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**This Review, issued in Arabic and English by the Research, Development and Publishing Sector, focuses on economic developments in ARE and in the world and presents specialized studies of relevance. Opinions expressed do not necessarily reflect those of the Bank.**

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## Major Financial and Monetary Indicators+

	<b>July/March</b>	
	<b>2004/2005</b>	<b>2005/2006</b>
	<b>%</b>	
<b>Price Index</b>		
Change in consumer price index (urban) (99/2000 = 100)	3.8	2.8
Change on wholesale price index (99/2000 = 100)	4.0 <sup>++</sup>	0.4
<b>Money and Liquidity</b>		
	<b>LE bn</b>	
- Reserve money	161.5	168.7
- Domestic liquidity (M2)	479.1	534.7
- Money supply (M1)	86.0	103.3
• Currency in circulation outside the banking system*	60.7	70.3
- Currency in circulation / money supply (%)	70.5	68.0
<b>Deposits with Banks</b>		
- Total deposits, of which:	505.1	552.3
• Business sector deposits (public and private)	91.5	103.2
• Household sector deposits	327.6	361.9
- Deposits in foreign currencies	151.7	158.9
<b>Bank Credit **</b>		
- Total credit granted by banks	437.8	479.8
• Government securities and bills	138.3	123.2
• Other securities (including the external sector)	33.7	41.4
• Loans to the government and public economic authorities	17.0	21.1

+ Calculated in LE million.

++ By weights 1986/1987 = 100

\* The banking system comprises the CBE and banks.

\*\* Includes loans, securities and bills.

• Loans to the business sector ( public and private)	240.4	241.5
• Loans to the household sector and others	41.2	52.6
- Loans / deposits held with banks (%):	59.1	57.1
- Portfolio of securities and treasury bills /deposits held with banks (%)	27.6	29.8

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#### **Foreign Assets and Liabilities of the Banking System**

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- Foreign assets	167.4	215.9
	28.9***	37.6***
- Foreign liabilities	93.8	84.3
	16.2***	14.7***
- Net foreign assets	73.6	131.6
	12.7***	22.9***

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#### **Discount and Interest Rates**

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	<b>July/March</b>	
	<b>2004/2005</b>	<b>2005/2006</b>
	<b>End of Period</b>	
	<b>(Per Annum %)</b>	
- Discount rate	10.00	9.00
- Average interest rate on 91-day treasury bills	-	8.613
- Interest rate on investment certificates (simple rate)	10.50	9.50
- Average interest rate on 3-month deposits with banks	7.60	6.20
- Average interest rate on one year or less loans with banks.	13.41	12.60

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#### **Average US Dollar Exchange Rate (Buy) Announced by the CBE at End of the Period**

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	<b>PT per US Dollar</b>	
- Market rates	578.8	573.7
- Weighted average inter-bank rates	579.5	574.7

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\*\*\* In US\$ billion

<b>Consolidated Fiscal Operations of General Government</b>	<b>2005/2006 (LE bn)</b>	
	<b>Estimates For FY</b>	<b>Actual July/March</b>
- Total revenues	155.4	106.8
- Total expenditures	192.1	137.9
<b><u>Cash Deficit</u></b>	<b><u>36.7</u></b>	<b><u>31.1</u></b>
Net acquisition of financial assets	12.6	9.1
<b><u>Overall Deficit/Surplus</u></b>	<b><u>49.3</u></b>	<b><u>40.2</u></b>
<b><u>Total Financing</u></b>	<b><u>49.3</u></b>	<b><u>40.2</u></b>
- Domestic finance	64.6	34.8
- Banking	35.2	11.9
- Non-banking	29.4	22.9
- Foreign borrowing	3.0	4.4
- Arrears	-	-0.1
- Others	-10.3	1.9
- Finance effects for eliminations	-4.2	-
- Revaluation differences	-	-
- Net privatization proceeds	3.0	0.1
- Discrepancy	-6.8	-0.9
- Cash deficit/GDP(%)	6.2	5.2
- Overall deficit /GDP (%)	8.3	6.8
- Expenditures /GDP (%)	32.4	23.3
- Revenues /GDP (%)	26.2	18.0
<b><u>Domestic Public Debt</u></b>	<b>End of</b>	
	<b>June 2005</b>	<b>March 2006</b>
- Government domestic debt	349.1	374.0
- Public economic authorities debt	47.2	44.2
- NIB debt	114.5	132.1

<b>Balance of Payments</b>	<b>(US\$ bn)</b>	
	<b>July/March</b>	
	<b>2004/2005</b>	<b>2005/2006</b>
<b>Balance of Current Account &amp; Transfers</b>	<b>2.8</b>	<b>2.1</b>
<b>Trade Balance</b>	<b>(7.2)</b>	<b>(8.0)</b>
Merchandise exports	9.8	13.5
Oil and its products %	39.1	55.3
Others %	60.9	44.7
Merchandise imports	-17.0	-21.5
Intermediate goods %	27.1	28.1
Investment goods %	20.8	25.3
Consumer goods %	13.6	11.8
Fuel, other raw materials and others %	38.5	34.8
<b>Services Balance</b>	<b>6.0</b>	<b>6.0</b>
Receipts	11.3	12.9
Of which:		
Transportation %	27.6	28.2
Travel %	43.7	43.2
Investment income %	5.2	10.9
Payments	-5.3	-6.9
Of which:		
Transportation %	12.7	12.1
Travel %	20.1	17.2
Investment income %	16.1	15.8
<b>Transfers</b>	<b>4.0</b>	<b>4.1</b>
Official %	23.8	10.5
Private %	76.2	89.5
<b>Capital and Financial Transactions</b>	<b>1.7</b>	<b>1.9</b>
<b>Overall Surplus (Deficit)</b>	<b>3.3</b>	<b>3.3</b>
<b>Outstanding External Debt at End of March</b>	<b><u>30.2</u></b>	<b><u>28.9</u></b>

## **National Developments**



## Overview

During July-March of FY 2005/2006, the Egyptian economy continued its improvement, as GDP real growth rate at factor cost rose to 5.8% during the period. This increase was driven by all production sectors, mainly mining (especially natural gas), construction and building, the Suez Canal and communications.

As for the monetary policy, the CBE continued to adopt a non-expansionary monetary policy to absorb the liquidity excess in the banking system. Open market operations, being the Bank's main instrument in this regard, reached LE 113.0 billion at end of March 2006. Consequently, the growth rate of domestic liquidity slackened to 8.3% during July/March, 2005/2006 (against 10.2% during the corresponding period of the previous FY). Concurrently, CPI- inflation rate declined to 2.8% during the reporting period, against 3.8% in the period of comparison.

Taking into considerations the above-said developments, the Monetary Policy Committee (MPC) cut successively, within the corridor system, the overnight deposit and lending rates to 8.25% and 10.25%, respectively, at end of March 2006. The Committee also reduced the spread between the overnight deposit and lending rates from 3% (at the beginning of the application of the system) to 2%. It is worth noting that the Committee lowered these rates on the 6<sup>th</sup> of April, 2006, by 0.25% to post 8.0% and 10.0%, respectively, and kept them unchanged in their meeting on 18 May 2006.

Exercising an expansionary effect on domestic liquidity, net foreign assets at the banking system rose by the equivalent of LE 50.7 billion or 62.6%. Likewise, domestic credit moved up by LE 23.6 billion or 5.1%, of which the private sector accounted for about 64.9%. Likewise, the negative balance of other items (net) increased by LE 33.5 billion.

Forex market transactions revealed a surplus of US\$ 4.8 billion, against US\$ 3.5 billion during the corresponding period of the previous FY. This was an outcome of the increase in resources by US\$ 10.0 billion, to reach US\$ 22.8

billion, and in uses by only US\$ 8.7 billion, to post US\$ 18.0 billion. As a result, the Egyptian pound appreciated vis-à-vis the US dollar by 0.7% during the period, with the average US dollar exchange rate (buy) declined to LE 5.7366 at end of March 2006 from LE 5.7789 at end of June 2005.

Against this background, the CBE managed to strengthen its net international reserves (NIR) by US\$ 3.2 billion, to stand at US\$ 22.5 billion at end of March 2006, against US\$ 19.3 billion at end of June 2005. The NIR continued to increase, during the period of printing this Review, reaching US\$ 23.1 billion at end of July 2006.

Along with the improvement in LE exchange rate, the monetary policy adopted by the CBE during the period helped keep up the preference of the local currency as a saving instrument. This explained the increase in the ratio of local currency deposits to total deposits at banks from 71.9% at end of June 2005 to 72.4% at end of March 2006.

The performance of the stock market noticeably improved during the period under review – with the exception of the period starting from the second week of February till mid-March 2006. The number of transactions went up from 1.7 million to 4.5 million and the number of dealt-in securities from 2.4 billion to 5.3 billion. Likewise, the value of these securities rose from LE 54.0 billion to LE 197.8 billion.

Foreigners' transactions in the stock market unfolded net purchases of LE 3.4 billion during the statement period. This was attributed to the rise in the value of foreigners' purchases and sales of LE and US\$ securities, to reach LE 56.2 billion and LE 52.8 billion, respectively. However, the bulk of foreigners' transactions was in the Egyptian pound.

As for the fiscal policy, the execution of the consolidated fiscal operations of the general government (the budget sector, NIB and SIFs) during July-March, 2005/2006 resulted in total revenues of about LE 106.8 billion and total expenditures of about LE 137.9 billion. This brought about a cash deficit of LE 31.1 billion. Adding net financial assets of LE 2.9 billion to the aforementioned

amount, the overall deficit reaches some LE 34.0 billion or 5.7% of GDP. Around 35.0% of this deficit was financed by the banking system and 65.8% by the subscriptions of non-banking local entities for treasury bills and bonds.

As to the consolidated fiscal operations of the state budget (the administrative system, local administration and service authorities), total revenues reached some LE 91.4 billion and total expenditures some LE 124.7 billion. This gave rise to a cash deficit of about LE 33.3 billion. Adding the cash deficit to the net acquisition of financial assets, the overall deficit reaches some LE 28.9 billion or 4.9% of GDP.

As a reflection of the above-mentioned developments, gross domestic public debt rose by about LE 39.5 billion during July-March, 2005/2006, to reach LE 550.3 billion at end of March 2006. Of this amount, claims on the government accounted for 68.0%.

As for the transactions with the external sector during the period, the BOP realized an overall surplus of US\$ 3.3 billion, due to the US\$ 2.1 billion surplus on the current account and the net inflow of US\$ 1.9 billion realized by the capital and financial account. The current account surplus was an outcome of the surplus on services and the increase in net unrequited transfers on the one hand, and the expansion in the trade deficit on the other. The services surplus remained unchanged at the previous level of US\$ 6.0 billion, due to a 13.6% rise in services receipts (mainly travel and transport receipts) and a 29.1% increase in services payments. As to net unrequited transfers, they picked up by 2.6%, to reach US\$ 4.1 billion because of the growth in private transfers and the decline in official transfers.

The trade deficit increased by 11.9%, owing to the rise in merchandise import payments by 26.7%; in spite of the higher increase in merchandise export earnings (37.6%). The increase in merchandise exports was ascribed to the sharp rise in oil exports by 94.6%, driven by the increase in the volume and price of exports of crude oil and products during the period. Meanwhile, non-oil export proceeds remained almost at their same level.

As to the capital and financial account, the realized net inflow was a result of the increase in foreign investments (direct and portfolio).

Regarding the international finance, resource inflows rose to US\$ 7.9 billion during July-March, 2005/2006, against US\$ 5.9 billion during the corresponding period of the previous FY. This was mainly due to the increase in net portfolio investment in Egypt by some US\$ 2.3 billion and the rise in net FDI by some US\$ 1.6 billion.

The outstanding balance of external debt (public and private), with all maturities, denominated in the US dollar at end of March 2006 remained almost at the same level of the end of June 2005 (US\$ 28.9 billion). This resulted from the realization of net disbursements of loans and facilities of US\$ 0.2 billion (due to disbursements of about US\$ 2.7 billion and principal repayments of only US\$ 2.5 billion), coupled with the depreciation of most currencies of borrowing against the US dollar by US\$ 0.2 billion worth.

The external debt service (principal repayments and interest payments) rose by US\$ 0.3 billion, totaling some US\$ 2.3 billion during July-March, 2005/2006. This increase resulted from a rise in principal repayments and a drop in interest payments. However, the ratio of debt service to current receipts (including transfers) improved to 7.4%, against 7.8% during the corresponding period of the preceding FY. This reflected an increase in the export proceeds of goods and services, and transfers by 21.2% during the period under review. Furthermore, the ratio of the external debt to GDP declined to 28.0% at end of March 2006, from 32.6% at end of March 2005. External debt per capita fell to US\$ 395.3.

As for tourism during July-March, 2005/2006, as compared with the corresponding period of the previous FY, CAPMAS statistics revealed that tourism revenues increased by 12.2%, to realize US\$ 5.6 billion. This was due to a 13.3% increase in the estimated average tourist spending per night.

As for the financial and economic reform agenda, the period witnessed a number of important measures. In the foremost of these measures was the approval of the amendment of the CBE decision regarding the conditions and procedures of

merger according to Law No. 88 of the year 2003 of the Central Bank, the Banking Sector and Money. Moreover, the Egyptian Commercial Bank was renamed Piraeus Bank – Egypt; and Port Said National Bank for Development was renamed Société de Banque Port Said. The Bank of Commerce and Development (Al Tegareyoon) was merged into the National Bank of Egypt. Also, interest rates on post office saving accounts and investment certificates issued by the National Bank of Egypt (A and B groups) were modified. Banking interest rates on agricultural production facilities were calculated at 5.0%, given that the government will bear the rest.

In the field of customs and tax reforms, the new Executive Regulations of the Customs Law No. 66 for 1963 were issued. Moreover, affiliated units were established for temporary release and for the refund of customs taxes and fees in El Arish Customs and Al Obour Public Customs Warehouse in Cairo. Interest due to securitization and finance lease companies were exempted from the income tax.

## **1- Monetary and Banking Developments**

### **1/1: Monetary and Banking Policy and Monetary Aggregates**

The CBE continued to pursue a non-expansionary monetary policy to absorb the excess liquidity in the banking system through open market operations. The balance of these operations reached LE 113.0 billion at end of March 2006 with outright sales reaching LE 52.5 billion, the deposits accepted LE 55.9 billion and reverse-repos LE 4.6 billion.

Implementation of the monetary policy during July/March of FY 2005/2006 resulted in a decline in domestic liquidity growth rate from 10.2% during the comparison period to 8.3% during the reporting period. This was accompanied by a retreat in the CPI-based inflation rate to 2.8% during the reporting period (against 3.8% during the corresponding period).

During the period, the Monetary Policy Committee (MPC) decided to successively cut the overnight deposit and lending rates, reaching thereby 8.25% and 10.25% in order at end of March 2006. Moreover, the Committee lowered the spread between the overnight deposit and lending rates to 2% (against 3% at the beginning of the application of the “corridor system”). It is worthy to note that the MPC lowered these two rates by 0.25% each, on 6 April 2006, bringing them down to 8.0% and 10.0%, respectively. However, these rates were kept unchanged at the MPC’s meeting of 18 May 2006.

The overnight interest rates on inter-bank transactions took a downward trend, as their weighted average posted 8.47% in March 2006 against 9.71% in June 2005. Moreover, there was a drop in the interest rates on deposits and loans at banks, as shown in the following Table:

**CBE Lending and Discount Rate and Banks' Weighted Average\*  
Interest Rates on Deposits and Loans**

<b>End of</b>	<b>2004 June</b>	<b>2005 March</b>	<b>2005 June</b>	<b>2006 March</b>
CBE lending & discount rate	10.0	10.0	10.0	9.0
Three-month deposits	7.68	7.60	7.61	6.10
Six-month deposits	7.79	7.85	7.67	7.20
One year deposits	7.77	7.83	7.70	7.40
Loans of one year or less	13.27	13.41	13.35	12.60

\* Provisional

Concerning the developments in the components of domestic liquidity during the period under review, the share of LE deposits in the liquidity growth rate declined as compared with the corresponding period of the previous FY. In contrast, time and saving deposits in foreign currencies witnessed an increase as shown in the following Table:

**Domestic Liquidity Growth Rate by Component**

<b>During</b>	<b>July/March</b>		<b>%</b>
	<b>2004/2005</b>	<b>2005/2006</b>	
Broad money (M2)	10.2	8.3	
Time and saving deposits in local currency	8.3	4.1	
Time and saving deposits in foreign currencies (denominated in local currency)	(0.6)	0.8	
Others	2.5	3.4	

Thanks to the monetary policy and the surplus of the foreign exchange market during the reporting period, the Egyptian pound exchange rate continued its steady improvement against the US dollar in the inter-bank foreign exchange market. The weighted average of the Egyptian pound reached LE 5.7469 per US dollar at end of March 2006 (against LE 5.7824 at end of June 2005). Net international reserves rose from US\$ 19.3 billion at end of June 2005 to US\$ 22.5 billion at end of March 2006 and continued their rise (during the time of printing this Review), to reach US\$ 23.1 billion at end of July 2006.

### 1/1/1: Reserve Money

Reserve money posted a fall of LE 9.2 billion or 5.2% during July/March of FY 2005/2006 (against an increase of LE 43.0 billion and 36.3% during the corresponding period of the previous FY) to reach LE 168.6 billion at end of March 2006. The decrease was an outcome of the LE 16.4 billion drop in banks' LE deposits at the CBE on the one hand, and the LE 7.2 billion increase in the currency in circulation outside the CBE. The decline in banks' LE deposits at the CBE was an effect of the modified accounting treatment of the balance of the Egyptian TB reverse repos, prescribed by the CBE Board of Directors' decision No. 1501 issued on August 2, 2005. As per this treatment, the balance of TB reverse repos in the CBE balance sheet was crossed out, and its value was deducted from the government portfolio and banks' local currency deposits at the CBE. The CBE decision also stated that as far as banks' balance sheets are concerned, these repos are to be added –to the item “treasury bills” and deducted from the balances held at the CBE.

### Reserve Money and Counterpart Assets

(LE mn)

	Balances at End of March 2006	Change during July/March			
		2004/2005		2005/2006	
		Value	%	Value	%
<b>A- Reserve Money</b>	<b>168651</b>	<b>43001</b>	<b>36.3</b>	<b>(9171)</b>	<b>(5.2)</b>
- Currency in circulation outside the CBE	74458	5289	8.9	7217	10.7
- Banks' deposits in local currency	94193	37712	63.8	(16388)	(14.8)
<b>B- Counterpart Assets</b>	<b>168651</b>	<b>43001</b>	<b>36.3</b>	<b>(9171)</b>	<b>(5.2)</b>
- <b>Net Foreign Assets</b>	<b>60860</b>	<b>17642</b>	<b>179.0</b>	<b>23565</b>	<b>63.2</b>
- <b>Foreign Assets</b>	<b>126997</b>	<b>13559</b>	<b>15.4</b>	<b>18259</b>	<b>16.8</b>
Gold	4500	-	0.0	-	0.0
Foreign securities	33094	3686	21.6	16429	98.6
Foreign currencies	89403	9873	14.8	1830	2.1
- <b>Foreign Liabilities</b>	<b>66137</b>	<b>(4083)</b>	<b>(5.2)</b>	<b>(5306)</b>	<b>(7.4)</b>
- <b>Net Domestic Assets</b>	<b>107791</b>	<b>25359</b>	<b>23.3</b>	<b>(32736)</b>	<b>(23.3)</b>
- <b>Claims on the Government (Net)</b>	<b>113394</b>	<b>18353</b>	<b>18.4</b>	<b>(8870)</b>	<b>(7.3)</b>
Claims, of which:	176909	40473	22.3	(50458)	(22.2)
Government securities	163833	36630	22.3	(44188)	(21.2)
Deposits	63515	22120	27.0	(41588)	(39.6)
- <b>Claims on Banks (Net)</b>	<b>5057</b>	<b>8962</b>	<b>(25.2)</b>	<b>27040</b>	<b>(123.0)</b>
Claims	20985	1394	14.6	9413	81.3
Foreign currency deposits	15928	(7568)	(16.8)	(17627)	(52.5)
- <b>Net Balancing Items</b>	<b>-10660</b>	<b>(1956)</b>	<b>(4.4)</b>	<b>(50906)</b>	<b>(126.5)</b>
Assets	48579	2100	3.9	(492)	(1.0)
Liabilities, of which:	59239	4056	42.1	50414	571.3
Equities	2895	290	14.3	564	24.2
Provisions	299	65	21.1	(3)	(1.0)



A breakdown of the counterpart assets of reserve money shows that net domestic assets went down by LE 32.8 billion during the period, while net foreign assets augmented by LE 23.6 billion worth.

The decline in net domestic assets was ascribed to the following developments: First, CBE net claims on the government decreased by LE 8.9 billion, affected by the LE 50.5 billion fall in CBE claims on the government (due to the aforementioned modified accounting treatment) on the one hand, and the LE 41.6 billion drop in government deposits therewith (because part of the Ministry of Finance's TBs counterpart deposits fell due, and another part was subject to early amortization) on the other. Second, net balancing items (net unclassified assets & liabilities and capital accounts) decreased by LE 50.9 billion. Third, CBE net claims on banks rose by LE 27.0 billion.

Net foreign assets of the CBE posted an increase during the period because of the rise of LE 18.3 billion worth in its foreign assets and the decline of LE 5.3 billion worth in its foreign liabilities.

### **1/1/2: Banknote Issue**

The balance of banknote issue (including subsidiary coins) augmented by LE 7.4 billion or 11.0% during July/March of FY 2005/2006, (against LE 5.5 billion and 9.1% in the corresponding period of the preceding FY), to reach LE 75.2 billion at end of March 2006.

<b>Banknote Issue*</b>					
(LE mn)					
<b>End of</b>	<b>Balance of Banknote Issue</b>	<b><u>Annual Change</u></b>		<b><u>Change during July/March</u></b>	
		<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
June 2003	52432	6799	14.9		
March 2004	57210	7030	14.0	4778	9.1
June 2004	59922	7490	14.3		
March 2005	65376	8166	14.0	5454	9.1
June 2005	67753	7831	13.1		
March 2006	75190	9814	15.0	7437	11.0

\* Including subsidiary coins issued by the Ministry of Finance

The increase in the banknote issue led to an LE 7.2 billion or 10.7% increase in the currency in circulation outside the CBE, bringing it to LE 74.5 billion at end of March 2006.

A breakdown of the currency in circulation by denomination shows increases in the relative importance of the LE 100 and 50 notes at end of March 2006, compared to the end of June 2005. Conversely, the relative importance of the LE 20, 10 and 5 notes retreated. Meanwhile, the relative importance of the denominations of one pound and less remained unchanged. The increase in the relative importance of the large denominations was attributed to the continuous price rises, though at a lower pace.

Affected by the changes in the structure of the currency in circulation, the average value per note rose from LE 19.59 at end of June 2005 to LE 20.42 at end of March 2006.

**Currency in Circulation outside CBE\***

(LE mn)

Denominations	June 2005		March 2006		Change during	
	Value	Relative Importance	Value	Relative Importance	July/March 2004/2005	2005/2006
<b>Total</b>	<b>67236</b>	<b>100.0</b>	<b>74459</b>	<b>100.0</b>	<b>8.9</b>	<b>10.7</b>
Subsidiary coins	226	0.3	232	0.3	2.3	2.7
PT 25	118	0.2	139	0.2	4.3	17.8
PT 50	217	0.3	252	0.3	12.9	16.1
LE 1	512	0.8	576	0.8	4.7	12.5
LE 5	1251	1.9	1176	1.6	8.8	(6.0)
LE 10	4999	7.4	4465	6.0	(4.7)	(10.7)
LE 20	10246	15.2	9278	12.5	(3.5)	(9.4)
LE 50	24348	36.2	27035	36.3	3.5	11.0
LE 100	25319	37.7	31306	42.0	27.1	23.6

\* Representing the difference between banknote issue and the cash at the CBE's vaults

### **1/1/3: Clearing Houses Activity and SWIFT Local Service**

Local banking transfers (Fin-Copy) data illustrates an increase in the number and value of the executed transfers in LE through the SWIFT system during July/March of FY 2005/2006.

#### **SWIFT Local Service in Egyptian Pound**

FY	No. of Executed Transfers (Unit)	Value of Executed Transfers (LE mn)	(LE mn)	
			<u>Change during the Period</u>	
			Number	Value
2004/2005	326341	1246023	67840	275406
July/March 2004/2005	239899	939000	49362	201310
July/March 2005/2006	293297	1188906	53398	249906

As for inter-bank transactions in US dollar, according to the Fin-Copy system, introduced as of September 2004, the number of executed transactions amounted to 8164, at a value of US\$ 28.1 billion during July/March 2005/2006.

#### **SWIFT Local Service in US Dollar**

FY	No. of Executed Transfers (Unit)	Value of Executed Transfers (US\$ mn)	(US\$ mn)	
			<u>Change during the Period</u>	
			Number	Value
2004/2005	106404	11933		
July/March 2004/2005	7949	31224		
July/March 2005/2006	8164	28044	215	(3180)

The statistics of the automated clearing house indicate that the value of exchanged papers rose, despite the decrease in their number, to register LE 205.6 billion (against LE 194.0 billion during the period under comparison). Consequently, the average value per paper increased to LE 30.1 thousand (against LE 27.8 thousand).

