



Press Release
April 28th, 2021

The Monetary Policy Committee (MPC) decided to keep the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation unchanged at 8.25 percent, 9.25 percent, and 8.75 percent, respectively. The discount rate was also kept unchanged at 8.75 percent.

Annual headline urban inflation stabilized at 4.5 percent in March and February 2021, after registering 4.3 percent in January 2021. The stabilization in the annual headline inflation rate came due to the combined effect of the higher annual contribution of food items, and the lower annual contribution of non-food items. Annual food inflation increased in March 2021 after remaining stable in February 2021, reflecting higher annual contribution of volatile food items as well as core food items, but by a lesser extent, in line with their seasonal patterns. Meanwhile, annual non-food inflation declined, supported by broadly stable prices in March 2021 as well as favorable base effects. In the meantime, annual core inflation inched up slightly to 3.7 percent in March 2021 from 3.6 percent in February 2021.

Real GDP growth recorded a preliminary figure of 2.0 percent during 2020 Q4, up from 0.7 percent during the previous quarter. Moreover, some leading indicators point towards a resumption of recovery towards their pre-pandemic levels. Meanwhile, the unemployment rate stabilized at 7.2 percent during 2020 Q4 compared to 7.3 percent during the previous quarter.

Global economic activity continues to display signs of recovery and resilience in the face of the COVID-19 pandemic, albeit with varying paces across countries and economic sectors. Prospects for global economic recovery remain contingent on the development of the pandemic, and the efficacy, availability and scale of distribution of vaccines. Global economic and financial conditions are expected to remain accommodative and supportive of economic activity over the medium term. Meanwhile, international food and other commodity prices have continued to rise, as international oil prices remained elevated relative to their post-pandemic levels. The changes in international oil prices were driven by demand and supply side developments, which continue to weigh on their future price trajectories.

Against this background, the MPC decided that keeping policy rates unchanged remains consistent with achieving the inflation target of 7 percent (± 2 percentage points) on average in 2022 Q4 and price stability over the medium term.

The MPC closely monitors all economic developments and will not hesitate to utilize all available tools to support the recovery of economic activity, within its price stability mandate.

Monetary Policy Sector

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