



Central Bank of Egypt

**Press Release
March 23, 2008**

The Central Bank of Egypt decided to raise its overnight deposit by 50 bps to 9.50 percent per annum.

In its meeting held on March 23, 2008, the Monetary Policy Committee (MPC) decided to raise the overnight deposit and lending rates by 50 bps to 9.5 percent and 11.5 percent, respectively.

The headline CPI jumped to 10.5 percent in January and accelerated further to 12.1 in February, 2008, exceeding the central bank's comfort zone. While dominated by the persistent increase in food inflation, latest inflation developments have been intensified by the widely spread propagation to non-food prices.

High international food prices are likely to continue exerting upward pressure on domestic food inflation, in turn, triggering further spillovers to non-food inflation. Moreover, despite downward revisions to the global economic growth outlook, domestic growth is expected to maintain momentum, precipitating inflationary pressures.

Having considered the above, the MPC assesses that the balance of risks to the inflation outlook continue to be on the upside and today's decision aims at containing inflation expectations.

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.

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