global changes in the structure of economic activities. In doing so, the CBE introduced the following measures:

- Obliging banks to send the Obligor Risk Rating (ORR) of their customers on a monthly basis.
- Updating the information from banks on the activities of each customer, according to the International Standard Industrial Classification (ISIC) set by the CAPMAS.
- Approving applications submitted by some financial leasing companies and mortgage finance companies to participate in the credit registration system and to have an online access to the CBE's information network either when submitting declarations or being notified of customers' positions.

- Approving -in principle- the application submitted by the Social Fund for Development to be immediately registered with the CBE's credit registration system.

In this respect, the CBE has been exerting strenuous efforts to ensure banks' compliance with the rules regulating the credit registration system at the CBE according to the provisions of Law No. 88 of 2003 of the Central Bank, the Banking Sector and Money and its Executive Regulations, and the CBE's Board of Directors' decision dated 26 April 2005. A step forward in this direction was the field inspection made recently on a number of banks (in accordance with the Supervision Sector's plan for 2009/2010).

It is worthy noting that the field inspection made by the CBE's system of pooling credit risk through inspection teams aims in the first place to verify banks' compliance with the rules and decisions mentioned above. Also, a great deal of the information and data sent by banks on their customers were corrected, to enhance more disclosure and transparency of customers' positions and help make informed credit granting decisions.

As regards on-site supervision, the Central Bank continued 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 its level of risk and quality of products and activities. In this context, the inspection capacity has been gradually increased whether in terms of number or quality. It is worth noting that a major part of bank inspection is conducted by means of automated systems and laptops. For this purpose, a program was developed to produce the credit examination sample in a more comprehensive way, and to help inspectors identify - with a higher degree of accuracy - the strengths, weaknesses and risks of customers and banks. 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 made. In addition, the system of examination according to specialization was adopted whereby the inspection of banks is carried out by specialized inspectors. For example, the examination of retail banking at each bank is carried out by a team

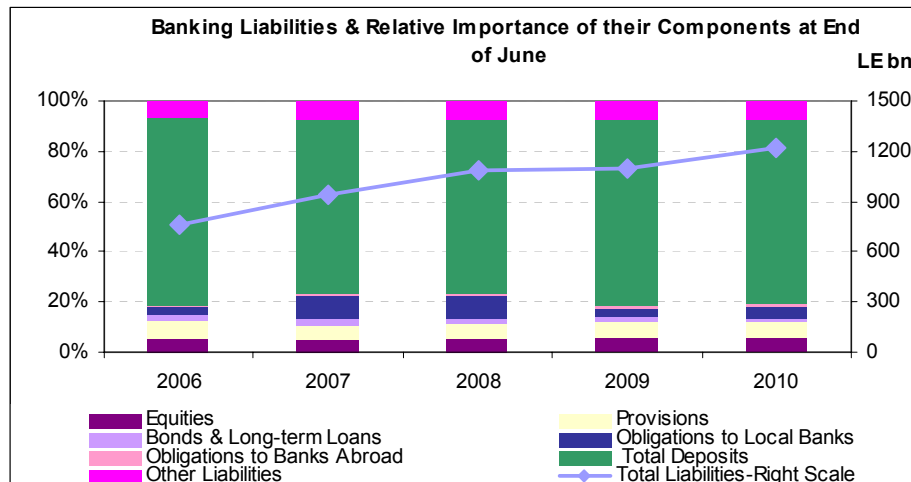
whose members are specialized in retail banking. The same applies to information systems and market risks. That approach makes inspection more effective and profound by providing a thorough view of the risks of the inspected bank.

In this context, a core team was formed to follow-up and manage the IT systems, being tasked with analyzing and reporting on risk areas at banks. Together with off-site supervision, this will help outline a blueprint for the inspection plans and progress on the corrective actions.

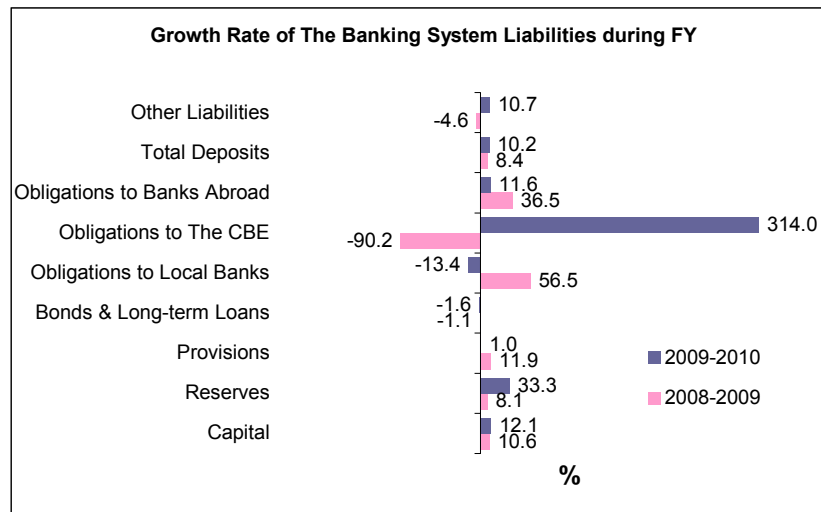
The inspection reports made lately have contributed not only to upgrading the risk management framework in several banks and furthering the application of the international best practices in various fields (e.g. governance, and outsourcing), but also to creating a more conducive environment for on-site supervision and the combating of money laundering and terrorism finance. On the other hand, the Supervision Sector at the CBE continued to cooperate with the other supervisory and judicial authorities in resolving 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 registered banks operating in Egypt (39 in number) posted LE 1220.7 billion at end of June 2010, rising by LE 128.7 billion or 11.8 percent during FY 2009/2010, well above the figures of the previous FY (LE 8.7 billion and 0.8 percent).

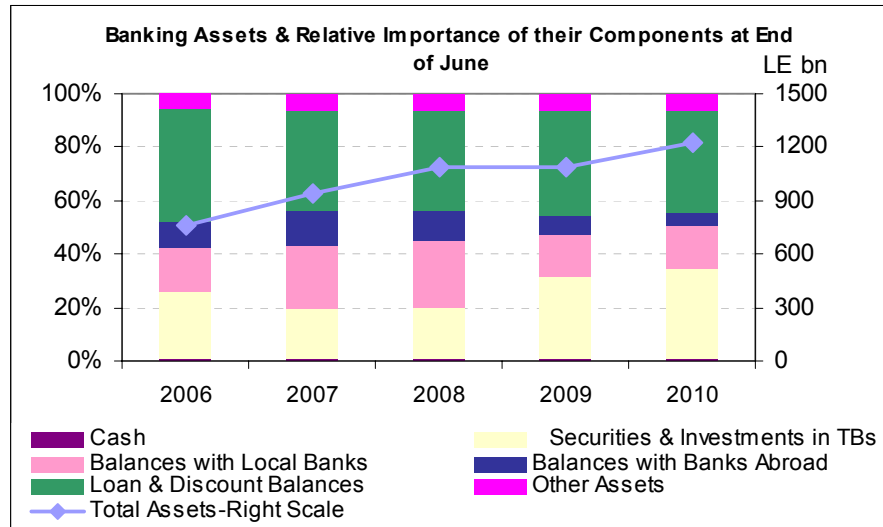


Most of the rise on the **liabilities side** (roughly two thirds or 64.4 percent) stemmed from the pickup in deposits at banks (LE 82.8 billion or 10.2 percent). Obligations to local banks increased by LE 22.9 billion (an outcome of the LE 25.9 billion rise in obligations to the CBE and the LE 3.0 billion decline in obligations to other banks).

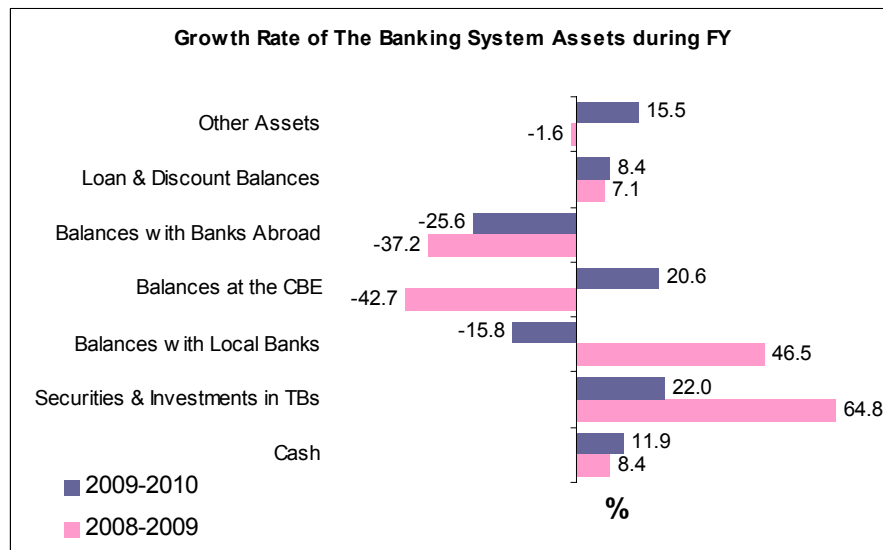


Increases were also seen in banks' equities (by LE 12.2 billion or 19.3 percent) and their provisions (only by LE 0.7 billion or 1.0 percent).

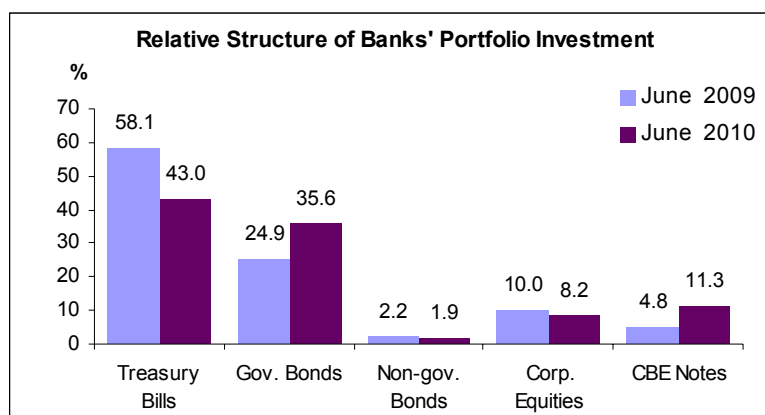
Around 57.0 percent of the increase on the **assets side** was traceable to the surge in banks' investments in securities and bills by LE 73.3 billion or 22.0 percent to LE 405.9 billion, representing 33.3 percent of the aggregate financial position of banks at end of June 2010. Likewise, increases were seen in the lending and discount balances by LE 36.0 billion or 8.4 percent to LE 466.0 billion, thereby constituting 38.2 percent of banks' aggregate financial position. In addition, balances with local banks augmented by LE 27.2 billion or 15.7 percent (due to the rise in the balances at the CBE by LE 30.9 billion and the drop in those at banks by LE 3.7 billion).



On the other hand, balances with banks abroad significantly retreated by LE 19.7 billion worth or 25.6 percent.



The increase in banks' investments in securities and bills was largely ascribed to the rise in their investments in government bonds by LE 61.4 billion and in foreign securities by LE 30.1 billion. However, investments in treasury bills retreated by LE 18.6 billion.



Interbank Transactions Transactions with Banks Abroad

During FY 2009/2010, **net transactions of local banks with correspondents abroad** unfolded a decline in their net credit balances by the equivalent of LE 21.8 billion or 37.1 percent, bringing their net transactions to LE 37.1 billion worth at end of June 2010 (against LE 58.9 billion worth at end of June 2009). The fall in banks' credit balances was a dual effect of the decrease in their balances with, and the increase in their obligations to, banks abroad, by the equivalent of LE 19.7 billion and LE 2.1 billion, in order.

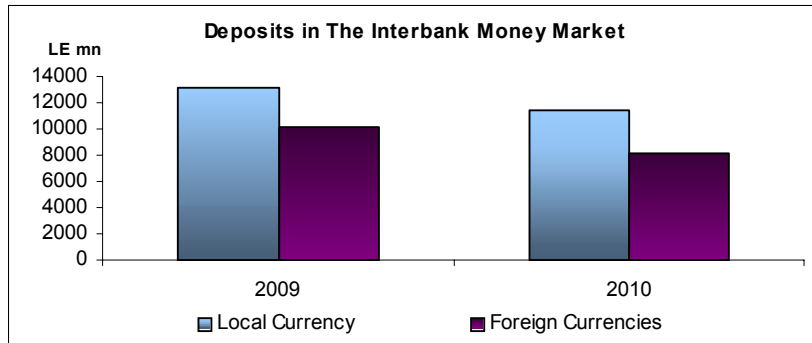
Transactions with Banks Abroad

(LE mn)

At End of	<u>June 2009</u>	<u>June 2010</u>	<u>Change during FY</u>			
			<u>2008/2009</u>		<u>2009/2010</u>	
			Value	%	Value	%
<u>Net Position</u>	<u>58925</u>	<u>37066</u>	<u>(50540)</u>	<u>(46.2)</u>	<u>(21859)</u>	<u>(37.1)</u>
Balances at banks abroad	77120	57371	(45672)	(37.2)	(19749)	(25.6)
Obligations to banks abroad	18195	20305	4868	36.5	2110	11.6

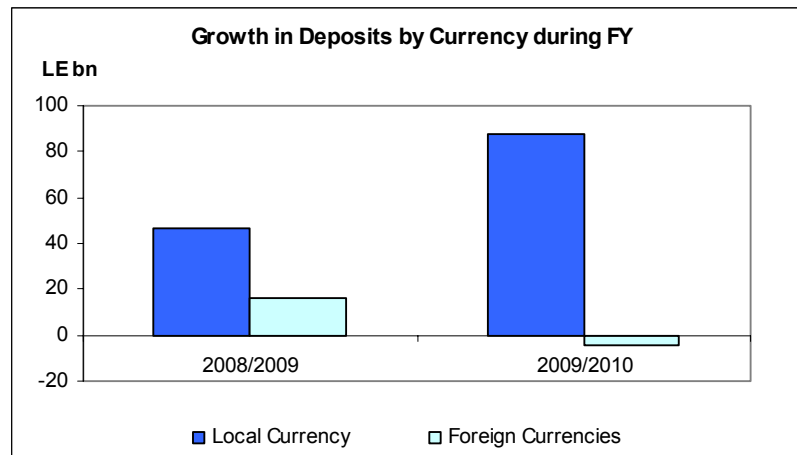
2/2/4: Interbank Transactions in Egypt

The volume of transactions in the interbank money market (in terms of deposits) dropped by LE 3.7 billion or 18.8 percent during the reporting year (against a rise of LE 7.4 billion or 46.5 percent a year earlier) totaling LE 15.8 billion at end of June 2010. That was an outcome of the fall in local currency deposits by LE 1.8 billion and in foreign currency deposits by LE 1.9 billion worth.



2/2/5: Deposits

During FY 2009/2010, banks' deposits (including government deposits) grew by LE 82.8 billion or 10.2 percent (against LE 62.5 billion and 8.4 percent during the previous FY), standing at LE 892.5 billion or 73.1 percent of banks' aggregate financial position at end of June 2010. The increase in local currency deposits exceeded the total increase in deposits. In detail, local currency deposits rose by LE 87.5 billion or 14.6 percent to LE 686.1 billion or 76.9 percent of total deposits at banks at end of June 2010. In contrast, deposits in foreign currencies declined by LE 4.7 billion worth or 2.2%, attesting to the continued preference for saving in local currency.



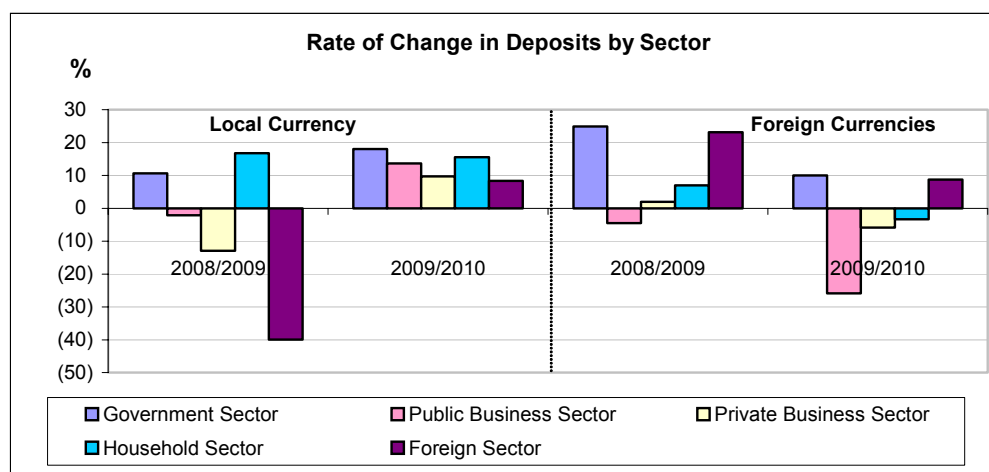
Deposits at Banks by Sector

(LE bn)

End of June	<u>Local Currency</u>			<u>Foreign Currencies</u>		
	2008	2009	2010	2008	2009	2010
<u>Total</u>	<u>552.1</u>	<u>598.6</u>	<u>686.1</u>	<u>195.1</u>	<u>211.1</u>	<u>206.4</u>
Government sector	44.8	49.6	58.5	33.2	41.5	45.6
Public business sector	29.5	28.8	32.7	9.1	8.7	6.5
Private business sector	119.7	104.3	114.4	57.2	58.3	54.9
Household sector	354.1	413.5	477.9	93.7	100.2	96.9
External sector	4.0	2.4	2.6	1.9	2.4	2.5

The household sector was the key contributor to the increase in **local currency deposits** (73.5%). Its deposits in local currency scaled up by LE 64.4 billion or 15.5 percent to LE 477.9 billion, thereby representing 69.7 percent of total LE deposits at end of June 2010. Moreover, the deposits of the private business sector rose by LE 10.1 billion or 9.7 percent, those of the government sector by LE 8.9 billion or 18.0 percent, and of the public business sector by LE 3.9 billion or 13.6 percent.

Turning to **foreign currency deposits**, their decrease was attributed to the decline in the deposits of the private business sector by the equivalent of LE 3.4 billion, of the household sector by LE 3.3 billion worth, and of the public business sector by LE 2.3 billion worth. On the other hand, the government sector's deposits increased by the equivalent of LE 4.1 billion. Finally, the rise in the external sector's deposits was as modest as LE 0.2 billion worth.



2/2/6: Lending Activity

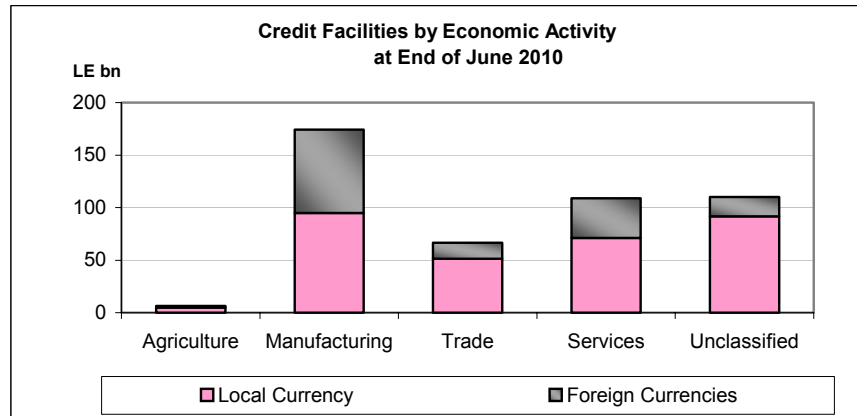
Banks expanded their lending activity during the year. As a result, their lending and discount balances grew by LE 36.0 billion or 8.4 percent, totaling LE 466.0 billion (38.2 percent of total assets and 52.2 percent of total deposits at end of June 2010). The increase in those granted in local currency accounted for nearly more than half the rise in total loans from banks, as they scaled up by LE 18.4 billion or 6.3 percent, posting LE 313.7 billion at end of June 2010.

Change in Bank Loans by Sector during FY 2009/2010

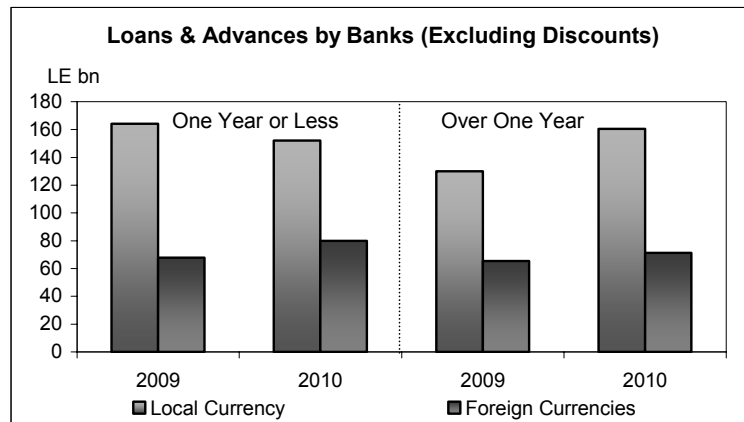
End of June	(LE mn)	
	<u>Local Currency</u>	<u>Foreign Currencies</u>
	Change	Change
<u>Total</u>	<u>18462</u>	<u>17571</u>
Government sector	2443	6193
Public business sector	(2674)	(394)
Private business sector	8587	10676
Household sector	11439	(3236)
External sector	(1333)	4332

Accounting for around 62.0 percent of the increase in local currency loans, the share of the household sector rose by LE 11.4 billion or 14.5 percent, compared with LE 9.0 billion and 12.9 percent in the previous FY. In addition, loans to the private business sector mounted by LE 8.6 billion or 4.8 percent, and to the government sector by LE 2.4 billion or 18.9 percent. Meanwhile, loans extended to the public business sector decreased by LE 2.7 billion or 11.3 percent, and to the external sector by LE 1.3 billion or 5.2 percent. On the other hand, lending and discount balances in foreign currencies increased by LE 17.6 billion worth or 13.0 percent, to post LE 152.3 billion worth at end of June 2010. The increase during the year was attributed to higher credit to the private business sector, up by LE 10.7 billion worth, to the government sector by LE 6.2 billion worth, and to the external sector by LE 4.3 billion worth. In contrast, credit to the household sector and the public business sector dropped by LE 3.2 billion worth and LE 0.4 billion worth, respectively.

The relative distribution of loans by economic activity indicates that the manufacturing sector was the major recipient, with a relative share of 37.4 percent of the total loans extended by banks in both local and foreign currencies at end of June 2010. The unclassified sectors (including the household sector) came next with a share of 23.6 percent, the services sector with 23.4 percent, trade with 14.2 percent, and agriculture with only 1.4 percent.



At end of June 2010, loans and advances (excluding discounts) - by maturity - registered LE 463.9 billion, with an increase of LE 36.4 billion or 8.5 percent during the reporting year. The increase was almost manifest in long-term loans (more than one year), which rose by LE 36.4 billion or 18.6 percent, as a result of the expansion in local and foreign currency loans by LE 30.6 billion and LE 5.8 billion worth, in order.



3: Non-Banking Financial Sector*

The Egyptian Financial Supervisory Authority (EFSA) assumed, as of 1 July 2009, the responsibility of supervising the activities of the capital market, insurance, mortgage finance, financial leasing, and factoring and securitization. The EFSA was established by virtue of Law No. 10 for 2009 regulating supervision over non-banking financial markets and instruments. Under the said Law, the EFSA replaces the Capital Market Authority (CMA), the Mortgage Finance Authority (MFA) and the Egyptian Insurance Supervisory Authority (EISA). Accordingly, it takes charge of the enforcement of the provisions of the Insurance Supervision and Control Law No. 10 for 1981; the Capital Market Law No. 95 for 1992; the Central Securities Depository and Registry Law No. 93 for 2000 and the Mortgage Finance Law No. 148 for 2001, along with other related laws and decrees that are part of the mandates of the above authorities.

To encourage dealing in the stock market (the bond market, in particular), the Minister of investment issued Decrees No. (1) and (64) for the year 2010, in amendment of some provisions of the Executive Regulations of the Capital Market Law No 95 for 1992. Amendments focused on the development, deepening and boosting of the Egyptian bond market. In this respect, bond issuance procedures were streamlined (especially the issuance of medium- and long-term bonds), with companies and legal entities being strictly committed to high levels of disclosure concerning their cash flows and the expected liquidity and profitability ratios. The amendments covered also the regulation of bond issuance by legal personalities. In addition, the procedures of bond issuance on batches were simplified, and it was stipulated that issuance should take place within one year from the date of the EFSA's approval of the total value of issuance.

3/1: Stock Exchange*

The EFSA approved a number of decisions in the reporting year, with the aim of revitalizing and developing the stock market. Foremost of these was replacing the security deposit (LE 5 million) -required for intraday trading- with a letter of guarantee at the same value, to help increase liquidity in the market. To regulate over-the-counter trading, two days were fixed for OTC trades (Monday and Wednesday) after the trading session on listed securities. OTC

* Source: The Egyptian Financial Supervisory Authority (EFSA).

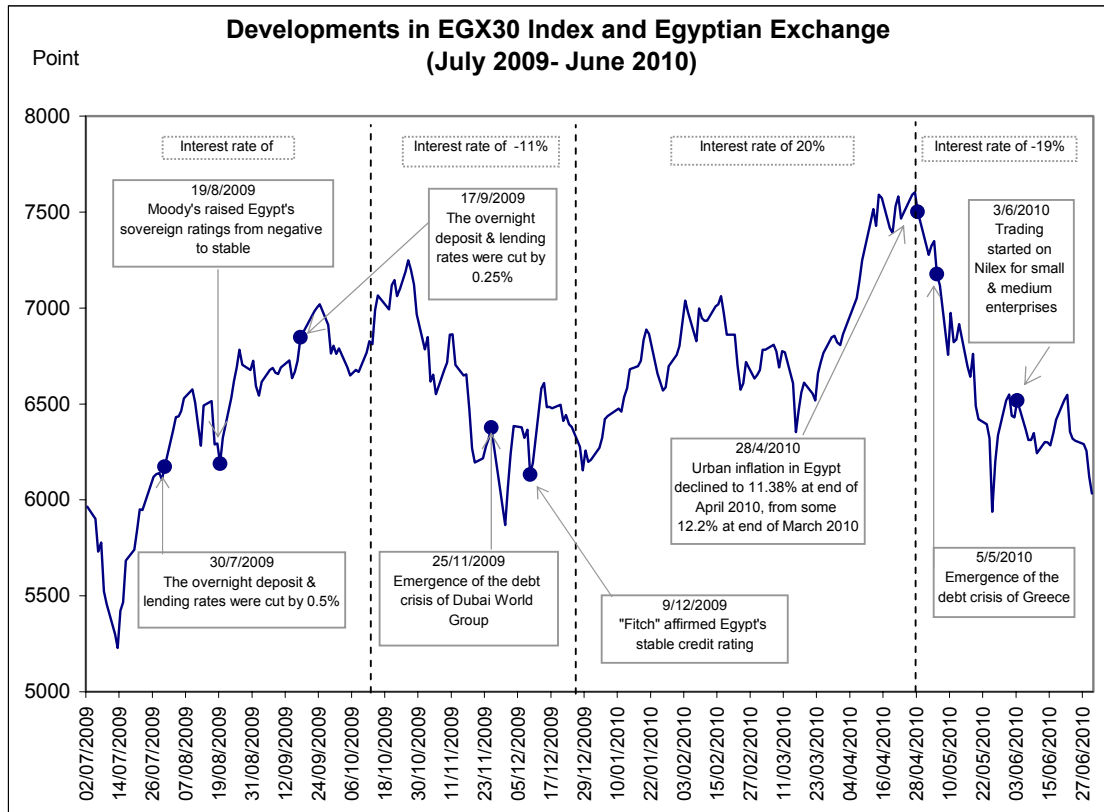
trades shall last for half an hour, and their transactions shall be settled on the third day of trading. Moreover, the EFSA issued Decision No. 71 for 2009 accepting credit rating reports from 10 international bodies on the securities issuances of corporate bonds, securitization bonds and finance notes in Egypt.

The EFSA's Board issued Decision No. 21 for 2010 regarding the basic professional performance criteria for companies working in the field of securities assessment and rating. The Decision set forth the following criteria: quality and credibility of the credit rating process; companies' independence and avoidance of conflict of interests; duties and responsibilities towards investors and credit rating applicants; and disclosure of professional performance standards and communication with market parties.

In order to attract more companies to trade on the Nilex (the market for medium and small companies), the EFSA issued Decision No. 74 for 2010 that raised the maximum capital of the companies listed on Nilex to LE 50 million, instead of LE 25 million.

In the "Second Gathering of Capital Market Institutions in Africa", the Capital Market Authority of Egypt (replaced by the EFSA) was the winner of the Most Innovative Capital Markets Regulator in Africa for its performance during the FY ending 30 June 2009. The Conference which was held in New York and attended by over 200 senior executives from across Africa and the USA, evaluates the performance of the biggest capital market institutions and announces the most innovative capital market regulator. It is noteworthy that the CMA had been the first runner-up in the same Conference last year.

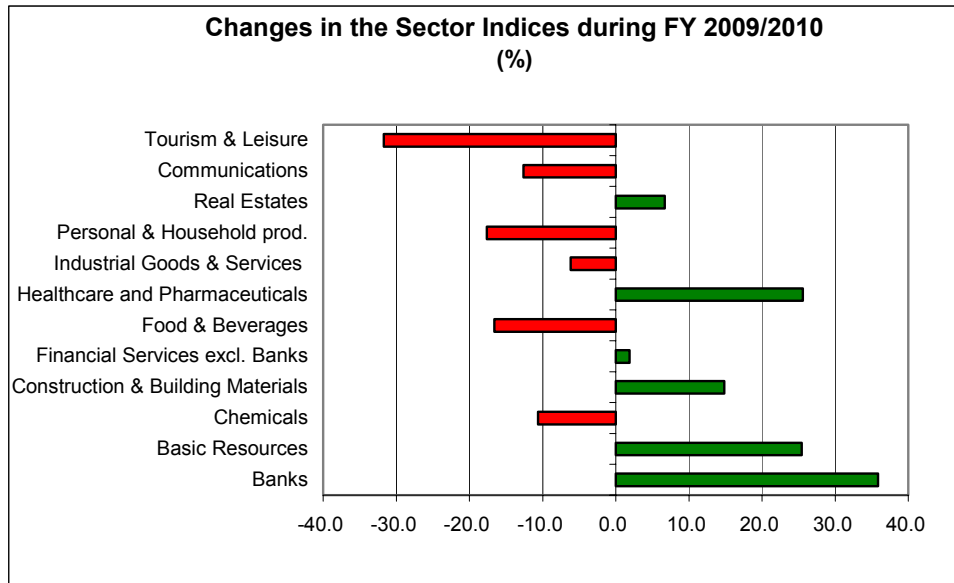
EGX 30 increased by 5.8 percent during FY 2009/2010, posting 6033.1 points at end of June 2010 (against 5702.9 points at end of June 2009). In contrast, EGX 70 declined by 15.3 percent, recording 527.7 points. Moreover, EGX 100 that tracks the performance of the constituent companies of EGX 30 and EGX 70, registered 908.7 points at end of June 2010, down by 20.0 percent since its introduction in August 2009.



The performance of the EGX 30 fluctuated during the reporting year, experiencing four main stages. In the first stage (from July to mid-October 2009), the 17.8 percent rise of EGX 30 coincided with Moody's upgrading of Egypt's sovereign rating from negative to stable on 30 July, 2009. In the second stage (from mid-October till the end of December 2009), the index exhibited a downward trend, moving down 11 percent, after Dubai World Group had announced the delay of its debt repayments for six months. The third stage (from the beginning of January till April 2010), marked a rebound as the index jumped 20 percent, and concurrently Fitch Ratings affirmed Egypt's stable outlook. In the fourth stage, which witnessed the underperformance of most world exchanges on the back of the exacerbation of Greece's debt crisis, EGX 30 dropped by 19 percent.

Sectoral Indicators

The performance of traded on sectors varied during FY 2009/2010. The banking sector came on top, with a rise of 36 percent during the year. Healthcare came next with 25.6 percent, followed by the main resources with 25.4 percent. In contrast, tourism and leisure recorded the highest decline (31.7 percent), followed by personal and household products (17.6 percent).



As for **the primary market**, the number of new issues approved by EFSA during the year reached 3426, at a total value of LE 154.3 billion (against 3153 issues at a total value of LE 71.5 billion a year earlier). Issues for new incorporations reached 2154 in number, at a value of LE 12.6 billion, or 62.9 percent of total issues. Issues for capital increases reached 1272, at a value of LE 141.7 billion or 91.8 percent of the total.

As for listing on the Egyptian Exchange, the number of listed companies declined to 215 at end of June 2010, from 333 at end of June 2009. In addition, the nominal capital value of these companies decreased by 9.9 percent, reaching LE 134.7 billion at end of June 2010. The market value of these companies also retreated by LE 53.5 billion or 11.5 percent to LE 410.1 billion at end of June 2010, constituting 34.2 percent of GDP during FY 2009/2010.

Turning to **the secondary market**, the volume of traded shares and bonds scaled up by 923.9 million papers in the reporting year, growing by 2.9 percent above the level of the preceding year. Their value also increased by LE 121.6 billion or 38.0 percent during the year, posting LE 441.3 billion. However, the number of transactions declined by 8.0 percent, reaching 12116 thousand transactions at end of June 2010.

Share transactions accounted for the bulk of trading on the EGX during the year (89.1 percent against 91.2 percent a year earlier). In the meantime, trading in bonds represented 10.9 percent of the total trading (against 8.8 percent).