### CBE Clearing Houses Activity

During	Number of Papers	Value of Papers	Change	
	(000's)	(LE mn)	Number	Value
2002/2003	10025	244581	26.2	(9.6)
2003/2004	9591	248224	(4.4)	1.5
2004/2005	9321	262423	(2.8)	5.7
July/March 2004/2005	6972	194007	(1.5)	(6.6)
July/March 2005/2006	6825	205561	(2.1)	6.0

#### 1/1/4: Domestic Liquidity and Affecting Factors

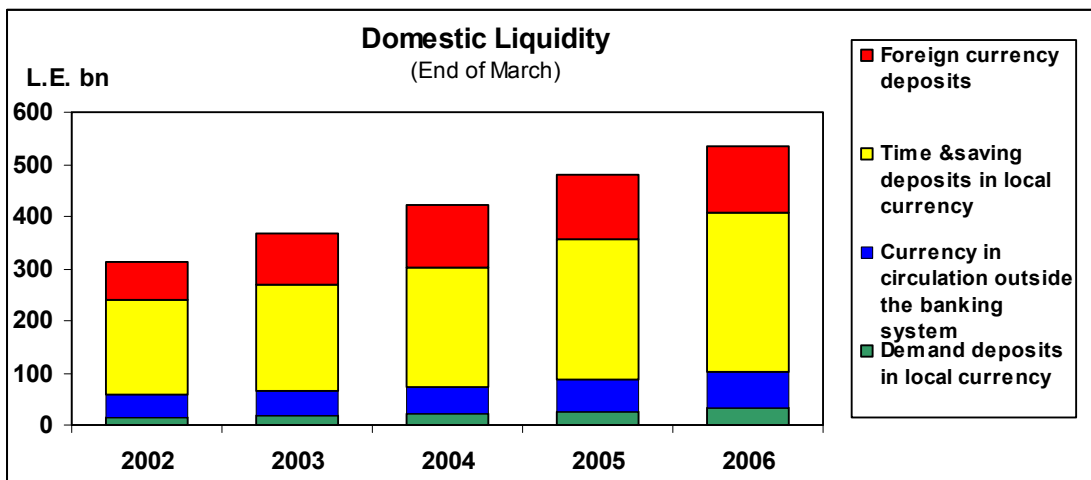
Domestic liquidity (M2) grew by LE 40.8 billion or 8.3% during July/March of FY 2005/2006, against LE 44.2 billion and 10.2% during the corresponding period of the previous FY, to reach LE 534.7 billion at end of March 2006.

#### Domestic Liquidity Structure

	End of March 2006		Change during July/March			
	Balances	Relative Importance	2004/2005		2005/2006	
			Value	%	Value	%
<b>Domestic Liquidity (M2)</b>	<b>534663</b>	<b>100.0</b>	<b>44152</b>	<b>10.2</b>	<b>40779</b>	<b>8.3</b>
<b>Money Supply (M1)</b>	<b>103322</b>	<b>19.3</b>	<b>8417</b>	<b>10.8</b>	<b>13637</b>	<b>15.2</b>
- Currency in circulation outside the banking system	70258	13.1	4746	8.5	7229	11.5
- Local currency demand deposits	33064	6.2	3671	16.9	6408	24.0
<b>Quasi-Money</b>	<b>431341</b>	<b>80.7</b>	<b>35735</b>	<b>10.0</b>	<b>27142</b>	<b>6.7</b>
- <u>Time and Saving Deposits in Local Currency</u>	<u>303352</u>	<u>56.7</u>	<u>36005</u>	<u>15.4</u>	<u>20332</u>	<u>7.2</u>
- <u>Foreign Currency Deposits</u>	<u>127989</u>	<u>24.0</u>	<u>(270)</u>	<u>(0.2)</u>	<u>6810</u>	<u>5.6</u>
- Demand deposits	21047	4.0	2368	14.5	2907	16.0
- Time and saving deposits	106942	20.0	(2638)	(2.5)	3903	3.8

The rise in domestic liquidity during the period came as a reflection of the increase in money supply (M1) and quasi-money. Money supply augmented by LE 13.6 billion or 15.2%, (compared with LE 8.4 billion and 10.8%) reaching LE 103.3 billion or 19.3% of total domestic liquidity at end of March 2006.

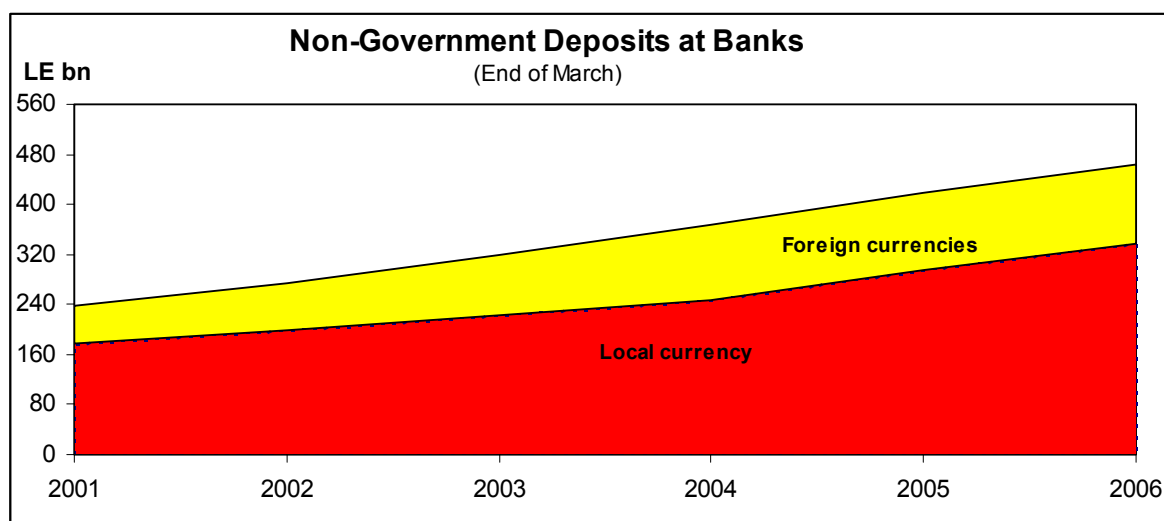
The pick-up in money supply (M1) was due to an increase in the currency in circulation outside the banking system by LE 7.2 billion or 11.5%, and in LE demand deposits by LE 6.4 billion or 24.0%, mainly because of the growth in the deposits of the private business and household sectors.



Quasi-money rose by LE 27.2 billion or 6.7%, (against LE 35.7 billion and 10.0% during the comparison period) to reach LE 431.3 billion or 80.7% of total domestic liquidity at end of March 2006.

The increase in quasi-money was mainly due to the growth in time and saving deposits in local currency by LE 20.4 billion or 7.2%, to stand at LE 303.3 billion or 56.7% of total domestic liquidity at end of March 2006. The rise was mostly in the deposits of the household sector, growing by LE 18.9 billion during the period. Likewise, foreign currency deposits (demand and time & saving) went up by LE 6.8 billion worth or 5.6%, to reach the equivalent of LE 128.0 billion or 24.0% of total domestic liquidity at end of March 2006. The increase was mainly due to the rise of LE 5.6 billion worth in the deposits of the private business sector.

Concerning the domestic liquidity structure, LE deposits still accounted for the bulk of total deposits at banks, with a share of 72.4% at end of March 2006, against 71.9% at end of June 2005. Meanwhile, foreign currency deposits accounted for 27.6%, against 28.1% of total deposits, denoting the continued preference for the local currency as a saving instrument.



### Counterpart Assets of Domestic Liquidity

(LE mn)

	End of March 2006		Change during July/March			
	Balances	Relative Importance	2004/2005		2005/2006	
			Value	%	Value	%
<b>Counterpart Assets of</b>						
<b>Domestic Liquidity</b>	<b>534663</b>	<b>100.0</b>	<b>44152</b>	<b>10.2</b>	<b>40779</b>	<b>8.3</b>
<b>Net Foreign Assets</b>	<b>131591</b>	<b>24.6</b>	<b>28396</b>	<b>62.8</b>	<b>50678</b>	<b>62.6</b>
-The CBE	60860	11.4	17642	179.0	23566	63.2
- Other banks	70731	13.2	10754	30.4	27112	62.2
<b>Domestic Credit</b>	<b>490344</b>	<b>91.7</b>	<b>31713</b>	<b>7.5</b>	<b>23573</b>	<b>5.1</b>
Government (net)	170915	32.0	26280	20.8	11026	6.9
Public business sector	34678	6.5	2320	6.5	(2743)	(7.3)
Private business sector	234924	43.9	649	0.3	6729	2.9
Household sector	49827	9.3	2464	6.7	8561	20.7
<b>Other Items (Net)</b>	<b>-87272</b>	<b>-16.3</b>	<b>(15957)</b>	<b>49.3</b>	<b>(33472)</b>	<b>62.2</b>

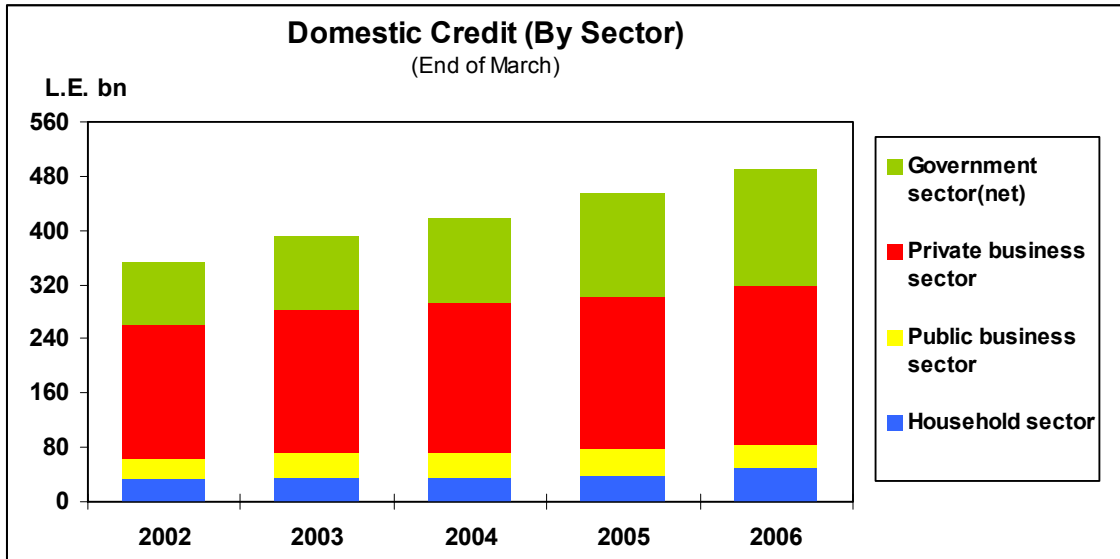
A breakdown of the counterpart assets of domestic liquidity shows a remarkable increase in net foreign assets at the banking system by the equivalent of LE 50.7 billion or 62.6% (against LE 28.4 billion and 62.8%).

Domestic credit rose by LE 23.6 billion or 5.1%, during the period (against LE 31.7 billion and 7.5% during the corresponding period), to reach LE 490.3 billion at end of March 2006. This increase reflected a rise in the credit to all sectors (except the public business sector).

Net domestic credit to the government sector went up by only LE 11.0 billion or 6.9% during the period (compared with LE 26.3 billion during the corresponding period of the previous FY), to reach LE 170.9 billion at end of March 2006. This increase was due to a retreat in the credit to the government sector (securities and credit facilities) by LE 31.6 billion and a drop in government deposits by LE 42.6 billion.

The indebtedness of the household sector to banks amounted to LE 49.8 billion at end of March 2006, up by LE 8.6 billion or 20.7% during the period. As for the public business sector, its indebtedness posted LE 34.7 billion, down by LE 2.7 billion or 7.3%.

The private business sector obtained roughly half of the credit extended by banks to the economic sectors. Bank credit to this sector reached LE 234.9 billion or 47.9% of total domestic credit at end of March 2006, denoting an increase of LE 6.7 billion or 2.9%, during the period under review. Around 46.3% of this increase was concentrated in the services sector.



Concerning the other items (net), their negative balance increased during the period by LE 33.5 billion, reaching LE 87.3 billion at end of March 2006. This came as a result of the increase in capital, reserves and provisions.



## 1/2: Banking Developments

### 1/2/1: Overview of Banks' Aggregate Financial Position

During July-March of FY 2005/2006, the aggregate financial position of banks rose by LE 76.8 billion or 10.9% (against LE 73.6 billion during the corresponding period of the previous FY), to LE 782.0 billion at end of March 2006.

### Aggregate Financial Position of Banks

(LE mn)

End of	June 2005		March 2006		Change during July-March	
	Value	Relative Importance	Value	Relative Importance	2004/2005	2005/2006
					%	%
Cash	6594	0.9	6195	0.8	15.0	(6.1)
Securities & investments	172177	24.4	196377	25.1	25.2	14.1
Balances at banks abroad	51204	7.2	72739	9.3	20.1	42.1
Balances at CBE	109773	15.6	108816	13.9	7.8	(0.9)
Balances at local banks	15213	2.2	13402	1.7	(23.0)	(11.9)
Loan & discount balances	308195	43.7	315156	40.3	0.8	2.3
Other assets	41990	6.0	69287	8.9	39.2	65.0
<b>(Assets = Liabilities)</b>	<b>705146</b>	<b>100.0</b>	<b>781972</b>	<b>100.0</b>	<b>11.6</b>	<b>10.9</b>
Capital	22949	3.3	24690	3.1	4.2	7.6
Reserves	12419	1.8	13104	1.7	8.3	5.5
Provisions	49541	7.0	53870	6.9	9.8	8.7
Bonds & long-term loans	14254	2.0	17791	2.3	5.4	24.8
Obligations to banks abroad	12262	1.7	8353	1.1	(9.9)	(31.9)
Obligations to CBE	8011	1.1	15571	2.0	(1.0)	94.4
Obligations to local banks	14660	2.1	11809	1.5	(25.5)	(19.4)
Deposits	519649	73.7	552255	70.6	9.4	6.3
Other liabilities	51401	7.3	84529	10.8	73.4	64.5

On the liabilities side, the increase came mainly from deposits which augmented by LE 32.6 billion, to reach LE 552.3 billion or 70.6% of total liabilities at end of March 2006. Meanwhile, the increase in assets was mainly due to larger investments in securities and treasury bills by LE 24.2 billion, to reach LE 196.4 billion. Also, loan and discount balances went up by LE 7.0 billion, to stand at LE 315.2 billion.

The increase in banks' local investments during the period was an outcome of a number of developments. First, there was a rise in banks' investments in CBE notes and government bonds by LE 31.7 billion and LE 13.6 billion, respectively. Second, banks' equity participations rose by LE 6.6 billion. Third, there was a fall of LE 27.4 billion in banks' investments in treasury bills and of LE 1.7 billion in non-government bonds. Banks' foreign investments expanded by LE 1.4 billion worth.

### Portfolio Structure

End of	June 2005			March 2006		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
<b>Local Investments</b>	<b>81.8</b>	<b>12.4</b>	<b>94.2</b>	<b>83.9</b>	<b>10.3</b>	<b>94.2</b>
Treasury Bills	54.0	0.0	54.0	33.4	0.0	33.4
Government Bonds	15.6	9.6	25.2	20.9	8.2	29.1
Non-government Bonds	3.4	1.1	4.5	2.2	0.9	3.1
Equity Participations	8.8	1.7	10.5	11.2	1.2	12.4
CBE Notes	-	-	-	16.2	0.0	16.2
<b>Foreign Securities</b>	<b>0.0</b>	<b>5.8</b>	<b>5.8</b>	<b>0.0</b>	<b>5.8</b>	<b>5.8</b>
<b>Total</b>	<b>81.8</b>	<b>18.2</b>	<b>100.0</b>	<b>83.9</b>	<b>16.1</b>	<b>100.0</b>
<b>Total Portfolio (LE bn)</b>	<b>140.9</b>	<b>31.3</b>	<b>172.2</b>	<b>164.7</b>	<b>31.7</b>	<b>196.4</b>

As for the transactions of banks in Egypt with their correspondents abroad, net credit transactions abroad rose by LE 25.4 billion worth, to post LE 64.4 billion worth at end of March 2006.

### Transactions with Banks Abroad

End of	June 2005	March 2006	Change during July-March			
			2004/2005		2005/2006	
			Value	%	Value	%
<b>Net Position</b>	<b>38942</b>	<b>64386</b>	<b>9705</b>	<b>29.4</b>	<b>25444</b>	<b>65.3</b>
Balances at banks abroad	51204	72739	8683	20.1	21535	42.1
Obligations to banks abroad	12262	8353	(1022)	(9.9)	(3909)	(31.9)

## **1/2/2: Interbank Money Market in Egypt**

The volume of transactions in the interbank money market – in terms of deposits – fell by LE 1.8 billion, bringing total deposits down to LE 13.4 billion at end of March 2006.

### **Volume of Interbank Money Market in Egypt**

(LE mn)

End of	June 2005	March 2006	Change during July/March			
			2004/2005		2005/2006	
			Value	%	Value	%
<b>Total</b>	<b>15213</b>	<b>13402</b>	<b>(4933)</b>	<b>(23.0)</b>	<b>(1811)</b>	<b>(11.9)</b>
Balances in local currency	7201	8347	(1053)	(9.4)	1146	15.9
Balances in foreign currencies	8012	5055	(3880)	(37.9)	(2957)	(36.9)

## **1/2/3: Deposits**

At end of March 2006, total deposits at banks, including government deposits, amounted to LE 552.3 billion, denoting an increase of LE 32.6 billion or 6.3% during the period (against LE 43.4 billion and 9.4% during the corresponding period of the previous FY).

Due to the continued preference for depositing in LE during the period, local currency deposits accounted for the bulk (74.5%) of the increase in total deposits. Time and saving deposits, in local and foreign currencies, had the largest share in the increase, as illustrated in the following table.

## Banks' Deposits by Type and Currency

(LE mn)

End of	June 2005	March 2006	<u>Change during July/March</u>			
			<u>2004/2005</u>		<u>2005/2006</u>	
			Value	%	Value	%
<b>Total Deposits</b>	<b><u>519649</u></b>	<b><u>552255</u></b>	<b><u>43439</u></b>	<b><u>9.4</u></b>	<b><u>32606</u></b>	<b><u>6.3</u></b>
<b>In Local Currency</b>	<b><u>369067</u></b>	<b><u>393366</u></b>	<b><u>42576</u></b>	<b><u>13.7</u></b>	<b><u>24299</u></b>	<b><u>6.6</u></b>
Demand	31606	39658	3378	12.4	8052	25.5
Time and saving	324664	341663	40855	15.2	16999	5.2
Blocked or retained	12797	12045	(1657)	(11.7)	(752)	(5.9)
<b>In Foreign Currencies</b>	<b><u>150582</u></b>	<b><u>158889</u></b>	<b><u>863</u></b>	<b><u>0.6</u></b>	<b><u>8307</u></b>	<b><u>5.5</u></b>
Demand	19951	23677	775	4.0	3726	18.7
Time and saving	120468	125494	776	0.6	5026	4.2
Blocked or retained	10163	9718	(688)	(6.1)	(445)	(4.4)

Time and saving deposits and saving systems at banks rose by LE 18.5 billion or 6.8%, to reach LE 288.3 billion at end of March 2006. The increase was mostly attributed to the rise in the three-year-or-more deposits.

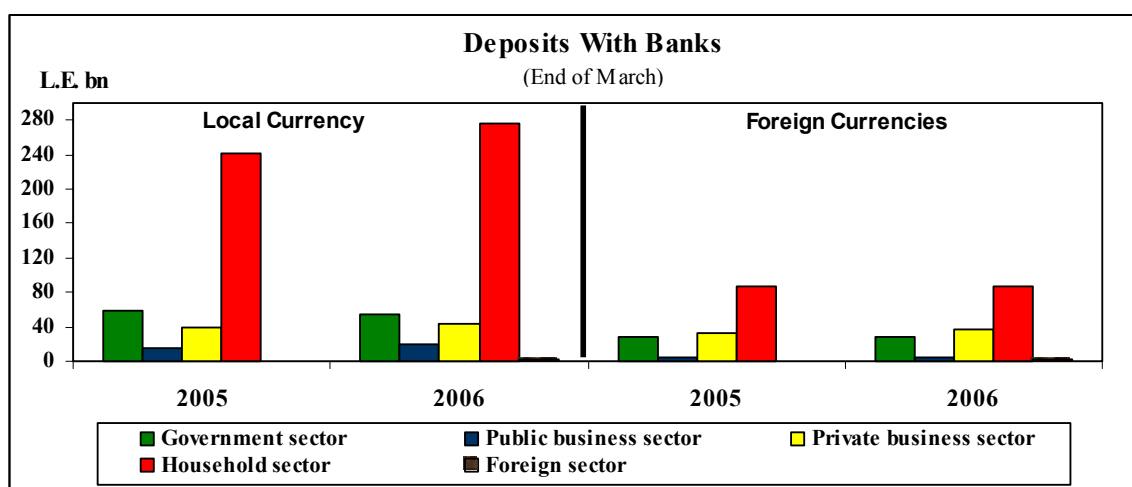
## Time and Saving Deposits and Saving Systems at Banks by Maturity

(LE mn)

End of	June 2005	March 2006	<u>Change during July/March</u>			
			<u>2004/2005</u>		<u>2005/2006</u>	
			Value	%	Value	%
<b>Total (1+2)</b>	<b><u>269861</u></b>	<b><u>288315</u></b>	<b><u>34710</u></b>	<b><u>15.6</u></b>	<b><u>18454</u></b>	<b><u>6.8</u></b>
<b>1- Non-Gov. Time &amp; Saving Deposits in Local Currency, of which:</b>	<b><u>174137</u></b>	<b><u>178393</u></b>	<b><u>12</u></b>	<b><u>0.0</u></b>	<b><u>4256</u></b>	<b><u>2.4</u></b>
a- Free Deposits	61351	61846	(861)	(1.4)	495	0.8
b- Blocked Deposits	8096	7556	522	6.7	(540)	(6.7)
c- Saving Accounts	102817	106622	1208	1.3	3805	3.7
d- Others	1873	2369	(857)	(35.9)	496	26.5
<b>2- Saving Systems</b>	<b><u>95724</u></b>	<b><u>109922</u></b>	<b><u>34698</u></b>	<b><u>64.9</u></b>	<b><u>14198</u></b>	<b><u>14.8</u></b>
- Less than 3 years	7348	4712	181	2.3	(2636)	(35.9)
- 3 years or more	88376	105210	34517	75.7	16834	19.0

The sectoral distribution of local currency deposits indicates that the household sector contributed 89.4% of the total increase. Deposits of this sector rose by LE 21.7 billion or 8.6%, to reach LE 275.6 billion, representing 70.1% of the total.

Deposits in foreign currencies expanded by LE 8.3 billion worth, as a main result of the increase in the private business sector deposits by the equivalent of LE 5.6 billion or 68.0% of the total.



### Deposits at Banks by Sector

(LE mn)

End of	June 2005	March 2006	Change during July/March			
			2004/2005		2005/2006	
			Value	%	Value	%
<b>Total</b>	<b>519649</b>	<b>552255</b>	<b>43439</b>	<b>9.4</b>	<b>32606</b>	<b>6.3</b>
<b>In Local Currency</b>	<b>369067</b>	<b>393366</b>	<b>42576</b>	<b>13.7</b>	<b>24299</b>	<b>6.6</b>
Government sector	57649	54815	3508	6.5	(2834)	(4.9)
Public business sector	16727	18543	(282)	(1.8)	1816	10.9
Private business sector	39668	42759	4297	12.2	3091	7.8
Household sector	253865	275592	35442	17.3	21727	8.6
External sector	1158	1657	(389)	(52.4)	499	43.1
<b>In Foreign Currencies</b>	<b>150582</b>	<b>158889</b>	<b>863</b>	<b>0.6</b>	<b>8307</b>	<b>5.5</b>
Government sector	27252	28553	1107	4.2	1301	4.8
Public business sector	4195	4877	1172	34.1	682	16.3
Private business sector	31337	36984	2721	9.2	5647	18.0
Household sector	85813	86290	(4150)	(4.6)	477	0.6
External sector	1985	2185	13	1.7	200	10.1

### 1/2/4: Lending Activity

During the reporting period, credit facilities extended by banks increased by LE 7.0 billion or 2.3% (against an increase of LE 2.4 billion and 0.8% during the period of comparison), reaching LE 315.2 billion at end of March 2006. This increase was mainly due to a rise of LE 6.2 billion worth in foreign currency facilities and of merely LE 0.8 billion in local currency facilities.

#### **Banks' Credit Facilities**

End of	June 2005	March 2006	Change during July/March			
			2004/2005		2005/2006	
			Value	%	Value	%
<b>Total</b>	<b>308195</b>	<b>315156</b>	<b>2392</b>	<b>0.8</b>	<b>6961</b>	<b>2.3</b>
<b>In Local Currency</b>	<b>233141</b>	<b>233907</b>	<b>3651</b>	<b>1.6</b>	<b>766</b>	<b>0.3</b>
Government sector	<u>10938</u>	10839	494	5.0	(99)	(0.9)
Public business sector	30164	27987	2825	10.2	(2177)	(7.2)
Private business sector	152193	147293	(1600)	(1.0)	(4900)	(3.2)
Household sector	39354	47072	1866	5.2	7718	19.6
External sector	492	716	66	17.0	224	45.5
<b>In Foreign Currencies</b>	<b>75054</b>	<b>81249</b>	<b>(1259)</b>	<b>(1.9)</b>	<b>6195</b>	<b>8.3</b>
Government sector	11080	10229	287	4.6	(851)	(7.7)
Public business sector	7078	6432	(514)	(6.6)	(646)	(9.1)
Private business sector	53502	59807	(1598)	(3.1)	6305	11.8
Household sector	1913	2755	597	56.4	842	44.0
External sector	1481	2026	(31)	(2.3)	545	36.8

The increase in local currency facilities was due to the remarkable rise of LE 7.7 billion in loans to the household sector (against an increase of LE 1.9 billion during the period of comparison). The rise was mainly in credit provided to retail activities and summer crops growing during the period. Credit to the private business sector retreated by LE 4.9 billion and to the public business sector by LE 2.2 billion, as a main result of settling some debts of public business sector companies. On the other hand, the increase in foreign currency facilities was mainly due to a rise in the loans granted to the private business sector by LE 6.3 billion worth, of which the services sector's share was 49.4%.

### Bank's Credit by Economic Activity

(LE mn)

End of	June 2005	March 2006	Change during July/March			
			2004/2005		2005/2006	
			Value	%	Value	%
<b>Total</b>	<b>308195</b>	<b>315156</b>	<b>2392</b>	<b>0.8</b>	<b>6961</b>	<b>2.3</b>
<b>In Local Currency</b>	<b>233141</b>	<b>233907</b>	<b>3651</b>	<b>1.6</b>	<b>766</b>	<b>0.3</b>
Agriculture	5822	4612	751	15.0	(1210)	(20.8)
Manufacturing	81844	75555	3747	4.8	(6289)	(7.7)
Trade	45648	43396	(1596)	(3.3)	(2252)	(4.9)
Services	59870	62091	(1226)	(2.0)	2221	3.7
Unclassified sectors (including the household)	39957	48253	1975	5.4	8296	20.8
<b>In Foreign Currencies</b>	<b>75054</b>	<b>81249</b>	<b>(1259)</b>	<b>(1.9)</b>	<b>6195</b>	<b>8.3</b>
Agriculture	619	739	(32)	(5.8)	120	19.4
Manufacturing	34957	36661	(366)	(1.3)	1704	4.9
Trade	11893	12089	(174)	(1.4)	196	1.6
Services	24188	26979	(1223)	(5.1)	2791	11.5
Unclassified sectors (including the household)	3397	4781	536	22.1	1384	40.7

A breakdown of credit by economic activity shows that the manufacturing sector received 35.6% of total facilities at end of March 2006. Meanwhile, 28.3% went to the services sector, 17.6% to trade, 1.7% to agriculture and 16.8% to unclassified sectors.

