

Press Release
March 14, 2016

The Central Bank of Egypt (CBE) has been working on addressing distortions in the foreign exchange market to achieve monetary stability, which is aimed at restoring confidence in the foreign exchange market, as well as the banking sector, and creating a conducive investment climate to unleash the potential of the Egyptian economy. Towards that end, the CBE devised a comprehensive plan to achieve these objectives.

- The foreign exchange system reform has recently witnessed several steps, the last of which was lifting the limits on cash deposits and withdrawals that were imposed in February 2015. These steps were vital to resolve market imbalances and allow an orderly foreign exchange market to re-attract foreign exchange inflows through the official banking sector channels in a regular and sustained manner after a year of interruptions.
- On March 14, 2016, the CBE decided to adopt a more flexible exchange rate regime that better reflects the underlying forces of supply and demand and, in turn, lead to greater transparency and foreign exchange liquidity through attracting greater investments and the correction of asset prices.
- The CBE targets international reserves at USD25 billion during 2016, on the back of the expected direct and indirect foreign inflows as confidence is resorted.

The CBE affirms that it will continue to closely monitor developments and will not hesitate to use all its tools and authority to maintain an orderly foreign exchange market and ensure price stability over the medium-term.