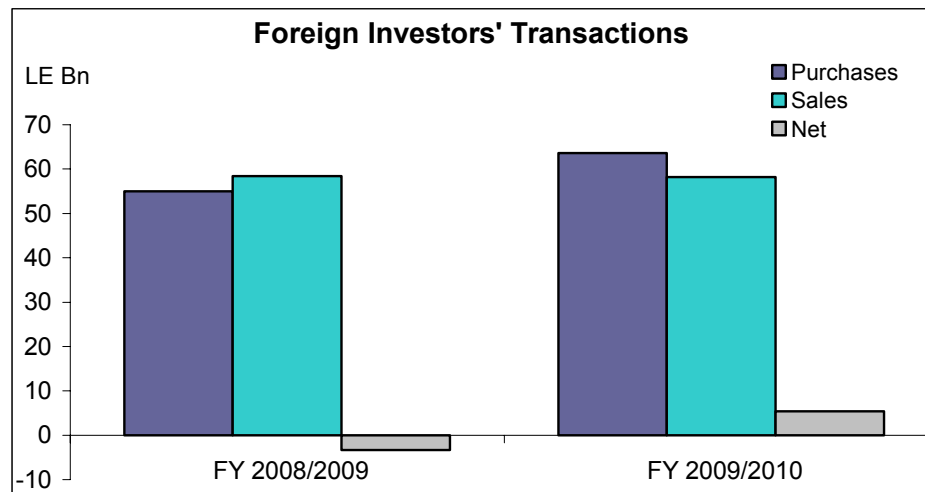
Trading in Securities

FY	2006/07	2007/08	2008/09	2009/10
<u>No. of Transactions (000)</u>	<u>7698</u>	<u>12974</u>	<u>13169</u>	<u>12116</u>
A-Shares, bonds and mutual fund certificates (listed)	7482	12374	12123	11383
B-Shares, bonds and mutual fund certificates (unlisted)	216	600	1046	733
<u>No. of Traded Securities (mn)</u>	<u>11259</u>	<u>23615</u>	<u>31956</u>	<u>32880</u>
A- Shares, bonds and mutual fund certificates (listed)	9454	19441	25455	25362
B-Shares, bonds and mutual fund certificates (unlisted)	1805	4174	6501	7518
<u>Value of Transactions (LE mn)</u>	<u>277009</u>	<u>610591</u>	<u>319682</u>	<u>441315</u>
A- Shares, bonds and mutual fund certificates (listed)	259230	544129	278383	312141
B-Shares, bonds and mutual fund certificates (unlisted)	17779	66462	41299	129174

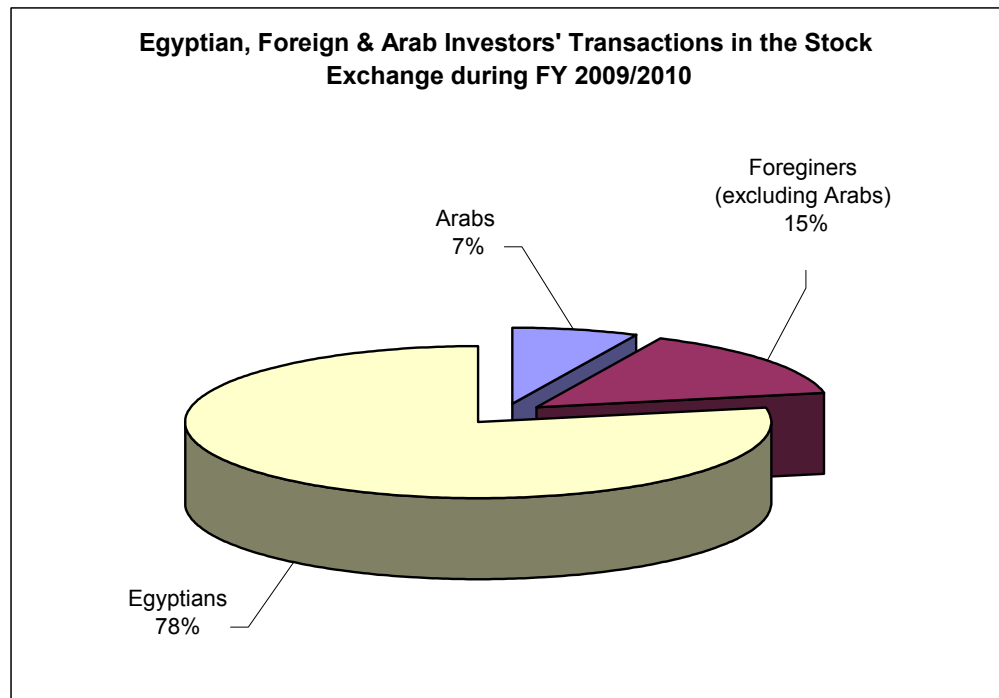
Source: EFSA - monthly reports of the capital market.

Foreigners' Transactions

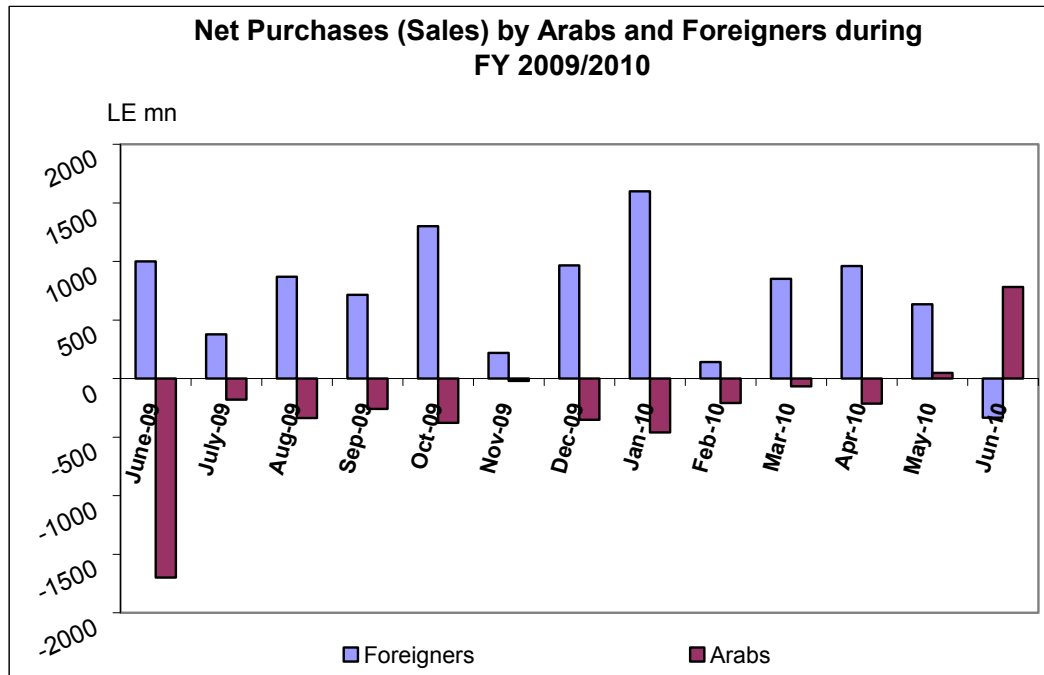
The value of foreigners' trading on the EGX in the reporting year picked up from LE 113.4 billion to LE 129.7 billion. Their dealings unfolded net purchases of LE 5.6 billion (against net sales of LE 3.3 billion a year earlier).



Foreigners' trading on the EGX (non-Arabs) accounted for 15 percent of total transactions in FY 2009/2010. Their transactions unfolded net purchases of more than LE 9.0 billion. Dealings of Arab investors accounted for 7 percent of total transactions. Their dealings unfolded net sales of more than LE 3.0 billion (excluding bargains).



It is worthy to mention that foreigners' (non-Arabs) dealings in the Exchange recorded net purchases all over the year. However, the month of June was an exception, bearing witness to the sale spiral sparked by the Greece debt crisis, after concerns were raised among foreign investors that the crisis might weigh heavily on the exchanges of emerging markets. On the other hand, Arab transactions unfolded net sales throughout the months of the year, apart from June where share prices recorded the lowest levels.



3/2: Investments of the Insurance Sector

In FY 2009/2010, efforts continued with the aim of developing the laws and rules regulating the activities of the insurance sector in the context of the second phase of the Financial Sector Reform Program (2009/2012). At the centre of the objectives of this program came insurance of small and medium enterprises (SMEs) and the development of the rules of supervision on the insurance companies operating in the Egyptian market. The first phase of the Reform Program was implemented in the period (2005-2008), with a view to restructuring the insurance sector by merging a number of public insurance companies. At the first stage, Ministerial Decree No. 245 for 2008 was issued, amending certain provisions of the Executive Regulations of the Law of Insurance Supervision and Control in Egypt. The Decree prescribes the main rules of supervision over insurance and reinsurance activities, on the basis of risk assessment and management methods, and financial solvency rules.

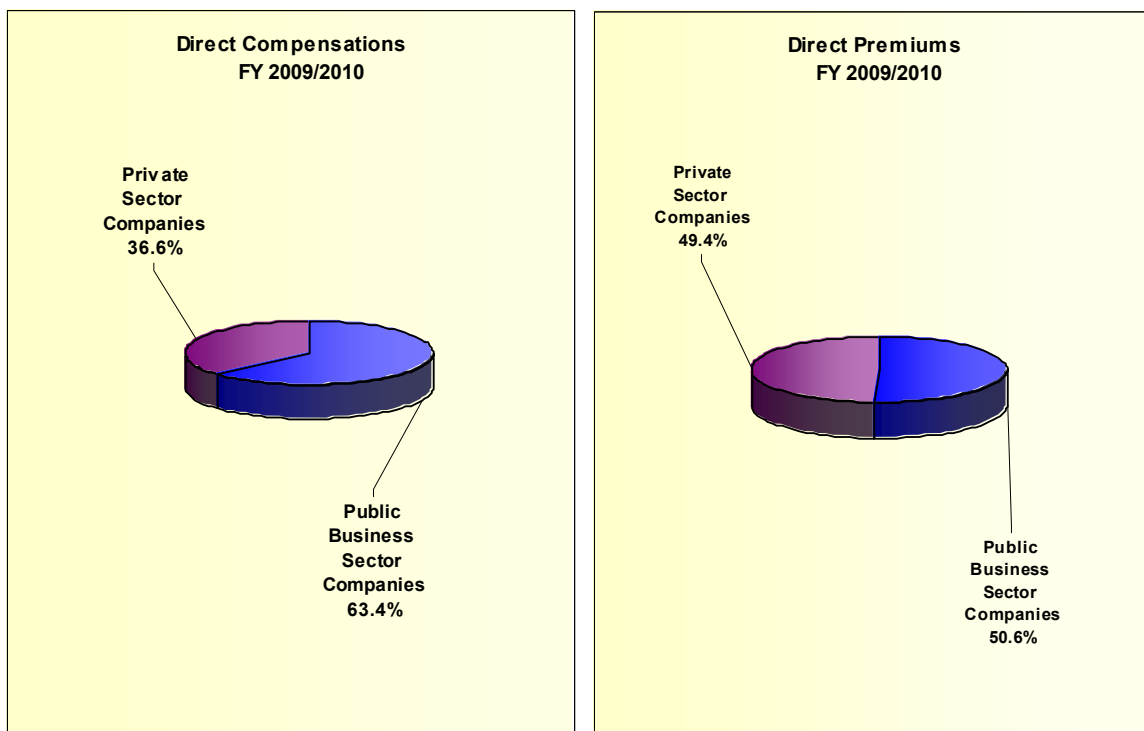
In the reporting year, a bill was drafted on private insurance funds and optional pension companies, to regulate these funds with respect to how to invest their money in safe channels to minimize risks. Furthermore, the bill allows for the foundation of optional pension funds to widen the insurance scheme to cover all the social brackets. Another bill was drafted on the

supervision of healthcare companies to regulate the activity of healthcare provision and set a legislative framework for healthcare providers. In pursuit of modernizing the insurance market and raising the efficiency of the insurance staff, the EFSA signed a cooperation agreement with the Ministry of Finance to provide professional training and support capacity building to enhance the actuarial expertise critically required for insurance companies and providers.

The insurance market, at end of FY 2009/2010, comprised 29 companies and societies: 5 companies performing life insurance and property and casualty insurance activities; 9 companies of property and casualty insurance; 6 companies of life insurance; 7 companies of solidarity insurance; a single cooperative insurance society; and a single company for export credit guarantee. The EFSA licensed 12 companies to practice insurance intermediation after fulfilling all required conditions.

The total value of insurance companies' assets (including investments) rose by 36.1 percent in the reporting year, posting LE 44.9 billion at end of June 2010, compared with LE 33.0 billion at end of June 2009. Investments of insurance companies escalated to LE 32.1 billion, with a growth rate of 11.1 percent.

Direct premiums, during FY 2009/2010, reached LE 8.7 billion (against LE 7.8 billion in FY 2008/2009); and direct paid claims reached LE 5.2 billion (against LE 4.9 billion).

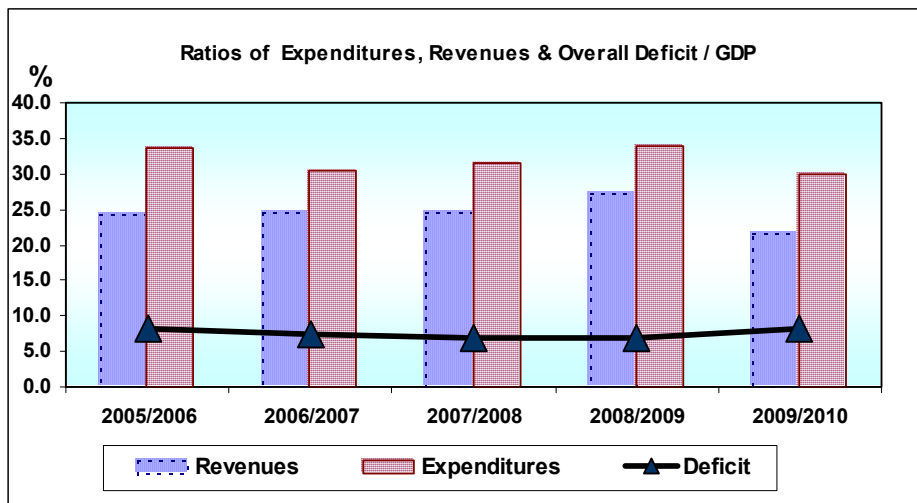


4: Public Finance and Domestic Public Debt

4/1: Consolidated Fiscal Operations of the General Government

During FY 2009/2010, the **fiscal policy** aimed at stimulating the economic activity to cushion the adverse effects of the global economic crisis. To this end, two additional packages of fiscal stimulus measures were introduced. The first package, totaling LE 15.0 billion, was used during FY 2008/2009 to finance public investments, especially infrastructure and public utility projects. The second package (around LE 5.5 - LE 6 billion) was pumped in the current FY to finance additional investments. The third package (a new supplementary appropriation of LE 10.0 billion) was approved to meet additional investment requirements, particularly potable water and sanitation; roads; the Hinterland villages and Nuba housing projects.

During the reporting year, total government expenditures increased by 4.1 percent above the level of the previous FY, to register LE 366.0 billion or 30.3 percent of GDP. By contrast, public revenues fell by 5.1 percent to LE 268.1 billion, representing 22.2 percent of GDP. Consequently, the overall budget deficit widened to LE 98.0 billion or 8.1 percent of GDP during the reporting year, from LE 71.8 billion and 6.9 percent a year earlier. Such developments reflect the increasing ratio of overall deficit/GDP. It is worthy to mention that the fiscal policy aims to reduce such ratio to as low as 3.5 percent by FY 2014/2015, as a prerequisite for decreasing the ratio of domestic public debt/GDP.

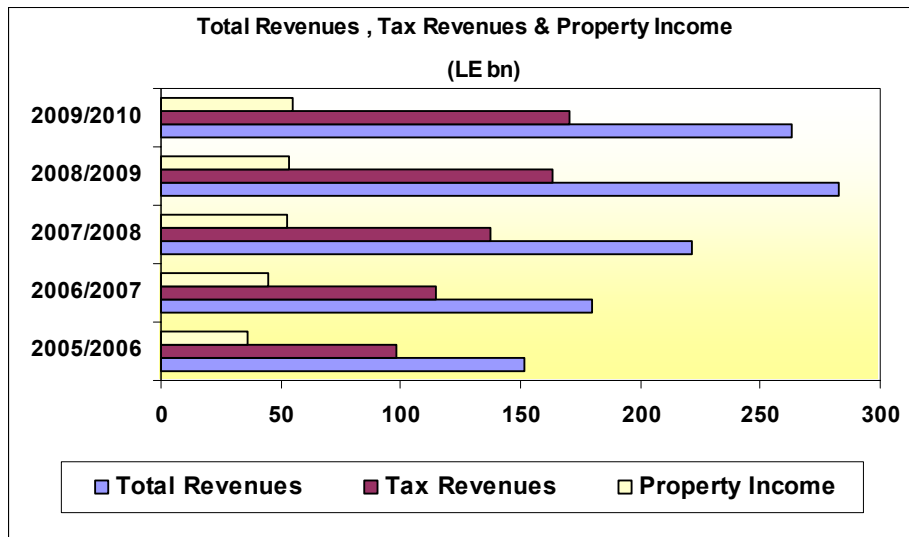
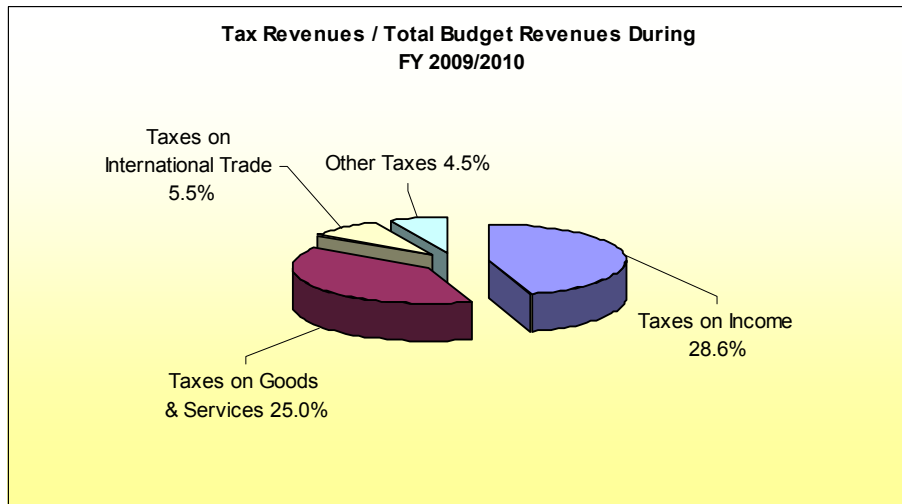


Hereunder is a follow-up of the execution of the consolidated fiscal operations of the general government in FY 2009/2010, according to the preliminary actual data of the Ministry of Finance:

4/1/1: Budget Sector
(Administrative System - Local Administration - Service Authorities)

Reflecting the negative repercussions of the global financial crisis on the domestic economic performance, public revenues went down by LE 14.4 billion or 5.1 percent during FY 2009/2010, to reach LE 268.1 billion or 22.2 percent of GDP. The lower revenues were mainly ascribed to the retreat of non-tax revenues by LE 18.0 billion or 16.2 percent, mainly due to the settlement conducted between the budget and SIFs during the previous FY. However, that decrease was mitigated by the rise in some tax revenues under the efforts made to expand the taxable base to offset the decline in some revenues that were affected by the global crisis.

Following the inclusion of the revenues of taxes on treasury bills and bonds, earnings of property taxes augmented by LE 4.8 billion to LE 8.8 billion; more than double their level in the previous FY. Those of taxes on goods and services also scaled up by LE 4.4 billion or 7.1 percent and so did customs receipts by 4.3 percent, despite the negative repercussions of the global financial crisis and customs exemptions. The rise in customs receipts was rather attributed to streamlining the procedures of customs collection at sea and airports. Other factors at work were the availability of new devices that helped examine consignments, and the development of an electronic payment facility for the collection of government dues to simplify payment procedures for dealers with tax and customs authorities. Earnings of property income from the EGPC, CBE, some economic authorities and others (from EGPC and the third mobile license) surged by LE 4.5 billion to some LE 31.7 billion against some LE 27.2 billion in the previous FY. On the other hand, those from the Suez Canal Authority, companies and others declined by 12.6 percent to reach about LE 22.9 billion.



Grants amounted to LE 4.3 billion, down by LE 3.7 billion or 45.7 percent as compared with the previous FY. The decrease was mainly in current grants, while capital grants rose by 31.6 percent.

**Consolidated Fiscal Operations of the General Government
General Budget Sector (Public Resources)**

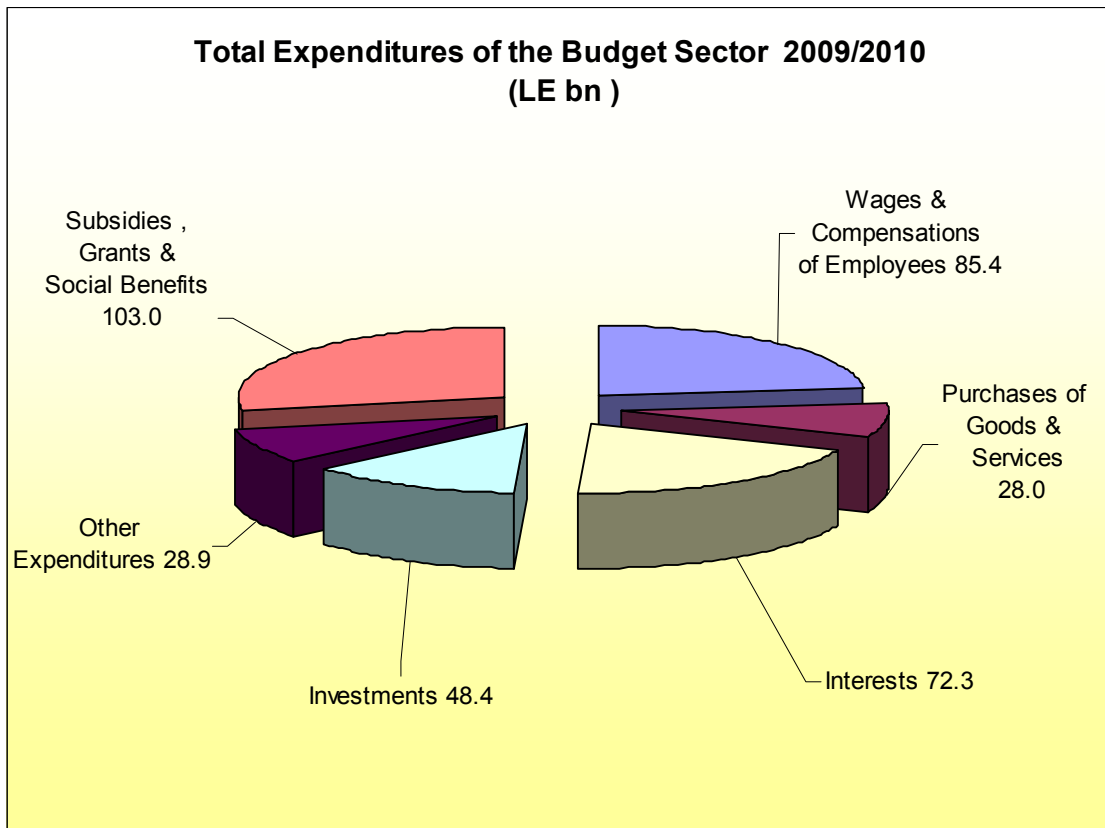
(LE bn)

	<u>2008/2009</u>			<u>2009/2010</u>		
	<u>Preliminary Actual</u>	<u>%</u>	<u>Change (%)</u>	<u>Preliminary Actual</u>	<u>%</u>	<u>Change (%)</u>
<u>Total Revenues</u>	<u>282.5</u>	<u>100.0</u>	<u>27.6</u>	<u>268.1</u>	<u>100.0</u>	<u>-5.1</u>
<u>Tax Revenues</u>	<u>163.2</u>	<u>57.8</u>	<u>19.0</u>	<u>170.5</u>	<u>63.6</u>	<u>4.5</u>
<u>Taxes on Income and Profit</u>	<u>79.1</u>	<u>28.0</u>	<u>17.9</u>	<u>76.6</u>	<u>28.6</u>	<u>-3.1</u>
From EGPC	34.1	12.1	16.6	32.2	12.0	-5.7
From SCA	10.4	3.7	1.2	9.4	3.5	-9.1
From CBE	0.0	0.0	0.0	0.0	0.0	0.0
From other units Payable by individuals	20.3 14.3	7.2 5.0	26.4 24.3	18.6 16.4	7.0 6.1	-8.3 14.8
<u>Taxes on Property</u>	<u>3.9</u>	<u>1.4</u>	<u>92.2</u>	<u>8.8</u>	<u>3.3</u>	<u>122.4</u>
<u>Taxes on Goods and Services</u>	<u>62.6</u>	<u>22.2</u>	<u>25.9</u>	<u>67.1</u>	<u>25.0</u>	<u>7.1</u>
<u>Taxes on International Trade</u>	<u>14.1</u>	<u>5.0</u>	<u>0.5</u>	<u>14.7</u>	<u>5.5</u>	<u>4.3</u>
<u>Other Taxes</u>	<u>3.5</u>	<u>1.2</u>	<u>-19.8</u>	<u>3.3</u>	<u>1.2</u>	<u>-4.5</u>
<u>Grants</u>	<u>8.0</u>	<u>2.8</u>	<u>445.7</u>	<u>4.3</u>	<u>1.6</u>	<u>-45.7</u>
Current	6.5	2.3	1386.2	2.4	0.9	-63.7
Capital	1.5	0.5	46.4	1.9	0.7	31.6
<u>Other Revenues</u>	<u>111.3</u>	<u>39.4</u>	<u>34.5</u>	<u>93.3</u>	<u>34.8</u>	<u>-16.2</u>
<u>Property Income</u>	<u>53.4</u>	<u>18.9</u>	<u>1.8</u>	<u>54.6</u>	<u>20.4</u>	<u>2.2</u>
From EGPC	21.6	7.7	-14.4	25.6	9.5	18.1
From SCA	13.6	4.8	-10.1	12.7	4.8	-6.2
From CBE	0.0	0.0	0.0	0.2	0.1	0.0
From economic authorities	1.2	0.4	-59.1	1.4	0.5	14.9
From companies	3.9	1.4	47.1	3.3	1.2	-16.0
Other (from EGPC & TML)	4.4	1.5	40.1	4.5	1.7	3.9
Other	8.7	3.1	168.2	6.9	2.6	-21.1
<u>Sales of goods and services</u>	<u>16.2</u>	<u>5.7</u>	<u>34.7</u>	<u>17.2</u>	<u>6.4</u>	<u>6.1</u>
<u>Financing investment</u>	<u>7.9</u>	<u>2.8</u>	<u>36.3</u>	<u>8.9</u>	<u>3.3</u>	<u>13.0</u>
<u>Other</u>	<u>33.8</u>	<u>12.0</u>	<u>170.9</u>	<u>12.6</u>	<u>4.7</u>	<u>-62.7</u>

Source: Ministry of Finance.

Percentages are calculated in terms of LE million.

Expenditures, according to actual figures, totaled LE 366.0 billion (30.3 percent of GDP), with a rise of LE 14.5 billion or 4.1 percent over the previous FY. The increase stemmed mainly from the surge of interest payments on debts (external and domestic) by LE 19.5 billion or 37.0 percent, to reach LE 72.3 billion or 27.0 percent of total revenues, which in turn reflected the cumulative burden of interest charges on the budget. Wages and compensations of employees mounted by LE 9.2 billion to LE 85.4 billion, thus absorbing 31.8 percent of total revenues and making up 26.9 percent of the current government spending. Most of infrastructure-oriented investments increased by LE 4.9 billion, to stand at LE 48.4 billion. On the other hand, some items, mainly subsidies, grants and social benefits, steeply fell by LE 24.1 billion or 18.9 percent, to LE 103.0 billion. To elaborate, social benefits went down by 84.4 percent, to reach only LE 4.5 billion in the reporting year (against LE 28.7 billion in the previous FY). The retreat was attributed to the impact of the financial settlement between the budget and SIFs in FY 2008/2009. Moreover, food subsidies fell by 20.2 percent to LE 16.8 billion, in the wake of the decrease in world prices of a number of foodstuffs. By contrast, oil subsidies rose by 6.1 percent to face the world price hikes of main subsidized energy commodities; albeit their prices were not as high as the pre-crisis levels.



**Consolidated Fiscal Operations of the General Government
Budget Sector (Public Expenditures)**

(LE bn)

	Actual	<u>2008/2009</u> %	Change (%)	Preliminary Actual	<u>2009/2010</u> %	Change (%)
<u>Total</u>						
<u>Expenditures</u>	<u>351.5</u>	<u>100.0</u>	<u>24.5</u>	<u>366.0</u>	<u>100.0</u>	<u>4.1</u>
<u>Wages and compensations of employees</u>	<u>76.2</u>	<u>21.7</u>	<u>21.2</u>	<u>85.4</u>	<u>23.3</u>	<u>12.1</u>
Salaries and wages	62.7	17.8	22.4	70.3	19.2	12.2
Social contributions	7.2	2.1	17.0	7.9	2.1	8.9
Other	6.3	1.8	14.1	7.2	2.0	14.6
<u>Purchases of goods and services</u>	<u>25.1</u>	<u>7.1</u>	<u>35.7</u>	<u>28.0</u>	<u>7.7</u>	<u>11.9</u>
Goods	11.4	3.2	56.8	12.0	3.3	4.8
Services	9.8	2.8	28.6	11.4	3.1	16.7
Other	3.9	1.1	8.1	4.6	1.3	20.4
<u>Interests</u>	<u>52.8</u>	<u>15.0</u>	<u>4.5</u>	<u>72.3</u>	<u>19.8</u>	<u>37.0</u>
Foreign interests	3.6	1.0	-3.7	2.8	0.8	-21.1
Domestic interests	49.2	14.0	5.2	69.5	19.0	41.2
To NIB and SIF's	18.6	5.3	-1.5	19.1	5.2	2.3
To others	30.6	8.7	9.7	50.4	13.8	64.9
<u>Subsidies, Grants and Social Benefits</u>	<u>127.0</u>	<u>36.1</u>	<u>37.5</u>	<u>103.0</u>	<u>28.1</u>	<u>-18.9</u>
<u>Subsidies</u>	<u>93.8</u>	<u>26.7</u>	<u>11.4</u>	<u>93.5</u>	<u>25.6</u>	<u>-0.3</u>
To GASC	21.1	6.0	28.1	16.8	4.6	-20.2
To Petroleum	62.7	17.8	4.1	66.5	18.2	6.1
To Others	10.0	2.9	33.9	10.2	2.8	1.7
<u>Grants</u>	<u>4.2</u>	<u>1.2</u>	<u>8.3</u>	<u>4.4</u>	<u>1.2</u>	<u>4.0</u>
<u>Social benefits</u>	<u>28.7</u>	<u>8.1</u>	<u>608.8</u>	<u>4.5</u>	<u>1.2</u>	<u>-84.4</u>
Contribution to SIF's	26.8	7.6	931.0	2.4	0.6	-91.0
Other	1.9	0.5	31.2	2.1	0.6	9.5
<u>Other</u>	<u>0.3</u>	<u>0.1</u>	<u>25.2</u>	<u>0.6</u>	<u>0.1</u>	<u>91.5</u>
<u>Other Expenditures</u>	<u>27.0</u>	<u>7.7</u>	<u>13.0</u>	<u>28.9</u>	<u>7.9</u>	<u>7.0</u>
Defense	22.3	6.3	12.2	23.5	6.4	5.3
Other	4.7	1.4	17.3	5.4	1.5	14.9
<u>Purchases of non-financial assets (investments)</u>	<u>43.4</u>	<u>12.4</u>	<u>27.0</u>	<u>48.4</u>	<u>13.2</u>	<u>11.3</u>
Fixed assets	34.6	9.9	22.9	39.2	10.7	13.1
Others	8.8	2.5	46.1	9.2	2.5	4.2

Source: Ministry of Finance.

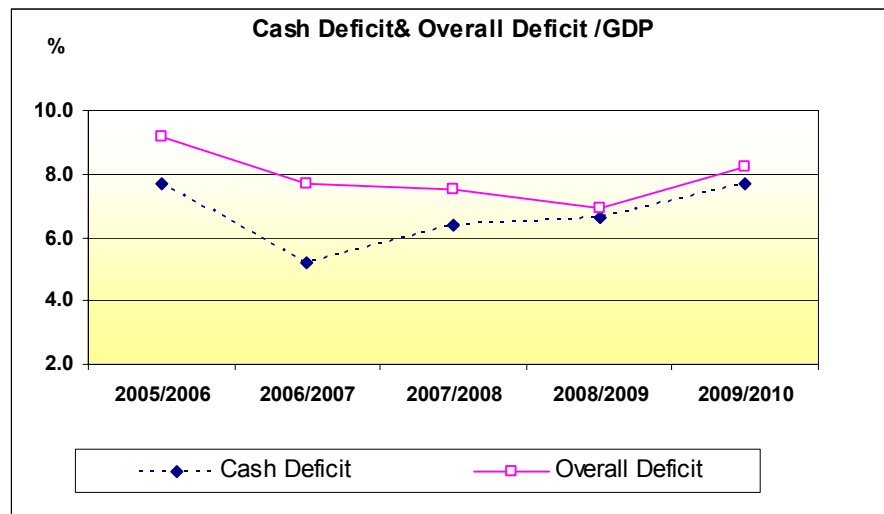
Percentages are calculated in terms of LE million.

Against this background, the budget showed a cash deficit of LE 97.9 billion or 8.1 percent of GDP. By adding the net acquisition of financial assets (LE 165 million) to the cash deficit, the overall deficit would post LE 98.0 billion or 8.1 percent of GDP in the reporting year (against a deficit of LE 71.8 billion or 6.9 percent of GDP a year earlier).

Domestic financing sources (mainly banks' subscriptions for TBs) were chiefly used to finance the overall deficit, while external financing sources covered only LE 2.5 billion worth.

4/1/2: Budget Sector, NIB and SIFs

Adding the fiscal operations of the NIB and SIFs to those of the budget sector during FY 2009/2010, collected revenues would surge by LE 35.2 billion to LE 303.4 billion, constituting 25.1 percent of GDP. Likewise, public expenditures would rise by LE 30.8 billion, to LE 396.8 billion or 32.9 percent of GDP.



Accordingly, the above-mentioned fiscal operations showed a cash deficit of LE 93.4 billion in the consolidated fiscal operations of the general government. By adding the net acquisition of financial assets (LE 5.5 billion), the overall deficit would reach LE 98.9 billion or 8.2 percent of GDP.