### Loans and Advances by Maturity and Currency\*

(LE mn)

End of	June 2005	March 2006	Change during July/March			
			2004/2005		2005/2006	
			Value	%	Value	%
<b>Total</b>	<b>306652</b>	<b>314205</b>	<b>2357</b>	<b>0.8</b>	<b>7553</b>	<b>2.5</b>
<b>One Year or Less</b>	<b>186579</b>	<b>189457</b>	<b>1685</b>	<b>0.9</b>	<b>2878</b>	<b>1.5</b>
In Local Currency	146972	148107	2303	1.5	1135	0.8
In Foreign Currencies	39607	41350	(618)	(1.6)	1743	4.4
<b>More Than One Year</b>	<b>120073</b>	<b>124748</b>	<b>672</b>	<b>0.6</b>	<b>4675</b>	<b>3.9</b>
In Local Currency	85110	85157	1255	1.6	47	0.1
In Foreign Currencies	34963	39591	(583)	(2.0)	4628	13.2

\* Excluding discounted commercial papers

A breakdown of loans and advances by maturity shows that banks expanded in their long-term lending during the period. More-than-one-year loans increased by LE 4.7 billion or 3.9%. Most of this increase was in foreign currency loans.

## **2- Stock Exchange**

During July-March 2005-2006, efforts kept on to better Egypt's stock market performance. Reforms of the legislative and regulatory environment continued and promotion campaigns were launched to attract more national and foreign investors. On the legislative side, the Executive Regulations of the Capital Market Law (no. 95 of 1992) were amended by the Minister of Investment Decree, adding two new articles; no. (119) and (199 bis), regarding the regulations of trading on special stock exchanges. The purpose of this amendment was to activate Article (26) of the said Law, which stipulated that "upon the proposal of the Board of the Authority [CMA], the Minister [of Investment] may license the establishment of stock exchanges of special judicial status". Moreover, a code of conduct was issued during the period under review, governing the workers in the securities business.

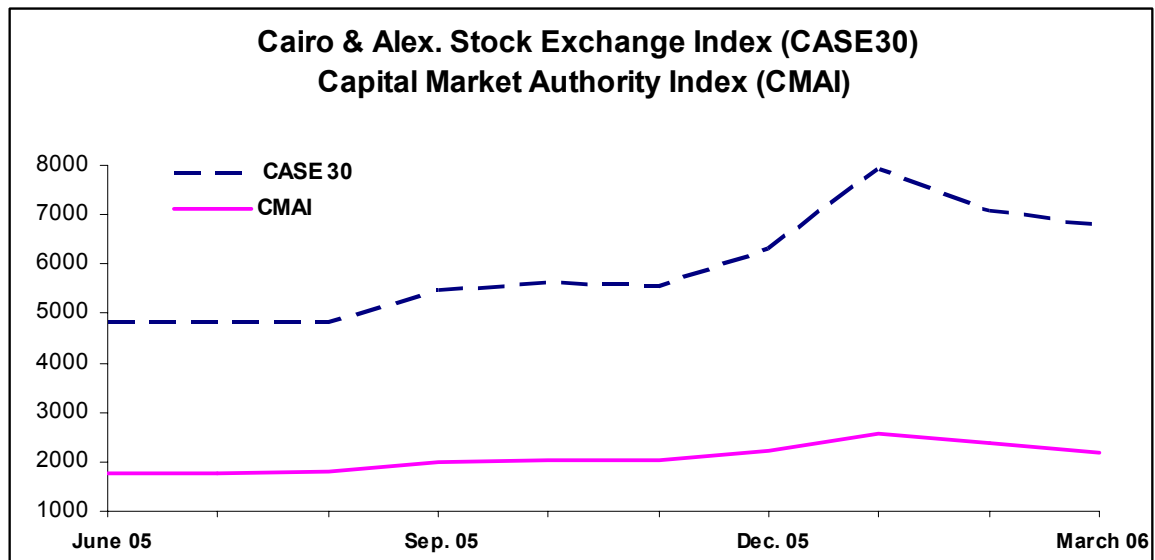
To modernize the institutional and technological infrastructure of the Stock Exchange and support Egypt's efforts to conform to the international standards of dissemination and disclosure, CASE and the leading Swedish IT company OMX, signed an initial agreement to establish a capital market-related IT company, headquartered in Cairo, and covering the Middle East and North Africa. The said company is be responsible for selling, developing and providing technical support to regional capital and stock markets information systems, including trading systems developed in accordance with international regimes. In addition, CASE signed an agreement with Dow Jones Indices, a leading global index provider, to create the Dow Jones CASE Egypt Titans 20 Index, which was launched in mid-April 2006. The index covers the largest and most liquid companies in Egypt and accurately measures their performance and the development of their profits, a matter which is bound to enhance the credibility of the Egyptian Stock Exchange among international exchanges.

To attract more local and foreign investments, a number of corporate shares were traded on the Exchange - under the privatization program - within a range of 10-100% of a company's stock. On the international level, CASE approved the issue of CASE30-derived securities by Deutsche Bank AG, to be listed and traded on Frankfurt and Stuttgart Stock Exchanges as from March 13, 2006. The Bank issued one million securities in euro, at euro 100 per security.



CASE, Abu Dhabi Securities Market and Misr for Clearing, Settlement and Central Depository (MCSD) have signed an agreement, which allows dual listing and trading of the securities listed in both markets, in accordance with their own trading systems. On the other hand, the Capital Market Authority in Egypt (CMA) and Securities & Commodities Authority in UAE have signed a Memorandum of Understanding (MOU) with the aim of protecting investors' rights and marketing securities.

It is worthy to note that the Stock Exchange performance declined sharply as from the second week of February until mid March 2006. This downturn was triggered by the underperformance of the Gulf Stock markets, as the Gulf investors withdrew sizeable funds from their portfolios on CASE to cover their financial positions, which depended mainly on bank loans. Add to this, CASE was under selling pressures because of profit-taking operations, which led to the retreat of CASE 30 from 8139 points at the beginning of February to 5892 points on March 14, 2006. Likewise, CMAI retreated from 2630 points to 2083 points during the same period.



According to the indicators of overall trading on the Stock Exchange during July-March, 2005-2006, the value of transactions on shares and bonds rose sharply to LE 197.8 billion, against LE 54.0 billion during the corresponding period. The number of dealt-in securities increased to 5.3 billion, through 4.5 million transactions. Of this amount, shares accounted for 95.2% of the total value of traded securities.

### Indicators of Overall Trading on the Stock Exchange

	No. of Transactions (000s units)	Quantity (mn)	Value (LE bn)
<b><u>During July-March 2005-2006</u></b>			
<b><u>Total</u></b>	<b><u>4507.6</u></b>	<b><u>5346.6</u></b>	<b><u>197.8</u></b>
Shares	4507.1	5337.4	188.3
Bonds	0.5	9.2	9.5
<b><u>Net Foreigners' Transactions</u></b>	<b><u>16.507</u></b>	<b><u>134.762</u></b>	<b><u>3.408</u></b>
Purchases	507.875	984.014	56.252
Sales	491.368	849.252	52.844
<b><u>During July-March 2004-2005</u></b>			
<b><u>Total</u></b>	<b><u>1747.1</u></b>	<b><u>2373.7</u></b>	<b><u>54.0</u></b>
Shares	1746.7	2369.2	49.4
Bonds	0.4	4.5	4.6
<b><u>Net Foreigners' Transactions</u></b>	<b><u>33.623</u></b>	<b><u>93.945</u></b>	<b><u>5.586</u></b>
Purchases	202.220	369.380	17.537
Sales	168.597	275.435	11.951

The period witnessed a growing interest among the public in investing on the Stock Exchange, as the value of their trades represented 63.5% of the total value of dealings during March 2006, against 46.7% during June 2005.

In addition, the value of foreigners' transactions in the market during the period unfolded net purchases of LE 3.4 billion, against LE 5.6 billion during the period of comparison. This was attributed to foreigners' withdrawal from the Egyptian Stock Exchange, as mentioned above.

## 2/1: Shares Market

### 2/1/1: Primary (Issue) Market

#### A- New Issues

During July-March, 2005-2006, the CMA approved 1589 new issues, against 1641 issues during the period of comparison. Issues for new incorporations amounted to 983, with 185 million shares at a value of LE 3.7 billion. Issues for capital increases reached 606, with 2 billion shares at a value of LE 25.2 billion or 87.2% of total issues.

#### **New Issues on the Exchange**

	<b>July-March</b>	
	<b>2004-2005</b>	<b>2005-2006</b>
<b><u>Total Number of Issues (Unit)</u></b>	<b><u>1641</u></b>	<b><u>1589</u></b>
New incorporations	1049	983
Capital increases	592	606
<b><u>Total Number of Shares (mn)</u></b>	<b><u>771</u></b>	<b><u>2178</u></b>
New incorporations	196	185
Capital increases	575	1993
<b><u>Total Value of Shares (LE mn)</u></b>	<b><u>21593</u></b>	<b><u>28937</u></b>
New incorporations	6832	3711
Capital increases	14761	25226

Source: CMA (Information Centre)

#### B- Companies Listed on the Exchange

The number of listed companies decreased to 706 at end of March 2006, against 770 companies at end of June 2005, due to the listing of new companies and delisting of the companies that had failed to meet the listing requirements. This led to a decline in the nominal value of the capital of listed companies to LE 106 billion at end of March 2006, against LE 108.2 billion at end of June 2005. However, their market value mounted to LE 450 billion against LE 337.1 billion, indicating the upturn in market activity during the period.

### Companies Listed on the Exchange

At End of	<u>June 2005</u>			<u>March 2006</u>		
	No. of Companies (Unit)	Nominal Capital Value	Market Capital Value	No. of Companies (Unit)	Nominal Capital Value	Market Capital Value
<b>Total</b>	<b>770</b>	<b>108209</b>	<b>337059</b>	<b>706</b>	<b>105966</b>	<b>449573</b>
Listed on official schedules	132	49274	250136	137	54303	365485
Listed on unofficial schedules	612	57368	84407	551	50804	82215
Listed on the transitional schedule	26	1567	2516	18	859	1873

Source: CASE

According to the sectoral distribution of the market capital at end of March 2006, communications; and building & construction materials were the major sectors attracting investments, with a relative importance of 29.9% and 27.5% of total market capital, respectively. The sector of finance, insurance and real estates followed with 11.6%.

### Market Capital by Sector

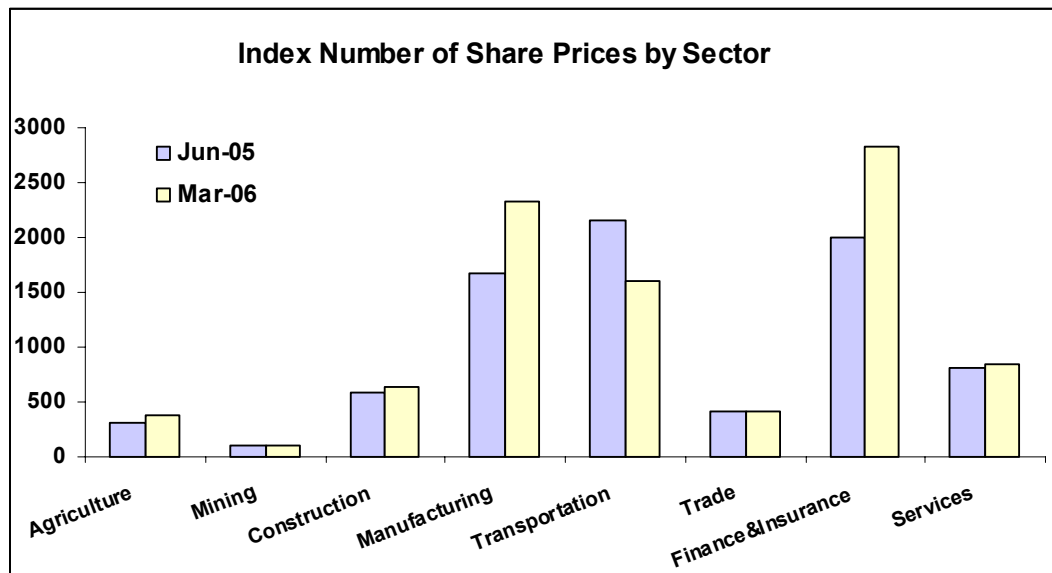
At End of	June 2005		March 2005	
		%		%
<b>Total</b>	<b>337058</b>	<b>100.0</b>	<b>449572</b>	<b>100.0</b>
Agriculture and fishing	1370	0.4	892	0.2
Building & construction materials	78961	23.4	123724	27.5
Natural gas and mining	21886	6.5	29412	6.5
Manufacturing	22640	6.7	29672	6.6
Trade	2350	0.7	1873	0.4
Finance, insurance and real estates	39287	11.6	51956	11.6
Utilities	7008	2.1	5336	1.2
Communications	120541	35.8	134512	29.9
Others	43015	12.8	72195	16.1

Source: Ibid

## 2/1/2: Secondary (Trading) Market

Trading notably picked up during July-March 2005-2006, despite the decline in share prices on the Exchange during the second week of February until mid March, as mentioned above. As such, the trading value of shares in both the Egyptian pound and US dollar (on the floor and over the counter) jumped to LE 188.4 billion, against LE 49.4 billion during the corresponding period of the previous FY. Trading on the floor represented 94.6% of total trading, with a value of LE 178.1 billion. The bulk of trading (94%) was concentrated in LE shares, while OTC trading accounted for 5.4% only, with a value of LE 10.2 billion.

The sector of finance, insurance and real estates came in the lead, in terms of the trading value of LE and US dollar shares. The manufacturing sector came next, followed by transportation, communications, electricity, natural gas, health, and services.



## 2/2: Bonds Market

### 2/2/1: Primary (Issue) Market

The nominal value of issued bonds (listed) mounted by LE 61.1 billion at end of March 2006, with a rise of LE 25.8 billion during July-March 2005-2006. The increase was an outcome of the rise in Treasury bonds issued –under the primary dealers system– by LE 28.0 billion and in corporate bonds by LE 0.9 billion. On the other hand, the reporting period witnessed the redemption of Treasury bonds, US dollar development bonds and bank bonds in the amount of LE 2.0 billion, and the equivalent of LE 0.6 billion and LE 0.5 billion, in order.

Against this background, the value of government bonds rose to 88.2% of the total value of the listed bonds at end of March 2006, whereas corporate bonds and bank bonds declined to 9.8% and 2.0% of the total, respectively.

### Bonds Listed on the Exchange

At End of	(LE mn)			
	<u>June 2005</u>		<u>March 2006</u>	
	Value	%	Value	%
<b><u>Total</u></b>	<b><u>35313.1</u></b>	<b><u>100.0</u></b>	<b><u>61124.6</u></b>	<b><u>100.0</u></b>
<b><u>Government Bonds</u></b>	<b><u>28547.3</u></b>	<b><u>80.8</u></b>	<b><u>53951.0</u></b>	<b><u>88.2</u></b>
Treasury bonds	13000.0	36.8	11000.0	18.0
Treasury bonds (primary dealers system)	14000.0	39.6	42000.0	68.7
Housing bonds	123.6	0.4	121.7	0.2
US dollar development bonds	1423.7	4.0	829.3	1.3
<b><u>Corporate Bonds</u></b>	<b><u>5114.7</u></b>	<b><u>14.5</u></b>	<b><u>5972.5</u></b>	<b><u>9.8</u></b>
<b><u>Bank Bonds</u></b>	<b><u>1651.1</u></b>	<b><u>4.7</u></b>	<b><u>1201.1</u></b>	<b><u>2.0</u></b>

Source: Ibid

### 2/2/2: Secondary (Trading) Market

Dealings in the bond market during the period under review revealed a noticeable activity. The value of dealt-in bonds recorded LE 9.1 billion, against LE 4.6 billion during the corresponding period of the previous FY. Trading in

treasury bonds (under the primary dealers system) was mostly on the floor, with a value of LE 8.9 billion or 98.2% of the total trading value of LE bonds. Moreover, one million corporate bonds (in LE and US dollar) were traded in the amount of LE 115.3 million worth.

### Trading in Listed Bonds on the Floor

During	2004-2005		July-March		2005-2006	
	No. of Transactions (Unit)	Quantity (000s)	Value (mn)	No. of Transactions (Unit)	Quantity (000s)	Value (mn)
<b>Total Bonds (LE)</b>	<b>375.0</b>	<b>4469.1</b>	<b>4569.8</b>	<b>491.0</b>	<b>9188.1</b>	<b>9073.3</b>
Treasury bonds	11	14.6	16.7	11	57.3	61.0
Treasury bonds (primary dealers system)	245	4401.3	4548.1	381	8192.3	8909.2
Housing bonds	100	24.4	1.9	51	5.4	0.2
Corporate bonds	10	20.2	2.1	46	931.1	102.6
Bank bonds	9	8.6	1.0	2	2.1	0.2
<b>Total Bonds (US\$)</b>	<b>1</b>	<b>0.0</b>	<b>0.0</b>	<b>2</b>	<b>26.3</b>	<b>2.2</b>
Development bonds	1	0.0	0.0	-	-	-
Corporate bonds	-	0.0	0.0	2	26.3	2.2

Source: CMA

It is to be noted that OTC dealings were limited to US dollar bonds, which amounted to 32.7 thousand bonds at a value of US\$ 66.5 million.

### 2/3: Mutual Funds

The number of mutual funds rose to 26 at end of March 2006, with 3 close-end funds (against 25 funds, two of which were close-end at end of June 2005). The nominal value of these certificates reached LE 5.6 billion, while their market value rose by 34.5% during the period, to score LE 11.4 billion at end of March 2006, against LE 8.4 billion at end of June 2005.

Regarding the Egyptian mutual funds abroad which issue their certificates in US\$, their capital value at the time of incorporation amounted to US\$ 509.3 million.

### **3- Public Finance and Domestic Public Debt**

#### **3/1: Consolidated Fiscal Operations of General Government**

Adopted as of FY 2005/2006, Egypt's fiscal policy continued its emphasis on backing low-income brackets through adequate social security and subsidies. For this purpose, the government started, during July/March of the said year, to build up a database covering all subsidy-eligible households. On the tax side, the new Tax Law was applied during the period, with a view to improving tax management and expanding the taxpayer base. According to the law, individual and corporate income taxes were cut to be more realistic; a step which is bound to foster confidence between the taxpayer and the tax Authority. On the customs side, the customs authority adopted a program for streamlining all customs procedures.

Moreover, the Executive Regulations of the Customs Law were applicable during the period, and a number of affiliate units were established in many governorates, to be responsible for the temporary release and the refund of customs taxes and fees. The customs officials were authorized to undertake the responsibilities prescribed in the Executive Regulations of the Customs Law. This included the authorization to choose - from the list of arbitrators issued by the Minister of Finance - the arbitrators representing the Customs Authority in preliminary and higher arbitration committees in each central administration.

Hereunder is a review of the estimates of the consolidated fiscal operations of the general government, released by the Ministry of Finance for FY 2005/2006, and the results of their execution during July/March 2005/2006.

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#### **3/1/1: Estimates of Consolidated Fiscal Operations of General Government during FY 2005/2006**

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The revised estimates of the consolidated fiscal operations of the general government for FY 2005/2006 remained unchanged. Accordingly, total revenues were estimated at some LE 155.4 billion (26.2% of GDP), total expenditures at some LE 192.1 billion (32.4% of GDP) and the cash deficit at some LE 36.7 billion (6.2% of GDP). When adding net financial assets (LE 12.6 billion) to cash deficit, the estimated overall deficit will reach some LE 49.3 billion or 8.3% of GDP. The projected overall deficit is to be financed by domestic banking and non-banking sources available during the FY. Also, some miscellaneous domestic repayments are expected to be made during the same FY.



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### 3/1/2: Execution of Consolidated Fiscal Operations of General Government during July/March 2005/2006

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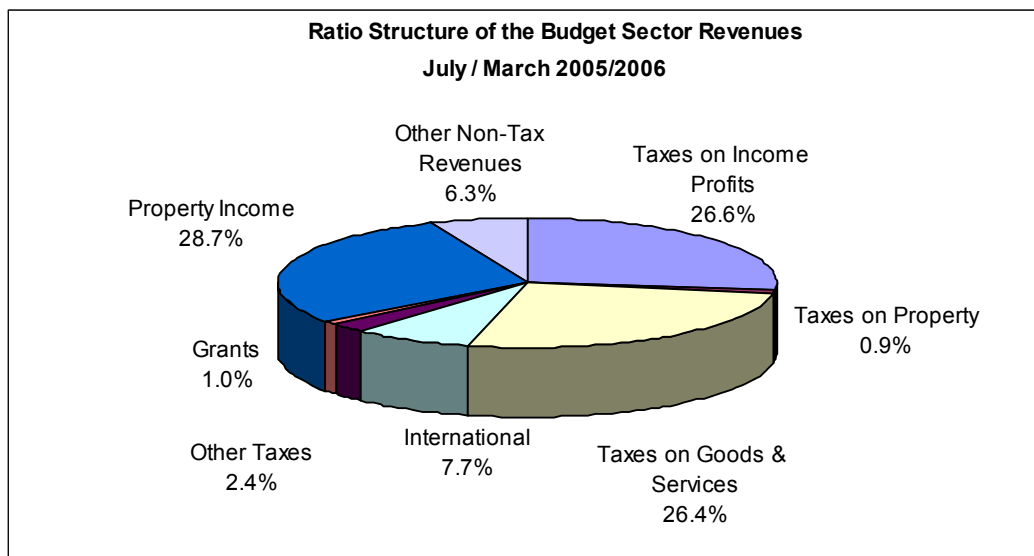
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#### Budget Sector

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Execution of the fiscal operations of the budget sector (administrative system, local administration and services authorities) during July/ March 2005/2006 indicates that total revenues reached about LE 91.4 billion or 70.3% of the budgeted total for the whole FY.

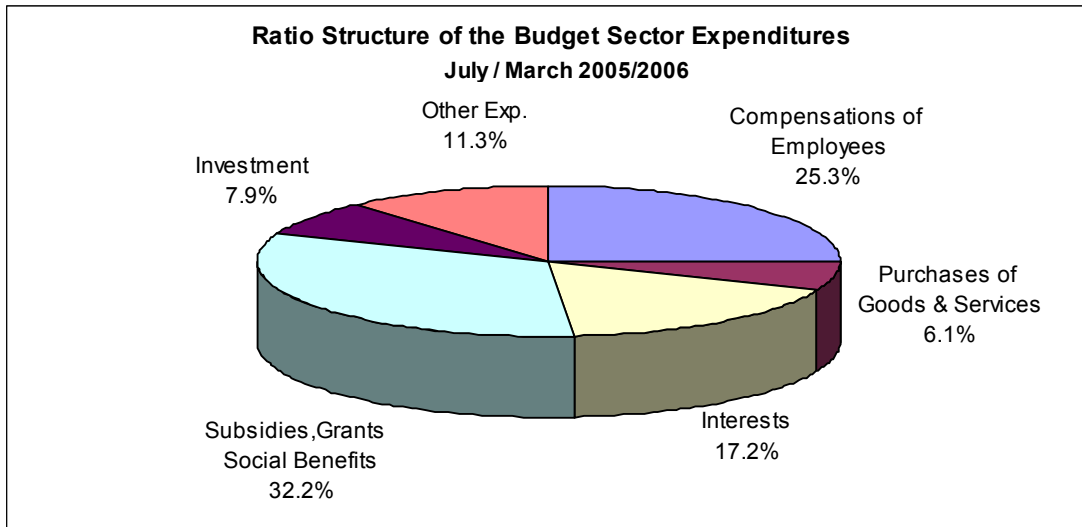
Tax receipts contributed 64.0% of total revenues, as they reached LE 58.5 billion or 71.7% of the projected figure for the whole FY. Collected revenues of taxes on income and profits amounted to some LE 24.3 billion or 41.6% of total tax receipts. Of this figure, 39.2% came from the EGPC, 24.2% from individual incomes, 21.9% from the Suez Canal Authority and 14.7% from some other units. Taxes on goods and services contributed LE 24.1 billion or 41.2% of total tax revenues. Moreover, customs duties contributed some LE 7.0 billion or 12.0%. The following graph shows the contribution of revenues sources to total public revenues.



Revenues collected from property income reached about LE 26.2 billion or 28.7% of total collected revenues, with an execution ratio of 69.2% of the total estimate for the year. Of this amount, 50.3% came from the EGPC, 28.5% from the Suez Canal Authority and the rest from some economic authorities, companies and units.

During July/March 2005/2006, received grants amounted to some LE 0.9 billion or 1.0% of total revenues, with an execution ratio of 31% of the total estimate for the whole FY.

On the other side, expenditures totaled some LE 124.7 billion during the reporting period, with an execution ratio of 66.4% of the total projection for the whole FY. Compensations of employees amounted to some LE 31.6 billion or 25.3% of total expenditures, with an execution ratio of 68.8% of the total projection for the year. Subsidies amounted to about LE 28.4 billion or 22.8% of the total, with an execution ratio of 80.4% of the budgeted total for the year. The bulk of these subsidies (72.1%) went to oil products to protect people from the high prices of these products, and their spillover effects on other goods. The remainder went to GASC and other commodities in support of low-income brackets. Interest on public debt (domestic and foreign) reached about LE 21.5 billion or 17.2% of total expenditures. Defense outlays reached some LE 11.6 billion or 9.3%. Social benefits amounted to about LE 10.5 billion or 8.4% of the total. As such, social benefits (including pensions) plus employees' compensations and subsidies accounted for around 60% of total government expenditure. This reflects the State's consideration for the social dimension in the fiscal and economic reform process.



