



Central Bank of Egypt

**Press Release
May 10, 2007**

The Central Bank of Egypt decided to keep its overnight deposit rate unchanged at 8.75 percent per annum.

In its meeting held on May 10, 2007, the Monetary Policy Committee (MPC) decided to maintain the overnight deposit and overnight lending rates at 8.75 percent and 10.75 percent, respectively.

For the first time in more than a year, the annual headline CPI inflation declined in April 2007 to 11.7 percent (y/y) compared to 12.8 percent in March 2007, consistent with the MPC's view that the annual headline CPI may have reached its peak. The most recent development came about as the base effect from last year's administered price adjustment and part of the avian flu supply shock started to level off.

The annual headline inflation rates are expected to continue on this declining path as the base effect from the previous price increases related to the supply shocks fully level off. However, inflationary demand pressures from the current economic growth continues to be a concern.

The MPC will continue to closely monitor all economic developments, especially the factors underlying inflation, and will not hesitate to adjust the key CBE rates to ensure price stability over the medium-term.

The Central Bank of Egypt
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