**Summary of the Consolidated Fiscal Operations
of the General Government
(Budget Sector, NIB and SIFs)**

(LE bn)

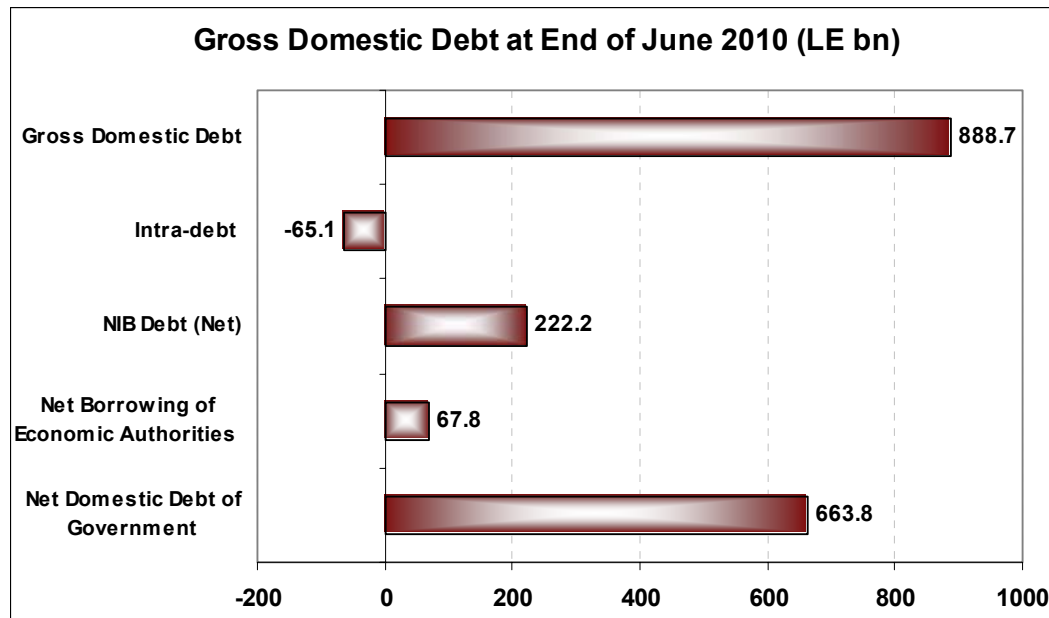
	<u>2008/2009</u>				<u>2009/2010</u>			
	Budget Sector	%	Consolidated fiscal operations of the General Government	%	Budget Sector	%	Consolidated fiscal operations of the General Government	%
Total Revenues	282.5		288.5		268.1		303.4	
Total Expenditures	351.5		356.9		366.0		396.8	
Cash Deficit	69.0		68.4		97.9		93.4	
Net Acquisition of Financial Assets	2.8		4.0		0.1		5.5	
Overall Deficit	71.8		72.4		98.0		98.9	
Financing Sources	71.8	100.0	72.4	100.0	98.0	100.0	98.9	100.0
Domestic								
Financing	83.6	116.4	79.7	110.1	101.5	103.5	102.4	103.6
Banking Financing	98.8	137.6	100.1	138.4	40.3	41.1	39.4	39.8
CBE	-15.3	-21.3	-15.3	-21.1	11.6	11.8	11.6	11.7
Other banks	114.1	158.9	115.4	159.5	28.7	29.3	27.8	28.1
Non-Banking								
Financing	-15.2	-21.2	-20.4	-28.3	61.2	62.4	63.0	63.8
From NIB	1.4	2.0	0.0	0.0	3.7	3.7	0.0	0.0
From insurance funds	5.4	7.5	0.0	0.0	5.2	5.3	0.0	0.0
Other	-19.9	-27.7	-19.9	-27.6	53.0	54.1	53.0	53.6
NIB borrowing	0.0	0.0	1.6	2.2	0.0	0.0	10.7	10.8
Special accounts for economic institutions	-2.1	-3.0	-2.1	-2.9	-0.7	-0.7	-0.7	-0.6
Blocked Account								
Used in								
Amortizing Part of								
CBE Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign Borrowing	23.3	32.5	23.3	32.2	2.5	2.5	2.5	2.5
Arrears	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others, of which:	-0.6	-0.8	3.9	5.4	0.3	0.4	0.3	0.3
Special accounts for budget entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange Rate								
Revaluation	3.4	4.7	3.4	4.7	1.3	1.4	1.3	1.3
Net Privatization								
Proceeds	0.2	0.2	0.2	0.3	0.4	0.4	0.4	0.4
Difference between Treasury Bills Face Value & Present Value	-10.9	-15.2	-10.9	-15.1	-0.2	-0.2	-0.2	-0.2
Foreign Debt								
Reclassification								
Differences and Related FX								
Differences	-25.2	-35.0	-25.2	34.8	0.0	0.0	0.0	0.0
Discrepancy	-2.0	-2.8	-2.0	-2.8	-7.8	-8.0	-7.8	-7.9

Source: Ministry of Finance

The overall deficit of the consolidated fiscal operations of the general government was mainly financed from local sources, while external sources provided no more than LE 2.5 billion worth.

4/2 : Domestic Public Debt

During FY 2009/2010, domestic public debt went up by LE 133.4 billion or 17.7 percent, reaching LE 888.7 billion at end of June 2010 or 73.7 percent of GDP, compared with 72.5 percent a year earlier. Domestic public debt consists of the sum of net government debt, public economic authorities' debt and that of the National Investment Bank (minus intra-debts of the 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 663.8 billion at end of June 2010 or 55.0 percent of GDP, up by LE 101.5 billion or 18.0 percent in the FY 2009/2010. The rise was an outcome of the LE 97.4 billion pickup in the balances of government bonds and bills and the LE 4.1 billion decline in the credit position of net government balances at the banking system (owing to the rise in the government loans and deposits by LE 11.3 billion and LE 7.2 billion, in order).

Net Domestic Debt of the Government

Balances at End of	June 2009		June 2010		(LE bn)
	Value	%	Value	%	Change + (-) 2009/2010
Net Government Debt	562.3	100.0	663.8	100.0	101.5
-Balances of Bonds & Bills*	681.8	121.3	779.2	117.9	97.4
• Notes and bonds	442.7	78.8	513.1	77.6	70.4
Of which, tradable on exchanges	100.4	17.9	169.7	25.7	69.3
• Treasury bills	239.1	42.5	266.1	40.3	27.0
-Credit Facilities from SIFs	2.3	0.4	2.3	0.3	0
-Net Balances at the Banking System	-121.8	-21.7	-117.7	-17.7	4.1
• Credit Facilities	15.5	2.7	26.8	4.1	11.3
• Deposits (-)	137.3	24.4	144.5	21.8	(7.2)
Net government debt/GDP (%)	54.0		55.0		

Source: Ministry of Finance, CBE and NIB.

Percentages 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 the profits of corporations subject to Law No. 97 of 1983 for the purchase of government bonds; the holdings of resident financial institutions (banking system and insurance sector) of US dollar and LE bonds tradable on world exchanges; and SIFs bonds against the transfer of NIB obligations to the Public Treasury.

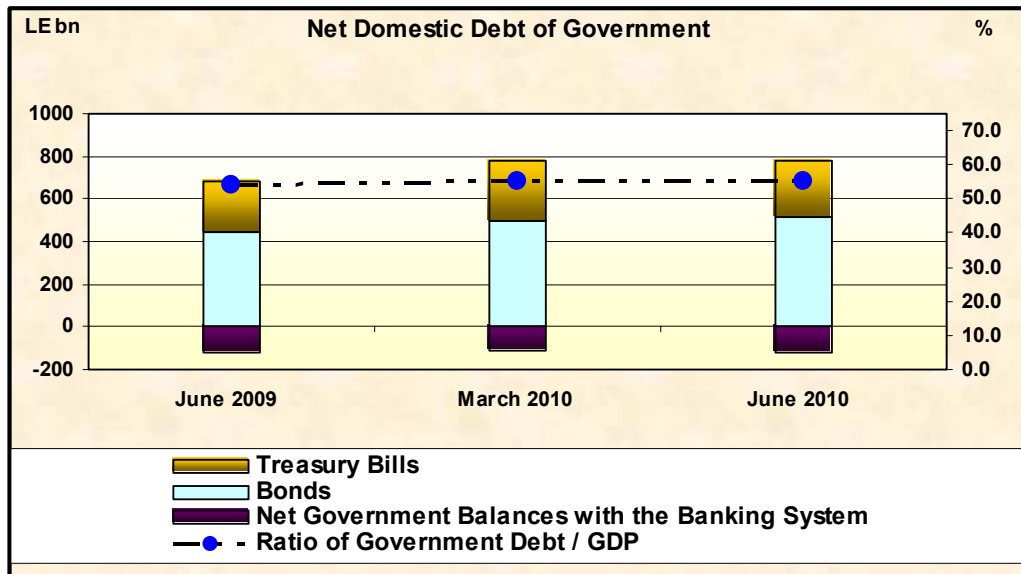
The increase of LE 97.4 billion in the balance of government bonds and bills was an outcome of:

A- The pickup in the balance of Treasury bonds by LE 70.4 billion to LE 513.1 billion at end of June 2010, as a result of the following developments:

1- The LE 67.3 billion rise of Treasury bonds by LE 67.3 billion due to:

- The LE 3.5 billion rise in the 50th tranche of 7-year Egyptian Treasury bonds, issued on 16 February 2010 at an interest rate of 12.6 percent. The rise took place in April, May and June 2010 by LE 1.0 billion, LE 1.5 billion and LE 1.0 billion, in order (on the same conditions of issuance).
- The LE 7.0 billion increase in the 51st tranche of 5-year Treasury bonds, issued on 20 March 2010 at an annual interest rate of 12.5 percent. The rise occurred in April, May, and June 2010 by LE 1.5 billion, LE 3.0 billion and LE 2.5 billion, in order (on the same conditions of issuance).

- The issuance of the 52nd tranche of 3-year bonds in April 2010, at a value of LE 3.0 billion and an interest of 11.35 percent. The tranche was increased by LE 6.5 billion (LE 1.5 billion in April and LE 2.5 billion in May and June 2010 each per se) on the same conditions of issuance, thus raising the total value of these bonds to LE 9.5 billion.
 - The issuance of LE 55.3 billion of Egyptian Treasury bonds in July/March of FY 2009/2010.
 - The redemption of Egyptian Treasury bonds at a value of LE 8.0 billion, of which LE 6.0 billion was amortized in July/March 2009/2010. This is in addition to the amortization of the 26th tranche on 2 May 2010, at a value of LE 2.0 billion.
- 2- The issuance of 10-year Public Treasury bonds (non-interest bearing) at a value of LE 9.1 billion on the first of July 2009.
 - 3- The issuance of a Treasury bond for the benefit of the Social Insurance Fund of Civil Servants, at a value of LE 989 million on 30 June 2010.
 - 4- The amortization of Public Treasury bonds at a value of LE 9.2 billion, issued to finance the budget deficit (LE 4.0 billion), cash deficit (LE 4.6 billion), and the deficit of the Supply Commodity Authority (LE 0.6 billion) till 1981.
 - 5- An increase in the balance of bonds tradable abroad in the US dollar by LE 2.0 billion worth and the bonds issued in the Egyptian pound by LE 35 million.
 - 6- A rise in the balance of foreign currency bonds at the public commercial banks, by the equivalent of LE 0.2 billion due to revaluation differences.
- B- A pickup in the outstanding balance of Public Treasury bills by about LE 27.0 billion, to LE 266.1 billion at end of June 2010, compared with LE 239.1 billion at end of June 2009.

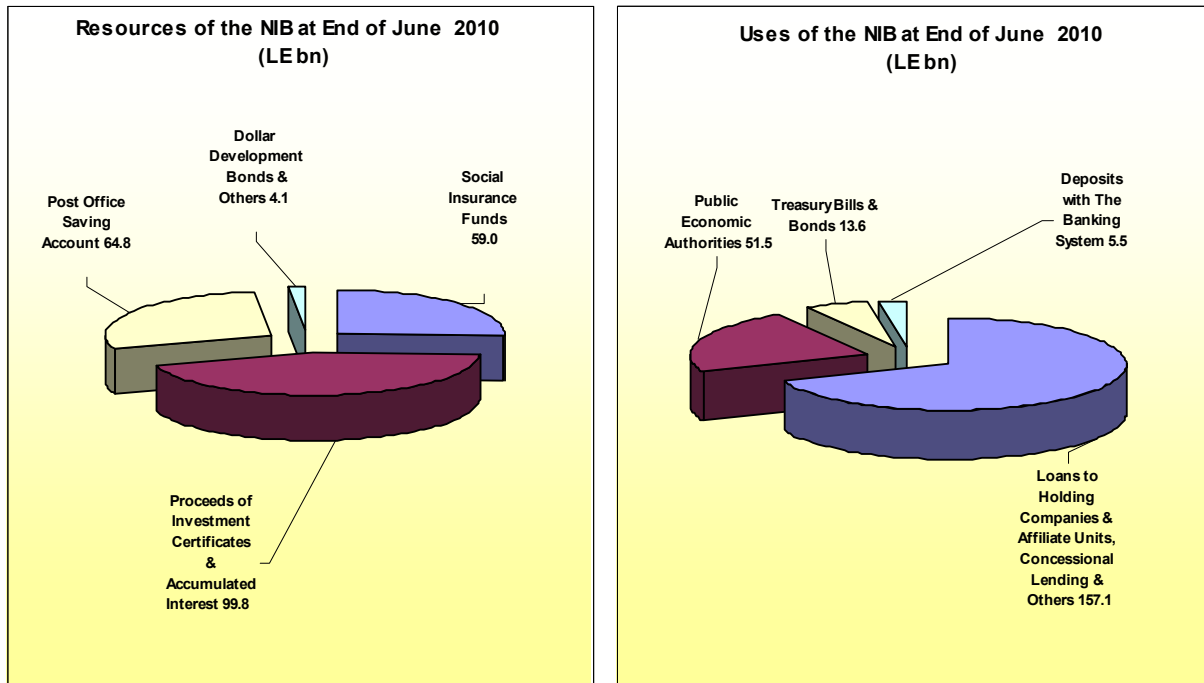


4/2/2: Debt of Public Economic Authorities (Net)

Debt of the public economic authorities went up by LE 15.5 billion to LE 67.8 billion at end of June 2010. The increase was traceable to the rise in their net borrowing from the banking system by LE 14.1 billion (due to the rise in claims thereon by about LE 8.0 billion and the decline in deposits thereof by LE 6.1 billion), in addition to the increase in their borrowing from the National Investment Bank (NIB) by LE 1.4 billion.

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

Debt of the NIB (including intra-debt) reached some LE 222.2 billion, up by LE 21.5 billion at end of June 2010, compared with the end of June 2009. The rise in the NIB's debt was a result of the expansion in its total invested resources by LE 22.2 billion above the level of the end of June 2009, reaching LE 227.7 billion at end of June 2010. Add to this the pickup in its deposits at the banking system by LE 0.7 billion to LE 5.5 billion.



4/2/4: Intra-Debt

The intra-debt of the public economic authorities and the government to the NIB reached about LE 65.1 billion at end of June 2010, compared with LE 60.0 billion at end of June 2009. Loans granted by the NIB to these authorities posted LE 51.5 billion, with an increase of LE 1.4 billion in the reporting year. The NIB's investments in government securities (bonds and bills) reached some LE 13.6 billion, up by LE 3.7 billion.

4/2/5: Domestic Public Debt Service

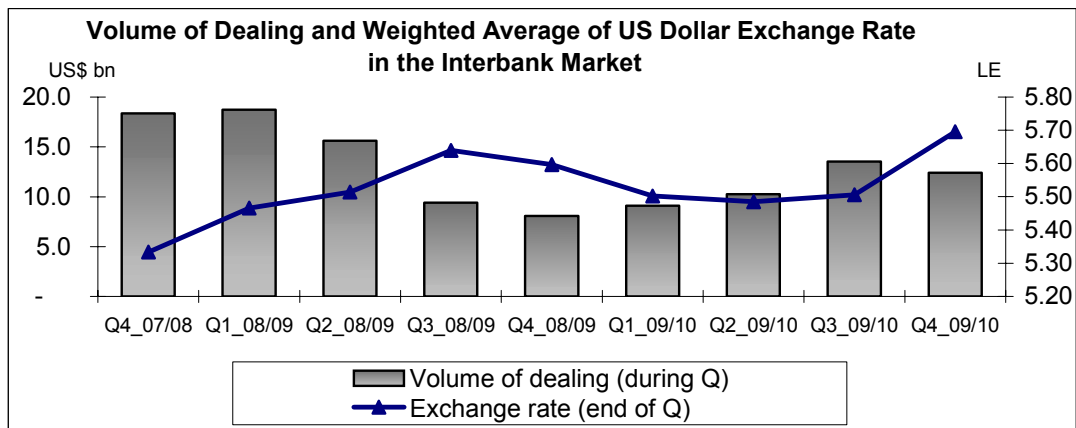
During the FY 2009/2010, domestic public debt service amounted to LE 87.9 billion, up by LE 28.3 billion above the level of the previous year. The increase mostly came from the rise in interest payments in the reporting year by some LE 20.6 billion to LE 69.9 billion. Also, principal repayments scaled up by LE 7.7 billion to LE 18.0 billion. The ratios of domestic debt service to GDP, and to total revenues, rose to 7.3 percent and 33.5 percent, respectively, in the reporting year (from 5.7 percent and 21.1 percent a year earlier).

5: External Transactions

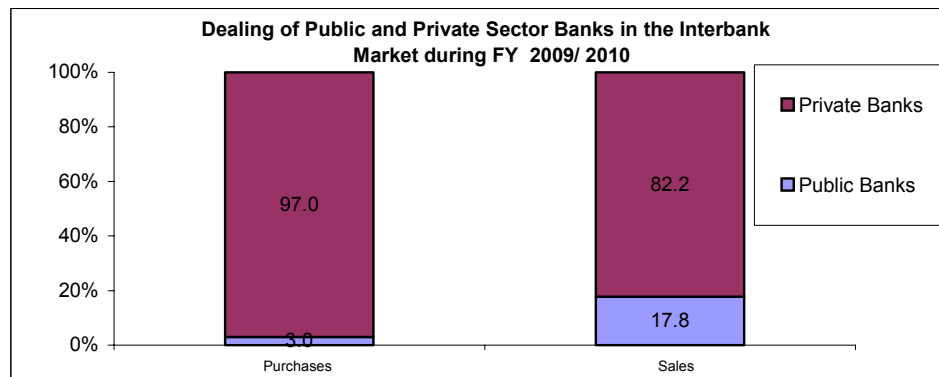
5/1: Foreign Exchange Market

The CBE went ahead with its successful management of the Forex market through the dollar interbank market, thus helping to bolster dealers' confidence in the Forex market, and dispel their concerns about the LE fluctuations.

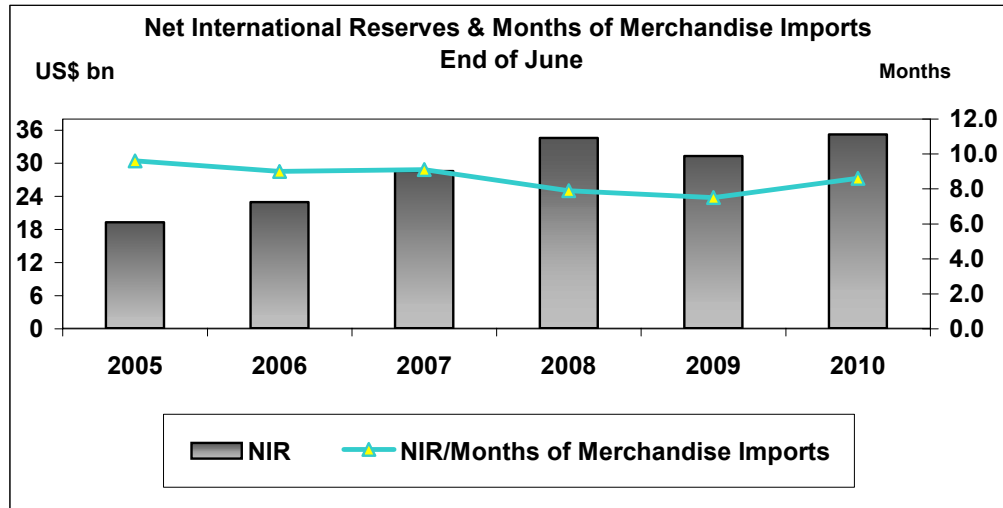
The weighted average of the US dollar interbank rate rose from LE 5.5964 on 30/6/2009 to LE 5.6952 on 30/6/2010, denoting a drop of 1.7 percent in the value of the Egyptian pound during the reporting year.



The volume of transactions in the interbank market rolled back by US\$ 6.5 billion or 12.6 percent below the previous year's level, posting US\$ 45.3 billion. That brings the total volume of transactions in the market to US\$ 247.2 billion since its inception on 23/12/2004 up to the end of June 2010. Sales and purchases of public banks accounted for 17.8 percent and 3.0 percent, respectively, of the total volume of transactions, while sales of private banks represented 82.2 percent and their purchases 97.0 percent.

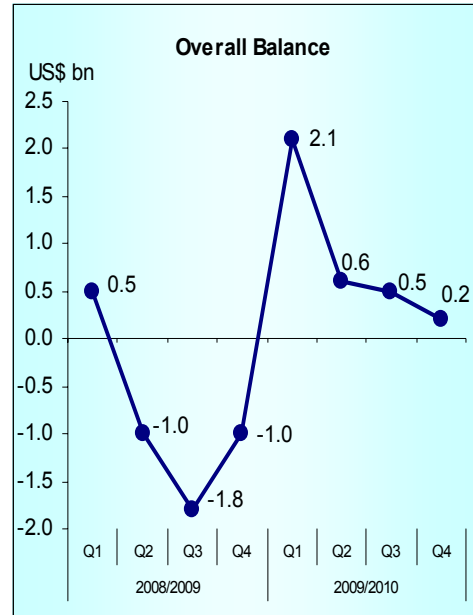


Net international reserves (NIR) with the CBE mounted to US\$ 35.2 billion (covering 8.6 months of merchandise imports) at end of June 2010, from US\$ 31.3 billion (covering some 7.5 months of merchandise imports) at end of June 2009, up by US\$ 3.9 billion or 12.5 percent during the year under review. The increase was ascribed to the rise in the foreign currencies by US\$ 2.3 billion worth, and in Egypt's allocations of SDRs by US\$ 1.1 billion worth, in addition to the pick-up in the value of gold by the equivalent of US\$ 0.5 billion due to its revaluation at end of June 2010 (revaluation is usually made at the end of every FY). It is worth to mention that NIR have been on the rise during the period of preparing the Review, standing at US\$ 35.5 billion at end of September 2010.



5/2: Balance of Payments*

With the improvement of Egypt's transactions with the external world, the BOP ran an overall surplus of US\$ 3.36 billion during FY 2009/2010, thus reversing the overall deficit of US\$ 3.38 billion during the previous FY that reflected the impact of the world crisis. Consequently, international reserves at the CBE showed an equivalent increase. The current account deficit retreated by 2.4 percent, posting US\$ 4.3 billion down from US\$ 4.4 billion. Moreover, the capital and financial account realized a net inflow of US\$ 8.3 billion (well above the US\$ 2.3 billion realized a year earlier).



5/2/1: External Trade

In the light of the decline in the world's volume of trade on the back of the slowdown of economic growth, the volume of Egypt's external trade contracted by 3.5 percent, registering US\$ 72.9 billion during the reporting year (against US\$ 75.5 billion a year earlier).

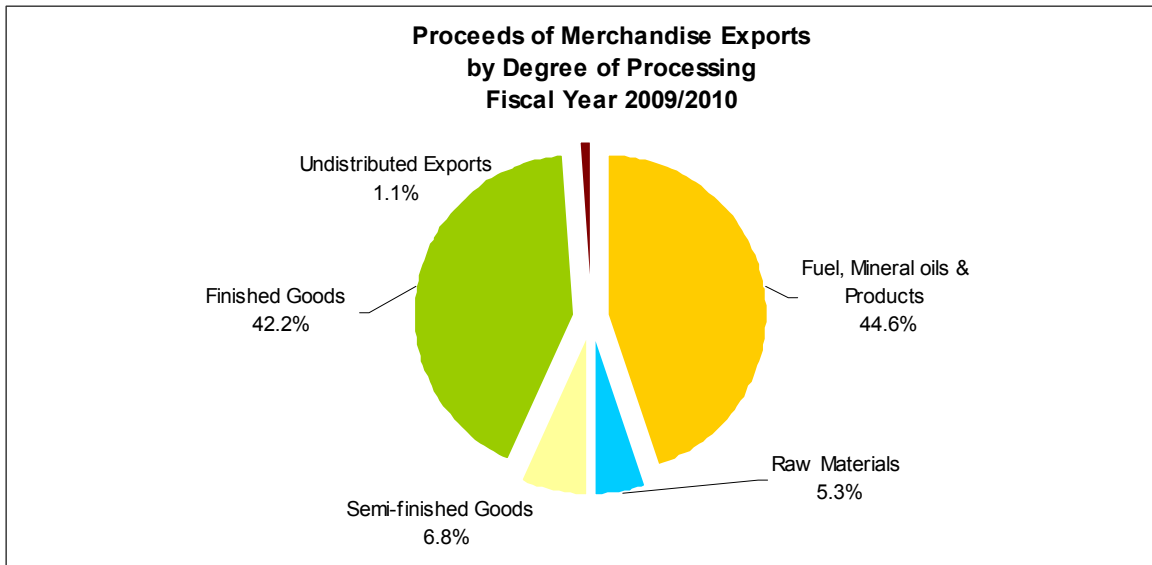
Merchandise export proceeds declined by 5.1 percent, posting US\$ 23.9 billion, against US\$ 25.2 billion. The decline resulted from the fall in oil exports by 6.8 percent (constituting 43.0 percent of total exports) and non-oil exports by 3.9 percent (representing 57.0 percent of total exports).

Merchandise import payments also retreated by 2.7 percent to US\$ 49.0 billion. That was an outcome of the decrease in oil imports by 26.6 percent (10.5 percent of total imports) and the rise in non-oil imports by 1.2 percent (89.5 percent of total imports).

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

5/2/1/1: Merchandise Exports by Degree of Processing*

In the reporting year, merchandise export proceeds declined by 5.1 percent, scoring US\$ 23.9 billion, owing to the decrease in the exports of semi-finished goods by 14.9 percent; mineral fuels, oils and products by 6.4 percent; and finished goods by 4.6 percent. In contrast, exports of raw materials scaled up by 38.3 percent.

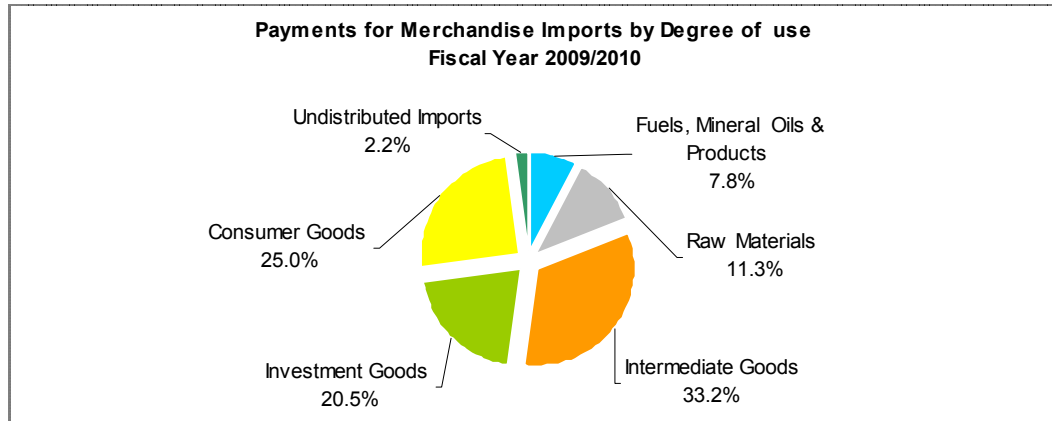


5/2/1/2: Merchandise Imports by Degree of Use**

Merchandise import payments amounted to some US\$ 49.0 billion, down by 2.7 percent (from US\$ 50.3 billion a year earlier). The decline was indicative of the lower imports of mineral fuels, oils and products by 22.1 percent; raw materials by 14.2 percent; investment goods by 2.4 percent and intermediate goods by 2.3 percent. Conversely, import payments for consumer goods went up by 27.6 percent.

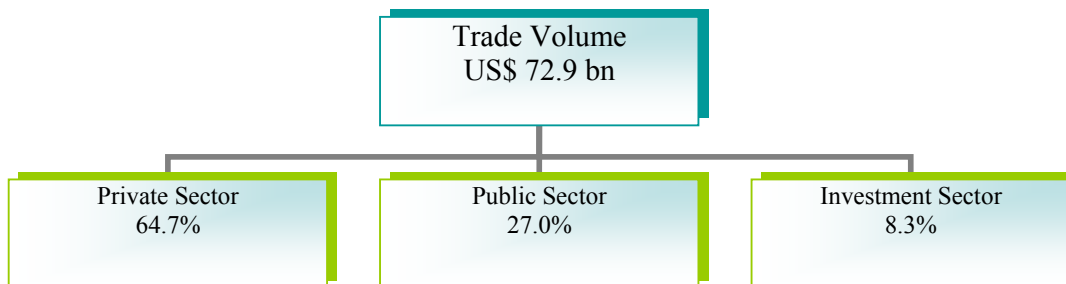
* Calculated on FOB basis, as their value is calculated at the customs borders of the Egyptian economy, i.e. excluding the costs of shipment, freight and insurance. They include exports of free zones to the rest of the world.

** Calculated on CIF basis; i.e. including the costs of shipment, freight and insurance. They include imports of free zones from the rest of the world.



5/2/13: Sectoral Distribution of Commodity Transactions

The role of the private sector in external trade enlarged, with a share of 64.7 percent of the total volume of trade (against 60.1 percent a year earlier). The public sector came next with 27.0 percent (against 30.3 percent) and the investment sector with 8.3 percent (against 9.6 percent).



Hereunder is the breakdown of the main exports and imports by sector:

A- The Private Sector:

The volume of trade of the private sector rose by 3.9 percent, posting US\$ 47.1 billion, owing to the rise in its imports by 5.0 percent to US\$ 35.8 billion from US\$ 34.1 billion (intermediate goods made up 38.8 percent and consumer goods 29.6 percent of the sector's imports). On the other hand, its export proceeds slightly edged up by 0.8 percent, recording US\$ 11.4 billion (47.7 percent of total export proceeds) against US\$ 11.3 billion (finished goods represented 76.5 percent of the sector's total exports).

The private sector's main imports were iron and steel products; pharmaceuticals; spare parts and accessories of cars; organic and inorganic chemicals; plastics and articles thereof; cars; paper, cardboard paper and articles thereof; computers; wood and products; cranes, bulldozers and parts thereof; and wheat.

Its key imports were ready-made clothes; iron and steel products; miscellaneous edible preparations; fertilizers; organic and inorganic chemicals; cotton textiles; pharmaceuticals; cast iron and semi-finished products and rolled iron and cars, tractors and bicycles.

B- The Public Sector:

The volume of trade of the public sector declined by 14.0 percent, amounting to US\$ 19.7 billion. Such a decline was ascribed to the fall in the public sector's imports by 25.5 percent, to US\$ 8.8 billion from US\$ 11.8 billion (mineral fuels, oils and products constituted 29.3 percent and raw materials 19.7 percent of the total). Another factor at work was the decline in the export proceeds of this sector by 1.8 percent, from US\$ 11.1 billion to US\$ 10.9 billion (mineral fuels, oils and products represented 91.6 percent of its total exports).

The key imports were crude oil and products; wheat; animal and vegetable fats, greases and oils and products; motors, generators and parts thereof; pharmaceuticals; pumps and fans and parts thereof; tobacco; and optical photographic, cinematographic and medical appliances and parts.

Its chief exports were crude oil and products; aluminum articles; fertilizers; unalloyed aluminum; cotton; soap, detergents and artificial waxes; manufactured tobacco and tobacco substitutes; cotton textiles; coal and types thereof; organic and inorganic chemicals; and iron and steel products.

C- The Investment Sector:

The trade volume of the investment sector shrank by 16.8 percent to some US\$ 6.1 billion; because of the drop in its export proceeds by 42.7 percent to US\$ 1.6 billion, (finished goods represented 54.7 percent and mineral fuels, oils and products 21.3 percent). Meanwhile, imports fell by 1.0 percent to US\$4.5 billion (intermediate goods and raw materials constituted 29.8 percent and 24.0 percent, respectively).

The investment sector mainly exported oil products; fertilizers; ready-made clothes; organic and inorganic chemicals; cotton textiles; cast iron, semi-finished products and rolled iron; carpets and other floor coverings; iron and steel products; ceramic products; and cotton.

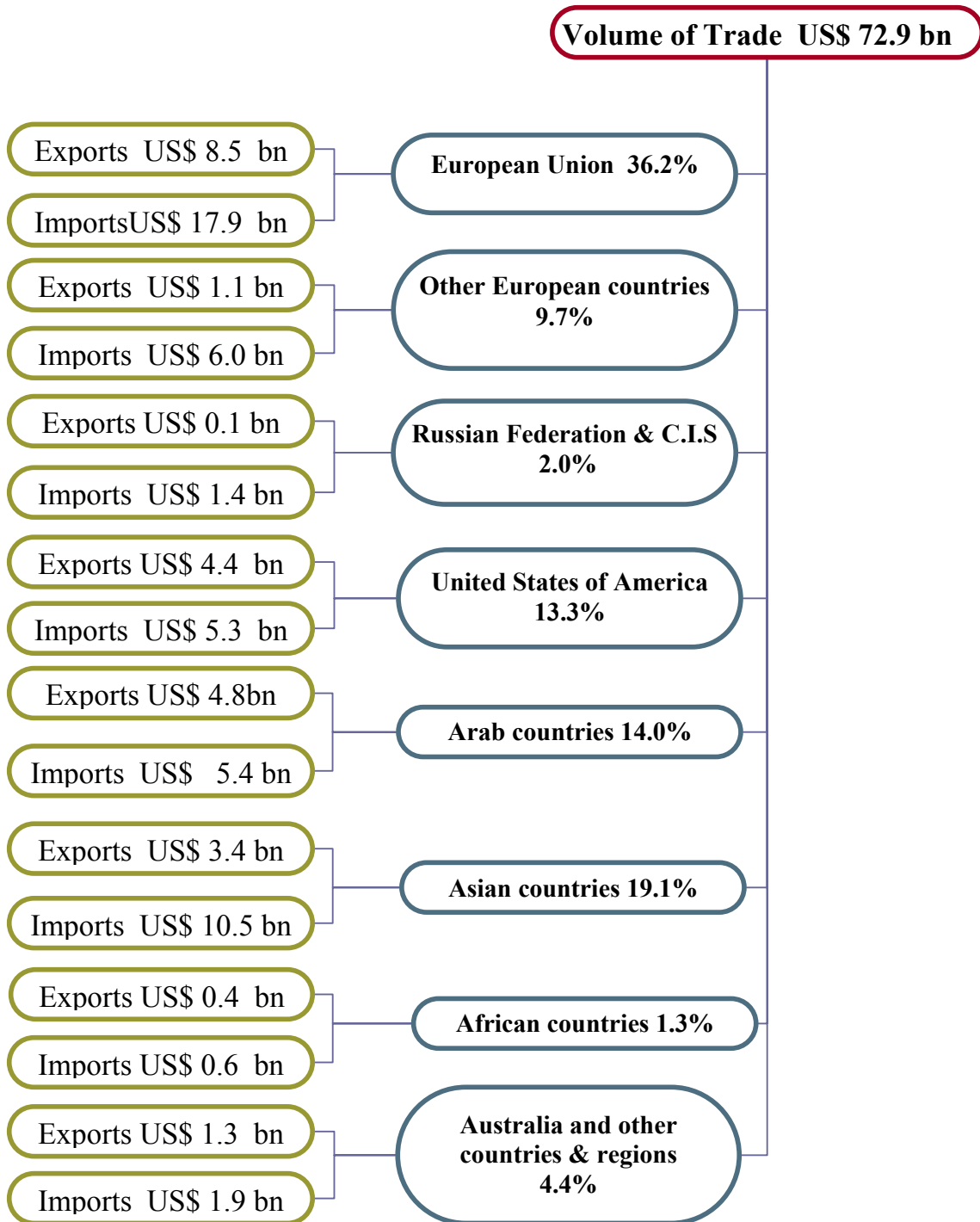
The chief imports of this sector were crude oil and products; pumps and fans and parts thereof; animal and vegetable fats, greases and oils and products; spare parts and accessories of cars; oil products; iron and steel products; cranes, bulldozers and parts thereof; pharmaceuticals; and miscellaneous edible preparations.