Purchases of goods and services reached some LE 7.5 billion or 6.1% of the total. Expenditure on the investments of the State's organs, outlined in the Economic and Social Development Plan, reached some LE 9.9 billion or 7.9% of total expenditures.

Against this backdrop, the cash deficit, during the statement period, amounted to some LE 33.3 billion or 57.7% of the total projected deficit for the whole FY, while net acquisition of financial assets reached LE -4.4 billion. Accordingly, the overall deficit of the budget sector during the period reached some LE 28.9 billion or 48.6% of the total estimate for the whole FY. Around 21.7% of this deficit was financed by the banking system, 67.3% from the subscriptions of non-banking local entities for treasury bills and bonds, and the rest from other miscellaneous sources. Moreover, some various local repayments were made in an amount of about LE 1.3 billion.

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### **Budget Sector and NIB**

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With the addition of the fiscal operations of the NIB to those of the budget sector during July/March 2005/2006, the cash deficit declined to about LE 22.0 billion and net acquisition of financial assets amounted to about LE 2.8 billion.

Consequently, the overall deficit decreased to some LE 24.8 billion or 50.4% of the total projected deficit for the whole FY.

### **Budget Sector, NIB and SIFs**

Adding the fiscal operations of the SIFs to those of the budget sector and NIB during July/March 2005/2006, social benefits scaled up by some LE 20.8 billion and “capital revenues for financing investments” by some LE 6.8 billion. Moreover, expenditures and revenues exhibited other increases.

Consequently, total revenues increased during the reporting period by about LE 12.1 billion, to reach LE 106.8 billion, with an execution ratio of 68.7% of the projection. Total expenditures increased, as well, by some LE 21.2 billion, to reach some LE 137.9 billion, with an execution ratio of 71.8% of the budgeted total for the whole FY.

### **Execution of Consolidated Fiscal Operations of General Government (Budget Sector, NIB and SIFs) (Total Revenues)**

(LE bn)

	<b>July/March 2005/2006</b>								
	<b>The Budget Sector</b>	<b>Relative Structure</b>	<b>Execution ratio of the Total Estimated for the Year</b>	<b>The Budget Sector and NIB</b>	<b>Relative Structure</b>	<b>Execution ratio of the Total Estimated for the Year</b>	<b>The Budget Sector, NIB and SIFs</b>	<b>Relative Structure</b>	<b>Execution ratio of the Total Estimated for the Year</b>
<b>Total Revenues</b>	<b>91.4</b>	<b>100.0</b>	<b>70.3</b>	<b>94.7</b>	<b>100.0</b>	<b>70.4</b>	<b>106.8</b>	<b>100.0</b>	<b>68.7</b>
<b>Tax Revenues</b>	<b>58.5</b>	<b>64.0</b>	<b>71.7</b>	<b>58.5</b>	<b>61.8</b>	<b>71.7</b>	<b>58.5</b>	<b>54.9</b>	<b>71.7</b>
Tax on income & profits	24.3	26.6	69.9	24.3	25.7	69.9	24.3	22.8	69.9
From EGPC	9.5	10.4	76.1	9.5	10.1	76.1	9.5	8.9	76.1
From SCA	5.3	5.8	71.3	5.3	5.6	71.3	5.3	5.0	71.3
From CBE	-	0.0	0.0	-	0.0	0.0	-	0.0	0.0
From other units	3.6	3.9	57.0	3.6	3.8	57.0	3.6	3.4	57.0
Payable by individuals	5.9	6.5	70.1	5.9	6.2	70.1	5.9	5.5	70.1
Taxes on property	0.9	0.9	84.9	0.9	0.9	84.9	0.9	0.8	84.9
Taxes on goods and services	24.1	26.4	74.5	24.1	25.5	74.5	24.1	22.6	74.5
Taxes on international trade (customs)	7.0	7.7	77.1	7.0	7.4	77.1	7.0	6.6	77.1
other taxes	2.2	2.4	51.4	2.2	2.3	51.4	2.2	2.1	51.4
<b>Grants</b>	<b>0.9</b>	<b>1.0</b>	<b>31.0</b>	<b>0.9</b>	<b>1.0</b>	<b>31.0</b>	<b>0.9</b>	<b>0.8</b>	<b>31.0</b>
<b>Other Revenues</b>	<b>32.0</b>	<b>35.0</b>	<b>70.0</b>	<b>35.3</b>	<b>37.2</b>	<b>70.5</b>	<b>47.4</b>	<b>44.3</b>	<b>66.8</b>
Property income	26.2	28.7	69.2	28.6	30.2	67.7	29.7	27.8	67.4
Sales of goods and services	3.6	3.9	70.6	4.5	4.7	88.2	4.5	4.2	88.2
Capital revenues for financing investment	0.8	0.8	76.9	0.8	0.8	76.9	7.6	7.1	778.2
Other	1.4	1.6	82.6	1.4	1.5	82.7	5.6	5.2	26.8

Source: Ministry of Finance

Percentages are calculated in terms of LE million.

**Execution of Consolidated Fiscal Operations of General Government  
(Budget Sector, NIB and SIFs)  
(Total Expenditures)**

(LE bn)

	<b>July/March 2005/2006</b>								
	The Budget Sector	Relative Structure	Execution Ratio of the Total Estimated for the Year	The Budget Sector and NIB	Relative Structure	Execution Ratio of the Total Estimated for the Year	The Budget Sector, NIB and SIFs	Relative Structure	Execution Ratio of the Total Estimated for the Year
<b>Total Expenditures</b>	<b>124.7</b>	<b>100.0</b>	<b>66.4</b>	<b>116.7</b>	<b>100.0</b>	<b>67.6</b>	<b>137.9</b>	<b>100.0</b>	<b>71.8</b>
- <b>Compensation of</b>									
<b>Employees</b>	<b>31.6</b>	<b>25.3</b>	<b>68.8</b>	<b>31.6</b>	<b>27.1</b>	<b>68.8</b>	<b>32.0</b>	<b>23.2</b>	<b>68.9</b>
- <b>Purchases of</b>									
<b>Goods and</b>									
<b>Services</b>	<b>7.5</b>	<b>6.1</b>	<b>57.3</b>	<b>7.5</b>	<b>6.5</b>	<b>57.3</b>	<b>7.6</b>	<b>5.5</b>	<b>57.3</b>
- <b>Interest</b>	<b>21.5</b>	<b>17.2</b>	<b>50.5</b>	<b>22.6</b>	<b>19.3</b>	<b>59.0</b>	<b>22.6</b>	<b>16.4</b>	<b>59.0</b>
- <b>Subsidies, Grants</b>									
<b>and Social</b>									
<b>Benefits</b>	<b>40.1</b>	<b>32.2</b>	<b>79.4</b>	<b>31.0</b>	<b>26.5</b>	<b>78.4</b>	<b>51.7</b>	<b>37.5</b>	<b>88.6</b>
Subsidies	28.4	22.8	80.4	28.4	24.4	80.4	28.4	20.6	80.4
Grants	1.2	1.0	66.6	1.2	1.0	66.6	1.2	0.9	66.6
Social benefits	10.5	8.4	84.9	1.3	1.1	100.5	22.1	16.0	109.3
Other	..	-	1.4	..	-	1.4	..	-	1.4
- <b>Other Expenditures</b>	<b>14.1</b>	<b>11.3</b>	<b>77.2</b>	<b>14.1</b>	<b>12.1</b>	<b>77.1</b>	<b>14.1</b>	<b>10.2</b>	<b>77.1</b>
- <b>Purchases of Non-</b>									
<b>financial Assets</b>									
<b>(Investments)</b>	<b>9.9</b>	<b>7.9</b>	<b>56.9</b>	<b>9.9</b>	<b>8.5</b>	<b>56.9</b>	<b>9.9</b>	<b>7.2</b>	<b>56.8</b>

Source: Ministry of Finance.

Percentages are calculated in terms of LE million.

.. Less than LE 0.1 billion.

Against this background, the cash deficit of the consolidated fiscal operations of the general government during July/March 2005/2006 reached about LE 31.1 billion or 84.7% of the total projected cash deficit for the whole FY. Net acquisition of financial assets amounted to about LE 2.9 billion. Thus, the overall deficit posted some LE 34.0 billion or 68.9% of the overall deficit estimated for the whole FY.

**Execution of Consolidated Fiscal Operations of General Government  
(Budget Sector, NIB and SIFs)  
(Cash and Overall Deficit/Surplus and Financing Sources)**  
(LE bn)

	<b>July/March 2005/2006</b>								
	The Budget Sector	Relative Structure	Execution ratio of the Total Estimated for the Year	The Budget Sector and NIB	Relative Structure	Execution ratio of the Total Estimated for the Year	The Budget Sector, NIB and SIFs	Relative Structure	Execution ratio of the Total Estimated for the Year
<b>Total Revenues</b>	<b>91.4</b>		<b>70.3</b>	<b>94.7</b>		<b>70.4</b>	<b>106.8</b>		<b>68.7</b>
<b>Total Expenditures</b>									
	<b>124.7</b>		<b>66.4</b>	<b>116.7</b>		<b>67.6</b>	<b>137.9</b>		<b>71.8</b>
Cash Deficit	33.3		57.7	22.0		57.7	31.1		84.7
Net acquisition of financial assets	-4.4		-252.3	2.8		25.3	2.9		22.7
<b>Overall Deficit</b>	<b>28.9</b>		<b>48.6</b>	<b>24.8</b>		<b>50.4</b>	<b>34.0</b>		<b>68.9</b>
<b>Financing Sources</b>	<b>28.9</b>	<b>100.0</b>	<b>48.6</b>	<b>24.8</b>	<b>100.0</b>	<b>50.4</b>	<b>34.0</b>	<b>100.0</b>	<b>68.9</b>
Domestic financing	25.7	89.0	41.9	29.7	119.7	46.3	34.9	102.6	53.9
Banking financing	6.3	21.7	18.3	6.8	27.2	19.4	11.9	35.0	33.7
Non-banking financing	19.4	67.3	71.9	22.9	92.5	78.1	23.0	67.6	78.1
Foreign borrowing	4.4	15.1	146.2	4.4	17.7	146.2	4.4	12.9	146.2
Arrears	-0.1	-0.4	0.0	-0.1	-0.5	0.0	-0.1	-0.3	0.0
Other	-0.3	-1.1	27.3	-0.3	-1.3	27.3	1.9	5.5	-18.1
Financing effects for eliminations	=	=	=	-8.1	-32.5	-62.2	-6.3	-18.4	-147.4
Exchange rate reevaluation	=	=	=	=	=	=	=	=	=
Net privatization proceeds	0.1	0.4	3.6	0.1	0.4	3.6	0.1	0.3	3.6
Privatization proceeds	1.3	4.6	26.7	1.3	5.3	26.7	1.3	3.9	26.7
Treasury contribution to the Restructuring Fund	1.2	4.2	61.3	1.2	4.9	61.3	1.2	3.6	61.3
Discrepancy	-0.9	-3.0	12.9	-0.9	-3.5	12.9	-0.9	-2.6	12.9

Source: Ministry of Finance.

Percentages are calculated in terms of LE million.

The overall deficit of the consolidated fiscal operations of the general government was partly financed by domestic sources, of which banking resources contributed 35% and non-banking resources contributed the remainder. Foreign sources financed 12.9% of the total deficit.

## Domestic Public Debt

### 3/2: Domestic Public Debt

Gross domestic public debt increased by LE 39.5 billion during July-March of FY 2005/2006, to post LE 550.3 billion or 92.8% of GDP at end of March 2006. Domestic government debt represented 68.0% of the total, public economic authorities 8.0% and NIB net debt 24.0%.

### Gross Domestic Public Debt

At End of	June 2005		March 2006		(LE bn)
	Value	%	Value	%	Change (-)
<b><u>Gross Domestic Public Debt</u></b>					
<b><u>(1 + 2 + 3)</u></b>					
Due on:					
1- Government	349.1	68.4	374.0	68.0	24.9
2- Public economic authorities	47.2	9.2	44.2	8.0	(3.0)
3- NIB (net indebtedness)	114.5	22.4	132.1	24.0	17.6

### 3/2/1: Domestic Government Debt

Domestic government debt amounted to LE 374.0 billion at end of March 2006, with a rise of LE 24.9 billion or 7.1% during July-March, 2005/2006. This increase stemmed from a decline of LE 31.1 billion in the government net credit position with the banking system. This came –in turn- as a result of the decrease in government deposits by LE 37.5 billion; (i.e. more than the decline of LE 6.4 billion in its loans from the banking system), along with the decrease in the balance of government borrowing from the NIB by nearly LE 5.3 billion and in the balances of bonds and bills by about LE 0.9 billion.

### Domestic Government Debt

Balances at End of	June 2005		March 2006		(LE bn)
	Value	%	Value	%	Change (-)
<b>Domestic Government Debt</b>	<b>349.1</b>	<b>100.0</b>	<b>374.0</b>	<b>100.0</b>	<b>24.9</b>
<b>- Balances of Bonds &amp; Bills</b>	<b>340.9</b>	<b>97.6</b>	<b>340.0</b>	<b>90.9</b>	<b>(0.9)</b>
• Notes and bonds*	216.0	61.8	240.9	64.4	24.9
Of which, tradable on stock exchanges	32.3	9.2	58.3	15.6	26.0
• Treasury bills	124.9	35.8	99.1	26.5	(25.8)
<b>- Government Borrowing from the NIB</b>	<b>143.7</b>	<b>41.2</b>	<b>138.4</b>	<b>37.0</b>	<b>(5.3)</b>
<b>- Government Net Balances with the Banking System</b>	<b>(135.5)</b>	<b>(38.8)</b>	<b>(104.4)</b>	<b>(27.9)</b>	<b>31.1</b>
• Credit facilities	17.9	5.1	11.5	2.4	(6.4)
• Deposits	(153.4)	(43.9)	(115.9)	(30.3)	37.5
<b>Domestic Government Debt/GDP</b>	<b>65.1%</b>		<b>63.1%</b>		

Source: Ministry of Finance, CBE and NIB.

Ratios are calculated in terms of LE million.

\* Including treasury bonds, housing bonds, foreign currency bonds with public commercial banks, the 5% ratio retained from the profits of companies subject to Law No. 97 for 1983 for purchasing government bonds, and holdings of resident financial institutions in Egypt (the banking system and the insurance sector) of dollar-denominated sovereign bonds tradable on world stock exchanges.

The decline in the balance of bonds and bills is an outcome of the following factors:

- TBs outstanding balance decreased by LE 25.8 billion, reaching LE 99.1 billion at end of March 2006, because of the following:
  - A decline of LE 40.4 billion in the TBs issued for the Central Bank to serve the purposes of monetary policy, according to the agreement between the Central Bank and the Ministry of Finance. The remaining balance of these bills amounted to LE 4.6 billion at end of March 2006.
  - A rise of LE 14.6 billion in the outstanding balance of Treasury bills issued under the primary dealers system, to reach LE 94.5 billion at end of March 2006.

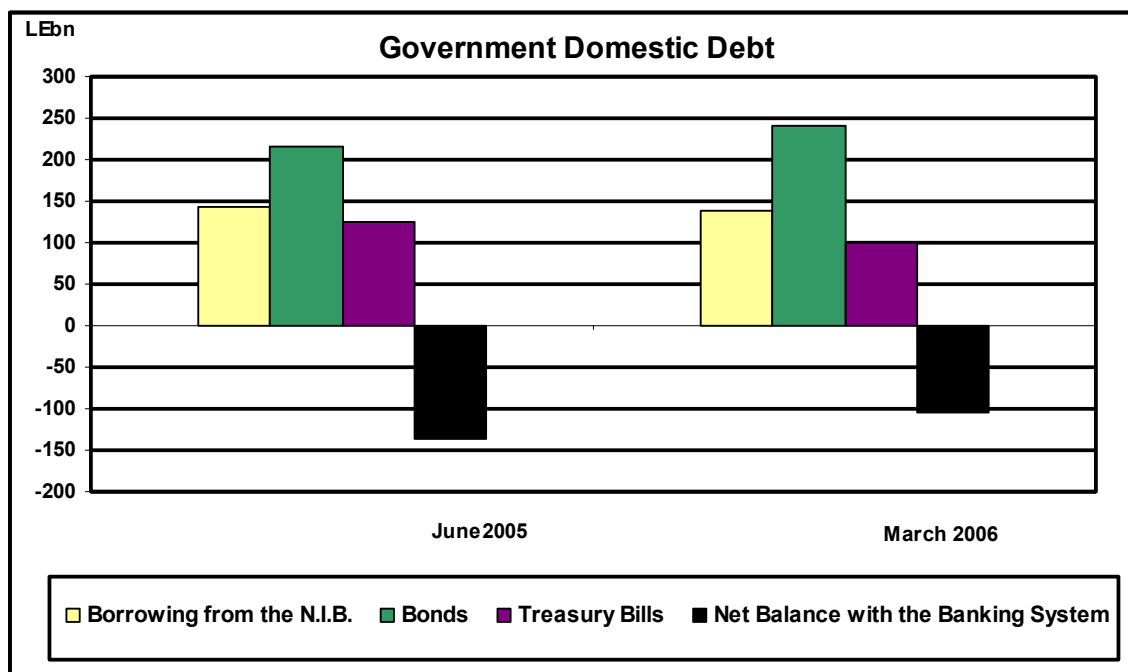


- Treasury bonds outstanding balance increased by LE 24.9 billion because of the following:

- Offering of four Treasury bond issues under the primary dealer system during January-March. Two of these issues were in January 2006, each with a value of LE 2.0 billion, (the first, bearing an annual interest of 9.05%, falls due on 3/1/2010 and the second, with an annual interest of 8.85%, is due on 24/1/2013). The other two bond issues were floated in February 2006, each with a value of LE 2.0 billion (the first, bearing an annual interest of 8.50%, falls due on 14/2/2008 and the second, with an annual interest of 8.6%, is due on 28/2/2011).
- The redemption of four tranches of Egyptian Treasury bonds, with a total value of LE 2.0 billion.
- The increase in the value of the Treasury bond issue made in November, in the amount of LE 2.0 billion, as a result of auction reopening on 14/3/2006, on the same original conditions of issue. This Treasury bond issue falls due on 15/11/2015.

After adding the balance of Egyptian Treasury bonds issued under the primary dealer system for the period July-December, 2005/2006, (at a value of LE 18.0 billion), the balance of these bonds amounted to LE 53.0 billion at end of March 2006.

- The redemption of the Treasury bonds issued in 1985/1986 (for the purpose of repaying the debt of public sector companies) on the 5<sup>th</sup> and 29<sup>th</sup> of March 2006, with a value of LE 566 million and LE 37 million, respectively. Adding the bonds redeemed on 13<sup>th</sup> November 2005, as a previous debt of LE 470 million due on the GASC, the total value redeemed of these bonds would amount to LE 1.1 billion.



### 3/2/2: Indebtedness of Public Economic Authorities

The indebtedness of the public economic authorities declined by about LE 3.0 billion during July-March, 2005/2006, to LE 44.2 billion at end of March 2006. This was attributed to the decrease of nearly LE 4.3 billion in their net balances with the banking system, on the one hand, and the decline of LE 7.3 billion in their balances of borrowing from the NIB, on the other.

#### **Debt of Public Economic Authorities**

Balances at End of	June 2005		March 2006		Change (-)
	Value	%	Value	%	
<b>Total Debt</b>	<b>47.2</b>	<b>100.0</b>	<b>44.2</b>	<b>100.0</b>	<b>(3.0)</b>
Net Balances at the Banking System	(11.1)	(23.5)	(6.8)	(15.4)	4.3
• Credit	23.4	49.7	23.2	52.3	(0.2)
• Deposits	34.5	(73.2)	(30.0)	(67.7)	4.5
Borrowing from the NIB	58.3	123.5	51.0	115.4	(7.3)
<b>Total Debt /GDP (%)</b>	<b>8.8%</b>		<b>7.5%</b>		

Source: Ministry of Finance, CBE and NIB.

### 3/2/3: NIB Resources and Uses

Total NIB resources from the saving vessels transferred thereto amounted to LE 321.5 billion at end of March 2006, with a rise of LE 5.0 billion during July-March of FY 2005/2006. This resulted from the increase of nearly LE 3.1 billion in the proceeds of investment certificates and in the cumulative returns on investment certificates (A group) – despite the reduction of the annual interest rates on the certificates purchased as from 1/3/2006, to 9% and 9.5%, respectively (Minister of Finance Decree No. 4 of 2006).

Likewise, post office saving accounts increased by LE 1.4 billion, though their interest rates were reduced, effective as from February, 1<sup>st</sup>, 2006, to 9.5% and for the deposits of more-than-one year to 9.75% (Decree of the Minister of Finance No. 2 of 2006). The surpluses transferred to the NIB from the Social Insurance Fund for Civil Servants increased by LE 0.5 billion. Meanwhile, the proceeds of the US dollar development bonds decreased by LE 0.4 billion and so did the deposits of the other domestic entities by LE 0.1 billion.

#### NIB Resources and Uses

Balances at End of	June 2005		March 2006		(LE bn)
	Value	%	Value	%	Change (-)
<b>Resources</b>	<b>316.5</b>	<b>100.0</b>	<b>321.5</b>	<b>100.0</b>	<b>5.0</b>
· Social Insurance Fund for Civil Servants	122.9	38.8	123.4	38.4	0.5
· Social Insurance Fund for Public and Private Business Sectors Employees	96.1	30.4	96.1	29.9	-
· Investment certificates proceeds	58.5	18.5	61.5	19.1	3.0
· Cumulative returns on investment certificates (group A)	6.9	2.2	7.0	2.2	0.1
· US dollar development bond proceeds	1.4	0.4	1.0	0.3	(0.4)
· Post office saving accounts	33.9	10.7	35.3	11.0	1.4
· NIB account balances (net) at the banking system	(4.9)	(1.5)	(4.4)	(1.4)	0.5
· Others	1.7	0.5	1.6	0.5	(0.1)
<b>Uses</b>	<b>316.5</b>	<b>100.0</b>	<b>321.5</b>	<b>100.0</b>	<b>5.0</b>
· Government	143.7	45.4	138.4	43.0	(5.3)
· Public economic authorities	58.3	18.4	51.0	15.9	(7.3)
· Others	114.5	36.2	132.1	41.1	17.6
NIB debt (net)/GDP		21.3%		22.3%	

Source: Ibid.

The NIB used 43.0% of these resources for financing government investments and 15.9% for public economic authorities' investments, while the remaining 41.1% was used as lending to holding companies and their affiliate units and as concessional loans to some projects.

Against this background, the NIB net credit position with the banking system retreated by LE 0.5 billion, to LE 4.4 billion at end of March 2006.

#### **4- External Transactions**

##### **4/1: Foreign Exchange Market**

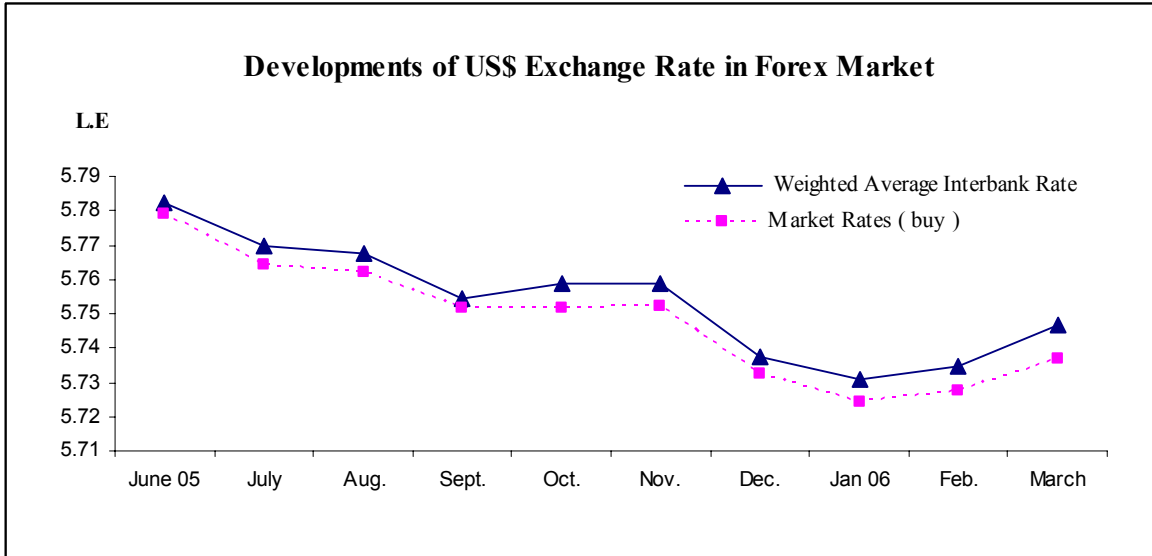
During July-March of FY 2005/2006, forex market resources rose by US\$ 10.0 billion to US\$ 22.8 billion, and utilizations by US\$ 8.7 billion to US\$ 18.0 billion. This resulted in a surplus of US\$ 4.8 billion, up by US\$ 1.3 billion over its level of the corresponding period a year earlier. The surplus stemmed from the US\$ 4.7 billion surplus realized by the banking system and the US\$ 0.1 billion of foreign exchange dealer companies. This helped strengthen the CBE's net international reserves that rose consequently to US\$ 23.1 billion at end of July 2006.

##### **Resources and Utilizations of the Forex Market**

	(US\$ mn)	
	<b><u>July-March</u></b>	
	<b>2004/2005</b>	<b>2005/2006</b>
<b><u>Surplus/Deficit (-)</u></b>	<b><u>3481</u></b>	<b><u>4776</u></b>
The banking system	3190	4646
Foreign exchange dealer companies	291	130
<b><u>Resources</u></b>	<b><u>12768</u></b>	<b><u>22771</u></b>
The banking system	11821	20834
Foreign exchange dealer companies	947	1937
<b><u>Utilizations</u></b>	<b><u>9287</u></b>	<b><u>17995</u></b>
The banking system	8631	16188
Foreign exchange dealer companies	656	1807

Net foreign currency assets of banks - excluding the CBE - mounted by US\$ 0.1 billion, to reach US\$ 4.3 billion at end of March 2006. However, this did not increase the ratio of banks' assets to their obligations in foreign currencies, as it recorded 113.3% at end of March 2006, against 113.8% at end of June 2005.