5/2/1/4: Geographical Distribution of Commodity Transactions

The volume of trade between Egypt and all groups of trade partners declined, apart from the Asian countries, Arab countries and the other European countries. As for merchandise exports, the EU countries came in the lead, contributing 35.5 percent of the total export proceeds during FY 2009/2010, followed by the Arab countries (19.9 percent), and the USA (18.5 percent).

Turning to import payments, the EU countries were also the main exporter to Egypt, with a share of 36.5 percent of total imports in the reporting year, followed by the Asian countries (21.5 percent), and the other European countries (12.3 percent).

The following chart illustrates the geographical distribution of the volume of external trade between Egypt and the different groups of countries:



5/2/1/5: External Trade by Main Commodity

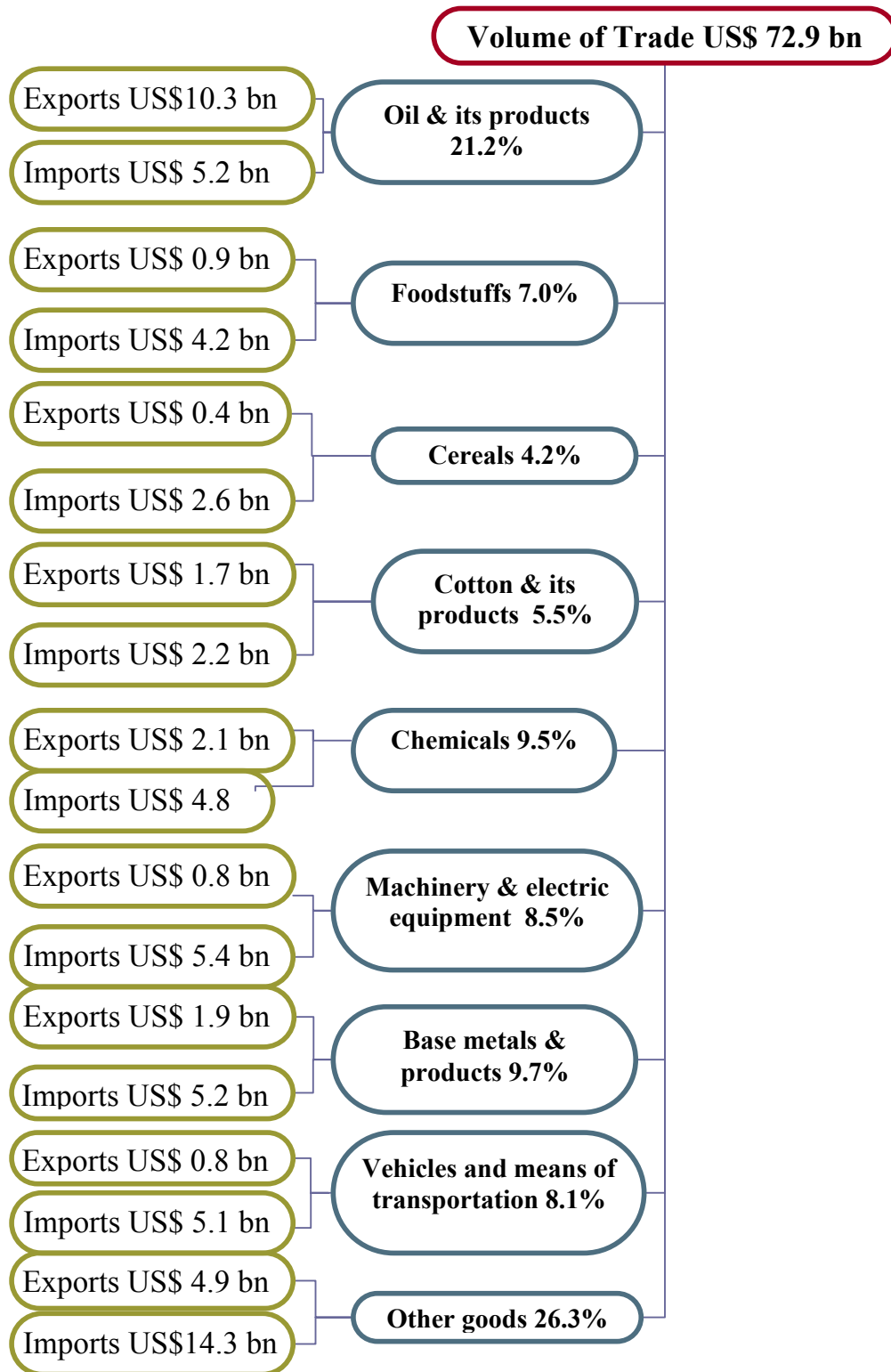
As for the main commodities, all groups contributed to the rise in total external trade, excluding crude oil and products and metals and products. Crude oil and products accounted for 21.2 percent of the total volume of trade, followed by metals and products with 9.7 percent; and chemicals with 9.5 percent.

Exports of crude oil and products came first with 43.0 percent of the total, followed by chemicals with 8.9 percent and metals and products with 7.9 percent.

Imports of machines and electric appliances came in the forefront with 11.1 percent of the total imports, followed by metals and products and crude oil and products with shares of 10.7 percent and 10.5 percent, respectively.

Foodstuffs and cereals transactions rose by 16.4 percent to US\$ 8.1 billion in the year under review, against US\$ 7.0 billion in the year of comparison. Exports of this group recorded US\$ 1.3 billion (representing 5.6 percent of total exports), with a rise of 22.9 percent above the previous FY's level. On the other hand, imports of this group increased by 15.1 percent to US\$ 6.8 billion (constituting 13.9 percent of total imports).

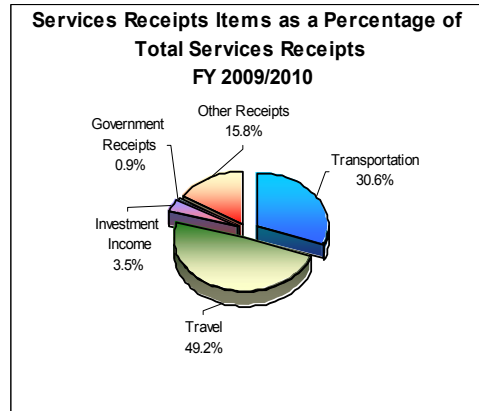
Hereunder is the breakdown of merchandise transactions by main commodity groups:



5/2/2: Balance of Services and Transfers

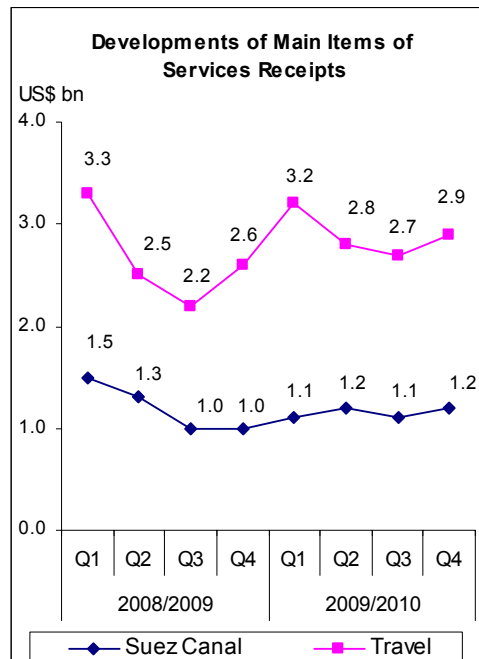
During the year under review, the services surplus fell by 17.3 percent to only US\$ 10.3 billion (from US\$ 12.5 billion), as a reflection of the following factors:

- **Services receipts** decreased by 1.0 percent to only US\$ 23.6 billion (against US\$ 23.8 billion), attributable to the decline in most items as follows:



- Investment income receipts plunged by 57.2 percent to US\$ 829.0 million (against US\$ 1.9 billion), due to the lower interest payments on deposits abroad (held by the banking system or residents) and lower financial investment (portfolio) income.
- Transportation receipts dropped by 3.5 percent, registering US\$ 7.2 billion (against US\$ 7.5 billion), because of the decrease in Suez Canal earnings by 4.3 percent (following the decline in the number of transiting ships and their net tonnage).

Notably, when comparing the change rates in the quarterly data of **Suez Canal revenues** in the year under review with those of the year of comparison, an upturn was observed. After reaching a peak of 24.0 percent in the first quarter, the rate of decline in these revenues moderated to 8.3 percent in the second quarter; then reversed into a growth rate of 15.0 percent and 10.1 percent in the third and fourth quarters.



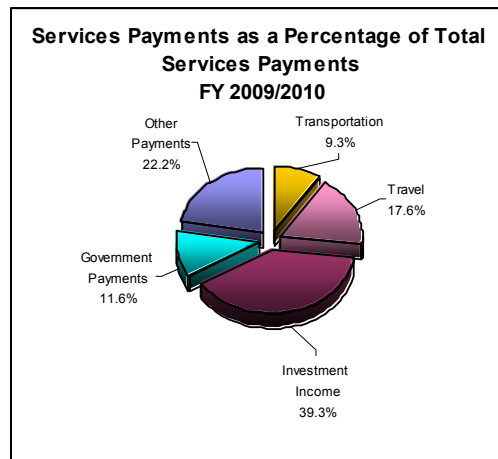
- Government receipts decreased by 13.8 percent, due to the retreat in the expenses of foreign embassies in Egypt.
- However, travel receipts (tourism revenues)* picked up by 10.5 percent to some US\$ 11.6 billion (against US\$ 10.5 billion), as a result of the rise in tourist nights to 136.4 million during the reporting year (against 123.4 million).

It is noteworthy that the comparison of the quarterly data of **tourism revenues** in the reporting year with those of the previous corresponding FY showed a substantial improvement. The 1.6 percent decline in the first quarter stands in sharp contrast to the growth rates realized in the second, third and fourth quarters (13.0 percent, 24.2 percent and 12.0 percent, respectively).

- Other service receipts also rose by 1.8 percent to US\$ 3.7 billion, primarily due to the rise in the invisible receipts of the EGPC.

– **Service payments** increased by 17.0 percent to some US\$ 13.2 billion (against US\$ 11.3 billion), due to the following factors:

- Investment income payments rose to US\$ 5.2 billion (against US\$ 1.8 billion), driven by the larger profit transfers of the foreign companies operating in Egypt, particularly oil companies.



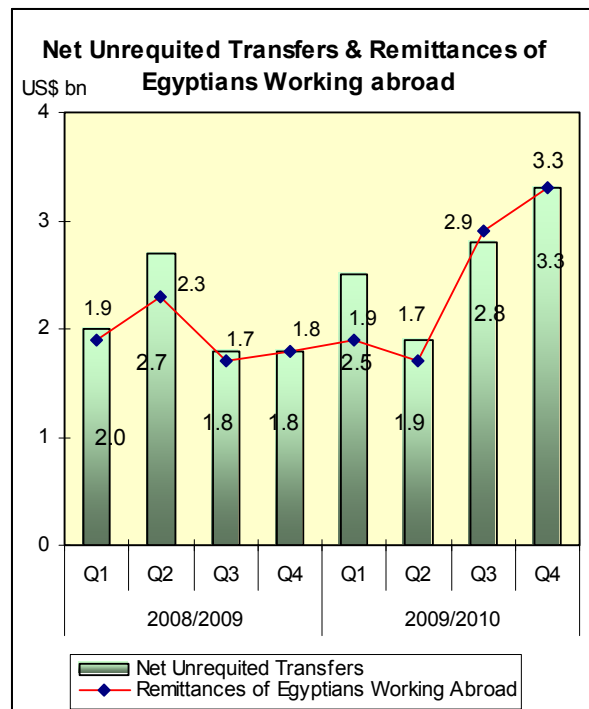
- Government expenditure accelerated by 29.8 percent to US\$ 1.5 billion (from US\$ 1.2 billion), ascribable to the expansion in other government expenses and the salaries and expenses of government employees seconded abroad.

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

- Other service payments decreased by 28.4 percent to US\$ 2.9 billion (against US\$ 4.1 billion), due to the fall in the transfers made abroad by Egyptian and foreign companies (oil and non-oil) and the lower payments for communication services.
- Transportation payments fell by 17.6 percent to US\$ 1.2 billion, owing to the decline in the transfers of Egyptian navigation companies and the payments of SUMED pipeline and foreign aviation companies.
- Travel payments went down by 15.0 percent to only US\$ 2.3 billion, reflecting the drop in the expenses of tourism and medical treatment abroad, as well as the payments of visa cards and hotels and tourism companies abroad.

Net unrequited transfers picked up by 26.9 percent to US\$ 10.5 billion during FY 2009/2010 (from US\$ 8.2 billion), because of the following factors:

- The increase in net private transfers by 24.6 percent to US\$ 9.5 billion (mainly the remittances of Egyptians working abroad, which rose by 25.0 percent).
- The pickup in official transfers to US\$ 954.0 million from US\$ 614.3 million, owing to larger cash grants to the Egyptian government.



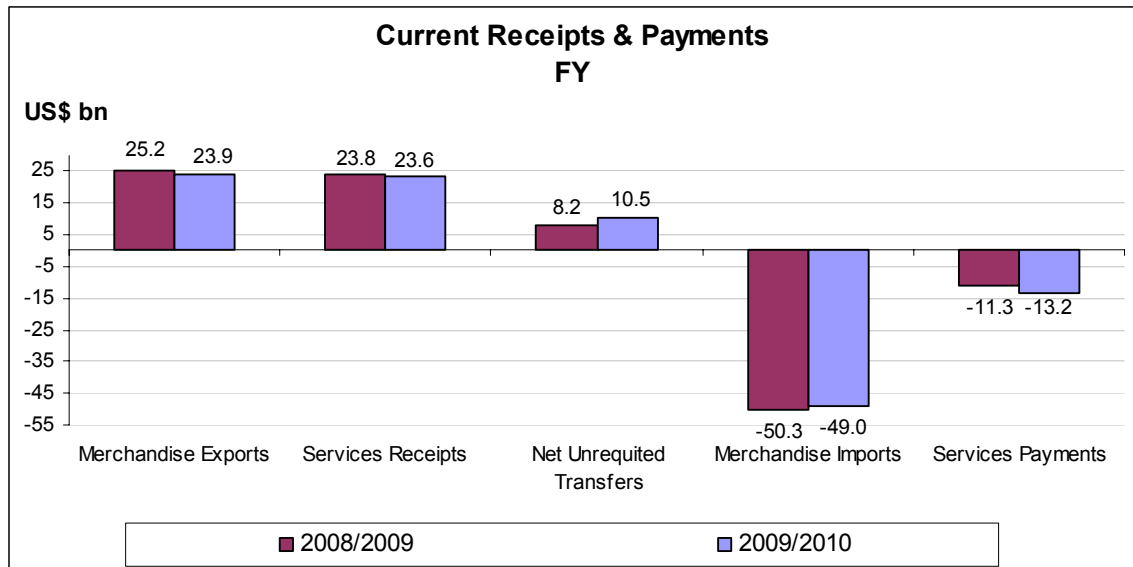
Net Unrequited Current Transfers

(US\$ mn)

	<u>FY</u>		<u>Change</u>	
	2008/2009	2009/2010	Value	%
<u>Net Current Transfers (Unrequited)</u>	<u>8246.6</u>	<u>10463.4</u>	<u>2216.8</u>	<u>26.9</u>
<u>1- Official Transfers (Net)</u>	<u>614.3</u>	<u>954.0</u>	<u>339.7</u>	<u>55.3</u>
- Inward cash grants	375.1	563.6	188.5	50.3
- Other inward grants	317.1	479.3	162.2	51.2
- Outward grants (-)	-77.9	-88.9	-11.0	14.1
<u>2- Private Transfers (Net)</u>	<u>7632.3</u>	<u>9509.4</u>	<u>1877.1</u>	<u>24.6</u>
- Workers' remittances	7805.7	9753.4	1947.7	25.0
- Other transfers	71.5	64.0	-7.5	-10.5
- Private transfers abroad (-)	-245.0	-308.0	-63.0	25.7

As a result of the above-mentioned developments in FY 2009/2010, the current account deficit scantily narrowed to US\$ 4.3 billion (from US\$ 4.4 billion a year earlier). The improvement was an outcome of the pickup in the current receipts by US\$ 682.6 million or 1.2 percent to US\$ 57.9 billion (from US\$ 57.2 billion), and the rise in the current payments by US\$ 575.9 million or 0.9 percent to US\$ 62.2 billion (from US\$ 61.6 billion).

The following graph shows current receipts and payments in the reporting year and the year of comparison:



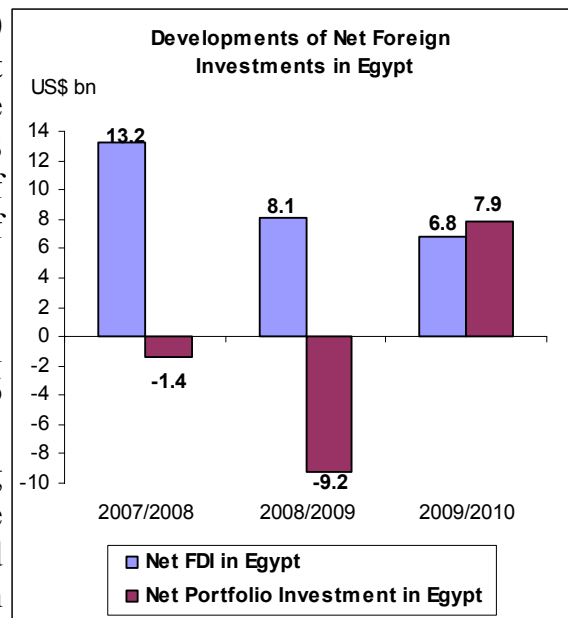
5/2/3: Capital and Financial Account

The **capital and financial account** realized a higher net inflow of US\$ 8.3 billion during FY 2009/2010 (against US\$ 2.3 billion a year earlier), due to the following developments:

1- Portfolio investment in Egypt* shifted into a net inflow of US\$ 7.9 billion during the reporting year (from a net outflow of US\$ 9.2 billion in the year of comparison). Such an inflow consisted of foreigners' net transactions on Egyptian TBs (US\$ 5.0 billion), their net transactions in shares (US\$ 1.5 billion) and net transactions in other Egyptian bonds and notes (US\$ 1.4 billion).

2- Foreign direct investment (FDI) in Egypt** registered a net inflow of US\$ 6.8 billion in the year under review (against US\$ 8.1 billion), with a decline of 16.7 percent, as an outcome of the following:

- Net direct investments in the oil sector retreated to US\$ 3.6 billion from US\$ 5.4 billion.
- Privatization proceeds (selling of companies and productive assets to non-residents) rolled back to US\$ 173.1 million (from US\$ 303.5 million).
- Net Greenfield investments increased to US\$ 2.7 billion in the reporting year (from US\$ 2.3 billion a year earlier).

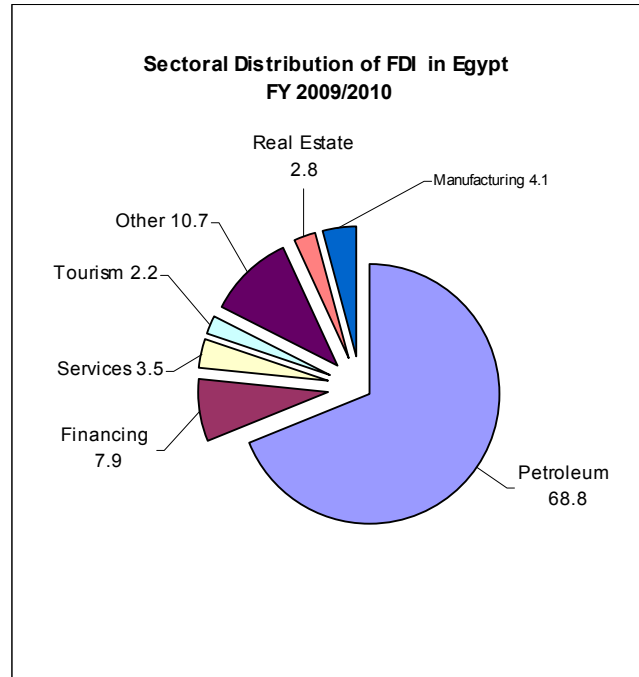


* Representing foreigners' net transactions in securities and Egyptian bonds and notes.

** FDI represents foreign investors who 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 opposite figure illustrates the sectoral distribution and the share of each sector in total FDI inflows in Egypt during the year under review.

3- Other assets and liabilities (represent-ting 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), recorded a net outflow of US\$ 7.1 billion, against a net inflow of US\$ 3.9 billion.



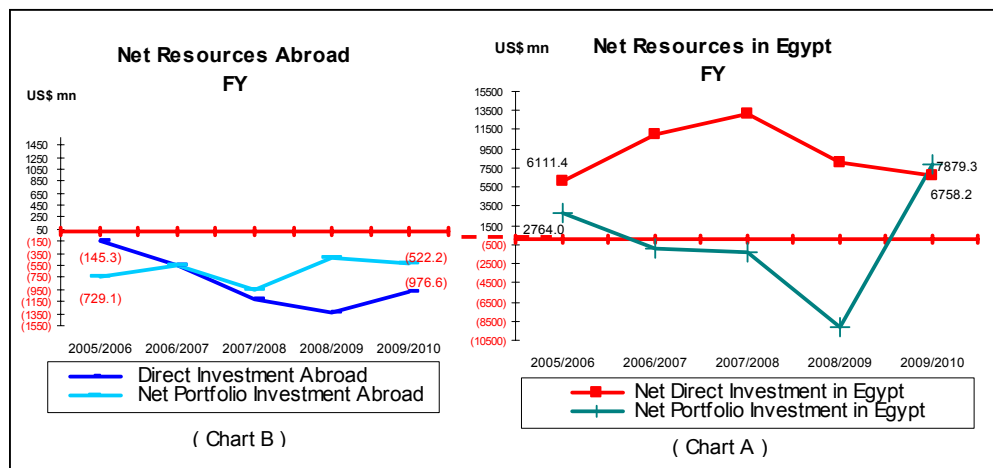
4- Medium- and long-term loans and facilities revealed a net repayment of US\$ 562.5 million (against US\$ 307.7 million), as an outcome of the retreat in disbursements from US\$ 2.1 billion to US\$ 1.3 billion and in repayments from US\$ 2.4 billion to US\$ 1.8 billion.

5/3: International Finance

According to the international finance data during FY 2009/2010, net finance rose by US\$ 13.9 billion, to achieve a net inflow of US\$ 11.2 billion (against a net outflow of US\$ 2.8 billion a year earlier). That was attributable largely to the reversal of total net flows of resources from a net outflow of US\$ 982.7 million to a net inflow of US\$ 16.4 billion, due mainly to the interplay of the following factors:

- Net foreign investment in Egypt (direct and portfolio) accelerated by some US\$ 15.7 billion as portfolio investment in Egypt shifted from a net outflow of US\$ 9.2 billion during the previous FY to a net inflow of US\$ 7.9 billion during the reporting year, especially net foreigners' transactions on securities*, and on Egyptian bonds and notes**. Net FDI in Egypt unfolded a net inflow of US\$ 6.8 billion during the reporting year, against US\$ 8.1 billion a year earlier. (See chart A)
- Net foreign investment abroad (both types) declined by US\$ 252.5 million, due to the fall in foreign direct investment abroad by 27.1 percent to only US\$ 976.6 million, and the rise in portfolio investment abroad by 27.1 percent to US\$ 522.2 million. (See chart B)

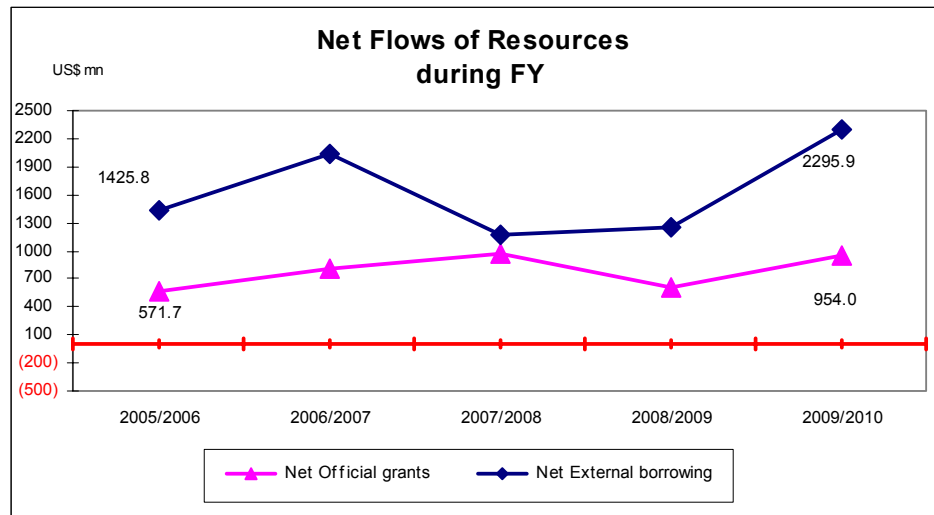
The following charts illustrate the development in net foreign investment (direct and portfolio) in Egypt and abroad during FY 2009/2010 in addition to the last four years.



* Including US\$ 5.0 billion of net foreign investments in Egyptian Treasury bills (inflows).

** Including US\$ 1.2 billion of sovereign bonds issued in April 2010 (holdings of non-residents).

- Net disbursements of external borrowing (medium-, long- and short-term loans and facilities) reached roughly US\$ 2.3 billion against US\$ 1.3 billion during the preceding FY.
- Net official grants stepped up by 55.3 percent to US\$ 954.0 million.
- Total interest payments and profit transfers abroad markedly increased by US\$ 3.4 billion, to post US\$ 5.2 billion due mainly to the rise in profit transfers abroad from foreign companies operating in Egypt.



Finance Resources from Abroad (Net)

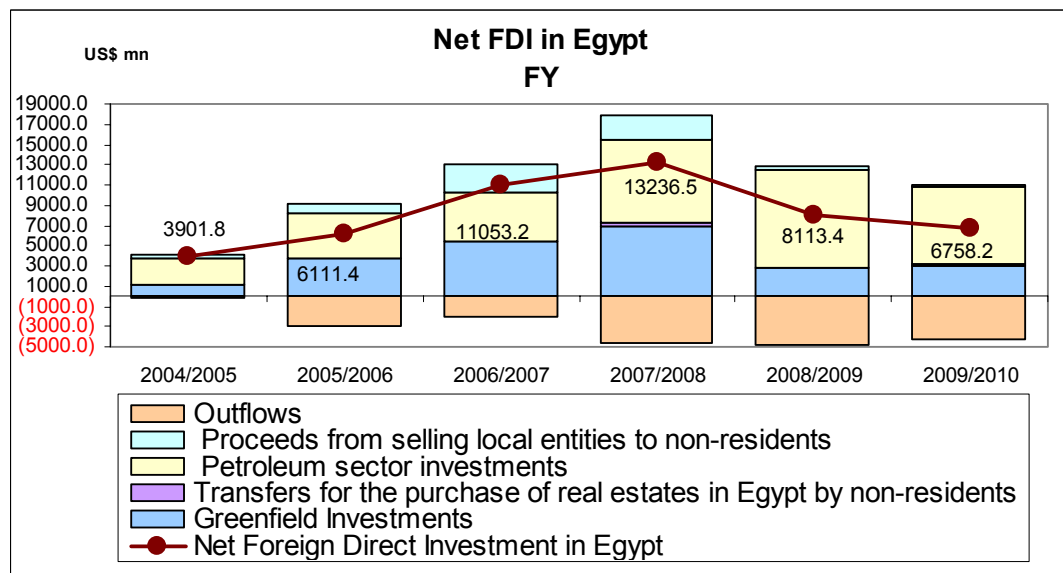
	FY		Change
	2008/2009	2009/2010 ⁺	
Net International Finance from Abroad	(2765.7)	11194.9	13960.6
A- Total Net Resources from Abroad	(982.7)	16388.6	17371.3
1 -Official grants (net)	614.3	954.0	339.7
2 -External borrowing (net)	1251.6	2295.9	1044.3
3 -Direct investment in Egypt (net)	8113.4	6758.2	(1355.2)
4 -Portfolio investment in Egypt (net)	(9210.7)	7879.3	17090.0
5 -Direct investment abroad	(1340.5)	(976.6)	363.9
6 -Portfolio investment abroad (net)	(410.8)	(522.2)	(111.4)
B-Interest Payments and Profit Transfers (Outflows)	(1783.0)	(5193.7)	(3410.7)
1- Interest on external loans and facilities	(584.4)	(536.5)	47.9
2- Interest on non-residents' deposits at Egyptian banks	(36.0)	(17.1)	18.9
3- Profit transfers of direct investment	(906.9)	(4259.3)	(3352.4)
4- Profit transfers of investment in securities	(255.7)	(380.8)	(125.1)

⁺ Provisional.

5/3/1: Foreign Direct Investment (FDI) in Egypt *

During FY 2009/2010, net FDI in Egypt contracted by 16.7 percent to only US\$ 6.8 billion (3.1 percent of GDP), against US\$ 8.1 billion (4.3 percent of GDP) during the previous FY. That was an outcome of the decline in total investment inflows by 14.2 percent to only US\$ 11.0 billion and also in capital repatriation by 10.0 percent to US\$ 4.2 billion.

The slackened inflow of investments was ascribed to the following declines: in flows from the USA by US\$ 2.1 billion to only US\$ 1.4 billion (82.8 percent of which were oil investments); from the Arab countries by 29.1 percent to only US\$ 1.4 billion (greenfield investments made up 53.2 percent); and from the other countries by US\$ 332.5 million to US\$ 1.4 billion. In contrast, inflows from the EU countries went up by US\$ 1.2 billion to US\$ 6.8 billion, mostly oil investments (81.8 percent).



The **sectoral distribution** of total inflows of FDI in Egypt during FY 2009/2010 indicated that inflows to the petroleum sector accounted for US\$ 7.6 billion (68.8 percent of total FDI inflows) against US\$ 9.7 billion or 75.3 percent a year earlier, as illustrated by the following table. In the meantime, total

* 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 for an incorporated enterprise, or its equivalent for an unincorporated enterprise.

(Source: IMF's BOP Manual, Fifth Edition).

inflows to non-oil sectors reached US\$ 3.4 billion, mostly absorbed by the finance sector (US\$ 873.9 million or 7.9 percent), followed by the manufacturing sector (US\$ 456.3 million or 4.1 percent), the services sector (US\$ 382.6 million or 3.5 percent), and real estate investments (US\$ 305.3 million or 2.8 percent).

Sectoral Distribution of Total FDI in Egypt

(US\$ mn)

Sector	FY			
	2008/2009		2009/2010*	
	Value	%	Value	%
Total Inflows	12836.1	100.0	11008.1	100.0
Petroleum	9666.6	75.3	7577.4	68.8
Manufacturing	851.9	6.6	456.3	4.1
Finance	440.7	3.4	873.9	7.9
Services	282.5	2.2	382.6	3.5
Construction	225.5	1.8	303.8	2.8
Real Estate	138.4	1.1	305.3	2.8
Tourism	121.7	0.9	246.9	2.2
Agriculture	76.3	0.6	261.6	2.4
Communications & IT	727.3	5.7	62.8	0.6
Undistributed	305.2	2.4	537.5	4.9

* Provisional.

The geographical distribution of FDI in Egypt showed that the bulk of those flows came from the EU countries (61.5 percent of the total), mainly the UK (44.7 percent); followed by the Arab countries (13.1 percent), chiefly Saudi Arabia; then the USA (12.9 percent), and other countries (12.5 percent), mainly Switzerland and Hong Kong.

According to the World Investment Report for 2009, issued by the United Nations Conference on Trade and Development (UNCTD), Egypt ranked first among the host countries receiving FDI in North Africa, and was the third at the level of the African continent.

FDI in Egypt by Geographical Distribution

(US\$ mn)

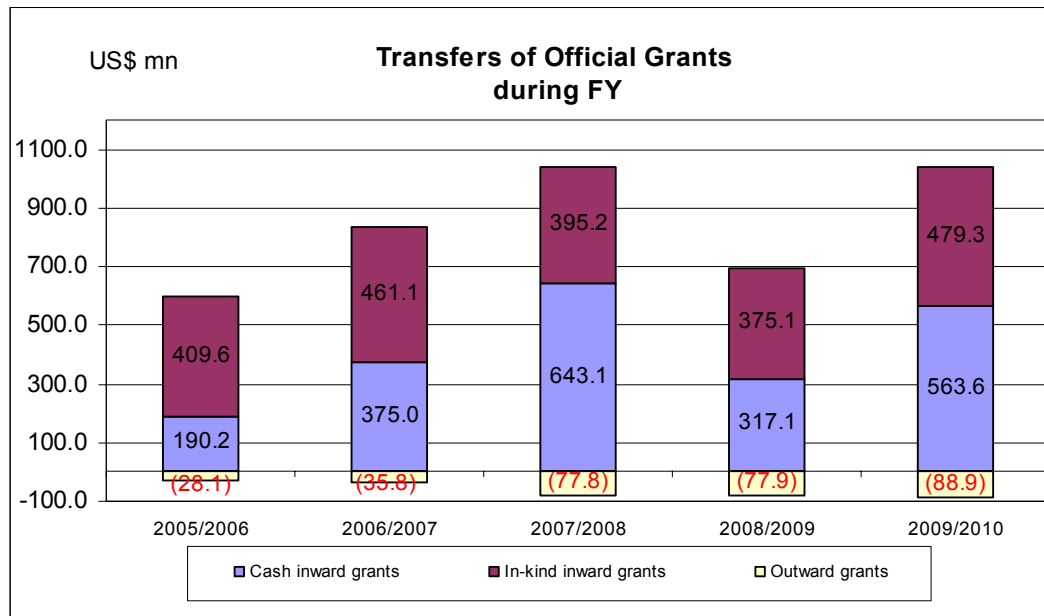
	FY 2008/2009	FY 2009/2010*
Flows of FDI in Egypt (Net)	8113.4	6758.2
Inflows	12836.1	11008.1
USA	3515.0	1424.9
EU countries	5578.4	6763.2
Germany	102.6	109.7
France	254.3	286.2
UK	3231.8	4926.1
Italy	70.1	67.8
Greece	153.4	64.7
Spain	27.0	80.5
The Netherlands	134.0	128.8
Belgium	1541.6	930.1
Luxemburg	26.9	3.7
Denmark	8.2	6.8
Sweden	0.0	46.0
Austria	10.6	3.9
Cyprus	4.1	100.9
Estonia	0.4	0.0
Latvia	0.6	0.1
Ireland	1.6	4.9
Poland	10.0	1.3
Others	1.2	1.7
Arab countries	2029.7	1439.5
Saudi Arabia	514.1	323.4
UAE	1037.4	303.5
Tunisia	2.4	1.3
Kuwait	118.0	188.7
Lebanon	67.4	10.6
Libya	2.6	337.1
Jordan	170.8	81.8
Bahrain	20.5	64.1
Qatar	53.0	70.4
Oman	11.1	9.8
Yemen	10.4	8.6
The Sudan	2.3	1.3
Others	19.7	38.9
Other countries	1713.0	1380.5
Switzerland	154.6	111.4
Japan	44.9	13.0
Canada	100.9	8.2
China	60.0	26.9
Australia	7.6	1.4
India	51.4	8.7
Turkey	69.0	25.4
Norway	5.7	6.1
Other countries	1218.9	1179.4
Capital repatriation**	-4722.7	-4249.9

* Provisional

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

5/3/2: External Official Grants

The following chart illustrated that net official transfers (cash and in-kind) reached some US\$ 954.0 million during FY 2009/2010, against US\$ 614.3 million during the previous FY, up by US\$ 339.7 million. It was ascribable to the fact that the rise in inflows of grants outpaced that in grants transferred abroad. To explain, inflows of cash grants accelerated by 77.7 percent to US\$ 563.6 million, and inflows of in-kind grants stepped up by 27.8 percent to US\$ 479.3 million. The rise was largely in grants from the USA, and new grants from Saudi Arabia. In addition, official grants transferred abroad went up by US\$ 11.0 million, to reach US\$ 88.9 million.



According to the Ministry of International Cooperation, total **grant commitments** during the year in question picked up by 16.0 percent to US\$ 652.6 million, mainly because of the rise in grant commitments with the USA and the European Commission.

Official Grants: New Commitments and Net Actual Flows

(US\$ mn)

	FY			
	2008/2009	2009/2010*	2008/2009	2009/2010*
	Actual Flows		New Commitments	
<u>Net Inflows</u>	<u>500.1</u>	<u>954.0</u>		
<u>Inflows: of which</u>	<u>578.0</u>	<u>1042.9</u>	<u>562.4</u>	<u>652.6</u>
USA	519.8	647.2	146.1	359.0
Japan	19.4	11.7	4.7	10.8
Germany	22.4	38.8	11.2	
Italy	0.9	1.1	11.6	
UK	0.6			
China	8.6		10.3	11.7
Canada	2.6	1.4	23.7	
Saudi Arabia		200.1		
UAE	1.4			
World Bank				8.0
European Commission			89.0	236.1
US Agency for International Development			247.1	
Korean International Cooperation Agency (KOICA)			6.8	
Japan Social Development Fund (JSDF)				2.9
French Development Agency			2.1	1.8
Other countries and institutions		93.4	0.7	
<u>Outflows</u>	<u>(77.9)</u>	<u>(88.9)</u>		

* Provisional.

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

Breakdown of Official Grant Commitments by Beneficiary

(US\$ mn)

	FY			
	2008/2009	%	2009/2010	%
<u>Total</u>	<u>510.1</u>	<u>100.0</u>	<u>652.6</u>	<u>100</u>
<u>Productive Sectors</u>	<u>49.0</u>	<u>8.7</u>	<u>15.7</u>	<u>2.4</u>
Agriculture and irrigation	6.8	1.2	4.4	0.7
Energy & electricity	42.2	7.5	11.3	1.7
<u>Services Sectors</u>	<u>513.4</u>	<u>91.3</u>	<u>636.9</u>	<u>97.6</u>
Transportation, communications and information & Suez Canal	11.6	2.1	0.0	0.0
Financial intermediaries & supporting services	14.3	2.5	15.3	2.4
Insurance & social solidarity	23.7	4.2	1.8	0.3
Real estate	57.0	10.1	0.0	0.0
General government	59.3	10.6	117.1	17.9
Health and education	91.0	16.2	64.1	9.8
Others	256.5	45.6	438.6	67.2

5/3/3: External Debt

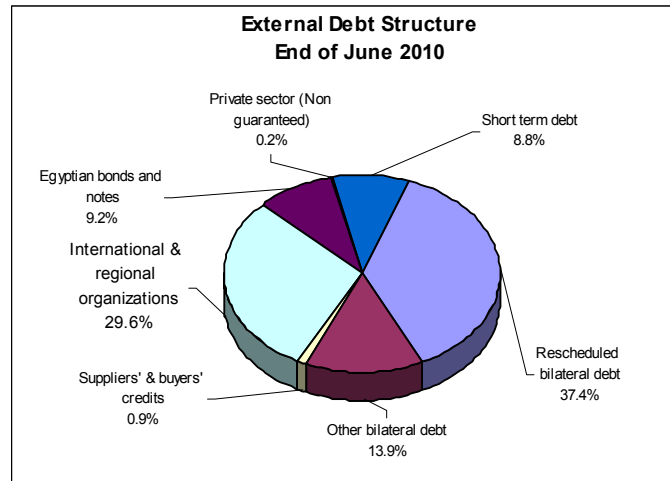
The total external debt (public and private-all maturities) increased by about 6.9 percent or US\$ 2.2 billion, reaching US\$ 33.7 billion at end of June 2010 (against US\$ 31.5 billion at end of June 2009). That increase was an outcome of the realization of net disbursements of loans and facilities in the amount of US\$ 3.4 billion (owing to disbursements of about US\$ 5.4 billion and principal repayments of some US\$ 2.0 billion). Add to this the depreciation of most currencies of borrowing versus the US dollar, driving down the stock of debt by some US\$ 1.2 billion.

The public sector was the major obligor, with a share of US\$ 31.4 billion or 93.2 percent of the total external debt. The private sector accounted for the remainder (6.8 percent) or US\$ 2.3 billion at end of June 2010.

External Debt Components*

The breakdown of external debt by maturity indicated that medium-and long-term loans and facilities (guaranteed and non-guaranteed) accounted for 91.2 percent of the total external debt or US\$ 30.7 billion at end of June 2010 (including long-term loans of US\$ 30.3 billion, and medium-term loans of US\$ 460.9 million). The short-term debt of US\$ 3.0 billion accounted for the remainder (8.8 percent).

As for long-term loans, around US\$ 16.7 billion** (49.5 percent of the total) was owed to Paris Club members. Debt to countries other than Paris Club members registered around US\$ 917.7 million (2.7 percent).



Debt to international and regional organizations reached US\$ 10.0 billion or 29.6 percent of the total at end of June 2010 (the public sector owed 98.5 percent).

The stock of Egyptian bonds and notes (holdings of non-residents) amounted to some US\$ 3.1 billion or 9.2 percent of total external debt. That figure comprised US\$ 226.2 million of dollar-denominated sovereign bonds issued by the government in July 2001, and falling due in July 2011; US\$ 1.3 billion of guaranteed government securities issued by the government in September 2005, and reaching maturity in September 2015; and US\$ 385.7 million of LE bonds issued in July 2007 and falling due in July 2012. This is in

* 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' credit.

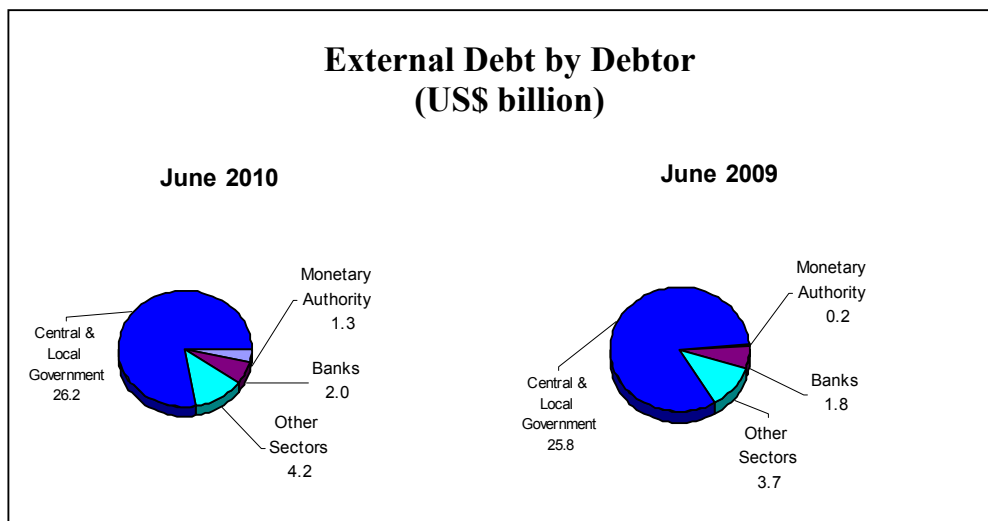
addition to the dollar-denominated sovereign bonds issued in April 2010 (of which US\$ 1.2 billion were held by non-residents), and falling due over two tranches in 2020 and 2040.

Non-guaranteed debt of the private sector constituted US\$ 77.2 million or 0.2 percent of the total at end of June 2010. The balance of short-term external debt (8.8 percent of the total) went up by 39.1 percent to US\$ 3.0 billion (69.8 percent of which was owed by the private sector). The rise resulted from the pick-up in short-term trade facilities by 64.8 percent to US\$ 1.6 billion and short-term deposits of non-residents by 17.6 percent to US\$ 1.4 billion.

External Debt by Debtor

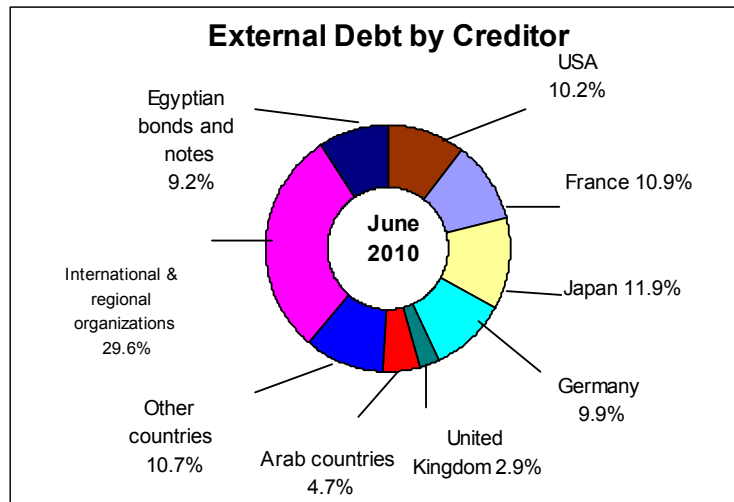
The breakdown of external debt by debtor at end of June 2010 showed an increase in the debt of the monetary authority by US\$ 1.0 billion to US\$ 1.3 billion (including the US\$ 1.2 billion rise in long-term obligations to cover the IMF's allocations of SDRs for Egypt). Increases were also seen in the debts of other sectors by around US\$ 516.6 million to US\$ 4.2 billion, the central government by US\$ 431.6 million to US\$ 26.2 billion, and banks by US\$ 166.7 million to US\$ 2.0 billion.

Nonetheless, the aforementioned developments did not affect the structure of external debt by debtor as the central government remained the major obligor (77.9 percent of the total debt) at end of June 2010, followed by the other sectors (12.5 percent), then banks (5.9 percent) and the monetary authority (3.7 percent).



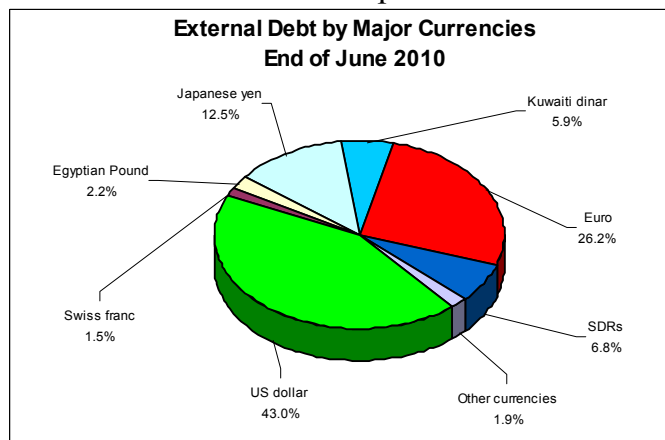
Debt by Main Creditor

The breakdown of external debt by creditor showed that 42.9 percent of the total was due to the four main Paris Club members; namely Japan (11.9 percent), France (10.9 percent), the USA (10.2 percent), and Germany (9.9 percent). Meanwhile, debt to the Arab countries combined posted 4.7 percent, mainly owed to Kuwait (2.3 percent), Saudi Arabia (0.9 percent) and the UAE (0.6 percent).



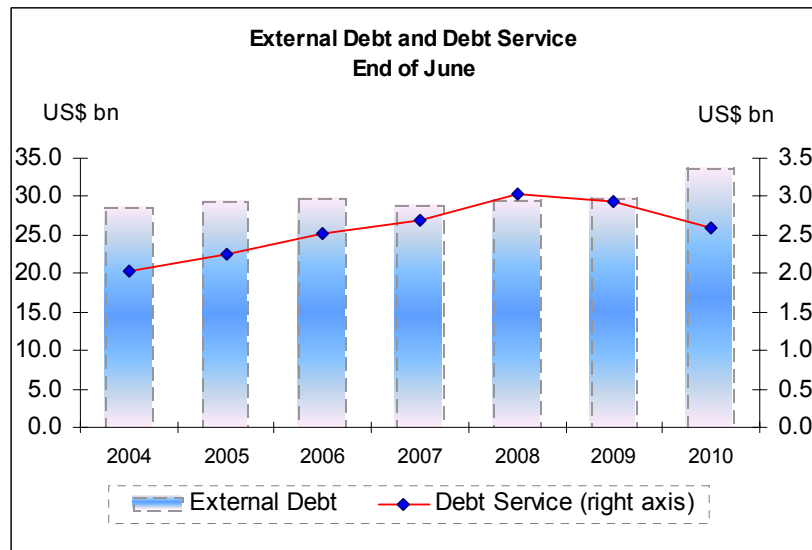
External Debt by Currency of Borrowing

The distribution of external debt by main component currencies revealed that the US dollar was the main currency of borrowing, with a relative importance of 43.0 percent, because of the outstanding obligations in US dollar to creditors other than the USA. The euro came next with 26.2 percent, then the Japanese yen with 12.5 percent, the special drawing rights (SDRs) with 6.8 percent, and the Kuwaiti dinar with 5.9 percent.



Debt Service

Turning to external debt service (medium and long-term), total debt service payments went down by US\$ 509.3 million, registering US\$ 2.6 billion during the FY 2009/2010. That was traceable to the decrease in principal repayments by US\$ 416.3 million to US\$ 2.0 billion and interest payments by about US\$ 92.9 million to some US\$ 649.3 million.

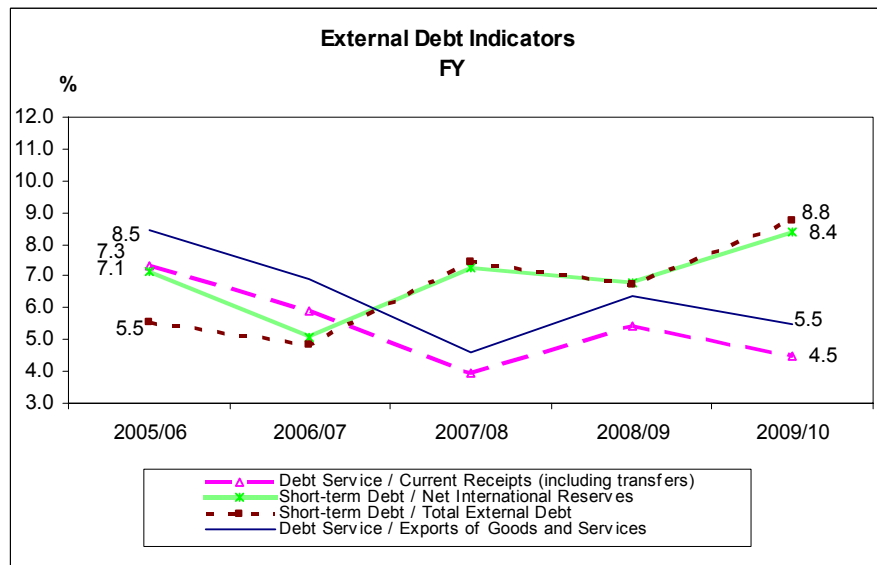
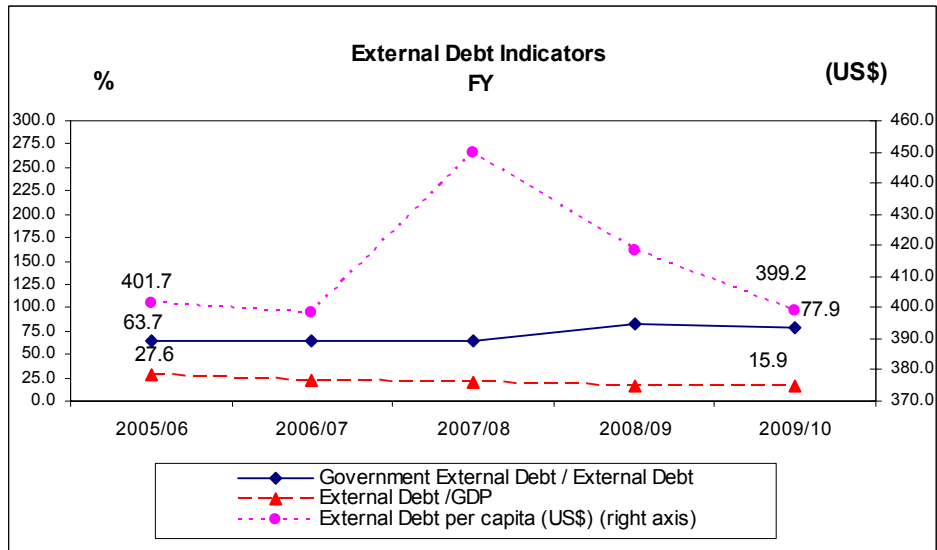


Main Indicators of External Debt

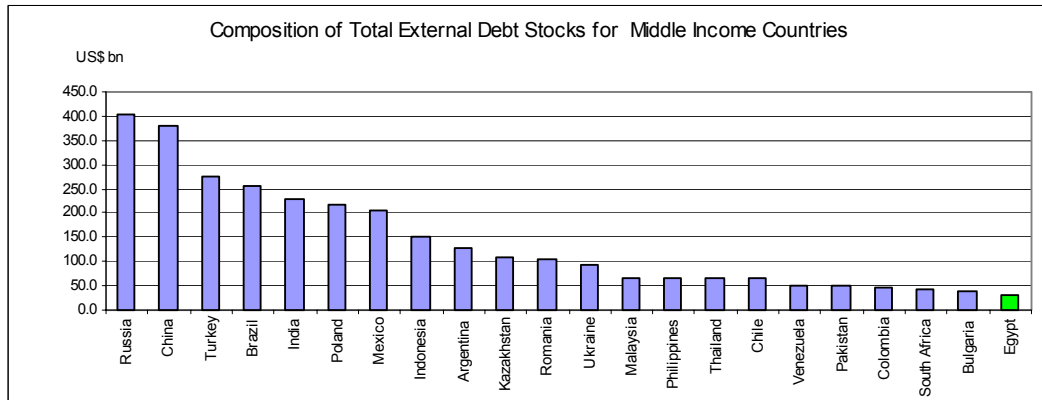
During FY 2009/2010, the key indicators of external debt showed that total debt service payments declined by 16.3 percent. The rise of 1.2 percent in the export proceeds of goods, and services as well as transfers, drove down the ratio of debt service to current receipts to 4.5 percent from 5.4 percent a year earlier.

With the GDP growth outpacing the rise in the balance of external debt, the indicator showing total external debt/GDP ratio improved, posting 15.9 percent against 16.9 percent a year earlier. Moreover, the external debt per capita fell to US\$ 399.2 from US\$ 418.6 in the previous FY.

As short-term external debt rose by 39.1 percent, to register US\$ 3.0 billion as mentioned earlier, its ratio to total debt increased to 8.8 percent from 6.8 percent in the previous FY. Also, its ratio to NIR rose to 8.4 percent from 6.8 percent.

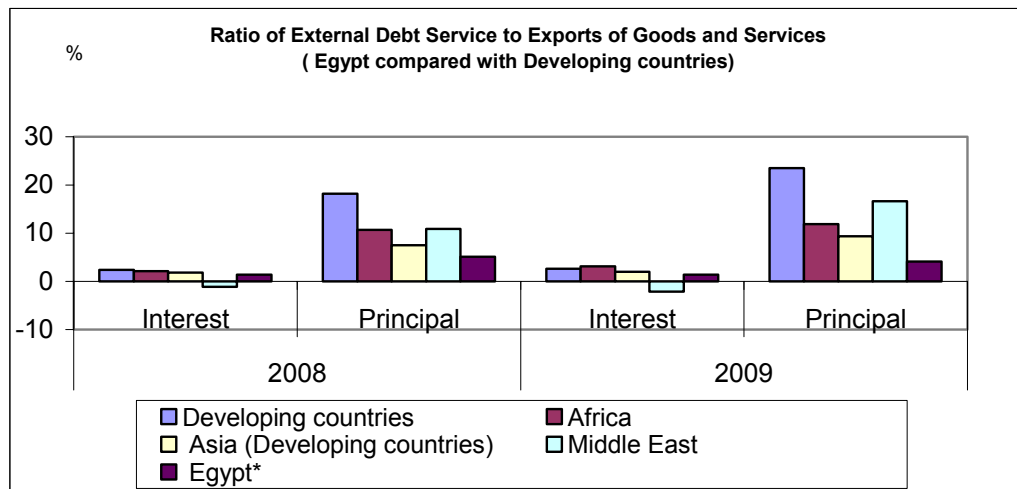


The Global Development Finance Report for 2010 (World Bank), revealed that Egypt was the largest debtor country in the Middle East. Nevertheless, according to the same report, Egypt ranked 22nd among the middle-income debtor countries in 2008 (with a debt stock of US\$ 32 billion), while Russia came on top (with a share of US\$ 402 billion).



Source: Global Development Finance Report 2010 (2008 data) -World Bank.

The following chart shows the indicators of debt service in Egypt compared with that in the developing countries combined. The indicators of debt service showed a decline in its ratio (principal and interest) to the export proceeds of goods and services in 2008 and 2009, indicating an improvement in the solvency of the Egyptian economy.*



Source: IMF's World Economic Outlook – April 2010 (statistical appendix).

New Commitments on Loans and Facilities

During FY 2009/2010, new commitments on loans and facilities stood at US\$ 3.2 billion. Most of these loans were concluded with international and regional organizations (around US\$ 2.2 billion or 69.7 percent of total commitments). Bilateral loans recorded some US\$ 945.2 million or 29.9 percent and buyers' and suppliers' credit US\$ 12.8 million or 0.4 percent of total commitments. Consequently, total commitments scaled down by US\$ 647.5 million due to the decrease in the commitments concluded with international organizations particularly the World Bank, the African Development Bank and the Kuwaiti Fund in comparison with the previous fiscal year.

* According to BOP data over the two calendar years 2008 and 2009.

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

(LE mn)

Sectors	<u>Growth Rate %</u>								
	<u>2008/2009</u>			<u>2009/2010</u>			<u>2009/2010</u>		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
Total GDP	300957.8	495878.3	796836.1	310254.3	527516.0	837770.3	3.1	6.4	5.1
Agriculture, Forests & Fishing	20.2	106554.0	106574.2	21.1	110256.0	110277.1	4.5	3.5	3.5
Extractions	93291.6	20435.1	113726.7	93643.0	21070.0	114713.0	0.4	3.1	0.9
Petroleum	40322.0	7066.0	47388.0	40104.0	6951.0	47055.0	-0.5	-1.6	-0.7
Gas	52588.0	10484.0	63072.0	53139.0	11082.0	64221.0	1.0	5.7	1.8
Others	381.6	2885.0	3266.7	400.0	3037.0	3437.0	4.8	5.3	5.2
Manufacturing Industries	20318.2	107950.7	128268.9	21117.0	113647.0	134764.0	3.9	5.3	5.1
Petroleum refining	3386.0	2725.0	6111.0	3368.0	2731.0	6099.0	-0.5	0.2	-0.2
Others	16932.2	105225.6	122157.9	17749.0	110916.0	128665.0	4.8	5.4	5.3
Electricity	9665.0	1536.0	11201.0	10402.0	1508.0	11910.0	7.6	-1.8	6.3
Water	2739.5	0.0	2739.5	2927.0	0.0	2927.0	6.8	0.0	6.8
Sanitation	662.2	0.0	662.2	702.2	0.0	702.2	6.0	0.0	6.0
Construction & Building	4280.1	34608.1	38888.2	4777.0	39230.0	44007.0	11.6	13.4	13.2
Transportation & Storage	8621.5	25368.8	33990.3	9155.0	27158.0	36313.0	6.2	7.1	6.8
Communications	9441.2	20817.8	30259.0	10130.0	24164.0	34294.0	7.3	16.1	13.3
Information	595.4	1095.2	1690.6	635.4	1165.4	1800.8	6.7	6.4	6.5
Suez Canal	26075.0	0.0	26075.0	25328.5	0.0	25328.5	-2.9	0.0	-2.9
Wholesale & Retail Trade	3000.9	81333.0	84333.9	3188.0	86277.0	89465.0	6.2	6.1	6.1
Finance	20226.8	10775.9	31002.7	21317.0	11313.0	32630.0	5.4	5.0	5.2
Insurance	2056.6	584.2	2640.8	2160.0	615.0	2775.0	5.0	5.3	5.1
Social Solidarity	27328.0	0.0	27328.0	29016.0	0.0	29016.0	6.2	0.0	6.2
Tourism	297.4	31534.0	31831.4	320.0	35328.8	35648.8	7.6	12.0	12.0
Real Estate	941.7	21589.7	22531.4	975.0	22511.0	23486.0	3.5	4.3	4.2
Real Estate Ownership	383.0	11257.0	11640.0	395.0	11739.0	12134.0	3.1	4.3	4.2
Business Services	558.7	10332.7	10891.4	580.0	10772.0	11352.0	3.8	4.3	4.2
General Government	70644.0	0.0	70644.0	73651.0	0.0	73651.0	4.3	0.0	4.3
Social Services	752.5	31695.8	32448.3	789.1	33272.8	34061.9	4.9	5.0	5.0
Education	0.0	9151.9	9151.9	0.0	9578.0	9578.0	0.0	4.7	4.7
Health	721.1	9865.5	10586.6	756.0	10361.0	11117.0	4.8	5.0	5.0
Others	31.4	12678.4	12709.8	33.1	13333.8	13366.9	5.4	5.2	5.2

Source : Ministry of Economic Development.

(1/2) GDP by Expenditure

(At 2006/ 2007 prices)

	<u>Value at LE bn</u>		<u>Structure (%)</u>		<u>Growth Rate (%)</u>	
	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010
<u>1-GDP at Market Price(2+5-6)</u>	<u>835.5</u>	<u>878.5</u>	<u>100.0</u>	<u>100.0</u>	<u>4.7</u>	<u>5.1</u>
<u>2- Total Domestic Expenditure (3+4)</u>	<u>856.5</u>	<u>898.4</u>	<u>102.5</u>	<u>102.3</u>	<u>2.5</u>	<u>4.9</u>
<u>3- Final Consumption</u>	<u>693.5</u>	<u>728.5</u>	<u>83.0</u>	<u>82.9</u>	<u>5.7</u>	<u>5.0</u>
Final private consumption	602.5	633.4	72.1	72.1	5.7	5.1
Final government consumption	91.0	95.1	10.9	10.8	5.6	4.5
<u>4- Gross Capital Formation</u>	<u>163.0</u>	<u>169.9</u>	<u>19.5</u>	<u>19.4</u>	<u>-9.1</u>	<u>4.2</u>
Investments	160.1	166.4	19.2	19.0	-10.2	3.9
Change in stock	2.9	3.5	0.3	0.4	..	..
<u>5- Exports of Goods & Services</u>	<u>248.0</u>	<u>240.5</u>	<u>29.7</u>	<u>27.4</u>	<u>-14.5</u>	<u>-3.0</u>
<u>6- Imports of Goods & Services</u>	<u>269.0</u>	<u>260.5</u>	<u>32.2</u>	<u>29.7</u>	<u>-17.9</u>	<u>-3.2</u>
<u>7- Gross Domestic Saving (1-3)</u>	<u>142.0</u>	<u>150.0</u>	<u>17.0</u>	<u>17.1</u>	<u>0.1</u>	<u>5.6</u>

Source : Ministry of Economic Development.

..Not available

(1/3) Implemented Investments by Economic Sector

(LE mn Current Prices)

	<u>2008/2009</u>					<u>2009/2010</u>				
	Government Sector	Economic Authorities	Public Companies	Private Sector	Total	Government Sector	Economic Authorities	Public Companies	Private Sector	Total
Total Investments	42137.9	13291.8	28162.6	113526.5	197118.8	45568.7	26840.0	25252.6	126738.3	224399.6
Agriculture, Irrigation & Reclamation	2456.2	112.0	1.4	4119.0	6688.6	2599.6	98.2	0.3	3865.0	6563.1
Mining & Crude Oil	0.0	10.4	356.5	6400.0	6766.9	0.0	1.2	347.5	11380.0	11728.7
Natural Gas	0.0	227.2	3800.0	27160.0	31187.2	0.0	22.8	1450.0	28981.4	30454.2
Others	4.6	0.0	0.0	0.0	4.6	8.1	0.0	0.0	0.0	8.1
Oil Refining	0.0	0.0	1080.0	4910.0	5990.0	0.0	0.0	315.4	2800.0	3115.4
Other Manufacturing	326.8	45.5	5442.0	17845.0	23659.3	547.5	74.4	6241.7	15500.0	22363.6
Electricity	696.2	2778.7	11903.5	0.0	15378.4	769.1	1734.5	10914.5	0.0	13418.1
Water	7350.2	1480.5	0.0	0.0	8830.7	6166.8	2084.9	0.0	0.0	8251.7
Construction & Building	70.5	0.0	870.0	2900.0	3840.5	58.8	0.0	1001.9	3100.0	4160.7
Transportation Storage	6297.3	4206.6	3576.5	7264.9	21345.3	8554.4	2616.5	3236.4	10316.0	24723.3
Communications	870.1	1204.8	0.0	11822.6	13897.5	888.4	1537.3	0.0	17256.2	19681.9
Suez Canal	0.0	431.2	0.0	0.0	431.2	0.0	542.5	0.0	0.0	542.5
Wholesale & Retail Trade	0.0	216.3	131.6	4150.0	4497.9	0.0	156.8	146.5	5600.0	5903.3
Financial Intermediaries	15.4	82.0	341.2	0.0	438.6	13.9	182.6	662.4	0.0	858.9
Insurance & Social Solidarity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restaurants & Hotels	5.0	24.6	586.0	4595.0	5210.6	3.9	14.4	322.0	4038.0	4378.3
Real Estate	103.7	1039.9	0.0	12500.0	13643.6	181.1	2060.0	0.0	15500.0	17741.1
Educational Services	3553.1	12.0	0.0	3600.0	7165.1	2955.9	14.7	0.0	1600.0	4570.6
Health Services	2261.0	273.6	15.0	2400.0	4949.6	2369.5	273.3	550.0	1350.0	4542.8
Drainage	7333.5	835.5	0.0	0.0	8169.0	7036.4	1304.5	0.0	0.0	8340.9
Others	6082.9	311.0	58.9	3860.0	10312.8	7194.6	135.5	64.0	5451.7	12845.8
Settlements	4711.4	0.0	0.0	0.0	4711.4	6220.7	13985.9	0.0	0.0	20206.6

Source : Ministry of Economic Development.

(1/4) Output of Main Crops

Crops	2008/2009			2009/2010 (Estimates)				
	Productivity	Production	Area	Productivity	Production	Area	Productivity	
	Unit	(Thousand Tons)	(Thousand Feddans)	per Feddan	(Thousand Tons)	(Thousand Feddans)	per Feddan	
Wheat	d	8523	3147	18.52	8897	3200	19.00	
Barley	d	146	96	13.4	374	235	14.00	
Maize	Summer Crops	d	5623	1644	24.59	5761	1703	24.50
	Nile Crops		920	309	13.97	754	275	20.30
Millet	Summer Crops	d	858	364	17.04	774	334	16.56
	Nile Crops		8	3	18.69	94	40	16.70
Rice		ton	7240	1770	4.096	5518	1370	4.05
Beans		d	298	206	9.52	400	270	9.70
Lentils		d	1	2	4.5	16	17	6.50
Cotton (seeds)		mc	318	313	6.50	332	284	7.42
Flax		ton	55	13	4.23	176	40	4.40
Groundnuts		d	209	147	19.09	198	152	19.79
Sesame		d	37	68	5.07	50	99	4.74
Soybeans		ton	29	21	1.38	26	17	1.53
Sunflower		ton	21	20	1.06	39	39	1.00
Sugar cane		ton	16470	324	51.27	18288	355	51.70
Sugar beet		ton	5333	265	20.66	6583	295	23.00
Vegetables		ton	23639	2142	11.04	25141	2235	11.25
Onion		ton	2443	143	14.15	2314	132	14.20
Fruits		ton	8630	1350	6.30	9755	1400	7.20

Source : Ministry of Economic Development.

d:Ardeb ic:metric center

(1/5) Position of Egyptian Cotton

Season	Cultivated Area (Thousand Feddans)	(Thousand metric cantars)										
		Crop			Productivity Metric cantar per Feddan	Opening Stock	Total Supply	Total Exports	Local Consumption			Average Purchase Prices* LE / Cantar
		Extra	Long	Total					Egyptian	Imported	Total	
		Long	& Long	Medium								
2000/ 2001	518	620	3535	4155	8.0	1026	5181	1391	2708	393	3101	498
2001/2002	731	1025	5238	6263	8.6	1082	7345	2177	2905	-	2905	379
2002/2003	706	1316	4411	5727	8.1	2279	8006	3649	4140	120	4260	444
2003/2004	531	1168	2795	3963	7.5	24	3987	1137	1412	1061	2473	595
2004/2005	715	1551	4282	5833	8.3	370	6203	2837	3247	1458	..	594
2005/2006	650	858	3161	4019	6.2	118	4137	1865	1936	772	..	899
2006/2007	536	1058	3157	4215	7.9	337	4553	1555	1622	656	..	777
2007/2008	575	815	3627	4442	7.7	1411	5853	2854	2535	659	3194	..
2008/2009	313	459	1647	2106	6.7	736	2842	463	763	1373	2136	..
2009/2010	288	257	1629	1886	7	1573	3459	1506	1466	..	..	..