As for exchange rate developments, the US\$ market rate (buy) declined from LE 5.7789 at end of June 2005 to LE 5.7366 at end of March 2006. In other words, the LE value rose by 0.7% against the US\$ during the period. The weighted average of the US\$ exchange rate in the interbank market also decreased to LE 5.7469 at end of March 2006, against LE 5.7824 at end of June 2005.



Source: CBE

## 4/2: Balance of Payments\*

### 4/2/1: Summary

During July/March of FY 2005/2006, the BOP realized an overall surplus of US\$ 3.3 billion, almost the same level of the corresponding period of the previous FY. This led to an equivalent rise in foreign reserve assets with the CBE. The overall surplus resulted from the following developments in the BOP components. First, the current account achieved a US\$ 2.1 billion surplus, as a net outcome of the surplus on services and net unrequited transfers on the one hand, and the increase in the trade deficit, on the other. Second, the capital and financial account unfolded a net inflow of US\$ 1.9 billion during the period, compared with US\$ 1.7 billion during the previous corresponding period.

As for the BOP current account, receipts rose by US\$ 5.3 billion, totaling US\$ 30.5 billion. This was an outcome of the following increases: 37.6% in merchandise export proceeds, 13.6% in service receipts and 20.6% in private transfers, whereas official transfers dropped by 54.9%. On the other hand, current payments stepped up by US\$ 6.1 billion, to US\$ 28.4 billion, because import payments rose by 26.7% and services payments by 29.1%.

### Summary of Current Receipts and Payments

(US\$ mn)

	July/March		2005/2006	%	Change (-)
	2004/2005	%			
<b>Current Receipts</b>	<b>25146.1</b>	<b>100.0</b>	<b>30468.9</b>	<b>100.0</b>	<b>5322.8</b>
Export proceeds**	9782.0	38.9	13460.4	44.2	3678.4
Services receipts	11347.1	45.1	12887.9	42.3	1540.8
Private transfers (net)	3059.5	12.2	3688.7	12.1	629.2
Official transfers (net)	957.5	3.8	431.9	1.4	(525.6)
<b>Current Payments</b>	<b>22319.4</b>	<b>100.0</b>	<b>28407.2</b>	<b>100.0</b>	<b>6087.8</b>
Import payments***	17002.7	76.2	21543.1	75.8	4540.4
Services payments	5316.7	23.8	6864.1	24.2	1547.4

\* A statistical statement recording economic transactions between a given economy (resident) and the rest of the world (non-resident) during a specific period, compiled in accordance with the Fifth Edition of the IMF's Balance of Payments Manual, September 1993.

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

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

External balance indicators showed a decrease as illustrated in the following Table:

**Current Receipts/Payments Coverage Ratio**

	(%)	
	<b>July/March</b>	
	<b>2004/2005</b>	<b>2005/2006</b>
Merchandise Exports / Merchandise Imports	57.5	62.5
Services Receipts / Services Payments	213.4	187.8
Current Receipts (excluding official transfers) / Current Payments	108.4	105.7
Current Receipts / Current Payments	112.7	107.3

The capital and financial account recorded, during the period under review, a net inflow of US\$ 1.9 billion. This was mainly due to the fact that net foreign investment in Egypt (direct and portfolio) achieved an inflow of US\$ 7.5 billion (including US\$ 4.6 billion as net FDI and US\$ 2.9 billion as net portfolio investment) against inflows of US\$ 3.6 billion during the previous corresponding period (including net FDI of US\$ 3.1 billion and net portfolio investment of US\$ 582.2 million).

In the meantime, net outflows of other assets and liabilities (the change in banks' foreign assets and liabilities, the CBE's non-reserve foreign assets, and the counterpart of some items in the current account) scaled up to US\$ 5.5 billion, against US\$ 3.3 billion in the corresponding period. Moreover, medium- and long-term loans and facilities unfolded a net repayment of US\$ 666.1 million, against US\$ 691.2 million.



## Balance of Payments

(US\$ mn)

	July/March	
	2004/2005	2005/2006*
<b><u>Current Account</u></b>	<b><u>2826.7</u></b>	<b><u>2061.7</u></b>
<b><u>Current Account (Excluding Transfers)</u></b>	<b><u>-1190.3</u></b>	<b><u>-2058.9</u></b>
<b><u>Trade Balance</u></b>	<b><u>-7220.7</u></b>	<b><u>-8082.7</u></b>
Exports**	9782.0	13460.4
Oil and products	3823.0	7439.6
Others	5959.0	6020.8
Imports**	-17002.7	-21543.1
Oil	-2249.5	-3747.9
Others	-14753.2	-17795.2
<b><u>Services Balance</u></b>	<b><u>6030.4</u></b>	<b><u>6023.8</u></b>
Receipts, of which:	11347.1	12887.9
Transportation, of which:	3131.4	3639.3
Sues Canal dues	2448.7	2624.0
Travel	4961.6	5567.0
Investment income	595.1	1404.2
Payments, of which:	-5316.7	-6864.1
Transportation	-677.5	-830.8
Investment income	-854.9	-1086.2
<b><u>Transfers</u></b>	<b><u>4017.0</u></b>	<b><u>4120.6</u></b>
Private (net)	3059.5	3688.7
Official (net)	957.5	431.9
<b><u>Capital and Financial Account</u></b>	<b><u>1708.5</u></b>	<b><u>1876.8</u></b>
Capital account	0.0	-37.5
Financial account	1708.5	1914.3
Direct investment in Egypt (net)***	3059.5	4631.5
Direct investment abroad	-18.1	-87.4
Portfolio investment in Egypt (net)	582.2	2847.7+
Portfolio investment abroad	556.9	-698.2
Other investments (net)	-2472.0	-4779.3
<b><u>Errors and Omissions (Net)</u></b>	<b><u>-1283.2</u></b>	<b><u>-673.2</u></b>
<b><u>Overall Balance</u></b>	<b><u>3252.0</u></b>	<b><u>3265.3</u></b>
<b><u>Change in Reserve Assets, Increase (-)++</u></b>	<b><u>-3252.0</u></b>	<b><u>-3265.3</u></b>

\* Provisional figures

\*\* Including imports and exports of the free zones

\*\*\* Including FDI in the oil sector and the proceeds of selling local enterprises to foreign investors at the equivalent of 10% or more of the capital

+ Including foreigners' subscriptions for Egyptian bonds and notes

++ The increase in balances takes a negative sign as it represents an outflow on the debit side, and vice versa.

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## **4/2/2: Trade Balance**

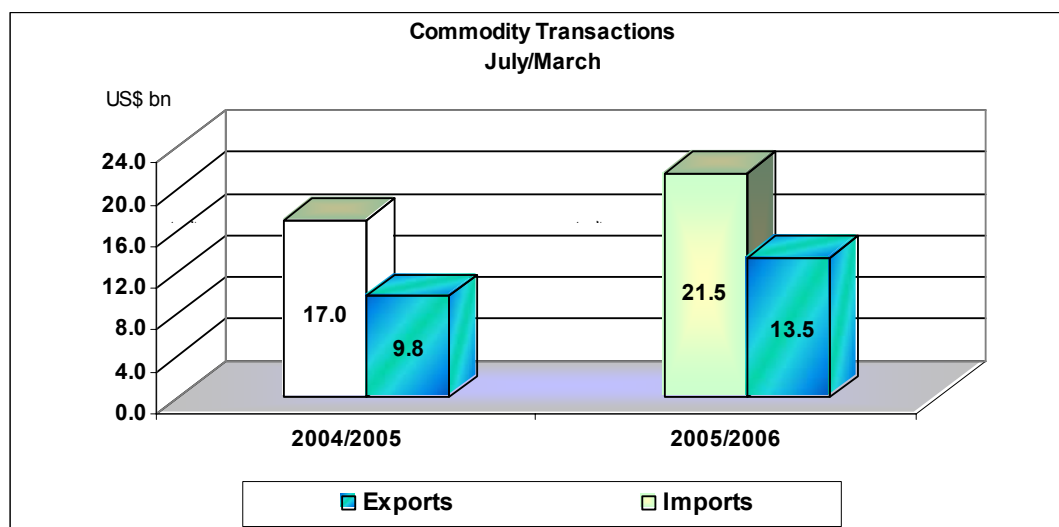
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The value of foreign trade (total exports and imports) significantly grew by 30.7% during July/March 2005/2006, as compared with the corresponding period of the previous FY. The index of economic openness - foreign trade as a percentage of GDP – rose from 30.4% during the corresponding period to 33.9% during the period under review. The noticeable increase in the Egyptian export proceeds (37.6%) to US\$ 13.5 billion was accompanied by a rise in import payments by 26.7% to reach some US\$ 21.5 billion.

The robust export proceeds were a chief result of the surge in oil exports by 94.6%, to nearly US\$ 7.5 billion or 55.3% of total export proceeds during the period under review. In addition, non-oil export proceeds remained almost unchanged at their previous level (US\$ 6.0 billion). Exports as a percentage of GDP went up to 13.1% during the period under review, against 11.1% during the corresponding period a year earlier.

Import payments climbed by US\$ 4.5 billion due to a rise in import payments of all commodity groups. The rise was a reflection of a growing domestic demand for imports on the one hand, and higher world prices of some goods, on the other. The increase in the imports of intermediate and investment goods represented 74.1% of the total increase in imports; a matter that may help raise production and accordingly enhance economic growth in the future. Import payments as a percentage of GDP stepped up to 20.9%, against 19.3%.

Against this backdrop, the trade deficit expanded by 11.9% to US\$ 8.1 billion or 7.8% of GDP. Meanwhile, merchandise export proceeds / merchandise import payments rose to 62.5%, against 57.5%.



## 4/2/2/1: Commodity Distribution of Exports and Imports

### A. Exports by Degree of Processing

The distribution of merchandise exports during July/March 2005/2006 - as compared with the same period of the previous FY- reveals that the increase in export proceeds was mainly in the group of fuel, mineral oils and products. (see the following Table).

#### Commodity Distribution of Exports by Degree of Processing

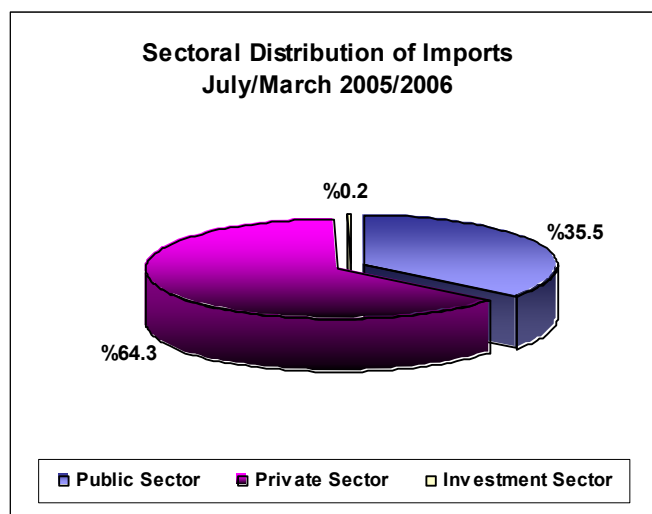
(US\$ mn)

	July/March				Change(-)
	<u>2004/2005</u>		<u>2005/2006</u>		
	Value	%	Value	%	
<b>Total</b>	<b>9782.0</b>	<b>100.0</b>	<b>13460.4</b>	<b>100.0</b>	<b>3678.4</b>
1-Fuel, mineral oils and products	3971.6	40.6	7593.7	56.4	3622.1
2-Raw materials	450.9	4.6	498.6	3.7	47.7
3-Semi-finished goods	584.1	6.0	799.0	6.0	214.9
4-Finished goods	3856.2	39.4	3839.3	28.5	(16.9)
5-Miscellaneous items, unclassified	919.2	9.4	729.8	5.4	(189.4)

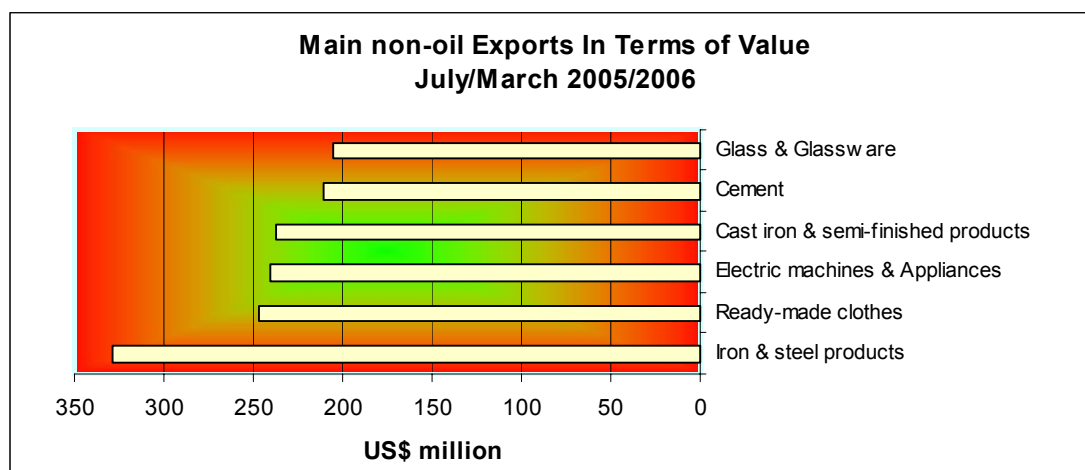
Fuel export proceeds stepped up by 94.6% to nearly US\$ 7.5 billion, due to the continuous increase in the exports of natural gas to US\$ 1.9 billion, or 53.3% of the total increase in oil exports. Such an increase followed the full operation of most production stages related to the natural gas liquefaction project in Egypt (exported to Spain, the USA, France, South Korea, England, Japan, Belgium and Italy in order during the period). Moreover, export proceeds of crude oil went up by 59.2% to US\$ 2.3 billion, because of the 18.5% rise in exported quantities and the escalation in the average export prices from US\$ 30.9 to US\$ 41.5 a barrel. Exports of oil products rose by 42.3% to US\$ 2.3 billion, as an outcome of the increase in exported quantities by 10.0%, and in average export prices from US\$ 356.7 to US\$ 461.2 a ton. In addition, the export proceeds of bunker and jet fuel moved up by 22.4% to US\$ 705.0 million.

Non-fuel export proceeds amounted to US\$ 6.0 billion, with a slight growth of 1.0%. The increase in export proceeds was mainly manifest in cast iron and products thereof; aluminum (unmixed); organic and inorganic chemicals; cement; raw and tanned leather; and iron ores. In contrast, a decline was noticed in the exports of iron and steel products; pharmaceuticals; cars, tractors and bicycles; aluminum articles; and chinaware.

According to the sectoral distribution of export proceeds, the public sector came first, contributing about 47.1% of total export proceeds (oil exports represented 97.7% of its total exports). The private sector came second, contributing 42.8% of the total (finished goods represented 64.8%), then the investment sector came, with 10.1%, with oil exports representing 91.5% of its total exports.



Given the limited growth rate in non-oil exports as seen in the above trends, it is imperative that all sectors -especially the public and investment sectors - should play a more effective role in stimulating this type of exports.



## **B. Imports by Degree of Use**

Merchandise import payments recorded an increase of US\$ 4.5 billion. About 74.1% of this increase was concentrated in import payments of investment and intermediate goods.

### **Commodity Distribution of Imports by Degree of Use**

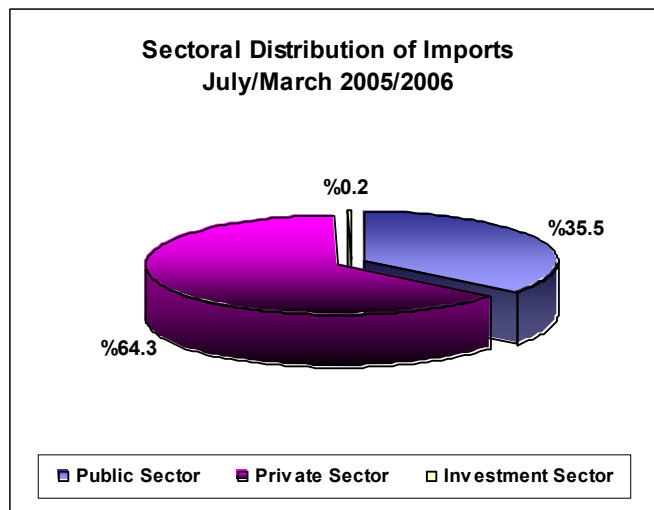
(US\$ mn)

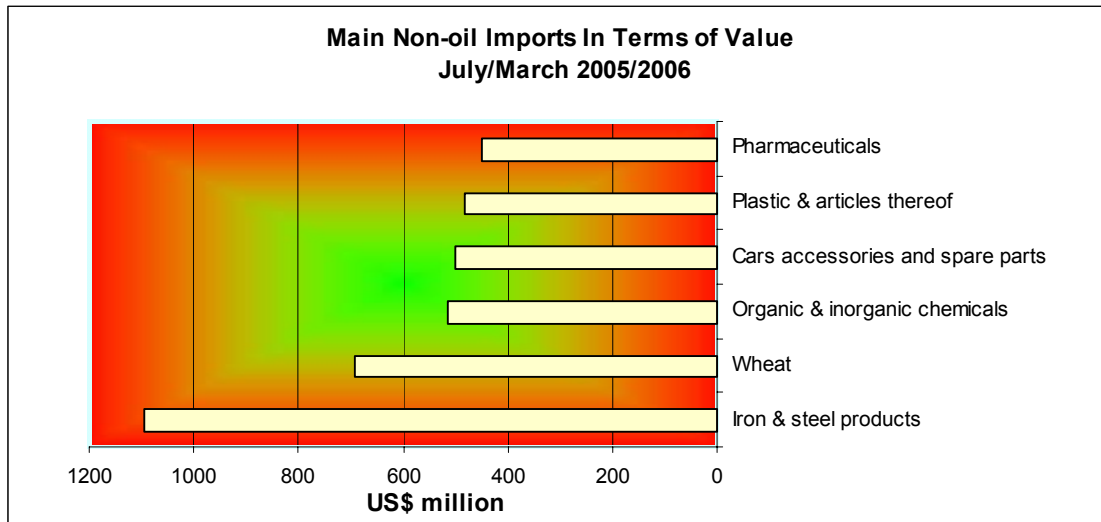
	<b>July/March</b>				<b>Change (-)</b>
	<b>2004/2005</b>		<b>2005/2006</b>		
	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>	
<b>Total</b>	<b><u>17002.7</u></b>	<b><u>100.0</u></b>	<b><u>21543.1</u></b>	<b><u>100.0</u></b>	<b><u>4540.4</u></b>
1- Fuel, mineral oils and products	1517.5	8.9	1710.5	7.9	193.0
2- Raw materials	2820.8	16.6	3796.5	17.6	975.7
3- Intermediate goods	4601.1	27.1	6058.2	28.1	1457.1
4- Investment goods	3533.0	20.8	5439.6	25.3	1906.6
5- Consumer goods	2316.7	13.6	2539.7	11.8	223.0
A. Durables	748.2	4.4	679.8	3.2	(68.4)
B. Non-durables	1568.5	9.2	1859.9	8.6	291.4
6- Miscellaneous items, unclassified	2213.6	13.0	1998.6	9.3	(215.0)

Non-oil imports amounted to US\$ 17.8 billion or 82.6% of total imports. The increase was mainly seen in imports of iron and steel products; car accessories and spare parts; cars for passengers transport; pharmaceuticals; motors, generators and electric transformers; cement; and fertilizers. Conversely, imports of wheat declined by 27.4% during the period under review, compared with the corresponding period, to reach US\$ 691.2 million or 3.9% of the total (against 6.5% during the period of comparison). This decline was a chief result of the continuous increase in the domestic production of wheat over the last two years. In addition, imports of electric appliances; oleaginous seeds and fruits; and aluminum articles exhibited a similar drop.

Oil imports reached US\$ 3.7 billion, denoting a significant growth of 66.6% and representing 17.4% of total import payments. Such a growth was mainly ascribed to the sharp increase in crude oil imports that stemmed from the hike in world oil prices and strong domestic consumption during the period under review.

Regarding the sectoral distribution of total import payments, the private sector ranked first (its main imports were crude oil and products; iron and steel products; and wheat). Second came the public sector (its chief imports were crude oil and products; animal and vegetable fats, greases and oils and products; and agricultural machines). Finally came the investment sector (its main imports were iron and steel products; plastics and articles thereof; chinaware; and pharmaceuticals).





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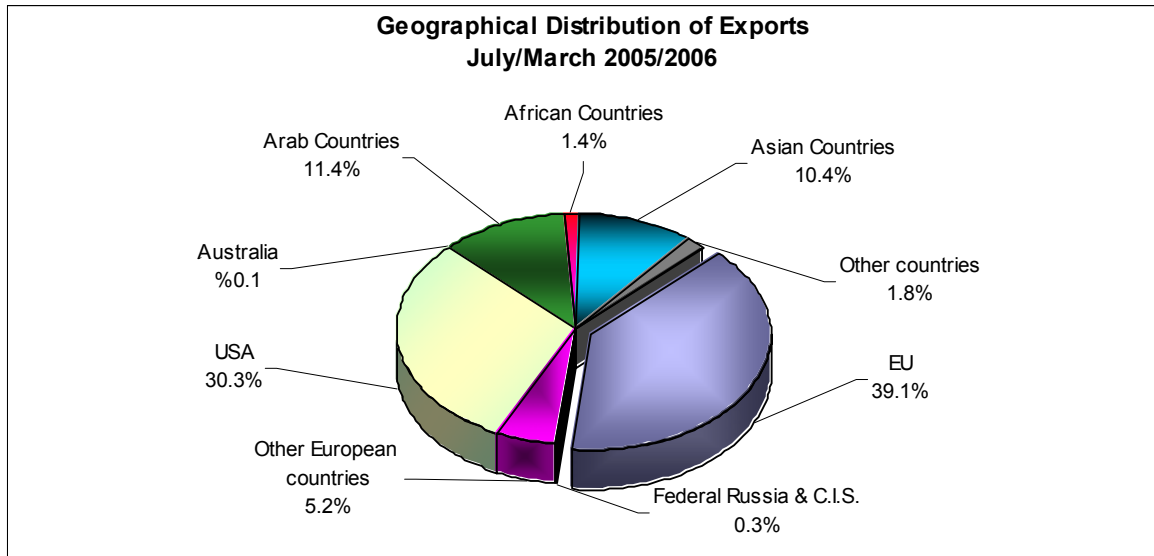
#### **4/2/2/2: Geographical Distribution of Export Proceeds and Import Payments**

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During July/March 2005/2006, the EU countries continued to rank first on the list of Egypt's export market, accounting for US\$ 5.3 billion or 39.1% of total export proceeds. Atop this group came Italy, followed by Spain, France, the UK, the Netherlands and Germany. (These countries accounted for 91.4% of Egypt's exports to the EU).

The USA came second, receiving exports of US\$ 4.1 billion, or 30.3% of the total. The Arab countries followed with US\$ 1.5 billion or 11.4% of the total. In the forefront of the group came Saudi Arabia, then the UAE, Jordan, Lebanon and Tunisia. (Exports to these countries represented 61.1% of total exports to the Arab countries).

The Asian countries had a share of US\$ 1.4 billion or 10.4% of the total, with India coming first, followed by South Korea, Singapore, Hong Kong and Japan. (These countries accounted for 88.0% of total exports to Asian countries). In the meantime, the share of other European and African countries was as low as 5.2% and 1.4%, respectively.

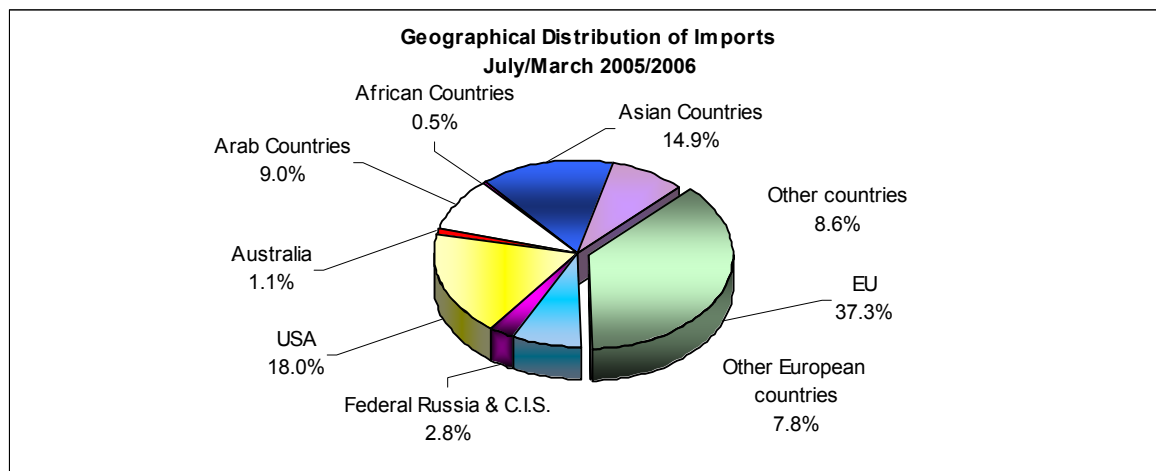


As for merchandise imports, the EU countries continued to be the major source of Egypt's imports. Imports from this group amounted to US\$ 8.0 billion or 37.3% of total import payments. The UK topped this group, followed by Germany, France, Italy and the Netherlands. (These countries accounted for 80.5% of the total).

The USA occupied the second position, with import payments reaching US\$ 3.9 billion or 18.0% of the total. The Asian countries came third with a share of US\$ 3.2 billion or 14.9% of the total. China headed the group, followed by Japan, South Korea, India and Malaysia. (Imports from these countries represented 74.1% of the total).

Imports from the Arab countries registered US\$ 1.9 billion or 9.0% of the total, with the UAE being on top, followed by Algeria, Saudi Arabia, Kuwait and Jordan (the share of these countries represented 78.1% of the total). Other European countries followed with US\$ 1.7 billion or 7.8% of the total. (Switzerland accounted for 70.2% of the total).