Source: Cotton, Spinning and Weaving Holding Company.

* The average price of Giza 70 and 86 varieties due to suspending the cultivation of Giza 75 variety.

(1/6) Cotton Export Commitments by Importing Countries

	(Thousand metric cantars)					
	<u>2007/2008 Season</u>		<u>2008/2009 Season</u>		<u>2009/2010 Season</u>	
	<u>till the end of June 2008</u>		<u>till the end of June 2009</u>		<u>till the end of June 2010</u>	
	Quantity	Relative Importance	Quantity	Relative Importance	Quantity	Relative Importance
<u>Export Commitments</u>	<u>2693.0</u>	<u>100</u>	<u>397.0</u>	<u>100</u>	<u>1506.0</u>	<u>100</u>
<u>Asian Countries</u>	<u>1959.0</u>	<u>72.7</u>	<u>197.0</u>	<u>49.6</u>	<u>1166.0</u>	<u>77.4</u>
India	914	34.0	47	11.8	546	36.3
Pakistan	728	27.0	10	2.5	190	12.6
China	165	6.1	95	23.9	330	21.9
South Korea	62	2.3	11	2.8	29	1.9
Japan	25	0.9	11	2.8	17	1.1
Bangladesh	22	0.8	12	3.0	27	1.8
Indonesia	9	0.4	5	1.3	10	0.7
Taiwan	16	0.6	0	0.0	0	0.0
Thailand	16	0.6	6	1.4	14	1.0
Malaysia	1	0.0	0	0.1	1	0.0
Singapore	1	0.0	0	0.0	2	0.1
<u>EU Countries</u>	<u>171</u>	<u>6.4</u>	<u>17</u>	<u>4.3</u>	<u>64</u>	<u>4.3</u>
Italy	65	2.4	11	2.8	42	2.8
Portugal	31	1.2	5	1.3	7	0.5
Germany	56	2.1	0	0.0	14	0.9
Spain	1	0.0	0	0.0	0	0.0
Netherlands	0	0.0	0	0.0	0	0.0
Greece	2	0.1	0	0.0	0	0.0
UK	11	0.4	0	0.0	0	0.0
Slovenia	4	0.2	1	0.2	1	0.1
Belgium	1	0.0	0	0.0	0	0.0
Hungary	0	0.0	0	0.0	0	0.0
<u>Other European Countries</u>	<u>253</u>	<u>9.4</u>	<u>59</u>	<u>14.8</u>	<u>161</u>	<u>10.6</u>
Switzerland	141	5.2	2	0.5	70	4.6
Turkey	112	4.2	57	14.3	91	6.0
<u>The USA</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>
<u>Arab Countries</u>	<u>266</u>	<u>9.9</u>	<u>113</u>	<u>28.5</u>	<u>42</u>	<u>2.8</u>
The UAE	183	6.8	0	0.0	5	0.3
Bahrain	17	0.6	4	1.0	8	0.5
Morocco	3	0.1	1	0.3	4	0.3
Qatar	42	1.6	107	27.0	25	1.7
Tunisia	21	0.8	0	0.0	0	0.0
Syria	0	0.0	1	0.2	0	0.0
<u>Other Countries</u>	<u>44</u>	<u>1.6</u>	<u>11</u>	<u>2.8</u>	<u>30</u>	<u>2.0</u>
Brazil	30	1.1	11	2.8	30	2.0
Mexico	9	0.3	0	0.0	0	0.0
Colombia	0	0.0	0	0.0	0	0.0
Salvador	2	0.1	0	0.0	0	0.0
Ireland	0	0.0	0	0.0	0	0.0
South Africa	3	0.1	0	0.0	0	0.0
<u>EGYPT(free Market)</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>43</u>	<u>2.9</u>

Source: Cotton, Spinning and Weaving Holding Company.

(1/7) Output of Main Industrial Products

Products	Unit	2008/2009			2009/2010 (Provisional)		
		Public	Private	Total	Public	Private	Total
Refined sugar	Thousand tons	1257.2	625.6	1882.8	1312.5	675.7	1988.2
Animal & poultry fodder	"	576.9	11783.4	12360.3	602.3	12437.8	13040.1
Carbonated drinks	Box (million)	0.0	400.0	400.0	0.0	420.0	420.0
Cigarettes	Billion	72.0	12.8	84.8	75.2	13.8	89.0
Cotton yarn, fibran	Thousand tons	80.1	218.6	298.7	82.4	231.8	314.2
Wool yarn	"	6.6	26.0	32.6	6.9	27.6	34.5
Silk yarn	"	0.7	21.2	21.9	0.7	22.3	23.0
Synthetic fibres	"	3.1	100.5	103.6	3.2	105.7	108.9
Blankets	Million pieces	1.4	20.2	21.6	1.4	21.3	22.7
Ready-made clothes	" "	12.4	286.5	298.8	12.9	301.6	314.5
Cars	Units	8962.0	31947.0	40909.0	9276.0	33351.0	42627.0
Buses	"	327.0	6824.0	7151.0	338.0	7113.0	7451.0
Lorries	"	649.0	26316.0	26965.0	672.0	27425.0	28097.0
Washing machines	Thousands	6.7	1059.3	1066.0	6.9	1105.1	1112.0
Refrigerators	"	6.5	1077.5	1084.0	6.7	1124.3	1131.0
Electric lamps	Million	31.1	196.9	228.0	32.0	206.0	238.0
Butagaz heaters	Thousands	93.0	225.0	318.0	97.0	237.0	334.0
Water metres	Thousands	588.0	0.0	588.0	614.0	0.0	614.0
Electric metres	Thousands	946.0	0.0	946.0	983.0	0.0	983.0
Aluminium & sheets thereof	Thousand tons	306.8	0.0	306.8	319.0	0.0	319.0
Reinforcing iron	Thousand tons	128.0	5262.7	5390.0	133.1	5500.2	5633.0
Cement	" "	3513.0	38272.0	41785.0	3699.2	40175.1	43874.0
Glass sheets	" "	33.4	162.7	196.1	35.2	170.4	206.0
Phosphatic fertilizers	" "	574.3	948.3	1522.6	603.0	1003.3	1606.3
Azotic fertilizers	" "	477.5	12008.2	12485.7	501.4	12671.0	13172.4
Caustic soda	Thousand tons	149.9	0.0	149.9	157.4	0.0	157.4
Tyres	Thousands	730.0	510.0	1240.0	761.0	532.4	1293.4
Laundry soap	Thousand tons	51.9	382.7	434.6	54.5	401.8	456.3
Toilet soap	Thousand tons	39.6	163.4	203.0	40.8	170.3	211.1

Source : Ministry of Economic Development.

(1/8) Consumer Price Index (Urban Population) (January 2007=100)

Group	Relative Weights	End of			Inflation Rate (%)	
		June			July / June	July / June
		2008	2009	2010	2008/2009	2009/2010
<u>All Items</u>	<u>100.0</u>	<u>121.5</u>	<u>133.6</u>	<u>147.9</u>	<u>9.9</u>	<u>10.7</u>
Food & non-alcoholic beverages	43.9	130.3	146.2	173.3	12.2	18.5
Tobacco	2.5	112.1	121.0	121.0	7.9	0.0
Clothing & footwear	7.9	104.3	118.3	119.0	13.4	0.6
Housing, water, electricity, gas & other fuel	13.5	107.6	112.1	113.5	4.1	1.3
Furnishings, household equipment & routine maintenance of the house	4.2	110.7	125.2	126.6	13.1	1.1
Health	3.6	112.1	117.2	117.6	4.5	0.3
Transportation	5.2	120.1	125.0	126.8	4.1	1.4
Communications	3.6	104.0	109.4	109.3	5.2	-0.1
Recreation & culture	3.4	121.7	139.9	148.7	15.0	6.3
Education	4.4	137.7	144.1	157.6	4.6	9.4
Restaurants, cafes & hotels	3.6	146.1	164.6	172.3	12.7	4.7
Miscellaneous goods and services	4.2	111.5	120.7	140.8	8.3	16.6

Source: Central Agency for Public Mobilization and Statistics(CAPMAS), (Monthly Bulletin of Consumer Price Index) .

(1/9) Producer Price Index (PPI) (2004/2005 = 100)

Group	Relative Weights	End of			Inflation Rate (%)	
		June			July / June	July / June
		2008	2009	2010	2008/2009	2009/2010
<u>All Items</u>	<u>100.0</u>	<u>168.5</u>	<u>148.2</u>	<u>160.9</u>	<u>-12.0</u>	<u>8.6</u>
Agriculture, Forestry and Fishing	25.1	179.5	188.9	210.9	5.2	11.6
Mining and Quarrying	21.8	232.3	134.6	147.8	-42.1	9.8
Manufacturing	38.9	144.4	140.0	149.6	-3.0	6.9
Electricity, Gas, Steam and Air Conditioning Supply	2.3	114.0	115.0	140.3	0.9	22.0
Water Supply, Sewerage, Waste Management and Remediation Activities	2.0	138.7	138.7	146.5	0.0	5.6
Transportation and Storage	2.8	110.9	124.2	124.8	12.0	0.5
Accommodation and Food Service Activities	5.0	117.5	114.6	110.6	-2.5	-3.5
Information and Communications	2.1	107.8	112.5	112.5	4.4	0.0

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

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

	(LE mn)						
End of June	2004	2005	2006	2007	2008	2009	2010
<u>Reserve Money</u>	<u>94288</u>	<u>101080</u>	<u>116050</u>	<u>134126</u>	<u>169911</u>	<u>175104</u>	<u>203071</u>
Currency in circulation outside CBE *	59415	67241	78604	92174	111412	126268	144253
Banks' deposits in local currency	34873	33839	37446	41952	58499	48836	58818
<u>Counterpart Assets</u>	<u>94288</u>	<u>101080</u>	<u>116050</u>	<u>134126</u>	<u>169911</u>	<u>175104</u>	<u>203071</u>
<u>Net Foreign Assets</u> ⁺	<u>9858</u>	<u>37295</u>	<u>61302</u>	<u>95372</u>	<u>180333</u>	<u>171732</u>	<u>190234</u>
<u>Foreign Assets</u>	<u>88313</u>	<u>108738</u>	<u>129477</u>	<u>160197</u>	<u>182021</u>	<u>173055</u>	<u>198605</u>
Gold	4438	4500	6429	6744	8695	9385	12393
Foreign securities	17103	16665	48353	108606	151175	150556	162247
Foreign currencies	66772	87573	74695	44847	22151	13114	23965
<u>Foreign Liabilities</u> ^{**}	<u>78455</u>	<u>71443</u>	<u>68175</u>	<u>64825</u>	<u>1688</u>	<u>1323</u>	<u>8371</u>
<u>Net Domestic Assets</u>	<u>84430</u>	<u>63785</u>	<u>54748</u>	<u>38754</u>	<u>-10422</u>	<u>3372</u>	<u>12837</u>
<u>Net Claims on Government</u>	<u>99472</u>	<u>122264</u>	<u>114055</u>	<u>117254</u>	<u>81872</u>	<u>68613</u>	<u>80611</u>
Claims; of which:	181313	227367	171808	192192	159697	146899	150288
Government securities ^{**}	164441	208021	164761	166724	123123	121708	121533
Deposits	81841	105103	57753	74938	77825	78286	69677
<u>Net Claims on Banks</u>	<u>-35544</u>	<u>-21983</u>	<u>1018</u>	<u>59512</u>	<u>77581</u>	<u>334</u>	<u>29010</u>
Claims	9530	11572	17412	77270	97828	21786	49863
Deposits in foreign currencies	45074	33555	16394	17758	20247	21452	20853
<u>Other Items (Net)</u> ⁺	<u>20502</u>	<u>-36496</u>	<u>-60325</u>	<u>-138012</u>	<u>-169875</u>	<u>-65575</u>	<u>-96784</u>
Assets ^{**}	54355	49071	41743	39141	25233	28978	15431
Liabilities	33853	85567	102068	177153	195108	94553	112215

Source : Central Bank of Egypt.

* Including subsidiary coins 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 June	2004	2005	2006	2007	2008	2009	2010
<u>1- Domestic Liquidity</u>	<u>434911</u>	<u>493884</u>	<u>560356</u>	<u>662688</u>	<u>766664</u>	<u>831211</u>	<u>917459</u>
<u>A- Money Supply</u>	<u>77606</u>	<u>89685</u>	<u>109274</u>	<u>131290</u>	<u>170579</u>	<u>182991</u>	<u>214040</u>
Currency in circulation outside the banking system	55933	63029	74239	86860	104656	118146	135209
Demand deposits in local currency	21673	26656	35035	44430	65923	64845	78831
<u>B- Quasi-Money</u>	<u>357305</u>	<u>404199</u>	<u>451082</u>	<u>531398</u>	<u>596085</u>	<u>648220</u>	<u>703419</u>
Time & saving deposits in local currency	233610	283020	314188	377424	436268	481054	545303
Demand and time & saving deposits in foreign currencies	123695	121179	136894	153974	159817	167166	158116
<u>2- Counterpart Assets</u>							
Net foreign assets	45241	80913	133385	218629	303680 *	254134	282408
Domestic credit	422040	466771	509532	531314	570953 *	695325	775268
Other items (net)	-32370	-53800	-82561	-87255	-107969	-118248	-140217

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).

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

	(LE mn)						
End of June	2004	2005	2006	2007	2008	2009	2010
<u>Total Deposits in Local Currency</u>	<u>255283</u>	<u>309676</u>	<u>349223</u>	<u>421854</u>	<u>502191</u>	<u>545899</u>	<u>624134</u>
<u>1- Demand Deposits</u>	<u>21673</u>	<u>26656</u>	<u>35035</u>	<u>44430</u>	<u>65923</u>	<u>64845</u>	<u>78831</u>
Public business sector *	2857	3027	4934	6278	8698	7145	8938
Private business sector	9235	12228	15863	20681	34301	33240	41246
Household sector	10306	11985	14831	18378	24003	25235	29510
Minus: Purchased cheques & drafts	725	584	593	907	1079	775	863
<u>2- Time and Saving Deposits</u>	<u>233610</u>	<u>283020</u>	<u>314188</u>	<u>377424</u>	<u>436268</u>	<u>481054</u>	<u>545303</u>
Public business sector *	12557	13700	15465	17186	20736	21654	23788
Private business sector	25984	27439	25580	56823	85415	71076	73183
Household sector	195069	241881	273143	303415	330117	388324	448332

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 June	2004	2005	2006	2007	2008	2009	2010
<u>Total Deposits in Foreign Currencies</u>	<u>123695</u>	<u>121179</u>	<u>136894</u>	<u>153974</u>	<u>159817</u>	<u>167166</u>	<u>158116</u>
<u>1- Demand Deposits</u>	<u>16280</u>	<u>18140</u>	<u>18533</u>	<u>26917</u>	<u>26581</u>	<u>32050</u>	<u>33901</u>
Public business sector *	878	1249	935	947	943	1334	1055
Private business sector	8891	10234	10417	18453	17417	21104	22313
Household sector	6697	6823	7392	7689	8404	9712	10673
Minus: Purchased cheques & drafts	186	166	211	172	183	100	140
<u>2- Time and Saving Deposits</u>	<u>107415</u>	<u>103039</u>	<u>118361</u>	<u>127057</u>	<u>133236</u>	<u>135116</u>	<u>124215</u>
Public business sector *	2554	2946	4734	5774	8202	7401	5419
Private business sector	20659	21103	28845	30641	39785	37217	32594
Household sector	84202	78990	84782	90642	85249	90498	86202

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 June	2004	2005	2006	2007	2008	2009	2010
<u>Net Foreign Assets</u>	<u>45241</u>	<u>80913</u>	<u>133385</u>	<u>218629</u>	<u>303680</u>	<u>254134</u>	<u>282408</u>
<u>Foreign Assets</u>	<u>145297</u>	<u>174328</u>	<u>218982</u>	<u>304968</u>	<u>330770</u>	<u>282913</u>	<u>322209</u>
Central Bank of Egypt	88313	108737	129477	160197	182021	173055	198605
Banks	56984	65591	89505	144771	148749	109858	123604
<u>Foreign Liabilities With</u>	<u>100056</u>	<u>93415</u>	<u>85597</u>	<u>86339</u>	<u>27090</u>	<u>28779</u>	<u>39801</u>
Central Bank of Egypt	78455	71443	68176	64825	1688 *	1323	8371
Banks	21601	21972	17421	21514	25402	27456	31430

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).

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

	(LE mn)						
End of June	2004	2005	2006	2007	2008	2009	2010
<u>1-Domestic Credit</u>	<u>422040</u>	<u>466771</u>	<u>509532</u>	<u>531314</u>	<u>570953</u>	<u>695326</u>	<u>775268</u>
Net claims on the government (A+B-C)	126343	159889	184131	178323	174005	273122	326141
A-Securities	258178	311375	295974	278011	271788**	397804	440410
B-Credit facilities	33075	41364	28044	52151	67732	55939	68140
C-Government deposits	164910	192850	139887	151839	165515	180621	182409
Claims on public business sector *	35588	37420	32888	24446	26897	33146	29985
Claims on private business sector	223096	228195	239338	268607	291719	304470	326350
Claims on household sector	37013	41267	53175	59938	78332	84588	92792
<u>Other Items (Net)</u>	<u>-32370</u>	<u>-53800</u>	<u>-82561</u>	<u>-87255</u>	<u>-107969</u>	<u>-118249</u>	<u>-140217</u>
Capital accounts	-83821	-94179	-102139	-114534	-135401	-148332	-170877
Net unclassified assets and liabilities	51451	40379	19578	27279	27432**	30083	30660

Source: Central Bank of Egypt.

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

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

(2/1/7) Total Saving Vessels

	(LE mn)						
End of June	2004	2005	2006	2007	2008	2009	2010
<u>Total Saving Vessels</u>	<u>445887</u>	<u>498190</u>	<u>560229</u>	<u>655376</u>	<u>742177</u>	<u>803063</u>	<u>794350</u>
<u>Savings at the Banking System</u>	<u>357305</u>	<u>404199</u>	<u>451082</u>	<u>531398</u>	<u>596085</u>	<u>648220</u>	<u>703419</u>
Time & saving deposits in local currency	233610	283020	314188	377424	436268	481054	545303
Demand and time & saving deposits in foreign currencies	123695	121179	136894	153974	159817	167166	158116
<u>Net Sales of Investment Certificates</u>	<u>60178</u>	<u>58485</u>	<u>63697</u>	<u>68311</u>	<u>79354</u>	<u>81262</u>	<u>90931</u>
<u>Post Office Saving Deposits</u>	<u>28404</u>	<u>35506</u>	<u>45450</u>	<u>55667</u>	<u>66738</u>	<u>73581</u>	<u>Not available</u>

Source: Central Bank of Egypt.

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

Public Business Sector*

(LE mn)

End of June	2004	2005	2006	2007	2008	2009	2010
<u>Total</u>	<u>35430</u>	<u>37242</u>	<u>32642</u>	<u>24188</u>	<u>26652</u>	<u>32880</u>	<u>29812</u>
<u>In Local Currency</u>	<u>27690</u>	<u>30164</u>	<u>26269</u>	<u>18097</u>	<u>19475</u>	<u>23725</u>	<u>21051</u>
Agriculture	44	16	59	7	11	3	3
Manufacturing	17263	18318	16215	9071	9066	13167	9258
Trade	5272	5935	4318	3986	4114	4098	1737
Services	5111	5895	5677	5033	6284	6457	10053
<u>In Foreign Currencies</u>	<u>7740</u>	<u>7078</u>	<u>6373</u>	<u>6091</u>	<u>7177</u>	<u>9155</u>	<u>8761</u>
Agriculture	0	0	0	0	0	0	0
Manufacturing	5603	5261	3752	2611	3440	4176	3294
Trade	532	511	1556	880	709	1281	1566
Services	1605	1306	1065	2600	3028	3698	3901

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 June	2004	2005	2006	2007	2008	2009	2010
<u>Total</u>	<u>205830</u>	<u>205695</u>	<u>214675</u>	<u>239312</u>	<u>258087</u>	<u>267885</u>	<u>287148</u>
<u>In Local Currency</u>	<u>154162</u>	<u>152193</u>	<u>150491</u>	<u>163292</u>	<u>167258</u>	<u>177107</u>	<u>185694</u>
Agriculture	4972	5756	4794	6922	5326	4718	4461
Manufacturing	58434	59099	55827	65453	62693	74053	76229
Trade	42267	39712	39110	33487	38342	39881	49486
Services	48489	47626	50760	57430	60897	58455	55518
<u>In Foreign Currencies</u>	<u>51668</u>	<u>53502</u>	<u>64184</u>	<u>76020</u>	<u>90829</u>	<u>90778</u>	<u>101454</u>
Agriculture	549	619	829	929	843	2145	1534
Manufacturing	19850	20388	26072	34199	43349	41240	53355
Trade	12020	11369	12337	10944	14599	13356	13563
Services	19249	21126	24946	29948	32038	34037	33002

Source: Central Bank of Egypt.

**(2/2/1) Structure of the Egyptian Banking System
and Banking Density**

End of June	Total Number of Banks Operating in Egypt	Total Number of Branches	Banking Density*
2005	52	2841	24.8
2006	43	2944	24.5
2007	41	3056	24.2
2008	40	3297	22.9
2009	39	3443	22.3
2010	39	3502	22.3

Source : Central Bank of Egypt.

* Population in thousand/ Banking unit.

**(2/2/2) Representation Offices Registered with the CBE
(on June 30, 2010)**

Name	Registration Date	Address
Al-Raghi Banking & Investment Corp.	20/10/1993	19 Adly St., 2 nd Floor , Apart. 59, Cairo.
Bank of New York Mellon	27/10/1993	9 Abd El- Moneim Riad St., Dokki, Giza.
Commerz Bank AG	31/05/1994	Building No. 2401 B-first floor, Smart Village, Cairo-Alex. Highway (28Km).
Monte dei Paschi di Siena S.P.A	05/07/1994	10 Sarai EL- Gezeera St., 2 nd Floor, Flat 5, Zamalek 11211, Cairo.
Union De Banques Arabes et Francaises (UBAF)	15/08/1994	4 Behlar Passage, Kasr El- Nil St., Cairo.
State Bank of India	03/10/1994	15 Kamel El-Shinnawy St., Garden City, Cairo.
Deutsche Bank AG	10/11/1994	6 Polis Hanna St., Dokki, Giza.
Intesa San Paolo SPA	13/03/1995	3 Abo Elfeda St. Zamalek, Cairo.
Arab Islamic Bank	11/12/1995	21 & 23 Giza St., El- Nil Tower, Floor No. 12, Giza.
JP Morgan Chase Bank N/A	05/08/1996	3 Ahmed Nessim St., Giza.
Bank of Tokyo Mitsubishi UFJ Ltd	04/03/1997	Nile City Towers - South Tower, 10 th floor/C, Corniche El- Nil St., Cairo.
UBS AG	22/10/1997	International Trade Building - 1191 Corniche El- Nil St.S, 13 th floor, Cairo.
Credit Suisse AG	16/03/1998	7B Ibn Shamar St., Giza.
Wells Fargo Bank National Association	06/05/1998	9 El-Gomhoria El-Motahida Square, Dokki, Giza.
ING Bank N.V.	12/07/1999	9 Hode El-Laban St., Garden City, Cairo.
Credit Industriel et Commercial, CIC	22/07/1999	28 Sherif St., Cairo.
B.H.F Bank AG	02/08/1999	8 El-Sadd El-Aley St., Dokki , 12311, Giza.
Royal Bank Of Scotland (RBS)	17/11/1999	31 Gezirat El-Arab St., Mohandeseen, Giza.
Natixis	22/03/2000	El-Kamel Building -54/B, Banks Zone, 6 th of Oct.
Den Norske Bank	27/05/2001	19 El-Gabalaya St., Zamalek, Cairo.
Bank of Valleta PLC	10/07/2003	7 EL-Thawra Sq., Dokki, 7 th Floor, Flat No.71.
Sumitomo Mitsui Banking Corporation	19/01/2004	3 Ibn Kassir Corniche El- Nil St., 14 th Floor, Flat 6, Giza.
Clariden Leu Ltd.	22/04/2004	4A Hassan Sabri St., Floor No. 12, Flat No. 82, Zamalek, 11211, Cairo.
Standard Chartered Bank	12/09/2005	Star Capital 2, Sheikha Fatma St., Office No. 21-22, Heliopolis, Cairo.
Egyptian-Sudanese Bank	28/05/2008	4 Ahmed Basha St., Floor No.16, Garden City, Cairo.
China Development Bank Corporation	02/11/2009	41-18 St. (units 1&2), Maadi, Cairo.
Turkey Is Bankasi, A.S	31/03/2010	Nile City Towers - North Tower- 27 th floor, Corniche El- Nil St, Cairo.

Source : Central Bank of Egypt

(2/2/3) Local Mutual Funds Authorized and Operating as at end of June 2010

Fund Name	Fund Mnanager	Par Value (LE)	Net Asset Value (LE) at end June 2009	Net Asset Value (LE) at end June 2010
Open End - Balance Funds				
National Bank of Egypt I ***	El Ahly Fund Management	10	35.05	37.42
Banque Misr I	Concord International Investments	100	94.72	102.23
National Bank of Egypt II	El Ahly Fund Management	100	81.82	81.60
National Bank of Egypt III	HC Securities	100	76.36	74.52
Egyptian National Bank	Hermes Fund Management	100	114.75	126.95
National Bank of Egypt V	El Ahly Fund Management	10	8.64	9.21
Al-Masi	Hermes Fund Management	100	87.52	99.65
El Kheir Fund	Beltone Fund Management	10	-	9.91
Open End - Equity Funds				
Credit Agricole Egypt I ***	Hermes Fund Management	100	222.22	223.38
Bank of Alexandria I	Hermes Fund Management	100	233.55	214.12
Arab Egyptian Insurance Group****	Prime Investments Fund Management	100	681.53	148.53
Banque Misr II	Concord International Investment	66.67	56.22	51.77
Banque de Caire****	Hermes Fund Management	10	68.23	51.58
Export Development Bank I (Al-Khabeer)***	HC Securities	33.33	70.82	73.74
Suez Canal Bank II	HC Securities	500	280.43	290.34
Credit Agricole Egypt II ***	Hermes Fund Management	100	104.92	103.68
Egyptian Gulf Bank	Hermes Fund Management	100	206.04	153.6
Banque Misr III*	HC Securities	100	371.83	406.42
Shield Fund **	Arab African For Securities	50	102.99	103.83
Misr Iran Development Bank I	HC Securities	100	338.36	339.53
Commercial International Bank II (Istethmar)	CI Asset Management	100	75.02	74.81
Piraeus Bank-Egypt I	Phoneix Kato Asset Management	100	83.68	93.7
Housing & Development Bank (Al-Taameer)	Prime Investments Fund Management	100	90.94	99.07
ABC Bank	Delta- Rasmala	100	77.07	84.66
Suez Canal Bank (Agyal)	Beltone Fund Management	10	9.61	10.4
Bloom Bank	Prime Investments Fund Management	100	14.22	94.99
Pahros Fund I	Pharos Asset Management	100	-	94.48
Open End - Fixed Income Funds				
Al Rabeh Fund**	Prime Investments Fund Management	100	101.88	101.81
Credit Agricole Egypt III ***	Egyption Fund Management Group	1000	1036.88	1039.30
Misr Monery Market	Beltone Fund Management	10	15.06	16.20
Commercial International Bank I (Osoul)	CI Asset Management	100	142.65	154.01
Misr Iran Development Bank II	HC Securities	1000	1041.55	1037.12
Bank of Alexandria II	EFG-Hermes	10	13.00	14.04
National Bank of Egypt IV	El Ahly Fund Management	100	128.08	137.59
National Societe Generale Bank (Themar)	EFG-Hermes	100	124.98	134.83
Export Development Bank II	Rasmala Fund Management	100	123.99	133.55
ABC Bank (Mazaya)	Beltone Fund Management	10	10.24	10.95
HSBC Egypt Bank Fund (Kol Youm)	Beltone Fund Management	100	101.56	109.14
AAIB (Juman)	Arab African For Securities	100	101.28	108.77
Piraeus Bank -Egypt II	Phoneix Kato Asset Management	10	10.08	10.82
Audi Bank Fund	Hermes Fund Management	10	10.07	10.81
Bank du caire II (El kahera Elyomy)	Beltone Fund Management	10	-	10.62
Bloom Bank II	CI Asset Management	100	-	105.40
Al Watany Bank of Egypt Fund (Eshrak)	NBK Capital Asset Management Egypt	10	-	10.32
Arab Bank Fund (Youmati)	Beltone Asset Management	10	-	10.29
Housing & Development Bank (Mawared)	Prime Investments Fund Management	10	-	10.25
Bank of Alexandria III	EFG-Hermes	10	-	10.16
The Principal Bank for Development & Agricultural Credit	HC Securities	10	-	10.15
Arab Investment Bank Fund	EFG-Hermes	10	-	10.02
Open End - Islamic Funds				
Faisal Islamic Bank	Hermes Fund Management	100	110.73	106.74
Baraka Egyptain Bank ****	Hermes Fund Management	100	78.53	75.60
Faisal Islamic Bank - CIB (Al Amman)	CI Asset Management	100	59.62	57.58
Banque Misr IV	HC Securities	100	75.04	73.77
Sanabel Fund	Prime Investment Fund Management	100	74.69	80.52
Egyptian Saudi Finance -National Bank of Egypt (Bashaer)	El-Ahly Fund Management	100	74.4	73.22
Close End Funds				
Orient Trust	Egyptian Investment & Finance Co.	1000	1262.51	1207.21
Misr Direct Investment Fund	Al Ahly Development & Investment	1000	1027.3	1035.00
Arab Land Direct	Prime Investment Fund Management	1000	716.94	707.33
Capital Garunteed Funds				
Banque Misr (AL-Omr Fund)	Cairo Fund Management	100	211.4	218.96
Asset Allocator Funds				
Societe Arab Int'l Banque I +	Prime Investment Fund Management	100	387.12	427.07
Societe Arab Int'l Banque II	Prime Investment Fund Management	100	271.11	297.59
Capital Protected Funds				
HSBC Egypt Fund II	EFG-Hermes	100	87.76	96.01
Foreign Currencies Funds				
Misr Money Market (\$)	Beltone Fund Management	10\$	10.61\$	10.66\$
Misr Money Market (Euro)	Beltone Fund Management	10 €	10.66 €	10.70 €
Fund of Funds				
Misr Iran Development Bank III (wafi)	Beltone Asset Management	10	-	9.88
National Bank of Egypt VI	Beltone Asset Management	100	-	99.10

Source: Monthly Bulletin of Egyptian Stock Exchange

*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 27/08/2006.

** 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.

*** The name of Egyptian American Bank Fund has changed to Credit Agricole Egypt starting from 03/09/2006.

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

*****The price of issuing the document has also changed from LE 100 to LE10 as of 3/6/2007

+ Document has been split into ratio of 1: 5 and the par value has also changed from LE 500 to LE100 as of 29/03/2007.

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

+++ 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.

+++++ Ex. Egyptian Saudi Finance Bank.

(2/3/1) Note Issued, Including Cash in CBE Vaults, by Denomination

	(LE mn)						
End of June	2004	2005	2006	2007	2008	2009	2010
<u>Total</u>	<u>59922</u>	<u>67753</u>	<u>79253</u>	<u>93499</u>	<u>112705</u>	<u>127912</u>	<u>146220</u>
<u>Currency By Denomination+</u>	<u>59703</u>	<u>67527</u>	<u>79017</u>	<u>93240</u>	<u>112430</u>	<u>127625</u>	<u>145914</u>
PT 25	118	120	136	144	147	160	184
PT 50	203	220	241	240	252	309	294
LE 1	515	517	545	565	608	772	845
LE 5	1226	1279	1121	1071	1169	1309	1619
LE 10	5490	5074	4274	3470	2938	2991	2930
LE 20	11010	10329	9226	8796	7394	6419	5619
LE 50	22686	24517	27959	28152	25646	23045	18836
LE 100	18455	25471	35515	47552	54987	61561	69299
LE 200*				3250	19289	31059	46288
<u>Subsidiary Denominations**</u>	<u>219</u>	<u>226</u>	<u>236</u>	<u>259</u>	<u>275</u>	<u>287</u>	<u>306</u>

Source: Central Bank of Egypt.

+ Including coins denominations of 50, 100 piasters.

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

** Issued by the Ministry of Finance.

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

	(LE mn)						
End of June	2004	2005	2006	2007	2008	2009	2010
<u>Total</u>	<u>59415</u>	<u>67236</u>	<u>78604</u>	<u>92175</u>	<u>111412</u>	<u>126268</u>	<u>144254</u>
Subsidiary Coins & Notes*	219	226	236	259	275	287	306
PT 25	117	118	135	142	145	158	184
PT 50	201	217	239	234	242	308	293
LE 1	510	512	540	550	591	770	843
LE 5	1201	1251	1095	987	1105	1257	1495
LE 10	5424	4999	4215	3323	2845	2911	2844
LE 20	10926	10246	9128	8553	7194	6297	5480
LE 50	22490	24348	27737	27967	25422	22898	18704
LE 100	18327	25319	35279	47136	54529	60867	68641
LE 200 ⁺				3024	19064	30515	45464

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 FY	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
<u>Local Currency Transactions via RTGS*</u>						
1- Automated Clearing House (ACH)						
Number of transactions(thousand)	9321	9508	10481	11724	12062	12994
Value of transactions(LE mn)	262423	288715	356900	483113	548038	584546
2- Other Transactions via RTGS**						
Number of transactions(in unit)	326341	404776	525236	700668	897205	1191374
Value of transactions(LE mn)	1246023	1658794	2280198	3092401	5294357	13274677
<u>Foreign Currency Transfers (Dollar Interbank Transactions) via the Fin-Copy System***</u>						
Number of transactions (in unit)	10604	11049	12070	13925	12365	12204
Value of transactions (US\$ mn)	11933	39773	78997	105587	83019	70008

* 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)

End of June	2004	2005	2006	2007	2008	2009	2010
<u>Assets</u>							
Cash	5412	6594	6813	7705	10261	11128	12448
Securities & investments in TBs of which:	137431	170659	193965	176098	201858	332597	405895
CBE notes	0	0	21563	17617	0	0	0
Balances with banks in Egypt	116290	124986	121695	217363	278185	173482	200719
Balances with banks abroad	43290	51204	72554	124366	122792	77120	57371
Loan and discount balances	296199	308195	324041	353746	401425	429957	465990
Other assets	34814	41990	42494	58645	68790	67709	78232
Assets =Liabilities	633436	703628	761562	937923	1083311	1091993	1220655
<u>Liabilities</u>							
Capital	20346	22949	27112	33037	37576	41550	46598
Reserves	11454	12419	13418	12552	19763	21371	28486
Provisions	44584	49541	54950	53469	62314	69748	70418
Long-term loans & bonds	15012	14254	17526	26351	22285	22045	21697
Obligations to banks in Egypt	29933	22671	21488	82619	98699	31004	53881
Obligations to banks abroad	10332	12262	8770	10006	13327	18195	20305
Total deposits	461697	519649	568841	649953	747199	809694	892492
Other liabilities	40078	49883	49457	69936	82148	78386	86778

Source : Central Bank of Egypt.

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

(LE mn)

End of June	2004	2005	2006	2007	2008	2009	2010
<u>Total Deposits</u>	<u>461697</u>	<u>519649</u>	<u>568841</u>	<u>649953</u>	<u>747199</u>	<u>809694</u>	<u>892492</u>
Demand deposits	46742	51557	62431	78759	100569	102852	119518
Time & Saving deposits and saving accounts	389482	445132	479805	542982	612737	673048	738650
Blocked or retained deposits	25473	22960	26605	28212	33893	33794	34324
<u>First: Local Currency Deposits</u>	<u>310870</u>	<u>369067</u>	<u>401143</u>	<u>463320</u>	<u>552079</u>	<u>598586</u>	<u>686052</u>
Demand deposits	27168	31606	41793	50366	71971	69261	84152
Time & Saving deposits and saving accounts	269505	324664	345953	396351	460285	509156	580020
Blocked or retained deposits	14197	12797	13397	16603	19823	20169	21880
<u>Second: Foreign Currency Deposits</u>	<u>150827</u>	<u>150582</u>	<u>167698</u>	<u>186633</u>	<u>195120</u>	<u>211108</u>	<u>206440</u>
Demand deposits	19574	19951	20638	28393	28598	33591	35366
Time & Saving deposits and saving accounts	119977	120468	133852	146631	152452	163892	158630
Blocked or retained deposits	11276	10163	13208	11609	14070	13625	12444

Source : Central Bank of Egypt.

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

(LE mn)

End of June	2004	2005	2006	2007	2008	2009	2010
<u>Total Deposits</u>	<u>461697</u>	<u>519649</u>	<u>568841</u>	<u>649953</u>	<u>747199</u>	<u>809694</u>	<u>892492</u>
<u>Local Currency Deposits</u>	<u>310870</u>	<u>369067</u>	<u>401143</u>	<u>463320</u>	<u>552079</u>	<u>598587</u>	<u>686052</u>
Government sector	54120	57649	49422	37233	44789	49564	58496
Public business sector *	15414	16727	20399	23464	29434	28800	32726
Private business sector	35219	39668	41444	77504	119716	104250	114372
Household sector	205375	253865	287973	321793	354119	413558	477842
External sector **	742	1158	1905	3326	4021	2415	2616
<u>Foreign Currency Deposits</u>	<u>150827</u>	<u>150582</u>	<u>167698</u>	<u>186633</u>	<u>195120</u>	<u>211107</u>	<u>206440</u>
Government sector	26187	27252	29290	30329	33203	41481	45618
Public business sector *	3432	4195	5668	6721	9146	8735	6474
Private business sector	29550	31337	39263	49093	57202	58321	54907
Household sector	90899	85813	92174	98331	93653	100210	96875
External sector **	759	1985	1303	2159	1916	2360	2566

Source : Central Bank of Egypt.

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

** Including counterpart deposits of US aid.

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

	(LE mn)						
End of June	2004	2005	2006	2007	2008	2009	2010
<u>Total Deposits</u>	<u>461697</u>	<u>519649</u>	<u>568841</u>	<u>649953</u>	<u>747199</u>	<u>809694</u>	<u>892492</u>
<u>Local Currency Deposits</u>	<u>310870</u>	<u>369067</u>	<u>401143</u>	<u>463320</u>	<u>552079</u>	<u>598586</u>	<u>686052</u>
Agriculture	2480	2548	2215	2531	5673	6323	5072
Manufacturing	17325	19239	19903	23819	36169	37537	38302
Trade	10520	11740	12793	18354	23928	20850	27829
Services	28487	31915	38245	40529	59337	53846	64895
Unclassified sectors	252058	303625	327987	378087	426972	480030	549954
<u>Foreign Currency Deposits</u>	<u>150827</u>	<u>150582</u>	<u>167698</u>	<u>186633</u>	<u>195120</u>	<u>211108</u>	<u>206440</u>
Agriculture	467	831	855	467	1002	904	930
Manufacturing	14718	15274	18159	21208	26223	27757	23772
Trade	7258	6583	8250	11824	10263	12046	11065
Services	15306	17499	21602	23216	30202	25848	25767
Unclassified sectors	113078	110395	118832	129918	127430	144553	144906

Source : Central Bank of Egypt.

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

	(LE mn)						
End of June	2004	2005	2006	2007	2008	2009	2010
<u>Total</u>	<u>137431</u>	<u>170659</u>	<u>172402</u>	<u>158481</u>	<u>201858</u>	<u>332597</u>	<u>405895</u>
<u>In Local Currency</u>	<u>105874</u>	<u>139322</u>	<u>140840</u>	<u>125981</u>	<u>168182</u>	<u>297194</u>	<u>338834</u>
Government sector	88438	118358	115146	96652	135129	262044	303297
Public business sector *	630	666	859	761	1414	1338	1052
Private business sector	16806	20298	24835	28568	31609	33755	34394
Household sector	-	-	-	-	-	-	-
External sector	-	-	-	-	30	57	91
<u>In Foreign Currencies</u>	<u>31557</u>	<u>31337</u>	<u>31562</u>	<u>32500</u>	<u>33676</u>	<u>35403</u>	<u>67061</u>
Government sector	18630	16594	16067	14636	13536	14051	15579
Public business sector *	-	-	-	-	-	-	-
Private business sector	2885	4711	3545	3474	4914	5532	5597
Household sector	-	-	-	-	-	-	-
External sector	10042	10032	11950	14390	15226	15820	45885

Source : Central Bank of Egypt.

+ Excluding CBE Notes.

* 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 June	2004	2005	2006	2007	2008	2009	2010
<u>Total</u>	<u>296199</u>	<u>308195</u>	<u>324041</u>	<u>353746</u>	<u>401425</u>	<u>429957</u>	<u>465990</u>
<u>In Local Currency</u>	<u>228159</u>	<u>233141</u>	<u>238926</u>	<u>248544</u>	<u>267166</u>	<u>295192</u>	<u>313654</u>
Government sector	9963	10938	11285	10788	9698	12946	15389
Public business sector *	27690	30164	26269	18097	19475	23725	21051
Private business sector	154162	152193	150491	163292	167258	177107	185694
Household sector	35955	39354	50158	55453	69838	78827	90266
External sector	389	492	723	914	897	2587	1254
<u>In Foreign Currencies</u>	<u>68040</u>	<u>75054</u>	<u>85115</u>	<u>105202</u>	<u>134259</u>	<u>134765</u>	<u>152336</u>
Government sector	6240	11080	9712	15896	21460	17802	23995
Public business sector *	7740	7078	6373	6091	7177	9155	8761
Private business sector	51668	53502	64184	76020	90829	90778	101454
Household sector	1059	1913	3017	4485	8494	5762	2526
External sector	1333	1481	1829	2710	6299	11268	15600

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 June	2004	2005	2006	2007	2008	2009	2010
<u>Total</u>	<u>433630</u>	<u>478854</u>	<u>496443</u>	<u>512227</u>	<u>603283</u>	<u>762554</u>	<u>871885</u>
<u>In Local Currency</u>	<u>334033</u>	<u>372463</u>	<u>379766</u>	<u>374525</u>	<u>435348</u>	<u>592386</u>	<u>652488</u>
Government sector	98401	129296	126431	107440	144827	274990	318686
Public business sector *	28320	30830	27128	18858	20889	25063	22103
Private business sector	170968	172491	175326	191860	198867	210862	220088
Household sector	35955	39354	50158	55453	69838	78827	90266
External sector	389	492	723	914	927	2644	1345
<u>In Foreign Currencies</u>	<u>99597</u>	<u>106391</u>	<u>116677</u>	<u>137702</u>	<u>167935</u>	<u>170168</u>	<u>219397</u>
Government sector	24870	27674	25779	30532	34996	31853	39574
Public business sector *	7740	7078	6373	6091	7177	9155	8761
Private business sector	54553	58213	67729	79494	95743	96310	107051
Household sector	1059	1913	3017	4485	8494	5762	2526
External sector	11375	11513	13779	17100	21525	27088	61485

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)

End of June	2004	2005	2006	2007	2008	2009	2010
<u>Total</u>	<u>296199</u>	<u>308195</u>	<u>324041</u>	<u>353746</u>	<u>401425</u>	<u>429957</u>	<u>465990</u>
<u>In Local Currency</u>	<u>228159</u>	<u>233141</u>	<u>238926</u>	<u>248544</u>	<u>267166</u>	<u>295192</u>	<u>313654</u>
Agriculture	5015	5822	4902	6986	5758	5137	4856
Manufacturing	77722	81844	77734	80497	76793	94674	94810
Trade	48479	45648	43564	37476	42456	44079	51241
Services	60505	59870	61679	67035	71208	69766	70931
Unclassified sectors	36438	39957	51047	56550	70951	81536	91816
<u>In Foreign Currencies</u>	<u>68040</u>	<u>75054</u>	<u>85115</u>	<u>105202</u>	<u>134259</u>	<u>134765</u>	<u>152336</u>
Agriculture	550	619	829	929	863	2165	1554
Manufacturing	28569	34957	38517	51399	67690	61808	79423
Trade	12552	11893	13930	11837	15319	14646	15134
Services	23941	24188	26983	33842	35594	39117	38084
Unclassified sectors	2428	3397	4856	7195	14793	17029	18141

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 at Banks				Interest Rate on Investment Certificates		Interest Rate on Post Office Saving Deposits*
		on less than three month deposits	on less than six month deposits	on less than one year deposits	loans of one year or less	Simple Interest	Compound Interest	
Jan-08	9.00	6.00	6.50	6.80	12.10	10.00	9.50	9.50
Feb	“	6.00	6.50	6.80	12.10	“	“	“
Mar	“	6.00	6.50	6.90	12.20	“	“	“
Apr	“	6.10	6.50	6.90	12.10	“	“	“
May	“	6.30	6.60	7.10	12.00	“	“	“
Jun	10.00	6.50	6.70	7.10	12.00	“	“	“
Jul	10.00	6.60	6.80	7.20	12.20	“	“	“
Aug	11.00	6.80	7.00	7.30	12.30	“	“	“
Sep	11.50	6.90	7.10	7.40	12.40	“	“	“
Oct	“	7.20	7.40	7.80	12.40	“	“	“
Nov	“	7.30	7.50	7.90	12.50	“	“	“
Dec	“	7.40	7.70	8.20	12.50	“	“	“
Jan-09	“	7.30	7.60	8.30	12.60	“	“	“
Feb	10.50	7.30	7.60	8.30	12.60	“	“	“
Mar	10.00	7.10	7.50	8.30	12.40	“	“	“
Apr	10.00	7.00	7.30	8.20	12.30	“	“	“
May	9.50	6.70	7.10	7.90	12.30	“	“	“
Jun	9.00	6.50	7.00	7.80	12.10	“	“	“
Jul	“	6.20	6.90	7.50	12.10	“	“	9.00
Aug	8.50	6.10	6.60	7.30	12.00	“	“	“
Sep	“	6.00	6.50	7.10	11.60	9.50	9.00	“
Oct	“	5.90	6.40	6.90	11.40	“	“	“
Nov	“	5.90	6.30	6.80	11.30	“	“	“
Dec	“	5.90	6.30	6.70	11.00	“	“	“
Jan-10	“	5.90	6.40	6.70	11.10	“	“	“
Feb	“	5.90	6.40	6.70	11.00	“	“	“
Mar	“	6.00	6.40	6.70	11.10	“	“	“
Apr	“	6.00	6.40	6.70	11.10	“	“	“
May	“	5.90	6.50	6.80	11.20	“	“	“
Jun	“	6.30	6.90	7.30	11.10	“	“	“

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

* Additional interest of 0.25% was formerly paid on deposits of more than one year. This was applicable up till June 2008. However, as of July 2008, this advantage was cancelled.

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

(% Annually)

End of	U.S. Dollar		Sterling Pound		Euro	
	Min.	Max.	Min.	Max.	Min.	Max.
Jan-08	2.75	2.94	4.44	5.19	3.63	3.88
Feb	2.56	2.75	4.56	5.31	3.63	3.88
Mar	2.19	2.38	4.88	5.63	3.94	4.19
Apr	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
Jun	2.46	2.66	4.70	4.95	3.96	4.21
Jul	2.45	2.65	4.54	4.79	3.96	4.21
Aug	2.46	2.66	4.50	4.75	3.96	4.21
Sep	2.86	3.06	4.81	5.06	4.05	4.30
Oct	3.12	3.32	4.69	4.94	3.85	4.10
Nov	1.85	2.05	2.71	2.96	2.93	3.18
Dec	1.12	1.32	1.65	1.90	2.01	2.26
Jan-09	0.83	1.03	0.92	1.17	1.13	1.38
Feb	0.90	1.10	0.82	1.07	0.86	1.11
Mar	0.88	1.08	0.47	0.72	0.55	0.80
Apr	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
Jun	0.41	0.61	0.62	0.87	0.66	1.16
Jul	0.29	0.49	0.31	0.56	0.33	0.83
Aug	0.18	0.38	0.15	0.35	0.26	0.76
Sep	0.12	0.29	0.15	0.22	0.16	0.66
Oct	0.13	0.28	0.15	0.41	0.20	0.54
Nov	0.12	0.26	0.15	0.43	0.20	0.54
Dec	0.11	0.25	0.15	0.42	0.20	0.53
Jan-10	0.11	0.24	0.15	0.43	0.18	0.49
Feb	0.11	0.25	0.16	0.45	0.18	0.48
Mar	0.13	0.28	0.16	0.45	0.17	0.47
Apr	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
Jun	0.24	0.53	0.18	0.51	0.20	0.53

Source: National Bank of Egypt.

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

(%)

	91 days	182 days	259 days	266 days	273 days	350 days	357 days	364 days
<u>April 2010</u>								
First week (6/4)	9.666	10.154	..	..	10.228	..	..	10.436
Second week (13/4)	9.604	10.055	..	10.141	..	..	..	10.293
Third week (20/4)	9.604	10.026	..	..	..	..	10.293	..
Fourth week (27/4)	9.743	10.196	..	..	10.302	10.312	..	..
Monthly Average	9.654	10.108	0.000	10.141	10.265	10.312	10.293	10.365
<u>May 2010</u>								
First week (4/5)	9.936	10.306	..	10.413	..	..	..	..
Second week (11/5)	10.091	..	..	..	10.52	..	..	10.542
Third week (18/5)	10.074	10.177	..	..	..	..	10.569	..
Fourth week (25/5)	10.208	10.336	10.644	..	..	10.570	..	..
Monthly Average	10.077	10.273	10.644	10.413	10.520	10.570	10.569	10.542
<u>June 2010</u>								
First week (1/6)	10.240	..	..	..	10.716	..	..	..
Second week (8/6)	10.295	10.529	..	10.850	..	..	..	10.873
Third week (15/6)	10.270	10.572	..	..	..	..	10.915	10.900
Fourth week (22/6)	10.222	10.542	..	..	10.820	..	..	10.932
	10.179	..	..	10.761	..	..	10.846	..
Monthly Average	10.241	10.548	0.000	10.806	10.768	..	10.881	10.902

Source: Central Bank of Egypt.

.. No issuance during the week.

(3/1) Companies Listed on the Stock Exchange

End of June	2004	2005	2006	2007	2008	2009	2010
Number of companies (in unit)	803	770	656	544	377	333	215
Listed on the Official Schedules	129	132	141	147	121	119	115
Listed on the Unofficial Schedules	528	612	503	394	255	213	100
Listed on the Temporary Schedule	146	26	12	3	1	1	0
Number of shares (mn)	6252	6985	10457	14993	19859	22430	29002
Nominal value of capital (LE mn)	96527	108209	109165	121072	137974	149587	134748
Market value of capital (LE mn)	172865	337059	377070	601826	813341	463644	410144
<u>The Egyptian Exchange Index *</u>							
EGX 30	1441	4829	4773	7803	9827	5703	6033
EGX 70						623	528
EGX 100							909

Source: Monthly Bulletin of the Egyptian Stock Exchange

* 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 FY	2008/2009			2009/2010		
	Number of Transactions (unit)	Amount (thousand)	Market Value (mn)	Number of Transactions (unit)	Amount (thousand)	Market Value (mn)
<u>In Egyptian Pound</u>	<u>12853288</u>	<u>30642746</u>	<u>256223</u>	<u>11788386</u>	<u>31752703</u>	<u>372693</u>
Floor Transactions	11818745	24195831	223668	11062889	24336192	253432
Over the Counter Trading	1034543	6446915	32555	725497	7416511	119261
<u>In US Dollar</u>	<u>292085</u>	<u>1205774</u>	<u>6343</u>	<u>326727</u>	<u>1077180</u>	<u>3593</u>
Floor Transactions	280686	1156374	4783	318742	979575	1959
Over the Counter Trading	11399	49400	1560	7985	97605	1634
<u>In Euro</u>	<u>10</u>	<u>4529</u>	<u>11</u>	<u>26</u>	<u>3388</u>	<u>88</u>
Floor Transactions	0	0	0	0	0	0
Over the Counter Trading	10	4529	11	26	3388	88

Source : Egyptian Financial Supervisory Authority (EFSA)- Monthly Report of the capital market

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

During FY	2008/2009			2009/2010		
	Number of Transactions (Unit)	Amount	Market Value (Thousand)	Number of Transactions (Unit)	Amount	Market Value (Thousand)
<u>In Egyptian Pound</u>	<u>24100</u>	<u>102846338</u>	<u>28014154</u>	<u>1218</u>	<u>46492990</u>	<u>47889797</u>
Floor Transactions	24100	102846338	28014154	1218	46492990	47889797
Over the Counter Trading	-	-	-	-	-	-
<u>In US Dollar</u>	<u>9</u>	<u>1300</u>	<u>128</u>	<u>0</u>	<u>0</u>	<u>0</u>
Floor Transactions	9	1300	128	0	0	0
Over the Counter Trading	0	0	0	0	0	0

Source : Egyptian Financial Supervisory Authority (EFSA)- Monthly Report of the capital market

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

During FY	2008/2009		2009/2010	
	Egyptian Pound	Foreign Currencies (US\$)	Egyptian Pound	Foreign Currencies (US\$)
<u>Net Number of Transactions (unit)</u>	<u>-77401</u>	<u>-10194</u>	<u>131934</u>	<u>6747</u>
Purchases	849530	36818	1055605	47196
Sales	926931	47012	923671	40449
<u>Net Volume of Securities (mn)</u>	<u>-404</u>	<u>-72</u>	<u>346</u>	<u>30</u>
Purchases	2808	159	4241	243
Sales	3212	231	3895	213
<u>Net Value of Securities (mn)</u>	<u>-2875</u>	<u>-85</u>	<u>5004</u>	<u>106</u>
Purchases	53424	291	64421	580
Sales	56299	376	59417	474

Source : Egyptian Financial Supervisory Authority (EFSA)- Monthly Report of the capital market

(3/5) Global Depository Receipts (GDRs)

Company	Date of Offering	Depository Bank	Sub Custodian Bank	Conversion Ratio	Volume on Offering Date (000s)	Price (\$) at end of		Price (LE) at end of	
						Jun-09	Jun-10	Jun-09	Jun-10
						Corporate Stocks Issued on Egyptian Exchange			
Comercial International Bank/Egypt (CIB)	July-96	Bank of New York	CIB/HSBC	1.00	9999	8.78	12.20	49.00	67.55
Suez Cement	July-96	Bank of New York	CIB/HSBC	1.00	7310	4.55	5.80	32.82	35.73
Paints & Chemicals Industries (Pachin)	Oct.-97	Bank of New York	CIB/HSBC	3.00	6297	2.80	2.80	30.51	48.50
EFG-Hermes	Aug.-98	Bank of New York	CIB/HSBC	0.50	4324	7.90	11.10	22.73	29.20
El Ezz Steel Rebars	June-99	Bank of New York	CIB/HSBC	0.33	573	32.50	32.50	12.10	17.58
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	26.60	4.40	29.91	4.98
Orascom Construction Industries (OCI) ***	Aug.-02	Bank of New York	CIB/HSBC	1.00	50	32.51	38.70	190.99	227.44
Egypt Lebanon Ceramics (Lecico)	Nov.-04	Bank of New York	CIB/HSBC	1.00	8796	4.00	3.00	15.17	13.02
Telecom Egypt	Dec.-05	Bank of New York	CIB/HSBC	0.20	8522	14.20	15.50	16.16	15.74
Naeem Holding	Feb-08	Bank of New York	CIB/HSBC	0.25	5625	-	1.72	0.71	0.43
Palm Hills Development	May-08	Bank of New York	CIB/HSBC	0.20	5435	-	4.70	7.56	4.89
G.B. Auto	May-09	Bank of New York	CIB	0.20	100	-	34.43	-	39.22
Ramco for constructing tourist villages and resorts	May-10	JP Morgan	HSBC	0.20	1000	-	-	-	3.90

Source: Monthly Bulletin of Egyptian Stock 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, effective 12 April 2007

*** The conversion ratio has changed to be 1 shares : 1 GDR, effective 7 May 2009

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

(LE mn)

End of	91 days	182 days	89 days	252 days	259 days	266 days	273 days	350 days	357 days	364 days	Total
<u>2002</u>											
March	10864	10241	-	-	-	-	-	-	-	14457	35562
June	11183	14367	-	-	-	-	-	-	-	14457	40007
Sept.	14576	18412	-	-	-	-	-	-	-	14457	47445
Dec.	15897	22908	-	-	-	-	-	-	-	14457	53263
<u>2003</u>											
March	15251	24260	-	-	-	-	-	-	-	14457	53968
June	16236	24625	-	-	-	-	-	-	-	14457	55318
Sept.	14975	26777	-	-	-	-	-	-	-	14457	56209
Dec.	6273	28066	13001	-	-	-	-	-	-	14457	61798
<u>2004</u>											
March	15294	30477	4081	-	-	-	-	-	-	14457	64310
June	18463	38853	-	-	-	-	-	-	-	26458	83774
Sept.	11000	48196	-	-	-	-	-	-	-	48958	108155
Dec.	8600	45467	-	-	-	-	-	-	-	66558	120625
<u>2005</u>											
March	0	34550	-	-	-	-	-	-	-	82358	116908
June	2750	23900	-	-	-	-	-	-	-	98257	124907
Sept.	8900	22350	-	-	-	-	-	-	-	71726	102976
Dec.	5500	22600	-	-	-	-	-	-	-	67816	95916
<u>2006</u>											
March	6000	24100	-	-	-	-	-	-	-	69016	99116
June	7100	26500	-	-	-	-	-	-	-	69544	103144
Sept.	9900	27500	-	-	-	-	-	-	-	69957	107357
Dec.	8200	27000	-	-	-	-	-	-	-	71157	106357
<u>2007</u>											
March	11000	26000	-	-	-	-	-	-	-	73657	110657
June	9000	27500	-	-	-	-	-	-	-	82157	118657
Sept.	8500	31500	-	-	-	-	-	-	-	90657	130657
Dec.	12000	33000	-	-	-	-	-	-	-	100957	145957
<u>2008</u>											
March	10500	32500	-	-	-	-	-	-	-	106457	149457
June	6800	33000	-	-	-	-	-	-	-	106639	146439
Sept.	17000	42500	-	-	-	-	-	-	-	105940	165440
Dec.	14500	48500	-	-	-	-	28000	-	-	114940	205940
<u>2009</u>											
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
<u>2010</u>											
March	20000	47264	-	6000	-	16025	69442	19000	39419	68118	285268
June	13000	46867	-	6000	3000.0	27025	45442	15000	45169	64618	266121

Source : Central Bank of Egypt.

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

		91 days	182 days	252 days	259 days	266 days	273 days	350 days	357 days	364 days	Total
<u>April 2010</u>											
First week	(6/4)	19000	48521	6000	0	16025	69442	16000	39419	65118	279525
Second week	(13/4)	18000	48521	6000	0	19025	66442	16000	39419	68118	281525
Third week	(20/4)	19000	49521	6000	0	19025	63442	16000	42419	68118	283525
Fourth week	(27/4)	19000	51308	6000	0	19025	63942	19000	42419	68118	288812
End of Month		19000	51308	6000	0	19025	63942	19000	42419	68118	288812
<u>May 2010</u>											
First week	(4/5)	18000	51308	6000	0	22025	60942	16000	42419	65118	281812
Second week	(11/5)	17000	49308	6000	0	22025	60942	16000	42419	66618	280312
Third week	(18/5)	16500	48482	6000	0	22025	57942	16000	43169	66618	276736
Fourth week	(25/5)	16000	48482	6000	3000	22025	54942	18000	40169	63618	272236
End of Month		16000	48482	6000	3000	22025	54942	18000	40169	63618	272236
<u>June 2010</u>											
First week	(1/6)	16000	48482	6000	3000	22025	54942	18000	40169	63618	272236
Second week	(8/6)	15000	49482	6000	3000	24025	51442	18000	40169	66618	273736
Third week	(15/6)	14000	48482	6000	3000	24025	48442	15000	42169	63618	264736
Fourth week	(22/6)	13000	48608	6000	3000	24025	48442	15000	42169	64618	264862
End of Month		13000	46867	6000	3000	27025	45442	15000	45169	64618	266121

Source: Central Bank of Egypt.

(3/8) Outstanding Balance of Treasury Bonds*

End of June 2010

Tranche	Date of Issue	Value (LE bn)	Interest Rate%	Duration	Maturity & Due Date
<u>Bonds under the Primary Dealers System**</u>					
Eleventh Tranche	26/10/2004	5.0	11.500	7 years	26/10/2011
Twelveth Tranche	16/11/2004	5.0	11.625	10 years	16/11/2014
Fourteenth Tranche	18/01/2005	1.0	11.400	20 years	18/01/2025
Fifteenth Tranche	12/07/2005	2.0	9.100	5 years	12/07/2010
Seventeenth Tranche	16/08/2005	2.0	9.350	5 years	16/08/2010
Eighteenth Tranche	20/09/2005	6.0	9.100	7 years	20/09/2012
Twentieth Tranche	18/10/2005	2.0	9.100	5 years	18/10/2010
Twenty First Tranche	15/11/2005	5.0	9.300	10 years	15/11/2015
Twenty Third Tranche	24/01/2006	6.0	8.850	7 years	24/01/2013
Twenty Fifth Tranche	14/02/2006	4.0	8.600	5 years	28/02/2008
Twenty Seventh Tranche	29/05/2007	2.0	9.450	7 years	29/05/2014
Twenty Eighth Tranche	25/09/2007	2.0	8.450	7 years	25/09/2014
Twenty Ninth Tranche	23/10/2007	2.0	8.600	8 years	23/10/2015
Thirtieth Tranche	13/11/2007	5.0	8.550	6 years	13/11/2013
Thirty First Tranche	22/01/2008	3.0	8.700	8 years	22/01/2016
Thirty Second Tranche	12/02/2008	1.5	9.150	10 years	12/02/2018
Thirty Third Tranche	19/02/2008	3.0	9.200	6 years	19/02/2014
Thirty Fourth Tranche	27/05/2008	3.0	10.650	7 years	27/05/2015
Thirty Fifth Tranche	10/06/2008	2.0	10.950	8 years	10/06/2016
Thirty Sixth Tranche	13/01/2009	6.0	12.000	3 years	13/01/2012
Thirty Seventh Tranche	10/02/2009	6.0	12.000	5 years	10/02/2014
Thirty Eighth Tranche	14/04/2009	5.0	10.550	5 years	14/04/2014
Thirty Nineth Tranche	28/04/2009	3.0	10.350	3 years	28/04/2012
Fortieth Tranche	09/06/2009	3.0	11.000	7 years	09/06/2016
Forty First Tranche	07/07/2009	3.5	10.600	2 years	07/07/2011
Forty Second Tranche	28/07/2009	6.0	10.800	4 years	28/07/2013
Forty Third Tranche	11/08/2009	6.0	10.450	3 years	11/08/2012
Forty Fourth Tranche	15/09/2009	5.1	10.900	5 years	15/09/2014
Forty Fifth Tranche	29/09/2009	6.0	10.900	4 years	29/09/2013
Forty Sixth Tranche	24/11/2009	2.0	12.170	4 years	24/11/2013
Forty Seventh Tranche	08/12/2009	6.5	12.500	5 years	08/12/2014
Forty Eighth Tranche	15/12/2009	5.1	12.800	6 years	15/12/2015
Forty Nineth Tranche	05/01/2010	8.0	12.350	3 years	05/01/2013
Fifty Tranche	16/02/2010	7.5	12.600	7 years	16/02/2017
Fifty First Tranche	02/03/2010	10.0	12.250	5 years	02/03/2015
Fifty Second Tranche	06/04/2010	9.5	11.350	3 years	06/04/2013
		159.7			

* 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)

During	(LE mn)			
	2006/2007		2007/2008	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB & SIFs
<u>Total Expenditures</u>	<u>222029</u>	<u>244018</u>	<u>282290</u>	<u>305795</u>
<u>Compensations of Employees</u>	<u>52153</u>	<u>52746</u>	<u>62839</u>	<u>63531</u>
Salaries and wages	42399	42935	51172	51809
Social contributions	5518	5570	6165	6214
Other	4236	4241	5502	5508
<u>Purchases of Goods and Services</u>	<u>17028</u>	<u>17121</u>	<u>18470</u>	<u>18790</u>
Goods	6539	6552	7272	7287
Services	6984	7039	7625	7698
Other	3505	3530	3573	3805
<u>Interests</u>	<u>47700</u>	<u>38368</u>	<u>50528</u>	<u>40956</u>
Foreign interests	3033	3033	3737	3737
Domestic interests	44667	35335	46791	37219
To NIB	17324	0	17854	0
To others	27343	35335	28937	37219
<u>Subsidies, Grants and Social Benefits</u>	<u>58442</u>	<u>88684</u>	<u>92371</u>	<u>124249</u>
<u>Subsidies</u>	<u>53959</u>	<u>53959</u>	<u>84205</u>	<u>84205</u>
To GASC	9406	9406	16445	16445
To petroleum	40130	40130	60249	60249
To others	4423	4423	7511	7511
<u>Grants</u>	<u>2599</u>	<u>2599</u>	<u>3890</u>	<u>3890</u>
<u>Social Benefits</u>	<u>1612</u>	<u>31854</u>	<u>4050</u>	<u>35928</u>
Contribution to SIFs	0	0	2600	0
Other	1612	31854	1450	35928
<u>Other</u>	<u>272</u>	<u>272</u>	<u>226</u>	<u>226</u>
<u>Other Expenditures</u>	<u>21208</u>	<u>21571</u>	<u>23891</u>	<u>23972</u>
Defense	17718	17718	19849	19849
Other	3490	3853	4042	4123
<u>Purchases of Non-Financial Assets (Investments)</u>	<u>25498</u>	<u>25528</u>	<u>34191</u>	<u>34297</u>
Fixed assets	20928	20958	28186	28292
Others	4570	4570	6005	6005

Source : The Ministry of Finance .

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

(The Budget Sector, NIB and SIFs)

(Total Expenditures)

(LE mn)

During	2008/2009		2009/2010	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB & SIFs
<u>Total Expenditures</u>	<u>351500</u>	<u>356944</u>	<u>365987</u>	<u>396768</u>
<u>Compensations of Employees</u>	<u>76147</u>	<u>76968</u>	<u>85369</u>	<u>86377</u>
Salaries and wages	62658	63412	70321	71247
Social contributions	7210	7276	7850	7918
Other	6279	6280	7198	7212
<u>Purchases of Goods and Services</u>	<u>25072</u>	<u>25203</u>	<u>28059</u>	<u>28244</u>
Goods	11404	11418	11967	11986
Services	9805	9859	11442	11560
Other	3863	3926	4650	4698
<u>Interests</u>	<u>52810</u>	<u>43755</u>	<u>72333</u>	<u>62277</u>
Foreign interests	3598	3598	2840	2840
Domestic interests	49212	40157	69493	59437
To NIB	18615	0	19044	0
To others	30597	40157	50449	59437
<u>Subsidies, Grants and Social Benefits</u>	<u>127033</u>	<u>140262</u>	<u>102975</u>	<u>142360</u>
<u>Subsidies</u>	<u>93830</u>	<u>93830</u>	<u>93570</u>	<u>93570</u>
To GASC	21072	21072	16819	16819
To petroleum	62703	62703	66524	66524
To others	10055	10055	10227	10227
<u>Grants</u>	<u>4213</u>	<u>4213</u>	<u>4380</u>	<u>4380</u>
<u>Social Benefits</u>	<u>28707</u>	<u>41936</u>	<u>4483</u>	<u>43868</u>
Contribution to SIFs	26805	0	2400	0
Other	1902	41936	2083	43868
<u>Other</u>	<u>283</u>	<u>283</u>	<u>542</u>	<u>542</u>
<u>Other Expenditures</u>	<u>27008</u>	<u>27276</u>	<u>28901</u>	<u>29047</u>
Defense	22267	22267	23453	23453
Other	4741	5009	5448	5594
<u>Purchases of Non-Financial Assets (Investments)</u>	<u>43430</u>	<u>43480</u>	<u>48350</u>	<u>48463</u>
Fixed assets	34654	34704	39205	39319
Others	8776	8776	9145	9144

Source : The Ministry of Finance .