### Geographical Distribution of Merchandise Transactions

(US\$ mn)

	<u>July/March</u>					
	<u>Export Proceeds</u>		<u>Import Payments</u>		<u>Trade Balance</u>	
	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006
<b>Grand Total</b>	<b>9782.0</b>	<b>13460.4</b>	<b>17002.7</b>	<b>21543.1</b>	<b>(7220.7)</b>	<b>(8082.7)</b>
	%	100.0	100.0	100.0	100.0	
EU	3688.0	5255.3	5403.7	8033.7	(1715.7)	(2778.4)
	%	37.7	39.1	31.8	37.3	
Other European Countries	542.6	703.1	1400.3	1681.5	(857.7)	(978.4)
	%	5.5	5.2	8.2	7.8	
Russian Federation & CIS	44.5	44.6	325.7	598.9	(281.2)	(554.3)
	%	0.5	0.3	1.9	2.8	
USA	3274.4	4077.4	3787.5	3876.6	(513.1)	200.8
	%	33.5	30.3	22.3	18.0	
Arab Countries	1112.1	1529.6	1476.8	1947.3	(364.7)	(417.7)
	%	11.4	11.4	8.7	9.0	
Asian Countries	951.5	1395.1	2530.8	3213.0	(1579.3)	(1817.9)
	%	9.7	10.4	14.9	14.9	
African Countries	111.7	193.7	102.6	114.3	9.1	79.4
	%	1.1	1.4	0.6	0.5	
Australia	9.3	14.4	87.9	231.8	(78.6)	(217.4)
	%	0.1	0.1	0.5	1.1	
Other Countries & Regions	47.9	247.2	1887.4	1846.0	(1839.5)	(1598.8)
	%	0.5	1.8	11.1	8.6	

### **4/2/3: Balance of Services and Transfers**

The services balance unfolded a surplus of US\$ 6.0 billion (5.8% of GDP) during July/March 2005/2006, remaining almost unchanged at its level of the corresponding period a year earlier. The surplus was attributed to the increase in service receipts by 13.6%, to reach US\$ 12.9 billion and in service payments by 29.1% to US\$ 6.9 billion.

#### **Balance of Services**

	(US\$ mn)		
	<b>July/March</b>		<b>Change</b>
	<b>2004/2005</b>	<b>2005/2006</b>	<b>(-)</b>
<b><u>Services Balance</u></b>	<b><u>6030.4</u></b>	<b><u>6023.8</u></b>	<b><u>(6.6)</u></b>
<b><u>Receipts</u></b>	<b><u>11347.1</u></b>	<b><u>12887.9</u></b>	<b><u>1540.8</u></b>
Transportation	3131.4	3639.3	507.9
Travel (tourism revenues)	4961.6	5567.0	605.4
Investment income	595.1	1404.2	809.1
Government receipts	115.1	174.8	59.7
Other receipts	2543.9	2102.6	(441.3)
<b><u>Payments</u></b>	<b><u>5316.7</u></b>	<b><u>6864.1</u></b>	<b><u>1547.4</u></b>
Transportation	677.5	830.8	153.3
Travel	1070.1	1182.0	111.9
Investment income	854.9	1086.2	231.3
Government payments	478.5	928.9	450.4
Other payments	2235.7	2836.2	600.5

All items of services receipts increased, except for “other receipts”. As such, travel receipts\* (tourism revenues) rose by 12.2%, to reach US\$ 5.6 billion (18.3% of current receipts and 5.6% of GDP). This was an outcome of the increase in the average tourist spending from US\$ 75 to US\$ 85 per night and the decrease in the number of tourist nights from 66.2 million to 65.5 million. Moreover, investment income almost doubled to reach US\$ 1.4 billion, as a main result of the rise in world interest rates. Transportation receipts also edged up by 16.2%, chiefly because of the increase in the Suez Canal earnings by 7.2% (8.6% of current

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

receipts) positively affected by the rise in the number of transiting ships and their net tonnage. Another contributing factor was the rise in the receipts of Egyptian aviation and navigation companies, and the receipts of SUMED pipeline. Moreover, government receipts scaled up by 51.9% because of higher expenses of foreign embassies in Egypt and of the Arab League and the international institutions resident in Egypt. Conversely, other receipts fell by 17.3% due to the decline in the invisible receipts of the oil sector; the receipts of communication services; the amounts transferred to foreign companies; and the receipts of construction and contracting; and insurance services.

The pickup in service payments was attributed to the rise in all their items. Payments for investment income went up by 27.1%, as a result of the marked increase in profit transfers of foreign oil companies, and the payments of portfolio investment income. Likewise, transportation payments augmented by 22.6%, because of higher transfers of Egyptian navigation and foreign navigation and aviation companies, and larger amounts transferred abroad to repair airplanes at foreign airports, and to hire aircrafts from abroad. Furthermore, government payments almost doubled to reach US\$ 0.9 billion, as a result of the rise in the expenses of Egyptian embassies abroad and in the salaries and expenses of employees at Egyptian representation offices abroad. Likewise, other payments moved up by 26.9%, due to the increase in the amounts transferred abroad by Egyptian and foreign oil companies; the commissions of securities brokerage; payments for insurance services, royalties and license fees; legal charges and consultation fees; and payments for foreign experts. In addition, travel payments mounted by 10.5%, due to the rise in travel allowances for government employees abroad, and the higher payments of tourism and medical treatment abroad, and for pilgrimage and “umra”.

Net unrequited transfers went up by US\$ 0.1 billion or 2.6%, to reach US\$ 4.1 billion. This was an outcome of the rise in private transfers by US\$ 0.6 billion or 20.6%, (remittances of Egyptians working abroad represented 99.3% of total private transfers) and the drop in official transfers by US\$ 0.5 billion or 54.9%, owing to a decrease in cash and commodity grants.

### Unrequited Transfers

	July/March		(US\$ mn)
	2004/2005	2005/2006	Change (-)
<b>Total</b>	<b>4017.0</b>	<b>4120.6</b>	<b>103.6</b>
<b>1- Official Transfers (Net)</b>	<b>957.5</b>	<b>431.9</b>	<b>(525.6)</b>
- Inward cash grants	422.2	129.3	(292.9)
- Other inward grants	563.7	318.3	(245.4)
- Outward grants	-28.4	-15.7	12.7
<b>2- Private Transfers (Net)</b>	<b>3059.5</b>	<b>3688.7</b>	<b>629.2</b>
- Workers' remittances	3022.7	3734.8	712.1
- Other transfers	51.3	27.5	(23.8)
- Foreigners' transfers abroad	-14.5	-73.6	(59.1)

#### 4/2/4: Capital and Financial Account

The capital and financial account revealed a net inflow of US\$ 1.9 billion during July/March 2005/2006, against US\$ 1.7 billion during the corresponding period a year earlier. This was an outcome of the following factors:

- Foreign investment (direct\* and portfolio\*\*) noticeably improved, achieving a total inflow of US\$ 18.7 billion and a total outflow of US\$ 11.2 billion during the period under review (against US\$ 5.7 billion and US\$ 2.1 billion, respectively during the period of comparison). This resulted in an increase in the two types of foreign investment in Egypt (net) to achieve a net inflow of US\$ 7.5 billion (net FDI accounted for US\$ 4.6 billion, including net investments of US\$ 2.1 billion for establishing companies or raising their capital; net investments of US\$ 1.6 billion in the oil sector; and US\$ 0.9 billion as the proceeds of selling some local enterprises to foreign investors. As for the comparison period, foreign investment inflows amounted to US\$ 3.6 billion, of which net FDI represented US\$ 3.1 billion (including net

\* Representing total flows of FDI in Egypt less capital repatriation and foreign investors' equity participation in local enterprises that is equal to 10% or more of the capital of any enterprise.

\*\* Representing foreigners' net portfolio (according to the CMA statement). This excludes foreign investors' equity participation in local enterprises, which is equal to 10% or more of the capital of any enterprise. Included also is the data of trading in Egyptian bonds and notes.

investments of US\$ 0.7 billion for establishing companies or increasing their capital; net investments of US\$ 2.0 billion in the oil sector; and US\$ 0.4 billion as the proceeds of selling some local companies to foreign investors).

Moreover, foreigners' transactions on the Egyptian Stock Exchange unfolded net purchases of US\$ 105.3 million, against US\$ 585.6 million in the corresponding period. Their purchases reached US\$ 9320.3 million and sales US\$ 9215.0 million, against US\$ 2582.3 million and US\$ 1996.7 million, respectively. It is worthy to note that net portfolio investment in Egypt included purchases of dollar-denominated sovereign bonds by banks and insurance companies in Egypt in the amount of US\$ 9.8 million during the period under review (against US\$ 3.4 million during the corresponding period) as well as foreigners' subscriptions of US\$ 2.8 billion for Egyptian bonds and notes.

- Medium- and long-term borrowing revealed a net repayment of US\$ 666.1 million, (against US\$ 691.2 million). This was due to the increase in total repayments, to reach US\$ 1801.3 million, against US\$ 1460.4 million, and the increase in total disbursements to US\$ 1135.2 million, against US\$ 769.2 million.
- Net outflows of other assets and liabilities (the change in banks' foreign assets and liabilities, the CBE's non-reserve foreign assets and the counterpart of some items of the current account) mounted to US\$ 5.5 billion, from US\$ 3.3 billion. Other assets (others) recorded a net outflow of only US\$ 0.8 billion, (against US\$ 1.0 billion), as a main outcome of the increase in banks' purchases of foreign banknotes.

## Capital and Financial Account

(US\$ mn)

	<b>July/March</b>	
	<b>2004/2005</b>	<b>2005/2006*</b>
<b><u>Capital and Financial Account</u></b>	<b><u>1708.5</u></b>	<b><u>1876.8</u></b>
<b><u>Capital Account</u></b>	<b><u>0.0</u></b>	<b><u>-37.5</u></b>
<b><u>Financial Account</u></b>	<b><u>1708.5</u></b>	<b><u>1914.3</u></b>
Direct Investment in Egypt (Net)**	3059.5	4631.5
Direct Investment Abroad	-18.1	-87.4
Portfolio Investment in Egypt (Net)	582.2	2847.7
Bonds***	-3.4	2742.4
Portfolio Investment Abroad	556.9	-698.2
<b><u>Other Investments (Net)</u></b>	<b><u>-2472.0</u></b>	<b><u>-4779.3</u></b>
<b><u>- Disbursements</u></b>	<b><u>2256.0</u></b>	<b><u>2565.1</u></b>
• Medium- and long-term loans	697.9	536.1
-International and regional organizations	609.9	447.6
-Bilateral loans	88.0	88.5
• Suppliers' and buyers' credit, medium- and long-term	71.3	599.1
• Suppliers' and buyers' credit, short-term (net)	1486.8	1429.9
<b><u>- Repayments</u></b>	<b><u>-1460.4</u></b>	<b><u>-1801.3</u></b>
• Medium- and long-term loans	-1235.6	-1316.4
-International and regional organizations	-452.0	-518.1
-Bilateral loans	-783.6	-798.3
• Suppliers' and buyers' credit, medium- and long-term	-224.8	-484.9
<b><u>- Other Assets</u></b>	<b><u>-3145.3</u></b>	<b><u>-4909.1</u></b>
CBE	-1.4	30.2
Banks	-2151.2	-4143.8
Others	-992.7	-795.5
<b><u>- Other Liabilities</u></b>	<b><u>-122.3</u></b>	<b><u>-634.0</u></b>
CBE	-3.4	-1.0
Banks	-118.9	-633.0

\* Provisional figures

\*\* Including net FDI in the petroleum sector, reaching US\$ 1.6 billion during July-March 2005/2006, (against US\$ 2.0 billion), in addition to the proceeds of selling some local companies and assets to foreign investors at a value of US\$ 905.7 million, against US\$ 380.9 million

\*\*\* US dollar-denominated sovereign bonds, issued pursuant to Law No. 147 of 2001, and floated on international and local markets on 1/7/2001. They comprise 5-year bonds at a nominal value of US\$ 500 million and an interest rate of 7.625%, and 10-year bonds at a nominal value of US\$ one billion and an interest rate of 8.75%, in addition to foreigners' subscriptions for other Egyptian bonds and notes at a value of US\$ 2.8 billion during the first quarter of FY 2005/2006

### 4/3: International Finance

According to the international finance data, net resource inflows increased by US\$ 2.0 billion, to reach US\$ 7.9 billion during July-March, 2005/2006 (against US\$ 5.9 billion during the corresponding period of the previous FY). This was due to the fact that foreign investment in Egypt (direct and portfolio) rose, thereby realizing a net inflow of US\$ 7.5 billion (against US\$ 3.6 billion). This was, in turn, an outcome of the increase in the FDI in Egypt, to realize a net inflow of US\$ 4.6 billion and of the improvement in the portfolio investment in Egypt, to record a net inflow of US\$ 2.8 billion (including foreigners' acquisition of Egyptian bonds and notes) as compared with US\$ 582.2 million during the preceding corresponding period.

Concerning medium- and long- term loans and facilities, they achieved a net repayment of US\$ 666.1 million, versus US\$ 691.2 million during the period of comparison.

#### Net Resource Flows

	July/March		(US\$ mn)
	2004/2005	2005/2006 <sup>+</sup>	Change (-)
<b>Total Net Flows</b>	<b><u>5933.6</u></b>	<b><u>7889.3</u></b>	<b><u>1955.7</u></b>
- <b>External Debt</b>	<b><u>795.6</u></b>	<b><u>763.8</u></b>	<b><u>(31.8)</u></b>
• <b>Bilateral loans</b>	<b>-695.6</b>	<b>-709.8</b>	<b>(14.2)</b>
Disbursements	88.0	88.5	0.5
Principal repayments	-783.6	-798.3	(14.7)
• <b>International Organizations' loans</b>	<b>157.9</b>	<b>-70.5</b>	<b>(228.4)</b>
Disbursements	609.9	447.6	(162.3)
Principal repayments	-452.0	-518.1	(66.1)
• <b>Medium- and long-term suppliers' and buyers' credit</b>	<b>-153.5</b>	<b>114.2</b>	<b>267.7</b>
Disbursements	71.3	599.1	527.8
Principal repayments	-224.8	-484.9	(260.1)
• <b>Short-term suppliers' and buyers' credit (net)</b>	<b>1486.8</b>	<b>1429.9</b>	<b>(56.9)</b>
- <b>Official Grants (Net)</b>	<b><u>957.5</u></b>	<b><u>431.9</u></b>	<b><u>(525.6)</u></b>
- <b>FDI in Egypt (Net)<sup>++</sup></b>	<b><u>3059.5</u></b>	<b><u>4631.5</u></b>	<b><u>1572.0</u></b>
- <b>FDI Abroad</b>	<b><u>-18.1</u></b>	<b><u>-87.4</u></b>	<b><u>(69.3)</u></b>
- <b>Portfolio Investment in Egypt (Net)</b>	<b><u>582.2</u></b>	<b><u>2847.7<sup>+++</sup></u></b>	<b><u>2265.5</u></b>
• <b>Bonds</b>	<b>-3.4</b>	<b>2742.4</b>	<b>2745.8</b>
- <b>Portfolio Investment Abroad</b>	<b><u>556.9</u></b>	<b><u>-698.2</u></b>	<b><u>(1255.1)</u></b>

<sup>+</sup> Provisional.

<sup>++</sup> Includes net FDI in the petroleum sector in an amount of US\$ 1.6 billion against US\$ 2.0 billion

<sup>+++</sup> Includes foreigners' purchases of Egyptian bonds and notes

Resources from abroad (net inflows less interest payments and profit transfers) achieved inflows of US\$ 6.8 billion during the reporting period, against US\$ 5.1 billion in the period of comparison. This rise was fuelled by the increase in net resource inflows by US\$ 2.0 billion to US\$ 7.9 billion. However, this was mitigated by the pickup in outflows by US\$ 231.3 million to US\$ 1.1 billion, owing to higher transfers of interest payments on external loans and facilities, and the profits of both FDI and portfolio investment.

### Resources from Abroad

	(US\$ mn)		
	<u>July/March</u>		<u>Change</u>
	2004/2005	2005/2006 <sup>†</sup>	(-)
<b><u>Resources from Abroad (1+2)</u></b>	<b><u>5078.7</u></b>	<b><u>6803.1</u></b>	<b><u>1724.4</u></b>
<b><u>1- Net Inflows</u></b>	<b><u>5933.6</u></b>	<b><u>7889.3</u></b>	<b><u>1955.7</u></b>
<b><u>2- Outflows (interest payments and profit transfers)</u></b>	<b><u>-854.9</u></b>	<b><u>-1086.2</u></b>	<b><u>(231.3)</u></b>
<b><u>2/1- Interest on External Loans and Facilities</u></b>	<b><u>-443.9</u></b>	<b><u>-411.5</u></b>	<b><u>32.4</u></b>
• Bilateral loans	-323.9	-292.5	31.4
• International organizations' loans	-94.8	-98.8	(4.0)
• Suppliers' and buyers' credit	-25.2	-20.2	5.0
<b><u>2/2- Interest on Deposits at Egyptian Banks</u></b>	<b><u>-39.5</u></b>	<b><u>-39.1</u></b>	<b><u>0.4</u></b>
<b><u>2/3- Profit Transfers of FDI</u></b>	<b><u>-267.1</u></b>	<b><u>-475.2</u></b>	<b><u>(208.1)</u></b>
<b><u>2/4- Profit Transfers of Portfolio Investment</u></b>	<b><u>-104.4</u></b>	<b><u>-160.4</u></b>	<b><u>(56.0)</u></b>

<sup>†</sup> Provisional.

### 4/3/1: FDI in Egypt

During July/March 2005/2006, net FDI in Egypt remarkably increased to reach US\$ 4.6 billion. This was an outcome of the increase in investment inflows from the USA by US\$ 2.0 billion, to reach US\$ 3.4 billion and from the EU by US\$ 1.6 billion, to reach US\$ 2.3 billion (mainly due to larger flows from the UK, Spain, France and Greece). This is in addition to a rise in investment inflows from the Arab countries by US\$ 298.6 million to US\$ 375.6 million (against US\$ 59.0 million). Moreover, investment inflows from the rest of the world amounted to US\$ 575.7 million.



Capital repatriations registered US\$ 2.0 million during the period under review, against US\$ 59.1 million during the period of comparison.

### FDI in Egypt

	July/March		(US\$ mn)
	2004/2005	2005/2006	Change
			(-)
<b>FDI in Egypt (Net)</b>	<b>3059.5</b>	<b>4631.5</b>	<b>1572</b>
<b>Inflows</b>	<b>3118.6</b>	<b>6604.3</b>	<b>3485.7</b>
<b>USA</b>	<b>1413.2</b>	<b>3374.0</b>	<b>1960.8</b>
<b>EU</b>	<b>743.7</b>	<b>2297.0</b>	<b>1553.3</b>
Germany	8.6	96.8	88.2
France	338.4	552.8	214.4
U K	38.5	1124	1085.5
Italy	151	17.0	1.9
Greece	1.5	139.1	137.6
Portugal	116.5		-116.5
Spain	5.2	358.8	353.6
The Netherlands	218.7	4.1	-214.6
Norway	1.0	2.3	1.3
Denmark	0.2	0.9	0.7
Austria		0.8	0.8
Sweden		0.4	0.4
<b>Arab Countries</b>	<b>59.0</b>	<b>357.6</b>	<b>298.6</b>
Saudi Arabia	4.1	17.1	13.0
The UAE	2.1	30.0	27.9
Kuwait	17.2	55.4	38.2
Lebanon	20.8	182.5	161.7
Libya	0.1	3.8	3.7
Jordan	0.8	0.8	
Bahrain	12.3	65.1	52.8
Qatar	1.5	2.6	1.1
Others	0.1	0.3	0.2
<b>Other Countries</b>	<b>902.7</b>	<b>575.7</b>	<b>-327.0</b>
Switzerland	29.6	27.6	-2
Singapore	19.0		-19
Japan	59.8	4.2	-55.6
Canada	10.1	0.8	-9.3
China		0.7	0.7
Taiwan	0.6		-0.6
Australia	5.5	0.1	-5.4
India	9.0		-9.0
Romania		10.5	10.5
Cyprus		6.2	6.2
Others	769.1	525.6	-243.5
<b>Capital Repatriation</b>	<b>-59.1</b>	<b>-1972.8</b>	<b>-1913.7</b>

### 4/3/2: External Grants

Net transfers of official grants retreated by US\$ 525.6 million or 54.9%, to reach US\$ 431.9 million during July-March, 2005/2006 (against US\$ 957.5 million). This was mainly due to the decrease in grants from the USA and Germany.

#### Net Official Transfers

	July/March		(US\$ mn)
	2004/2005	2005/2006	Change
			(-)
<b>Total Transfers</b>	<b>957.5</b>	<b>431.9</b>	<b>(525.6)</b>
- Inward cash grants	422.2	129.3	(292.9)
- Other inward grants	563.7	318.3	(245.4)
- Outward grants	-28.4	-15.7	12.7

According to the Ministry of International Cooperation, total grant commitments steeply declined by 47.9%, to reach US\$ 257.9 million during the reporting period. This was basically due to the sharp decrease in the value of commitments with the USA.

#### New Commitments and Net Actual Flows of External Grants

	(US\$ mn)			
	Commitments		Actual Flows	
	July-March		July-March	
	2004/2005	2005/2006	2004/2005	2005/2006
<b>Net Inflows</b>			<b>957.5</b>	<b>431.9</b>
<b>Inflows</b>	<b>495.1</b>	<b>257.9</b>	<b>985.9</b>	<b>447.6</b>
USA	280.6	124.1	752.6	299.3
Japan	3.7	0.5	21.8	10.7
Germany			190.3	24.8
UK				2.9
Italy			2.7	1.0
Belgium			16.1	107.0
Finland		0.6		
Canada	15.2		1.8	1.8
Austria				0.1
Kuwait			0.6	
EU		124.4		
US Agency for International Development	119.1			
Arab Fund for Economic and Social Development		6.7		
World Bank		0.6		
Kuwaiti Development Fund		1.0		
European Investment Bank	76.5			
<b>Capital Repatriation</b>			<b>-28.4</b>	<b>-15.7</b>

According to the sectoral breakdown of grant commitments, the value of commitments decreased by US\$ 237.2 million during July/March 2005/2006. This was mainly due to the dramatic decline in total commitments for the services sectors by 68.7%, to reach US\$ 150.8 million. However, grant commitments for the production sectors increased to US\$ 107.1 million (against US\$ 13.0 million during the corresponding period of the previous FY).

**Breakdown of External Grant Commitments  
(by Beneficiary)**

(US\$ mn)

	July/March				
	2004/2005		2005/2006		Change + (-)
	Value	%	Value	%	
<b>Total</b>	<b><u>495.1</u></b>	<b><u>100.0</u></b>	<b><u>257.9</u></b>	<b><u>100.0</u></b>	<b><u>(237.2)</u></b>
<b>Production Sectors:</b>	<b><u>13.0</u></b>	<b><u>2.6</u></b>	<b><u>107.1</u></b>	<b><u>41.5</u></b>	<b><u>94.1</u></b>
- Agriculture and irrigation	5.6	1.1	103.9	40.3	98.3
- Manufacturing			2.6	1.0	2.6
- Potable water and sanitary sewage	3.4	0.7	0.6	0.2	(2.8)
- Construction and building	4.0	0.8			(4.0)
<b>Services Sectors:</b>	<b><u>482.1</u></b>	<b><u>97.4</u></b>	<b><u>150.8</u></b>	<b><u>58.5</u></b>	<b><u>(331.3)</u></b>
- Transportation, communication and information			5.6	2.2	5.6
- Wholesale and retail trade	200.0	40.4			(200.0)
- Financial intermediation and subsidiary activities	87.5	17.7			(87.5)
- General government	131.3	26.5	46.9	18.2	(84.4)
- Education and health	63.3	12.8	88.3	34.2	25.0
- Others			10.0	3.9	10.0

**4/3/3: External Debt**

The balance of external debt (public and private) denominated in US dollar, with all maturities, remained unchanged at US\$ 28.9 billion at end of March 2006 (in comparison with the end of June 2005). This was ascribed on the one hand to the net disbursement of US\$ 0.2 billion of loans and facilities (resulting from disbursements of US\$ 2.7 billion less principal repayments of only US\$ 2.5 billion). On the other hand, there was a US\$ 0.2 billion drop in the external debt due to the decrease in the value of most currencies of borrowing against the US dollar at end of March 2006.

The external debt owed by the public sector accounted for the bulk of the external debt, as it reached US\$ 27.6 billion or 95.4% of the total at end of March 2006. Meanwhile, the external debt owed by the private sector amounted to US\$ 1.3 billion.

A breakdown of external debt by maturity reveals that medium- and long-term loans amounted to US\$ 27.4 billion, accounting for the bulk of external debt (94.9%). Of this amount, US\$ 18.6 billion or 64.2% of the total owed to Paris Club member countries (rescheduled or non-rescheduled bilateral loans). In the meantime, debt due to non-members of the Paris Club reached some US\$ 582.6 million or 2.0%.