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

During	2006/2007		2007/2008	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB & SIFs
	(LE mn)			
<u>Total Revenues</u>	<u>180215</u>	<u>205654</u>	<u>221404</u>	<u>248835</u>
<u>Tax Revenues</u>	<u>114326</u>	<u>114326</u>	<u>137195</u>	<u>137195</u>
<u>Taxes on Income, Profits</u>	<u>58535</u>	<u>58535</u>	<u>67059</u>	<u>67059</u>
From EGPC	25380	25380	29268	29268
From SCA	9144	9144	10268	10268
From CBE	0	0	0	0
From other units	14291	14291	16028	16028
Payable by individuals	9720	9720	11495	11495
<u>Taxes on Property</u>	<u>1788</u>	<u>1788</u>	<u>2052</u>	<u>2052</u>
<u>Taxes on Goods and Services</u>	<u>39436</u>	<u>39436</u>	<u>49747</u>	<u>49747</u>
<u>Taxes on International Trade</u>	<u>10369</u>	<u>10369</u>	<u>14020</u>	<u>14020</u>
<u>Other Taxes</u>	<u>4198</u>	<u>4198</u>	<u>4317</u>	<u>4317</u>
<u>Grants</u>	<u>3886</u>	<u>3886</u>	<u>1463</u>	<u>1463</u>
Current	2085	2085	436	436
Capital	1801	1801	1027	1027
<u>Other Revenues</u>	<u>62003</u>	<u>87442</u>	<u>82746</u>	<u>110177</u>
<u>Property Income</u>	<u>45111</u>	<u>50593</u>	<u>52455</u>	<u>59308</u>
From EGPC	11014	11014	25282	25282
From SCA	11931	11931	15098	15098
From CBE	0	0	32	32
From economic authorities	581	581	3047	3047
From companies	2222	2378	2648	2902
Other (from EGPC)	16000	16000	3108	3108
Other	3363	8689	3240	9839
<u>Sales of Goods and Services</u>	<u>9776</u>	<u>9776</u>	<u>12038</u>	<u>12044</u>
<u>Financing Investment</u>	<u>4376</u>	<u>4376</u>	<u>5765</u>	<u>5765</u>
<u>Other</u>	<u>2740</u>	<u>22697</u>	<u>12488</u>	<u>33060</u>

Source : The Ministry of Finance .

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

(LE mn)

During	2008/2009		2009/2010	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB & SIFs
<u>Total Revenues</u>	<u>282505</u>	<u>288545</u>	<u>268114</u>	<u>303361</u>
<u>Tax Revenues</u>	<u>163222</u>	<u>163222</u>	<u>170494</u>	<u>170494</u>
<u>Taxes on Income, Profits</u>	<u>79073</u>	<u>79073</u>	<u>76618</u>	<u>76618</u>
From EGPC	34135	34135	32181	32181
From SCA	10391	10391	9443	9443
From CBE	0	0	0	0
From other units	20263	20263	18591	18591
Payable by individuals	14284	14284	16403	16403
<u>Taxes on Property</u>	<u>3944</u>	<u>3944</u>	<u>8770</u>	<u>8770</u>
<u>Taxes on Goods and Services</u>	<u>62650</u>	<u>62650</u>	<u>67095</u>	<u>67095</u>
<u>Taxes on International Trade</u>	<u>14091</u>	<u>14091</u>	<u>14702</u>	<u>14702</u>
<u>Other Taxes</u>	<u>3464</u>	<u>3464</u>	<u>3309</u>	<u>3309</u>
<u>Grants</u>	<u>7984</u>	<u>7984</u>	<u>4332</u>	<u>4332</u>
Current	6480	6480	2352	2352
Capital	1504	1504	1980	1980
<u>Other Revenues</u>	<u>111299</u>	<u>117339</u>	<u>93288</u>	<u>128535</u>
<u>Property Income</u>	<u>53395</u>	<u>60391</u>	<u>54570</u>	<u>61618</u>
From EGPC	21637	21637	25546	25546
From SCA	13573	13573	12729	12729
From CBE	0	0	205	205
From economic authorities	1245	1245	1431	1431
From companies	3894	4194	3272	3272
Other (from EGPC)	4355	4355	4527	4527
Other	8691	15387	6860	13908
<u>Sales of Goods and Services</u>	<u>16216</u>	<u>16216</u>	<u>17212</u>	<u>17212</u>
<u>Financing Investment</u>	<u>7855</u>	<u>7855</u>	<u>8873</u>	<u>8873</u>
<u>Other</u>	<u>33833</u>	<u>32877</u>	<u>12633</u>	<u>40832</u>

Source : The Ministry of Finance .

(4/3) Summary of Consolidated Fiscal Operations of the General Government
(The Budget Sector, NIB and SIFs)

	2006/2007		2007/2008	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB & SIFs
Total Revenues	180215	205654	221404	248835
Total Expenditures	222029	244018	282290	305795
Cash Deficit	41814	38364	60886	56960
Net Acquisition of Financial Assets	12883	17849	236	10603
Overall Fiscal Balance Finance	54697	56213	61122	67563
<u>Financing Sources</u>	<u>54697</u>	<u>56213</u>	<u>61122</u>	<u>67563</u>
<u>Domestic Financing</u>	<u>33283</u>	<u>35401</u>	<u>527</u>	<u>6604</u>
Banking Financing	-20926	-17662	-3187	-4701
Central Bank	3146	3196	-33394	-35306
Other Banks	-24072	-20858	30207	30605
Non-Banking Financing	54209	53063	3714	11305
NIB	143	0	2271	0
SIFs	6861	0	119	0
Other	28525	28525	7545	7545
NIB Borrowing	0	5858	0	9981
Special Accounts for Economic Authorities	18680	18680	-6221	-6221
<u>Blocked Account Used in Amortizing Part of CBE Bonds</u>	<u>0</u>	<u>0</u>	<u>38970</u>	<u>38970</u>
<u>Foreign Borrowing</u>	<u>3581</u>	<u>3581</u>	<u>11439</u>	<u>11439</u>
<u>Arrears</u>	<u>-693</u>	<u>-693</u>	<u>-56</u>	<u>-56</u>
<u>Others, of which:</u>	<u>19922</u>	<u>19320</u>	<u>14791</u>	<u>15154</u>
Special Accounts for Budget Entities	12952	12952	0	0
<u>Financing Effects for Eliminations</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Exchange Rate Revaluation</u>	<u>-432</u>	<u>-432</u>	<u>-4276</u>	<u>-4276</u>
<u>Net Privatization Proceeds</u>	<u>172</u>	<u>172</u>	<u>673</u>	<u>673</u>
<u>Difference between Treasury Bills Face Value & Present Value</u>	<u>-1168</u>	<u>-1168</u>	<u>-1149</u>	<u>-1149</u>
<u>Foreign Debt Reclassification Diff. and Related FX Diff.</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Discrepancy</u>	<u>32</u>	<u>32</u>	<u>203</u>	<u>203</u>
Cash Deficit (surplus) as a percentage of GDP	5.7%	5.2%	6.8%	6.4%
Overall fiscal balance as a percentage of GDP	7.5%	7.7%	6.8%	7.5%
Revenues as a percentage of GDP	24.6%	28.1%	24.7%	27.8%
Expenditures as a percentage of GDP	30.4%	33.4%	31.5%	34.1%

Source : The Ministry of Finance .

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

(The Budget Sector, NIB and SIFs)

(LE mn)

	2008/2009		2009/2010	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB & SIFs
Total Revenues	282505	288545	268114	303361
Total Expenditures	351500	356944	365987	396768
Cash Deficit	68995	68399	97873	93407
Net Acquisition of Financial Assets	2831	3980	165	5479
Overall Fiscal Balance Finance	71826	72379	98038	98886
<u>Financing Sources</u>	71826	72379	98038	98886
<u>Domestic Financing</u>	83627	79664	101492	102415
<u>Banking Financing</u>	98818	100140	40263	39380
Central Bank	-15285	-15285	11561	11561
Other Banks	114103	115425	28702	27819
<u>Non-Banking Financing</u>	-15191	-20476	61229	63035
NIB	1449	0	3687	0
SIFs	5417	0	5176	0
Other	-19930	-19930	53014	53014
NIB Borrowing	0	1581	0	10669
Special Accounts for Economic Authorities	-2127	-2127	-648	-648
<u>Blocked Account Used in Amortizing Part of CBE Bonds</u>	0	0	0	0
<u>Foreign Borrowing</u>	23343	23343	2458	2458
<u>Arrears</u>	-4	-4	0	0
<u>Others, of which:</u>	-601	3915	347	273
Special Accounts for Budget Entities	0	0	0	0
<u>Financing Effects for Eliminations</u>	0	0	0	-1
<u>Exchange Rate Revaluation</u>	3366	3366	1328	1328
<u>Net Privatization Proceeds</u>	183	183	425	425
<u>Difference between Treasury Bills Face Value & Present Value</u>	-10915	-10915	-227	-227
<u>Foreign Debt Reclassification Diff. and Related FX Diff.</u>	-25155	-25155	0	0
<u>Discrepancy</u>	-2018	-2018	-7785	-7785
Cash Deficit (surplus) as a percentage of GDP	6.6%	6.6%	8.1%	7.7%
Overall fiscal balance as a percentage of GDP	6.9%	7.0%	8.1%	8.2%
Revenues as a percentage of GDP	27.2%	27.8%	22.2%	25.1%
Expenditures as a percentage of GDP	33.8%	34.4%	30.3%	32.9%

Source : The Ministry of Finance .

(4/4) Gross Domestic Debt

(LE mn)

End of	2004	2005	2006	2007	2008	2009	2010
Gross Domestic Debt (1+2+3-4)	425607	504681	587405	630966	658307	755297	888661
1- Net Domestic Debt of Government (A+B+C+D)	292721	349169	387719	478173	478811	562327	663818
A- Balances of Bonds & Bills	272074	340898	349957	562897	568960	681838	779232
. Treasury bonds with the CBE	149162	164162	164016	165980	122378	121708	121533
. Local currency bonds with public sector banks	4000	4000	4000	4000	4000	4000	4000
. Bonds offered abroad *							
US\$	5647	5122	5109	3868	3750	4036	6005
LE	0	0	0	0	112	3773	3808
. Egyptian treasury bonds	13000	27000	58000	57000	78500	92500	159767
. Government notes to compensate for the actuarial deficit in social insurance funds	2000	2000	2000	2000	2000	2000	2000
. Housing bonds	128	124	122	119	117	116	114
. Foreign currency bonds with public sector commercial banks	12938	12070	12014	11886	11126	11677	11883
. The equivalent of the retained 5% of corporate profits to purchase government bonds	1425	1513	1552	1588	1636	1700	1764
. Bonds of the Insurance Funds (against the transfer of NIB debt to the Treasury)	0	0	0	197799	198902	201248	202237
. Treasury Bills	83774	124907	103144	118657	146439	239080	266121
B- Credit Facilities from the Social Insurance Funds	0	0	0	4517	2343	2343	2343
C- Net Government Balances with the Banking System	-113678	-135480	-104860	-89241	-92492	-121854	-117757
D- Government Borrowing from NIB^x	134325	143751	142622	0	0	0	0
2- Borrowing of Economic Authorities (Net)	40064	47176	47387	44557	50123	52255	67771
.Net Balances of Economic Authorities with the Banking System	-13707	-11089	-2809	-7177	-1156	2193	16302
. Borrowing of Economic Authorities from NIB **	53771	58265	50196	51734	51279	50062	51469
3- NIB Debt (Net)	290157	316476	351205	166201	189180	200754	222205
.NIB Debt	294550	321393	354962	169152	193071	205560	227715
.Deposits of the NIB with the banking system (-)	4393	4917	3757	2951	3891	4806	5510
4- Intra-debt	197335	208140	198906	57965	59807	60039	65133
. Government debt to the NIB (investments in government securities)	9239	6124	6088	6231	8528	9977	13664
. Government Borrowing from NIB	134325	143751	142622	0	0	0	0
. Loans of economic authorities to NIB	53771	58265	50196	51734	51279	50062	51469

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.

x As of 1/7/2006, the government debt to the NIB was cleared to zero, and the Bank's obligations to insurance and pension funds were transferred to become obligations on the government. Moreover, bonds were issued against the government debt to the Bank at an initial value of LE 197.7 billion.

(4/5) NIB Resources and Uses

	(LE mn)						
End of June	2004	2005	2006	2007	2008	2009	2010
<u>Liabilities :of which</u>	<u>294550</u>	<u>321393</u>	<u>354962</u>	<u>169152</u>	<u>193071</u>	<u>205560</u>	<u>227715</u>
. Social Insurance Fund for Gov. Employees	108991	122913	135735	27428	29076	29638	31613
. Social Insurance Fund for Pub. & Priv. Business Sectors Employees	87166	96093	105703	20574	22632	24895	27384
. Proceeds from investment certificates	60178	58485	64038	68485	79232	81454	91134
. Accumulated interest on investment certificates (Category A)	6737	6852	7028	7579	7509	8654	8648
. Proceeds from US dollar development bonds	1738	1418	824	483	152	11	10
. Post office savings	27776	33902	39097	43518	49255	54487	64837
. Others*	1964	1730	2537	1085	5215	6421	4089
<u>Assets :of which</u>	<u>294550</u>	<u>321393</u>	<u>354962</u>	<u>169152</u>	<u>193071</u>	<u>205560</u>	<u>227715</u>
. Loans to government	134325	143751	142622	0	0	0	0
. Loans to economic authorities	53771	58265	50196	51734	51279	50062	51469
. Investments in government securities (bills and bonds)	9239	6124	6088	6231	8528	9977	13664
. Deposits of the NIB with the banking system	4393	4917	3757	2951	3891	4806	5510
. Lending to holding companies and affiliate units, concessional loans, and others	92822	108336	152299	108236	129373	140715	157072
(NIB debt minus its intradebt)							

Source : CBE- NIB

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

(5/1) Balance of Payments

(US\$m)

	FY				Change (-)
	2008/2009		2009/2010*		
	Value	%	Value	%	
<u>Balance of Current Account</u>	<u>(4424.3)</u>		<u>(4317.6)</u>		<u>106.7</u>
<u>Balance of Current Account (Excluding Transfers)</u>	<u>(12670.9)</u>		<u>(14781.0)</u>		<u>(2110.1)</u>
<u>Receipts</u>	<u>48970.2</u>	<u>100.0</u>	<u>47436.0</u>	<u>100.0</u>	<u>(1534.2)</u>
Export proceeds**	25168.9	51.4	23873.1	50.3	(1295.8)
Transportation, of which	7481.0	15.3	7216.5	15.2	(264.5)
<i>Suez Canal dues</i>	<i>4720.6</i>	<i>9.6</i>	<i>4516.8</i>	<i>9.5</i>	<i>(203.8)</i>
Travel	10487.6	21.4	11591.3	24.4	1103.7
Investment income	1936.7	4.0	829.0	1.8	(1107.7)
Government receipts	252.8	0.5	217.9	0.5	(34.9)
Other receipts	3643.2	7.4	3708.2	7.8	65.0
<u>Payments</u>	<u>61641.1</u>	<u>100.0</u>	<u>62217.0</u>	<u>100.0</u>	<u>575.9</u>
Import payments**	50342.2	81.7	48993.1	78.7	(1349.1)
Transportation	1491.9	2.4	1229.7	2.0	(262.2)
Travel	2739.3	4.4	2327.5	3.7	(411.8)
Investment income, of which	1783.1	2.9	5193.7	8.4	3410.6
<i>Interest paid</i>	<i>620.5</i>	<i>1.0</i>	<i>553.6</i>	<i>0.9</i>	<i>(66.9)</i>
Government expenditures	1182.3	1.9	1534.5	2.5	352.2
Other payments	4102.3	6.7	2938.5	4.7	(1163.8)
<u>Transfers</u>	<u>8246.6</u>	<u>100.0</u>	<u>10463.4</u>	<u>100.0</u>	<u>2216.8</u>
Private (net)	7632.3	92.6	9509.4	90.9	1877.1
Official (net)	614.3	7.4	954.0	9.1	339.7

* Preliminary figures.

** Including the exports & imports of free zones.

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

(US\$ mn)

	FY	
	2008/2009	2009/2010*
	Value	Value
<u>Capital & Financial Account</u>	<u>2284.7</u>	<u>8325.4</u>
<u>Capital Account</u>	<u>-2.6</u>	<u>-36.2</u>
<u>Financial Account</u>	<u>2287.3</u>	<u>8361.6</u>
Direct Investment Abroad	-1340.5	-976.6
Direct Investment in Egypt (Net)	8113.4	6758.2
Portfolio Investments Abroad (Net)	-410.8	-522.2
Portfolio Investments in Egypt (Net), of which :	-9210.7	7879.3
Bonds	-1013.2	1357.3
<u>Other Investments (Net)</u>	<u>5135.9</u>	<u>-4777.1</u>
<u>Net Borrowing</u>	<u>1251.6</u>	<u>2350.0</u>
Medium -and Long -Term Loans	121.5	-522.8
Drawings	2010.3	1228.9
Repayments	-1888.8	-1751.7
Medium -Term Suppliers' and Buyers' Credit	-429.2	-39.7
Drawings	59.6	51.8
Repayments	-488.8	-91.5
Short -Term Suppliers' and Buyers' Credit (Net)	1559.3	2912.5
<u>Other Assets</u>	<u>3744.0</u>	<u>-9669.1</u>
CBE	49.0	-40.7
Banks	8313.8	-2073.0
Other	-4618.8	-7555.4
<u>Other Liabilities</u>	<u>140.3</u>	<u>2542.0</u>
CBE	6.3	1187.1
Banks	134.0	1354.9
<u>Net Errors & Omissions</u>	<u>-1238.0</u>	<u>-652.1</u>
<u>Overall Balance</u>	<u>-3377.6</u>	<u>3355.7</u>
<u>Change in Reserve Assets, Increase (-)</u>	<u>3377.6</u>	<u>-3355.7</u>

Source: CBE.

* Preliminary figures.

(5/2) Exports by Degree of Processing *

	Fiscal Year				(US\$ mn)
	2008/2009		2009/2010**		Change(-)
	Value	%	Value	%	
<u>Total ***</u>	<u>25168.9</u>	<u>100.0</u>	<u>23873.1</u>	<u>100.0</u>	<u>(1295.8)</u>
<u>Fuels , Mineral Oils & Products</u>	<u>11365.4</u>	<u>45.2</u>	<u>10634.6</u>	<u>44.5</u>	<u>(730.8)</u>
Crude oil	4004.3	15.9	4475.0	18.7	470.7
Petroleum products ****	7000.2	27.8	5783.6	24.2	(1216.6)
Coal & types thereof	67.7	0.3	75.7	0.3	8.0
<u>Raw Materials</u>	<u>920.2</u>	<u>3.7</u>	<u>1272.6</u>	<u>5.3</u>	<u>352.4</u>
Cotton	82.9	0.3	125.0	0.5	42.1
Potatoes	10.5	0.0	45.9	0.2	35.4
Edible fruits & nuts	99.3	0.4	159.1	0.7	59.8
Oil seeds & oleaginous fruits, medicinal plants & plants for manufacturing	50.0	0.2	46.8	0.2	(3.2)
Spices&vanilla	2.1	0.0	7.1	0.0	5.0
Medicinal plants	13.5	0.1	20.6	0.1	7.1
Citrus fruits	13.4	0.1	18.4	0.1	5.0
Raw hides & tanned leather	22.8	0.1	13.6	0.1	(9.2)
Flax, raw	1.2	0.0	11.9	0.0	10.7
Edible vegetables roots & tubers	189.5	0.8	126.1	0.5	(63.4)
<u>Semi-finished Goods</u>	<u>1909.9</u>	<u>7.6</u>	<u>1624.8</u>	<u>6.8</u>	<u>(285.1)</u>
Carbon	73.5	0.3	82.1	0.3	8.6
Essential oils & resins	8.1	0.0	16.3	0.1	8.2

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

(US\$ mn)

	Fiscal Year				Change(-)
	2008/2009		2009/2010**		
	Value	%	Value	%	
Cotton yarn	101.9	0.4	127.0	0.5	25.1
Aluminium, unalloyed	56.7	0.2	46.4	0.2	(10.3)
Animal & vegetable fats, greases & oils & products	150.0	0.6	113.5	0.5	(36.5)
Synthetic fibers	6.9	0.0	32.2	0.1	25.3
Organic & inorganic chemicals	548.3	2.2	487.5	2.0	(60.8)
Cast iron & semi-finished products & rolled iron	637.4	2.5	397.6	1.7	(239.8)
Leather, tanned	86.3	0.3	25.9	0.1	(60.4)
Tanning or dyeing extracts	60.9	0.2	66.5	0.3	5.6
Plastic & articles thereof	169.3	0.7	212.0	0.9	42.7
<u>Finished Goods</u>	<u>10554.8</u>	<u>41.9</u>	<u>10070.9</u>	<u>42.2</u>	<u>(483.9)</u>
Milk & condensed cream	84.2	0.3	46.2	0.2	(38.0)
Dried onion	3.6	0.0	5.7	0.0	2.1
Rice	77.2	0.3	215.4	0.9	138.2
Vegetable & fruit preparations	37.5	0.1	21.9	0.1	(15.6)
Miscellaneous edible preparations	865.0	3.4	479.0	2.0	(386.0)
Manufactured tobacco and tobacco substitutes	105.3	0.4	83.8	0.4	(21.5)
Sugar and its products	74.6	0.3	81.4	0.3	6.8
Pharmaceuticals	454.9	1.8	393.5	1.6	(61.4)
Fertilizers	739.6	2.9	725.0	3.0	(14.6)
Cement*****	517.2	2.1	214.2	0.9	(303.0)

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

(US\$ mn)

	Fiscal Year				Change(-)
	2008/2009		2009/2010**		
	Value	%	Value	%	
Extracts of essential oils & resins	34.1	0.1	101.6	0.4	67.5
Leather products	24.3	0.1	35.8	0.1	11.5
Rubber & articles	29.3	0.1	41.7	0.2	12.4
Paper, cardboard paper & articles thereof	200.0	0.8	234.5	1.0	34.5
Ceramic products	182.5	0.7	179.4	0.8	(3.1)
Cars, bicycles & tractors	343.2	1.4	262.1	1.1	(81.1)
Cotton textiles	519.2	2.1	484.1	2.0	(35.1)
Carpets & other floor coverings	135.2	0.5	169.6	0.7	34.4
Shoes & accessories	1.0	0.0	1.7	0.0	0.7
Ready-made clothes	608.2	2.4	665.8	2.8	57.6
Glass & glassware	223.1	0.9	238.2	1.0	15.1
Copper & articles	81.8	0.3	82.5	0.3	0.7
Aluminium articles	337.0	1.3	358.2	1.5	21.2
Articles of iron and steel	489.6	1.9	577.0	2.4	87.4
Wood & articles thereof and charcoal	16.8	0.1	15.5	0.1	(1.3)
Marble & granite	86.7	0.3	70.3	0.3	(16.4)
Articles of base metals	271.2	1.1	251.6	1.1	(19.6)
Optical appliances	38.2	0.2	60.1	0.3	21.9
Soap & Detergents, fabricated candles	203.7	0.8	232.9	1.0	29.2
Miscellaneous Goods (Undistributed)	418.6	1.7	270.2	1.1	(148.4)

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)

	Fiscal Year				Change(-)
	2008/2009		2009/2010**		
	Value	%	Value	%	
Total ***	<u>50342.2</u>	<u>100.0</u>	<u>48993.1</u>	<u>100.0</u>	<u>(1349.1)</u>
<u>Fuels, Mineral Oils & Products</u>	<u>4903.9</u>	<u>9.7</u>	<u>3819.8</u>	<u>7.8</u>	<u>(1084.1)</u>
Petroleum products ****	4419.3	8.8	3284.3	6.7	(1135.0)
Coal & types thereof	163.2	0.3	121.4	0.2	(41.8)
<u>Raw Materials</u>	<u>6464.6</u>	<u>12.7</u>	<u>5545.2</u>	<u>11.3</u>	<u>(919.4)</u>
Crude oil	2613.0	5.2	1876.7	3.8	(736.3)
Wheat	1227.6	2.4	1402.2	2.9	174.6
Maize	501.4	1.0	506.6	1.0	5.2
Tobacco	407.8	0.8	509.6	1.0	101.8
Metal ores	392.1	0.8	143.3	0.3	(248.8)
Iron, ore	347.8	0.7	254.4	0.5	(93.4)
Seeds & oleaginous seeds	295.2	0.6	409.3	0.8	114.1
Cotton	98.7	0.2	107.0	0.2	8.3
<u>Intermediate Goods</u>	<u>16653.3</u>	<u>33.1</u>	<u>16264.1</u>	<u>33.2</u>	<u>(389.2)</u>
Sugar, raw	164.3	0.3	253.8	0.5	89.5
Animal and vegetable fats, greases & oils and products	1417.9	2.8	1247.9	2.5	(170.0)
Cement	454.6	0.9	638.5	1.3	183.9
Organic & inorganic chemicals	2118.6	4.2	1730.2	3.5	(388.4)
Fertilizers	208.9	0.4	256.8	0.5	47.9
Tanning & dyeing extracts	252.7	0.5	307.9	0.6	55.2
Essential oils & resinoids	51.4	0.1	81.1	0.2	29.7
Plastic & articles thereof	1168.7	2.3	1454.7	3.0	286.0

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

	Fiscal Year				(US\$ mn)
	2008/2009		2009/2010**		Change(-)
	Value	%	Value	%	
Wood & articles thereof	922.6	1.8	899.4	1.8	(23.2)
Paper, cardboard paper & articles thereof	891.2	1.8	1127.0	2.3	235.8
Cotton textiles	178.2	0.4	226.3	0.5	48.1
Synthetic fibers	367.3	0.7	468.9	1.0	101.6
Ceramic products	282.8	0.6	323.0	0.7	40.2
Glass & articles	202.7	0.4	234.3	0.5	31.6
Iron & steel products	4157.7	8.3	3260.2	6.7	(897.5)
Copper & articles	217.0	0.4	313.2	0.6	96.2
Rubber & articles	348.1	0.7	450.1	0.9	102.0
Aluminium & articles	277.7	0.6	346.5	0.7	68.8
Articles of base metals	331.2	0.7	508.0	1.0	176.8
Parts & accessories of motor vehicles	1334.6	2.7	1872.1	3.8	537.5
Investment Goods	10268.7	20.4	10022.3	20.5	(246.4)
Pumps, fans & parts thereof	836.2	1.7	797.9	1.6	(38.3)
Machines and apparatus for ginning and spinning & parts thereof	58.9	0.1	132.1	0.3	73.2
Computers	692.1	1.4	1010.8	2.1	318.7
Motors, generators, transformers & parts thereof	364.8	0.7	676.6	1.4	311.8
Parts of railway and tramway locomotives or rolling stock equipment	170.9	0.3	95.7	0.2	(75.2)
Tractors	68.2	0.1	36.7	0.1	(31.5)
Vehicles for transport of passengers	27.6	0.1	36.5	0.1	8.9
Vehicles for transport of goods	80.9	0.2	82.4	0.2	1.5

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

(US\$ mn)

	Fiscal Year				Change(-)
	2008/2009		2009/2010**		
	Value	%	Value	%	
Tools, implements, cutlery & spoons	208.2	0.4	305.9	0.6	97.7
Air conditioners	224.1	0.4	203.7	0.4	(20.4)
Cranes and bulldozers & parts thereof	1171.8	2.3	1096.4	2.2	(75.4)
Agricultural machinery	201.2	0.4	115.9	0.2	(85.3)
Printing machinery & parts	81.2	0.2	80.3	0.2	(0.9)
Electric appliances for telephones & telegraph	782.9	1.6	777.0	1.6	(5.9)
Optical appliances	427.7	0.8	648.2	1.3	220.5
Consumer Goods	9601.6	19.1	12250.4	24.9	2648.8
A - Durable Goods	2040.7	4.1	3337.2	6.8	1296.5
Household refrigerators & electric freezers	151.1	0.3	217.5	0.4	66.4
Televisions & parts thereof	57.9	0.1	108.0	0.2	50.1
Vehicles for transport of persons	907.9	1.8	1280.8	2.6	372.9
Household electric-motor appliances	353.3	0.7	631.7	1.3	278.4
B - Non-durable Goods	7560.9	15.0	8913.2	18.2	1352.3
Meat and edible offals	519.9	1.0	625.9	1.3	106.0
Fish, crustaceans, molluscs and others	195.9	0.4	308.3	0.6	112.4
Dairy products, eggs, poultry and honey	359.8	0.7	401.5	0.8	41.7
Edible vegetables roots & tubers	202.2	0.4	377.5	0.8	175.3
Tea	164.8	0.3	194.5	0.4	29.7

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

(US\$ mn)

	Fiscal Year				Change(-)
	2008/2009		2009/2010**		
	Value	%	Value	%	
Miscellaneous edible preparations	741.3	1.5	834.1	1.7	92.8
Pharmaceuticals	1654.2	3.3	2032.0	4.1	377.8
Insecticides	20.7	0.0	31.7	0.1	11.0
Residues of foodstuff industries & animal fodder	154.7	0.3	165.9	0.3	11.2
Live animals	24.3	0.0	58.3	0.1	34.0
Ready-made clothes	607.8	1.2	825.6	1.7	217.8
Cotton textiles	367.1	0.7	479.3	1.0	112.2
Sugar, refined and products	64.7	0.1	40.0	0.1	(24.7)
Lentils	37.5	0.1	48.7	0.1	11.2
Soap, detergents & artificial wax	161.4	0.3	130.7	0.3	(30.7)
Miscellaneous Goods (Undistributed)	2450.1	4.9	1091.3	2.2	(1358.8)

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)

	Fiscal Year					
	Proceeds of Exports		Payments for Imports*		Trade Balance	
	2008/2009	2009/2010 **	2008/2009	2009/2010 **	2008/2009	2009/2010 **
Total ***	<u>25168.9</u>	<u>23873.1</u>	<u>50342.2</u>	<u>48993.1</u>	<u>(25173.3)</u>	<u>(25120.0)</u>
European Union	8544.2	8479.8	18834.8	17890.5	(10290.6)	(9410.7)
Other European countries	899.3	1072.9	5418.5	6014.3	(4519.2)	(4941.4)
Russian Federation & C.I.S	161.2	119.9	1635.3	1360.0	(1474.1)	(1240.1)
United States of America	6421.9	4408.7	7476.0	5299.8	(1054.1)	(891.1)
Arab countries	3852.0	4761.3	4750.5	5404.8	(898.5)	(643.5)
Asian countries (Non Arab)	3144.2	3400.0	9534.8	10517.1	(6390.6)	(7117.1)
African countries (Non Arab)	639.5	380.9	410.3	560.0	229.2	(179.1)
Australia	14.1	18.3	215.5	245.9	(201.4)	(227.6)
Other countries & regions	1492.5	1231.3	2066.5	1700.7	(574.0)	(469.4)

Source: Central Bank of Egypt

* Including commodity grants and loans.

** Provisional.

*** Including exports & imports of free zones.

(5/5) Average LE Exchange Rates

(In piasters per foreign currency unit)

End of	June 2009		June 2010	
First: Interbank US\$ Rates				
Minimum	559.40		569.40	
Maximum	560.00		569.70	
Weighted average	559.64		569.52	
Second: Market Rates	Buy	Sell	Buy	Sell
US Dollar	558.55	561.34	568.07	570.96
Euro	788.72	793.05	697.53	701.48
Pound Sterling	926.13	931.03	853.02	857.64
Swiss Franc	516.89	519.85	525.31	528.28
100 Japanese Yens	582.67	585.70	640.44	643.77
Saudi Riyal	148.93	149.69	151.46	152.24
Kuwaiti Dinar	1943.44	1956.55	1948.12	1966.12
UAE Dirham	152.06	152.84	154.63	155.48
Chinese Yuan	81.77	82.18	83.76	84.19

Source : CBE daily exchange rates

The interbank system started at 23/12/2004.

(5/6) External Debt

	(US\$ mn)						
End of June	2004	2005	2006	2007	2008	2009	2010 ⁺
Total External Debt*	<u>29872</u>	<u>28949</u>	<u>29593</u>	<u>29898</u>	<u>33893</u>	<u>31531</u>	<u>33694</u>
Rescheduled bilateral debt **	16385	15734	15229	14847	15606	14081	12599
ODA	8053	7836	7611	7397	7788	7448	7054
Non-ODA	8332	7898	7618	7450	7818	6633	5545
Other bilateral debt	4433	4291	4295	4346	4972	4824	4692
Paris Club countries	3264	3530	3590	3630	4130	3978	3775
Other countries	1169	761	705	716	842	846	917
International & regional institutions	5081	5058	5205	6815	7362	8169	9978
Suppliers' & buyers' credit	1333	782	980	792	764	324	313
Egyptian bonds & notes	588	614	1862	1570	2652	1926	3080
Long-term deposits ***	0	500	300	0	0	0	0
Private sector debt (non-guaranteed)	85	115	89	79	18	83	77
Short-term debt	1967	1855	1633	1449	2519	2124	2955
Deposits	1267	819	633	536	1048	1156	1360
Other facilities	700	1036	1000	913	1471	968	1595

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 May 25, 1991.

*** As of December 2004, the deposit of the Arab International Bank was transferred from short-term debt to long-term deposits.

(5/7) External Debt Indicators

	(%)						
FY	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
External Debt /GDP (at current market prices)	38.1	31.1	27.6	22.8	20.1	16.9	15.9
Debt Service (Principal & Interest) (US\$ mn.)	2525.5	2701.8	3040.7	2936.4	2595.9	3119.8	2610.5
External Debt / Exports (G & S) %	127.5	100.3	82.4	70.4	59.9	64.4	71.0
Debt Service / Exports (G & S) %	10.8	9.4	8.5	6.9	4.6	6.4	5.5
Interest / Exports (G & S) %	2.6	2.0	1.6	1.5	1.4	1.5	1.4
Debt Service / Current Receipts %	9.2	7.9	7.3	5.9	3.9	5.5	4.5
Short-term Debt / total external debt	6.6	6.4	5.5	4.8	7.4	6.8	8.8
Short-term Debt / Net International Reserves	13.3	9.6	7.1	5.1	7.3	6.8	8.4
External Debt per capita (US\$)	423.4	402.6	401.7	398.5	450.0	418.6	399.2

(5/8) Distribution of External Debt by Main Currencies

End of June	(US\$ mn)				
	2009		2010 *		Change (-)
	Value	%	Value	%	
Total	31531.1	100.0	33694.2	100.0	2163.1
US dollar **	12670.1	40.2	14493.2	43.0	1823.1
Canadian dollar	140.0	0.4	144.0	0.4	4.0
Australian dollar	114.0	0.4	107.0	0.3	(7.0)
Swiss franc	541.0	1.7	509.0	1.5	(32.0)
Sterling pound	207.0	0.7	215.0	0.6	8.0
Japanese yen	3949.0	12.5	4212.0	12.5	263.0
Danish krone	137.0	0.4	112.0	0.3	(25.0)
Norwegian krone	5.0	0.0	4.0	0.0	(1.0)
Swedish krona	28.0	0.1	26.0	0.1	(2.0)
Kuwaiti dinar	1731.0	5.5	1973.0	5.9	242.0
Saudi riyal	28.0	0.1	33.0	0.1	5.0
UAE dirham	33.0	0.1	30.0	0.1	(3.0)
Euro	10217.0	32.4	8835.0	26.2	(1382.0)
Egyptain pound	424.0	1.4	722.0	2.2	298.0
SDRs	1307.0	4.1	2279.0	6.8	972.0

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