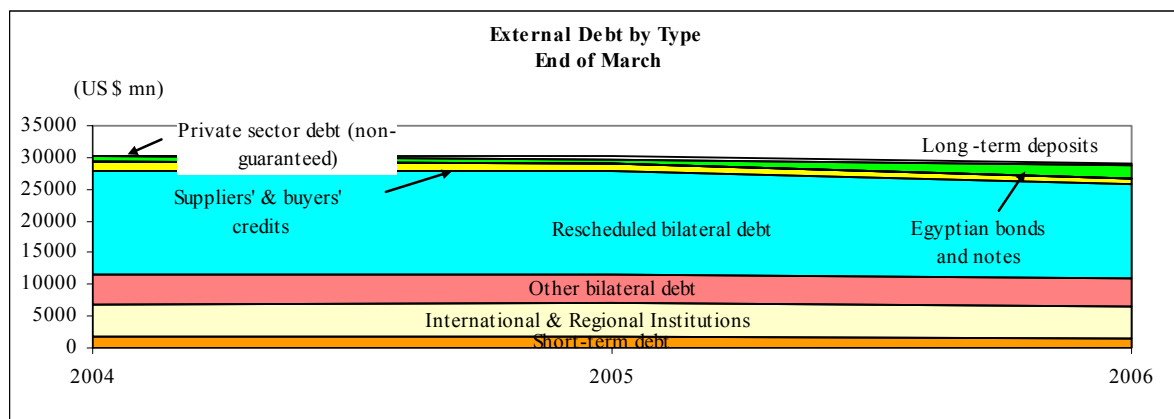
### Structure of External Debt

Balances at End of	June 2005		March 2006		(US\$ mn)
	Value	%	Value	%	Change +(-)
<b>Total External Debt</b>	<b>28948.8</b>	<b>100.0</b>	<b>28938.6</b>	<b>100.0</b>	<b>(10.2)</b>
-Rescheduled bilateral loans	15734.1	54.4	14923.2	51.6	(810.9)
• Concessional	7836.4	27.1	7522.8	26.0	(313.6)
• Non-concessional	7897.7	27.3	7400.4	25.6	(497.3)
-Other bilateral loans	4291.3	14.8	4220.5	14.6	(70.8)
• Paris Club countries	3529.9	12.2	3637.9	12.6	108.0
• Other countries	761.4	2.6	582.6	2.0	(178.8)
- International and regional organizations	5058.2	17.5	5156.0	17.8	97.8
- Suppliers' and buyers' credit	781.6	2.7	913.9	3.2	132.3
- Egyptian bonds and notes*	613.6	2.1	1853.8	6.4	1240.2
- Long-term deposits	500.0	1.7	300.0	1.0	(200.0)
- Short-term debt	1854.8	6.4	1483.1	5.1	(371.7)
• Deposits	819.3	2.8	536.9	1.8	(282.4)
• Facilities	1035.5	3.6	946.2	3.3	(89.3)
- Debt of the private sector (non-guaranteed)	115.2	0.4	88.1	0.3	(27.1)

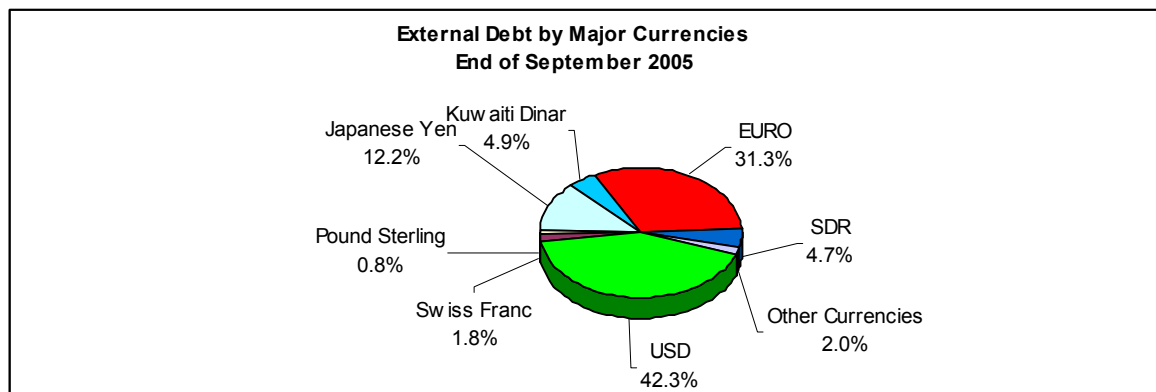
\* The nominal value of the euro bonds (US\$) reached US\$ 1500 million. Due to the purchase of US\$ 896.2 million euro bonds by resident financial institutions through the secondary market, the external debt -arising from bond issue - reached US\$ 603.8 million.

External debt due to international and regional organizations reached US\$ 5.2 billion at end of March 2006, constituting 17.8% of the total (92.7% is owed by the public sector). The balance of Egyptian bonds and notes (non-residents' holdings) reached some US\$ 1.9 billion or 6.4% and suppliers' and buyers' credit US\$ 913.9 million or 3.2%.

The balance of short-term debts reached US\$ 1.5 billion or 5.1% of the total at end of March 2006 (of which 54.4% is owed by the private sector).



As shown in the following graph, a breakdown of external debt by component currencies (US\$ - euro - Japanese yen and others) indicates that the US\$ accounted for the bulk (42.3%) of the total external debt, due to outstanding obligations in US\$ to creditors other than the USA. The euro came next with 31.1%, then the Japanese yen and other currencies.



A breakdown of external debt by main creditor indicates that 54.2% of the total is due to the four main members of Paris Club, namely the USA (15.4%), France (15.3%), Japan (12.4%) and Germany (11.1%). Moreover, the debt due to Arab countries combined reached 3.7%, mainly to Kuwait (1.8%), Saudi Arabia (0.6%) and the UAE (0.4%). The debt owed to the international and regional organizations posted 17.8 % (mainly the European Investment Bank (5.2%) and the IDA (4.6%).

### External Debt by Main Creditor

At End of	(US\$ mn)			
	June 2005		March 2006	
	Value	%	Value	%
<b><u>Total External Debt</u></b>	<b><u>28948.8</u></b>	<b><u>100.0</u></b>	<b><u>28938.6</u></b>	<b><u>100.0</u></b>
USA	4581.4	15.8	4445.6	15.4
Japan	4064.3	14.0	3579.2	12.4
<b><u>EU Countries, of which:</u></b>	<b><u>11266.0</u></b>	<b><u>39.0</u></b>	<b><u>11398.7</u></b>	<b><u>39.3</u></b>
France	4763.3	16.5	4424.9	15.3
Germany	3355.5	11.6	3212.6	11.1
Spain	824.0	2.8	813.3	2.8
Italy	802.7	2.8	755.6	2.6
UK	574.7	2.0	1197.8	4.1
Austria	551.0	1.9	519.8	1.8
Others	394.8	1.4	474.7	1.6
<b><u>Arab Countries, of which:</u></b>	<b><u>1400.1</u></b>	<b><u>4.8</u></b>	<b><u>1055.9</u></b>	<b><u>3.7</u></b>
Kuwait	469.4	1.6	512.8	1.8
Saudi Arabia	249.3	0.9	176.2	0.6
UAE	149.6	0.5	104.6	0.4
Bahrain	146.8	0.5	8.6	0.1
Others	385.0	1.3	253.7	0.8
<b><u>Other Countries:</u></b>	<b><u>1965.2</u></b>	<b><u>6.8</u></b>	<b><u>1449.4</u></b>	<b><u>5.0</u></b>
Switzerland	464.1	1.6	429.4	1.5
Canada	245.9	0.8	243.6	0.8
Australia	225.3	0.8	184.9	0.6
China	111.0	0.4	112.3	0.4
Others	918.9	3.2	479.2	1.7
<b><u>Egyptian Bonds and Notes</u></b>	<b><u>613.6</u></b>	<b><u>2.1</u></b>	<b><u>1853.8</u></b>	<b><u>6.4</u></b>
<b><u>International and Regional Organizations:</u></b>	<b><u>5058.2</u></b>	<b><u>17.5</u></b>	<b><u>5156.0</u></b>	<b><u>17.8</u></b>
IDA	1375.1	4.8	1333.1	4.6
European Investment Bank	1103.7	3.8	1511.8	5.2
Arab Fund for Economic and Social Development	996.3	3.4	965.4	3.4
African Development Fund (ADF) and Bank (ADB)	521.1	1.8	438.3	1.5
World Bank	397.2	1.4	372.8	1.3
Arab Monetary Fund	326.1	1.1	383.0	1.3
Islamic Development Bank (Jeddah)	236.4	0.8	38.2	0.1
Other Organizations	102.3	0.4	113.4	0.4

External debt distributed by debtor indicates that the central government's debt increased by US\$ 331.6 million, to reach US\$ 18.6 billion, and the other sectors' by US\$ 48.0 million to US\$ 7.8 billion. In the meantime, the debt owed by banks declined by US\$ 89.8 million, to stand at US\$ 1.9 billion and the monetary authority by US\$ 300.0 million to US\$ 0.7 billion at end of March 2006. Nevertheless, these developments have not resulted in any tangible change in the structure of external debt by debtor. As such, the government debt still accounted for the bulk of the total debt (64.1%), followed by the other sectors (26.9%), banks (6.6%) and the monetary authority (2.4%) at end of March 2006.

### External Debt by Debtor

At End of	(US\$ mn)			
	June 2005		March 2006	
	Value	%	Value	%
<b>Total External Debt</b>	<b>28948.8</b>	<b>100.0</b>	<b>28938.6</b>	<b>100.0</b>
Medium- and long- term debt	27094.0	93.6	27455.5	94.9
Short-term debt	1854.8	6.4	1483.1	5.1
<b>Central and local governments</b>	<b>18231.0</b>	<b>63.0</b>	<b>18562.6</b>	<b>64.1</b>
Medium- and long- term debt, of which:	18231.0	63.0	18562.6	64.1
Short- term debt	0.0	0.0	0.0	0.0
<b>Monetary authority</b>	<b>983.0</b>	<b>3.4</b>	<b>683.0</b>	<b>2.4</b>
Medium- and long- term debt	833.0	2.9	683.0	2.4
Short- term debt	150.0	0.5	0.0	0.0
<b>Banks</b>	<b>2010.5</b>	<b>6.9</b>	<b>1920.7</b>	<b>6.6</b>
Medium- and long- term debt	1063.9	3.6	1268.3	4.4
Short-term debt	946.6	3.3	652.4	2.2
<b>Other sectors</b>	<b>7724.3</b>	<b>26.7</b>	<b>7772.3</b>	<b>26.9</b>
Medium- and long- term debt	6966.1	24.1	6941.6	24.0
Short- term debt	758.2	2.6	830.7	2.9

As for external debt service, total repayments of debt service (interest and principal repayments) went up by US\$ 309.6 million, to reach some US\$ 2.3 billion during the period. This resulted from a US\$ 340.9 million rise in principal repayments, to reach US\$ 1.8 billion, and a US\$ 31.3 million drop in interest payments, to reach US\$ 458.2 million.

In spite of the increase in the debt service, the 21.2% growth in the exports of goods and services, and transfers during July/ March 2005/2006 (in comparison with the same period of the previous FY) led to an improvement of the ratio of debt service to current receipts (including transfers) thereby posting 7.4% (against 7.8% during the comparison period). Moreover, the ratio of debt service to the export proceeds of goods and services declined to 8.6% against 9.2%.

At end of March 2006, external debt as a percentage of GDP improved to reach 28.0% (against 32.6% at end of March 2005). Furthermore, the ratio of short-term external debt to total debt and to net international reserves dropped to 5.1% (against 5.4%) and to 6.6% (against 9.1%) respectively. The period of July/March, 2005/2006 witnessed a marked decrease in external debt per capita, recording US\$ 395.3 at end of March 2006 (against US\$ 420.4 at end of March 2005).

### Main Indicators of External Debt

	(%)		
	July-March		
	2003/2004	2004/2005	2005/2006
Debt balance/GDP	38.3	32.6	28.0
Debt balance/ exports of goods and services	176.8	143.1	109.8
Debt service/ exports of goods and services	11.7	9.2	8.6
Debt service/ current receipts (including transfers)	10.1	7.8	7.4
Interest payments*/ exports of goods and services	3.0	2.3	1.7
Interest payments*/ current receipts (including transfers)	2.6	1.9	1.5
Short-term debt/external debt (end of period)	5.9	5.4	5.1
Short-term debt/net international reserves (end of period)	12.4	9.1	6.6
External debt per capita (US\$) (end of period)	426.8	420.4	395.3

\* Including interest payments on dollar-denominated sovereign bonds.

During July/March, 2005/2006, new loan and facility commitments increased by US\$ 0.2 billion, to reach US\$ 1.3 billion (against US\$ 1.1 billion in the period of comparison). About 63.6% of these commitments were mainly from international and regional organizations (African Development Bank, Arab Fund for Economic and Social Development, Kuwaiti Development Fund, European Investment Bank and Islamic Development Bank) in the amount of US\$ 0.8 billion. Moreover, suppliers' and buyers' credit accounted for US\$ 0.5 billion or 36.4% of total commitments.



## 5- Cotton

### 5/1: Domestic Developments

Domestic developments on both sides of cotton supply and demand since the beginning of 2005/2006 season till end-March 2006, shows the following:

#### 5/1/1: Production

According to the estimates of the Cotton Arbitration and Testing General Organization (CATGO) during 2005/2006 season, the area cultivated with cotton reached about 650 thousand feddans; i.e. 11.1% less than the final estimates of the previous season. Around 76.3% of the total area was cultivated with long staple, and the rest with extra-long staple.

#### Area and Production by Cotton Variety

	<u>Area</u>				<u>Change</u> (-) %	<u>Production</u>				<u>Change</u> (-) %
	<u>(Thousand Feddans)</u>					<u>(Thousand Metric Cantars)</u>				
	<u>2004/2005*</u>		<u>2005/2006**</u>			<u>2004/2005*</u>		<u>2005/2006**</u>		
	<u>Final</u>	<u>Estimate</u>			<u>Final</u>	<u>Estimate</u>				
<b>Total</b>	<b>731</b>	<b>100.0</b>	<b>650</b>	<b>100.0</b>	<b>(11.1)</b>	<b>5833</b>	<b>100.0</b>	<b>4123</b>	<b>100.0</b>	<b>(29.3)</b>
Extra-long staple	197	26.9	154	23.7	(21.8)	1551	26.6	897	21.8	(42.2)
Long staple	534	73.1	496	76.3	(7.1)	4282	73.4	3226	78.2	(24.7)

Source: CBE (Alexandria Branch), Securities and Cotton Department.

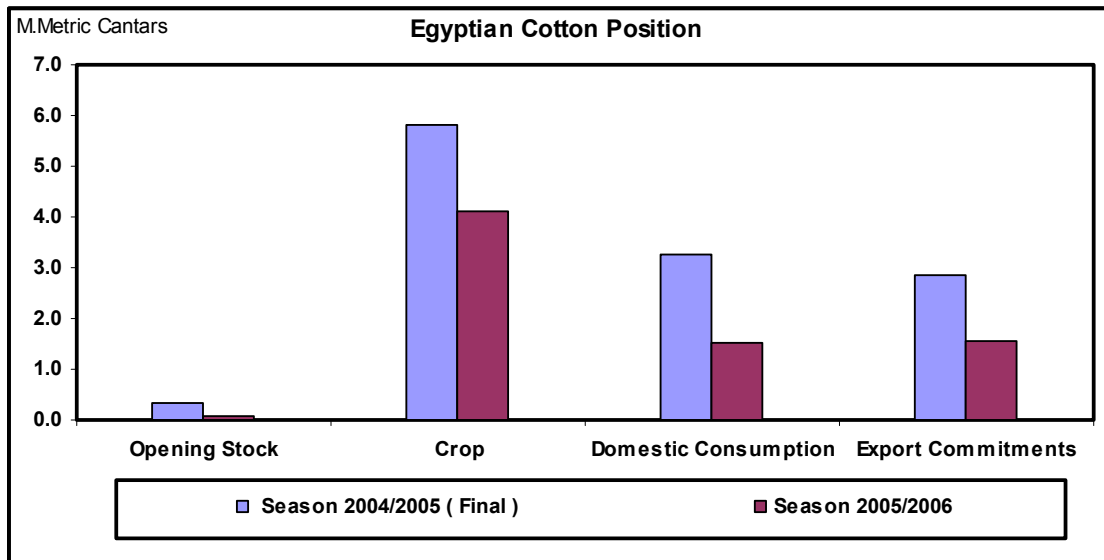
\* Estimates of the Holding Company of Spinning, Weaving and Ready-Made Clothes (HC-SWRMC)

\*\* Estimates of CATGO

According to CATGO estimates, total production during 2005/2006 season, reached some 4.1 million metric cantars, down by 29.3% as compared with the final estimates of the previous season. This was due to a decline in the average productivity per feddan to 6.3 cantars/feddan, against 8.0 cantars/feddan in the preceding season.

### 5/1/2: Stock and Total Supply

During 2005/2006 season, total supply of raw cotton fell by 31.8%, owing to the dramatic decline in the opening stock by 73.6%, to reach 91 thousand metric cantars, and the drop in production by 29.3%, to reach 4.1 million metric cantars.



### 5/1/3: Domestic Consumption

Local mills received about 1.5 million metric cantars of raw cotton since the beginning of the season till end-March 2006, with a decline of 736 thousand metric cantars as compared with the corresponding period of the previous season.

### 5/1/4: Export Commitments

The quantity contracted upon for exportation, since the beginning of the season till end-March 2006, reached some 1.5 million metric cantars, down by 1.0 million metric cantars as compared with the same period a season earlier. The decline was due to postponement of the announcement of the cotton marketing system for 2005/2006 season till October 2005, due to uncertainties about future price trends.

The public business and private sectors had their shares in export commitments. Private sector companies accounted for the bulk (about 60% of total commitments), while the share of the public companies was only 40%. Commitments on extra-long staple constituted 31.3% of the total, and those on long staple accounted for the rest.

As for export commitments by main importer, the Asian countries came in the forefront as shown in the following Table:

### **Export Commitments by Main Importer**

	2004/2005 Season Up to end-March 2005	2005/2006 Season Up to end-March 2006
<b><u>Total (thousand metric cantars)</u></b>	<b><u>2535.0</u></b>	<b><u>1542.0</u></b>
<b><u>Asian countries; of which</u></b>	<b><u>62.6%</u></b>	<b><u>64.2%</u></b>
India	27.9%	21.7%
Pakistan	18.2%	20.6%
China	7.5%	12.3%
<b><u>Other European countries; of which</u></b>	<b><u>19.7%</u></b>	<b><u>13.4%</u></b>
Switzerland	15.5%	9.0%
Turkey	4.2%	4.4%
<b><u>EU countries; of which</u></b>	<b><u>9.7%</u></b>	<b><u>11.5%</u></b>
Italy	5.1%	7.2%
Germany	1.6%	2.1%
<b><u>USA</u></b>	<b><u>4.4%</u></b>	<b><u>4.5%</u></b>
<b><u>UAE</u></b>	<b><u>2.1%</u></b>	<b><u>5.3%</u></b>
<b><u>Other</u></b>	<b><u>1.5%</u></b>	<b><u>1.1%</u></b>

Source: CBE (Alexandria Branch), Securities and Cotton Department.

It is to be noted that the UAE expanded its commitments for the Egyptian cotton during the said period of 2005/2006 season. Of the total amounts contracted upon for exportation, this country accounted for 5.3%, against 2.1 during the same period of the previous season.

During January/March 2006, the Egyptian cotton export prices trended downwards (excluding the varieties of Giza 45 and Giza 89 whose prices trended upwards at end of the period). The decline in export prices may be attributed to the rumors about the launching of the US Pima Subsidy program. This program gives this variety of cotton a competitive advantage over other varieties in the international markets, especially the Egyptian cotton; a matter that may result in canceling some of the previously agreed commitments for Egyptian cotton exports.

## **5/2: International Developments**

According to the estimates of the International Cotton Advisory Commission (ICAC), the opening stock of raw cotton in 2005/2006 season is expected to rise by 32.2%, as compared with the previous season, to reach about 52.1 million bales. Conversely, world output is expected to decline by 5.2%, to post some 114.5 million bales, due to lower production estimates for Pakistan, Brazil, Argentina, Syria, Uganda and some major countries in the Northern hemisphere.

Estimates also indicate a rise in total supply by 4.0%, to reach 166.6 million bales and in world consumption by 4.1% to 112.5 million bales, because of higher consumption estimates in India, China, some major Asian countries and the Americas.

Concerning the trends of cotton prices worldwide during January/March 2006, they showed some fluctuations. Prices rose at the beginning of the period, affected by the ongoing increase in the prices of New York Futures due to an expected decrease in the estimates of production during the season in major cotton producing countries on the one hand, and to the continuous rise in the world demand by most importing mills, on the other. Then, prices moved downwards because of an expected drop in the prices of New York Futures owing to lower imports of cotton by China under a fall in its domestic cotton prices, and a reduction in the prices of India's cotton exports.

According to ICAC estimates, the volume of world trade of cotton rose by 19.8%, to reach about 41.2 million metric cantars.

## 6- Tourism

According to CAPMAS statistics for July-March, 2005/2006, as compared with the preceding corresponding period, the number of arrivals rose merely by 10 thousand tourists or 0.2%, against 891 thousand and 15.9%, to reach some 6.5 million. Tourism revenues also stepped up by 12.2%, against 19.4%, to reach US\$ 5.6 billion, as an outcome of the 13.3% increase in the average spending per tourist a night on the one hand, and the 1.0% drop in departures' nights (compared with a rise of 19.4%) owing to a decline in the average tourist stay by 0.9%.

### Tourism Indicators

	2003/2004	Change (-) %	July/March		2005/2006	Change (-) %
			2004/2005	Change (-) %		
Number of arrivals (000s)*	5600	34.1	6491	15.9	6501	0.2
Number of departures (000s)	5240	33.1	6137	17.1	6113	(0.4)
Number of tourist nights of departures (000s)	55395	120.6	66154	19.4	65493	(1.0)
Average spending per tourist a night (US\$)	75.0	(34.8)	75.0	0.0	85.0	13.3
Tourism revenues (US\$ mn)	4154.6	43.9	4961.6	19.4	5567.0	12.2
Average tourist stay (night)	10.6	65.6	10.8	1.9	10.7	(0.9)

Source: CAPMAS and CBE

\* Excluding non-resident Egyptians coming for temporary purposes

### 6/1: Tourists

The increase of about 10 thousand tourists during the period under review - as compared with the corresponding period- was an outcome of a rise of 6.7% and 2.5% in the second and third quarters, respectively, and a decrease of 7.4% in the first quarter. The increase in the number of tourists reflects the promotion efforts exerted to bring tourism back to its normal levels.

Tourist flows from all tourist exporting markets accelerated. The Western European markets were an exception, as the number of arrivals therefrom dropped by some 296 thousand or 8.7%, mostly from Italy (190 thousand), France (83 thousand), and Germany (76 thousand). Meanwhile, arrivals from United Kingdom

increased by about 233 thousand or 46.2%. Those heading from Eastern Europe went up by some 132 thousand or 12.2%, mainly due to a 26.1% increase in tourists from the countries of the former Soviet Union.

### Number of Arrivals

(In thousand)

	<u>2003/2004</u>			<u>July/March 2004/2005</u>			<u>2005/2006</u>		
	Number	Relative weight	Change (-) %	Number	Relative weight	Change (-) %	Number	Relative weight	Change (-) %
<b>Total</b>	<b>5600</b>	<b>100.0</b>	<b>34.1</b>	<b>6491</b>	<b>100.0</b>	<b>15.9</b>	<b>6501</b>	<b>100.0</b>	<b>0.2</b>
					<b>By Period</b>				
July/Sept.	1939	34.6	23.8	2390	36.8	23.3	2214	34.1	(7.4)
Oct./Dec.	1858	33.2	30.3	1999	30.8	7.6	2133	32.8	6.7
Jan./ March	1803	32.2	52.3	2102	32.4	16.6	2154	33.1	2.5
					<b>By Group</b>				
Europe	3660	65.3	31.0	4494	69.2	22.8	4330	66.6	(3.6)
Middle East	1338	23.9	47.4	1312	20.2	(1.9)	1405	21.6	7.1
Africa	161	2.9	25.8	190	2.9	18.0	204	3.1	7.4
Americas	171	3.0	31.5	201	3.1	17.5	234	3.6	16.4
Asia & Pacific	267	4.8	24.8	291	4.5	9.0	325	5.0	11.7
Others	3	0.1	50.0	3	0.1	0.0	3	0.1	0.0

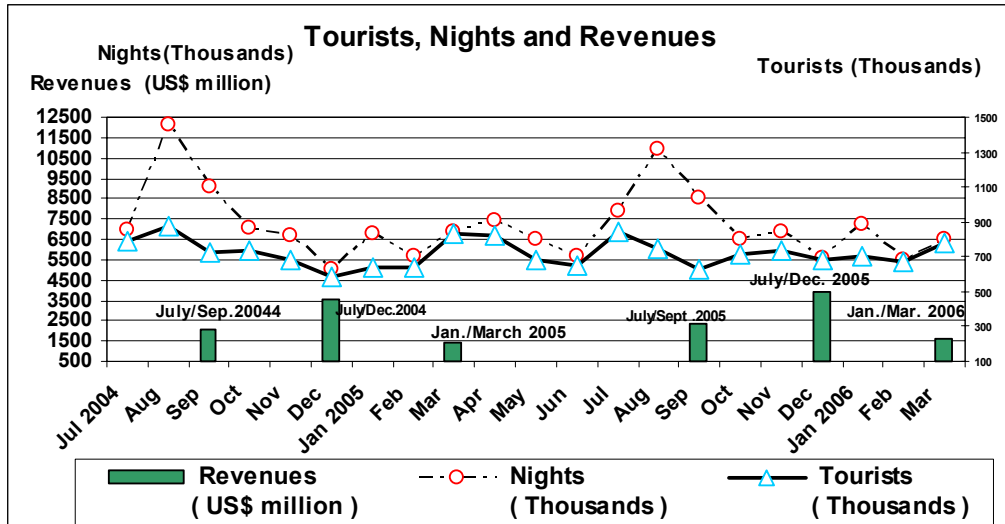
Source: CAPMAS

The Middle East markets maintained their second position in terms of the relative weight of the number of arrivals. Tourists from this group rose by about 93 thousand or 7.1%, mostly from Palestine, Saudi Arabia, Libya, and Iraq. Conversely, tourists from Israel and Bahrain showed a decline.

As for the markets of Asia and Pacific, they came in the third position. The number of arrivals from these markets stepped up by some 34 thousand or 11.7%, mostly from India (11 thousand), South Korea (10 thousand) and China and Australia (4 thousand each).

The Americas' group came fourth, as the number of arrivals therefrom mounted by around 33 thousand or 16.4%, mostly from the USA (24 thousand or 18.3%).

Arrivals from the African markets scaled up by about 14 thousand or 7.4%, mostly from Nigeria (3 thousand), Tunisia (3 thousand) and Morocco (2 thousand).



## 6/2: Tourist Nights

Tourist nights spent by all departure groups during July-March of FY 2005/2006 reached some 65.5 million, with a drop of 661 thousand nights or 1.0% as compared with the previous corresponding period. This was an outcome of a 2.9% decrease during the first quarter, a 1.5% rise during the second quarter and a slight drop of 0.5% during the third quarter. The average tourist stay fell to 10.7 nights, with a 0.9% decline compared with the corresponding period of the previous FY.

### Number of Tourist Nights

(In thousand)

	<u>2003/2004</u>			<u>July/March</u> <u>2004/2005</u>			<u>2005/2006</u>		
	Number	Relative weight	Change (-) %	Number	Relative weight	Change (-) %	Number	Relative weight	Change (-) %
<b>Total</b>	<b>55395</b>	<b>100.0</b>	<b>120.6</b>	<b>66154</b>	<b>100.0</b>	<b>19.4</b>	<b>65493</b>	<b>100.0</b>	<b>(1.0)</b>
	<b>By Period</b>								
July/Sept.	21769	39.3	119.8	28146	42.5	29.3	27316	41.7	(2.9)
Oct./Dec.	16388	29.6	101.5	18677	28.3	14.0	18949	28.9	1.5
Jan./March	17238	31.1	143.7	19331	29.2	12.1	19228	29.4	(0.5)
	<b>By Group</b>								
Europe	33925	61.2	96.9	41861	63.3	23.4	39644	60.5	(5.3)
Middle East	15076	27.2	178.2	16760	25.3	11.2	17579	26.8	4.9
Africa	1802	3.3	155.2	2221	3.4	23.3	2455	3.7	10.5
Americas	2392	4.3	183.7	2817	4.2	17.8	3111	4.8	10.4
Asia & Pacific	2159	3.9	139.1	2450	3.7	13.5	2652	4.1	8.2
Others	41	0.1	355.6	45	0.1	9.8	52	0.1	15.6

Source: CAPMAS

The number of tourist nights by departures during the period went in line with the number of tourists in all tourist exporting markets. As such, the European markets continued to rank first, accounting for 60.5% of the total. Following suit of weak tourism flows, most markets of Western Europe showed a drop in the number of departure nights. Hence, tourist nights by this group declined by some 3.0 million, mainly Italy (1.7 million), Germany (one million) and France (0.8 million). In contrast, tourist nights by departures from the UK rose by about 2 million. Nights by departures from the markets of Eastern Europe moved up by 0.8 million or 8.1%, mainly due to a 23.3% rise in the number of tourist nights by departures from the former Soviet Union.

Nights spent by the Middle East group increased by some 820 thousand or 4.9%, owing to a rise in the number of nights by departures from all countries of the group, mainly Palestine (298 thousand), Saudi Arabia (237 thousand) and Iraq (276 thousand). Conversely, there was a decline in the number of tourist nights by departures from Israel (490 thousand) and Bahrain (14 thousand).

The Americas' group recorded a rise of about 294 thousand nights or 10.4%, mostly from the USA (194 thousand) and Canada (57 thousand).

As for the markets of Asia and Pacific, the number of tourist nights by departures therefrom mounted by some 202 thousand or 8.2%, chiefly from India (71 thousand), South Korea (41 thousand), China and Australia (31 thousand each).

Nights spent by departures from the African markets also scaled up by about 234 thousand or 10.5%, principally from the Sudan (99 thousand), Tunisia (23 thousand) and Nigeria (20 thousand).



## **International Developments**

## **7-International Economic and Monetary Developments**

### **7/1: Economic Developments**

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#### **7/1/1: Economic Growth, Employment and Prices**

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During Jan. /March 2006, the global economic growth improved to 4.2% against 3.5% during the corresponding period of 2005, driven by stronger US economy and robust China's economic growth. The improvement was also underpinned by the rise in the economic growth of the euro area and the continued high growth of the Indian economy during the reporting period. Add to this the better performance of several emerging Asian economies (especially Hong Kong, Thailand, Korea, and Singapore), and a number of emerging economies in Latin America (particularly Argentina, Mexico, Brazil and Colombia).

The better performance of the global economy during Jan./March 2006 was accompanied by a noticeable rise in equity prices on many of the major world exchanges.

As for the economic growth rates in major industrial countries during the said period, as compared with the corresponding period of 2005, they rose in all countries except Germany and Japan. In the USA, the economic growth rose to 5.3% during the reporting period, against 3.8% during the period of comparison. This was a chief result of the increase in private consumption (about two thirds of GDP) to 5.2% during the period under review, against 3.5% during the period of comparison, and in investment spending on fixed assets to 9.3%, against 7.0%. In addition, the real growth rate of goods and services exports, rose to reach 14.7% during Jan./March 2006, whereas that of goods and services imports was only 10.7% .

In Canada, the economic growth increased from 2.2% during Jan./March 2005 to 3.8% during the same period of 2006. The rise was backed up by the improved performance of services, mining, energy and construction sectors, and the pickup in investments in fixed assets to 8.6% during the period under review, against 6.9% during the period of comparison. The measures taken by the government to increase public revenues, the favorable weather conditions, and the decline in gasoline prices had also a hand in the pickup in Canada's economic growth.

In the euro area, the economic growth rate improved to 2.4% during Jan./March 2006, against 1.4% during the same period of 2005. This was a main result of the marked increase in the economic growth rates of both France and Italy (the two major economies of the euro area next to the German economy) and the strength of the whole area exports of goods and services. Added to this was the significant increase in industrial output of the area to register 3.8% during the period under review against a negative 0.4% during the period of comparison, because of buoyant private investment spending during 2005 and vigorous private consumption during the period under review.

In the UK, the economic growth remained on the rise for the second consecutive year, posting 2.3% during Jan./March 2006, against 0.8% during the corresponding period of the previous year. The continuous rise in the British economic growth was stimulated by the better performance of services and manufacturing sectors, as a chief outcome of the increase in private consumption and investment spending on fixed assets.

### Economic Growth Rates

	(%)	
	<b>Jan./March</b>	
	<b>2005</b>	<b>2006</b>
USA	3.8	5.3
Canada	2.2	3.8
Japan	5.1	3.1
Germany	2.4	1.5
France	0.4	2.2
Italy	-1.1	2.4
UK	0.8	2.3
Euro area	1.4	2.4

Source: Global Economic & Policy Research, World Financial Markets, JP Morgan March 2006.

In Japan, the economic growth rate slackened to 3.1% during Jan./March 2006, against 5.1% during the corresponding period of the previous year. This was a principal result of soft private consumption (constituting more than half of GDP) and weak industrial output.

The rise in economic growth rates in most of the major industrial countries was associated with a fall in unemployment rates during March 2006, compared with March 2005. In the USA, unemployment decelerated from 5.1% to 4.7%, in the euro area from 8.8% to 8.1% (influenced by sluggish rates in Germany and France), in Canada from 6.9% to 6.3% and in Japan from 4.5% to 4.1%. In contrast, unemployment went up in the UK from 4.7% to 5.2%.

### Inflation and Unemployment

The Year Ending at End of March	(%)			
	Unemployment Rate		Inflation Rate	
	2005	2006	2005	2006
USA	5.1	4.7	3.0	3.4
Canada	6.9	6.3	2.3	2.2
Japan	4.5	4.1	-0.2	0.3
Germany	12.1	11.4	1.8	1.8
France	10.1	9.5	1.9	1.5
Italy	7.8	Not available	1.9	2.1
UK	4.7	5.2	1.9	1.8
Euro area	8.8	8.1	2.1	2.2

Source: The Economist, (various issues).

As for inflation, it rose in the USA from 3.0% during the year ending March 2005 to 3.4% during the year ending March 2006. In the euro area, it increased from 2.1% to 2.2% although it decelerated in France and remained stable in Germany. In Japan, inflation switched from a negative 0.2% to a positive 0.3%. In the UK, it moderated from 1.9% to 1.8% and in Canada from 2.3% to 2.2%.

### 7/1/2: Primary Commodity Prices

The general price index of primary commodities (2000=100) scaled up by 7.0% during Jan./March 2006. This was chiefly attributed to the rise in the price index of beverages by 10.5%, metals by 10.2%, energy by 6.7%, foodstuffs by 3.8%, and agricultural raw materials by 2.4%.

In beverages, the higher prices mainly resulted from the increase in tea prices by 28.6% and coffee by 7.2%.

The rise in metal prices was mostly seen in the prices of zinc (33.5%), tin (17.5%), copper (12.0%), gold (9.3%) and lead (6.6%). The rise in metal prices was mainly due to strong world demand, especially on part of China and India (under the impact of the vigorous economic growth in the two countries). Gold prices increased mainly because of the strong demand on gold as a safe haven for investment, amid market expectations of a rise in inflation, associated with the continuous high oil prices. In addition, some Middle East investors invested a large amount of oil surplus in gold, following the decline in equity prices on world exchanges.

The higher energy prices were mainly ascribed to price increases in gasoline (17.4%) and crude oil (7.9%). It is worth mentioning that world oil prices exceeded the ceiling of US\$ 60 per barrel during March 2006, as a result of the following developments. First, there were market fears of the suspension or cut of Iran's oil exports if Iran (the second largest OPEC producer) was sanctioned by the international community for its nuclear program. Second, some oil companies stopped their activities in Nigeria because of its current political turmoil. Third, global demand on oil, especially on part of China was high during the reporting period.

Foodstuff prices went up mainly because of higher prices of rice by 7.4% and wheat by 6.1%. However, prices of meat fell (3.1%), and so did those of soybeans (1.9%). As for the increase in the prices of agricultural raw materials, it was largely attributed to the rise in the prices of rubber by 19.1%, wool by 10.3% and cotton by 3.8%.

## 7/2: Monetary Developments

### 7/2/1: Discount Rates

During Jan./March 2006, the USA and Canada continued to adopt tightening monetary policies. In the USA, the Federal Reserve raised the discount rate by 0.25% twice in Jan. and March 2006, bringing it up to 5.75%. The aim was to continue enhancing the role of the monetary policy in containing the inflationary pressures associated with high economic growth. In Canada, the discount rate was also raised twice by 0.25% in the said two months, to reach 4.0%. Likewise, the European Central Bank raised its repo rate by 0.25% in March 2006, bringing it up to 2.5%, so as to contain the rising inflation that exceeded the maximum limit set by the Bank (2.0%). This was helped by the increase in the growth rates of money supply and loans in the euro area as a whole. On the other hand, the Bank of England maintained the repo rate of the sterling pound at 4.5%, while the Bank of Japan's discount rate was kept at almost zero (0.1%) to help improve the Japanese economic performance.

### Discount Rates

(Annually %)

	2005			
	June	Sept.	Dec.	March
USA	4.25	4.75	5.25	5.75
Canada	2.75	3.00	3.50	4.00
Japan	0.10	0.10	0.10	0.10
UK*	4.75	4.50	4.50	4.50
Euro area*	2.00	2.00	2.25	2.50

Sources: IFS, Financial Times (various issues) and Reuters.

\* Repo rate.

### 7/2/2: Exchange Rates

Developments in the exchange rates during Jan./March 2006 indicated that the US\$ depreciated vis-à-vis the euro and the Japanese yen, and appreciated against the sterling pound. The euro rose against the US dollar from 0.8435 per dollar at end of Dec. 2005 to 0.8320 at end of March 2006, and the Japanese yen

from 118.6400 to 117.3100. Meanwhile, the sterling pound retreated from 0.5729 per dollar to 0.5736. Accordingly, the SDRs appreciated against the US dollar from 0.6987 at end of December 2005 to 0.6949 at end of March 2006.

**Exchange Rates of Main Currencies against the US Dollar  
(Units of Currency per US Dollar)**

<b>At End of</b>	<b>2005</b>		<b>2006</b>		<b>Change (%)</b>
	<b>June</b>	<b>Sept.</b>	<b>Dec.</b>	<b>March</b>	<b>during Jan./March 2006</b>
Canadian dollar	1.2388	1.1779	1.1609	1.1605	0.0
Sterling Pound	0.5498	0.5530	0.5729	0.5736	0.1
Japanese yen	108.6300	111.0600	118.6400	117.3100	-1.1
Euro	0.8221	0.8161	0.8435	0.8320	-1.4
SDRs	0.6815	0.6821	0.6987	0.6949	-0.5

Source: IFS, (various issues).

**7/2/3: International Reserves**

Total international reserves (excluding gold) amounted to SDR 3056.3 billion at end of March 2006, with a rise of SDR 88.9 billion or 3.0% during Jan./March 2006. The increase was mainly in the reserves of developing countries which mounted by SDR 101.4 billion or 5.0%, to reach SDR 2131.3 billion, or 69.7% of total international reserves at end of March 2006. Around 59.0% of the rise in the developing countries' reserves was contributed by Asian countries (excluding Japan). Specifically, China's reserves amounted to SDR 609.1 billion at end of March 2006. China occupied, therefore, the top position in the international arena in terms of the balance of reserves, and Japan retreated to a second position with a share of SDR 581.2 billion. Moreover, the international reserves of the African countries, Eastern and Central Europe, the Middle East, and Latin America showed an increase.

At the level of the industrial countries, international reserves fell by some SDR 12.5 billion or 1.3%, as a chief result of the fall in the reserves of the euro area by 4.3%, Japan by 0.4%, the UK by 2.3%, and the USA by 0.3%.

## **8- International Economic Cooperation - International and Regional Meetings**

During Jan./March 2006, a number of international and regional meetings were held; the most important of which were the following:

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### **Meeting of World Economic Forum “Davos”**

The annual meeting of the World Economic Forum was held in Davos, Switzerland, during 25-29 Jan. 2006 under the theme “The Creative Imperative”. The main issues discussed during the Forum are summarized as follows:

- **Challenges confronting the world economy:** Participants referred to the insufficient measures taken to face the increasing social and economic challenges, especially the youth unemployment problem, which poses a major challenge to world stability and security. They added that addressing challenges in the international arena requires the cooperation of governments and institutions in this field, with a focus on utilizing human resources and their creativities.
- **The emergence of China and India among the major economic powers worldwide:** a special focus was placed on China whose economy achieved an unprecedented growth of 9.9% in 2005, thus becoming the new world economic locomotive, with the slowing US economic growth. This underscored the need for China to increase domestic demand and to lessen growth reliance on exports and foreign direct investments. Equally stressed was India’s need to address structural imbalances and the problems related to weak infrastructure, bureaucracy and corruption.
- **Combating poverty and epidemics:** Participants underlined the necessity of international cooperation to combat global poverty. In this context, the United Nations offered an ambitious plan to curb poverty, epidemics and armed conflicts in the world, relying on cooperation among all the authorities concerned in the international arena. Moreover, a global plan to stop tuberculosis was launched at a cost of US\$ 56 billion to save 14 million lives over the next decade. Also, scenarios were set to fight the global spread of bird flu.



- **Energy prices and securing its sources:** Participants expressed concern over the hikes in oil prices, along with the difficulties affecting the supply of natural gas in Europe, and the associated negative impact on the global economy. Some participants noted that the natural reserves of energy in the North Pole could be used as a complementary source of energy stock in the Middle East, as the North Pole is close to Europe and the USA. However, this raised the problem of ownership rights, where eight countries claimed their stakes in the region. It also raised the issue of natural resource depletion and its impact on environment. Moreover, an energy summit, comprising the chairmen of world energy companies, was held on the margin of the forum to discuss the way to develop such industry and to determine an instrument for measuring and managing relevant risks.
- **Free trade issues:** Participants drew attention to the necessity of enhancing trade negotiations within the World Trade Organization. About 20 ministers of economy and trade have agreed, on the margin of the forum, to set 30 April 2006 as a deadline for setting the schedules and measures for liberalizing trade in agricultural goods, and abolishing subsidies for agricultural exports in developed countries, so as to conclude a world trade agreement under the Doha Development Agenda.

### **OPEC Meeting**

The OPEC ministers decided in their meeting held in Vienna, Austria, on 8 March 2006 to maintain the current output ceiling at 28.0 million barrels a day. The decision reflects the OPEC's desire to maintain market stability, especially in the wake of a suspension of oil supplies, caused by turmoils in Nigeria's oil sector. It also reflects the desire to hedge against any possible disruptions in the production of Iran (the second largest OPEC producer), amid continuous pressures and threats of imposing international sanctions on Iran for its nuclear program, and the expectation that Iran may use oil as a political weapon.

## EU Summit

During 23-24 March 2006, the EU leaders held their summit meeting in Brussels, Belgium, to discuss several economic issues. Foremost among them were the slowdown in the European economic growth, employment, and the problem of energy security. The following is a brief of the communiqué issued during the summit:

- Emphasizing the importance of implementing structural reforms, and continuing proper macro-economic policies to achieve more fiscal discipline, increase competitiveness, raise economic growth rates and living standards and create new job opportunities.
- Welcoming the National Reform Programs (NRPs) set on the basis of Integrated Guidelines and geared to member states' own needs according to Barcelona Program. Ministers also noted the importance of exchanging experiences among the Commission, the Council and member states; and urged the Commission to submit a report on progress towards implementing the NRPs.
- As for raising the growth rates and employment levels, the European Council agreed on specific areas for priority actions by the end of 2007, namely further investment in knowledge, innovation, education and training, and in small and medium enterprises (SMEs). This is besides creating some 6 million new job opportunities and addressing the problem of the rise in aged population.
- Discussing the proposal of the Commission to establish a European Globalisation Adjustment Fund to provide additional support for workers made redundant as a result of major structural changes in world trade patterns and to assist them with their re-training and job search efforts, as well as inviting the European Council, and the European Parliament and Commission to take appropriate measures necessary to make the Fund operational as soon as possible, preferably by the advent of 1 January 2007.

- Urging member states to respond to the international challenges pertaining to energy by setting a common energy policy for Europe, aiming at effective community policy, coherence between member states and consistency between the three following objectives: security of energy supply, competitiveness of European economies in the field of energy and environmental sustainability. This can be done by working with member states to complete the opening of the internal market for electricity and gas by mid-2007, promoting dialogue between the EU countries on the one hand and the main trade partners on the other, and adopting an action plan on energy efficiency, bearing in mind the EU energy saving potential of 20% by 2020 and developing renewable energy sources.

## **Annex**

## **Statistical Section**

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### **1- Monetary and Banking Developments**

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#### **Monetary Aggregates**

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- (1/1/1) CBE Financial Position: Reserve Money and Counterpart Assets
- (1/1/2) Banking Survey: Domestic Liquidity and Counterpart Assets
- (1/1/3) Banking Survey: Deposits in Local Currency
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- Structure of the Egyptian Banking System as at 31/3/2006
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**5- Cotton**

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- (5/1) Position of Egyptian Cotton
- (5/2) Egyptian Cotton Exports

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**6- Tourism**

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- (6/1) Number of Arrivals and Tourist Nights of Departures (by Group)
- (6/2) Number of Tourists (Departures) & Average Stay



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

( LE mn )

End of	2003		2004		2005		2006
	March	June	March	June	March	June	March
<b><u>Reserve Money</u></b>	<b><u>81826</u></b>	<b><u>89236</u></b>	<b><u>113754</u></b>	<b><u>118504</u></b>	<b><u>161505</u></b>	<b><u>177822</u></b>	<b><u>168651</u></b>
Currency in circulation Outside CBE	49560	51960	56434	59415	64704	67241	74458
Bank deposits in local currency	32266	37276	57320	59089	96801	110581	94193
<b><u>Counterpart Assets</u></b>	<b><u>81826</u></b>	<b><u>89236</u></b>	<b><u>113754</u></b>	<b><u>118504</u></b>	<b><u>161505</u></b>	<b><u>177822</u></b>	<b><u>168651</u></b>
<b><u>Net Foreign Assets</u></b>	<b><u>9964</u></b>	<b><u>12343</u></b>	<b><u>6647</u></b>	<b><u>9858</u></b>	<b><u>27500</u></b>	<b><u>37295</u></b>	<b><u>60860</u></b>
<b><u>Foreign Assets</u></b>	<b><u>77529</u></b>	<b><u>86287</u></b>	<b><u>85088</u></b>	<b><u>88313</u></b>	<b><u>101872</u></b>	<b><u>108738</u></b>	<b><u>126997</u></b>
Gold	2568	3808	3808	4437	4437	4500	4500
Foreign securities	16315	15569	17099	17103	20789	16665	33094
Foreign currencies	58646	66910	64181	66773	76646	87573	89403
<b><u>Foreign Liabilities</u></b>	<b><u>67565</u></b>	<b><u>73944</u></b>	<b><u>78441</u></b>	<b><u>78455</u></b>	<b><u>74372</u></b>	<b><u>71443</u></b>	<b><u>66137</u></b>
<b><u>Net Domestic Assets</u></b>	<b><u>71862</u></b>	<b><u>76893</u></b>	<b><u>107107</u></b>	<b><u>108646</u></b>	<b><u>134005</u></b>	<b><u>140527</u></b>	<b><u>107791</u></b>
<b><u>Net Claims on Government</u></b>	<b><u>74174</u></b>	<b><u>70769</u></b>	<b><u>98605</u></b>	<b><u>99472</u></b>	<b><u>117825</u></b>	<b><u>122264</u></b>	<b><u>113394</u></b>
Claims; of which	132366	136723	161657	181313	221786	227367	176909
Government securities	95771	116527	126324	164441	201071	208021	163833
Deposits	58192	65954	63052	81841	103961	105103	63515
<b><u>Net Claims on Banks</u></b>	<b><u>-33687</u></b>	<b><u>-34505</u></b>	<b><u>-36030</u></b>	<b><u>-35544</u></b>	<b><u>-26582</u></b>	<b><u>-21983</u></b>	<b><u>5057</u></b>
Claims	8639	9765	8680	9530	10923	11572	20985
Deposits in foreign currencies	42326	44270	44710	45074	37506	33555	15928
<b><u>Other Items (Net)</u></b>	<b><u>31375</u></b>	<b><u>40629</u></b>	<b><u>44532</u></b>	<b><u>44718</u></b>	<b><u>42762</u></b>	<b><u>40246</u></b>	<b><u>-10660</u></b>
Assets	40362	48758	57585	54355	56455	49071	48579
Liabilities ; of which	8987	8129	13053	9637	13693	8825	59239
Equities	1500	1501	1790	2035	2325	2331	2895*
Provisions	293	235	301	307	373	302	299

Source : Central Bank of Egypt.

\* Including net profits.

**( 1/1/2) Banking Survey : Domestic Liquidity and Counterpart Assets**

( LE mn )

End of	2003		2004		2005		2006
	March	June	March	June	March	June	March
<b>First : <u>Domestic Liquidity</u></b>	<b><u>366561</u></b>	<b><u>384262</u></b>	<b><u>420091</u></b>	<b><u>434911</u></b>	<b><u>479063</u></b>	<b><u>493884</u></b>	<b><u>534663</u></b>
<b>a: <u>Money Supply</u></b>	<b><u>63966</u></b>	<b><u>67212</u></b>	<b><u>74121</u></b>	<b><u>77606</u></b>	<b><u>86023</u></b>	<b><u>89685</u></b>	<b><u>103322</u></b>
Currency in circulation outside the banking system	46099	48258	53038	55933	60679	63029	70258
Demand deposits in local currency	17867	18954	21083	21673	25344	26656	33064
<b>b: <u>Quasi-Money</u></b>	<b><u>302595</u></b>	<b><u>317050</u></b>	<b><u>345970</u></b>	<b><u>357305</u></b>	<b><u>393040</u></b>	<b><u>404199</u></b>	<b><u>431341</u></b>
Time & saving deposits in local currency	204792	212010	226490	233610	269615	283020	303352
Demand and time & saving deposits in foreign currencies	97803	105040	119480	123695	123425	121179	127989
<b>Second : <u>Counterpart Assets</u></b>							
Net foreign assets	19590	25429	36617	45241	73637	80913	131591
Domestic credit	389958	387446	419378	422040	453753	466771	490344
Other items (net)	-42987	-28613	-35904	-32370	-48327	-53800	-87272

Source : Central Bank of Egypt.

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

( LE mn )

End of	2003		2004		2005		2006
	March	June	March	June	March	June	March
<b><u>Total Deposits in Local Currency</u></b>	<b><u>222659</u></b>	<b><u>230964</u></b>	<b><u>247573</u></b>	<b><u>255283</u></b>	<b><u>294959</u></b>	<b><u>309676</u></b>	<b><u>336416</u></b>
<b>First : <u>Demand Deposits</u></b>	<b><u>17867</u></b>	<b><u>18954</u></b>	<b><u>21083</u></b>	<b><u>21673</u></b>	<b><u>25344</u></b>	<b><u>26656</u></b>	<b><u>33064</u></b>
Public business sector *	1954	2937	2268	2857	2338	3027	3123
Private business sector	7434	7989	9228	9235	11148	12228	15651
Household sector	8920	8674	10076	10306	12364	11985	14768
Minus: Purchased cheques & drafts	441	646	489	725	506	584	478
<b>Second : <u>Time and Saving Deposits</u></b>	<b><u>204792</u></b>	<b><u>212010</u></b>	<b><u>226490</u></b>	<b><u>233610</u></b>	<b><u>269615</u></b>	<b><u>283020</u></b>	<b><u>303352</u></b>
Public business sector *	11086	10990	12707	12557	12793	13700	15420
Private business sector	22654	22099	26148	25984	28369	27439	27108
Household sector	171052	178921	187635	195069	228453	241881	260824

**Source : Central Bank of Egypt.**

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

## ( 1/1/4 ) Banking Survey : Deposits in Foreign Currencies

( LE mn )

End of	2003		2004		2005		2006
	March	June	March	June	March	June	March
<b><u>Total Deposits in Foreign Currencies</u></b>	<b><u>97803</u></b>	<b><u>105040</u></b>	<b><u>119480</u></b>	<b><u>123695</u></b>	<b><u>123425</u></b>	<b><u>121179</u></b>	<b><u>127989</u></b>
<b>First : <u>Demand Deposits</u></b>	<b><u>11429</u></b>	<b><u>12159</u></b>	<b><u>15318</u></b>	<b><u>16280</u></b>	<b><u>18648</u></b>	<b><u>18140</u></b>	<b><u>21047</u></b>
Public business sector *	544	475	944	878	1113	1249	942
Private business sector	5745	6123	7845	8891	10583	10234	12732
Household sector	5262	5689	6726	6697	7150	6823	7535
Minus: Purchased cheques & drafts	122	128	197	186	198	166	162
<b>Second : <u>Time and Saving Deposits</u></b>	<b><u>86374</u></b>	<b><u>92881</u></b>	<b><u>104162</u></b>	<b><u>107415</u></b>	<b><u>104777</u></b>	<b><u>103039</u></b>	<b><u>106942</u></b>
Public business sector *	2342	2403	2178	2554	3491	2946	3935
Private business sector	18738	19056	19859	20659	21687	21103	24252
Household sector	65294	71422	82125	84202	79599	78990	78755

**Source : Central Bank of Egypt.**

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

( 1/1/5 ) Banking Survey : Foreign Assets and Liabilities

( LE mn )

End of	2003		2004		2005		2006
	March	June	March	June	March	June	March
<b><u>Net Foreign Assets</u></b>	<b><u>19590</u></b>	<b><u>25429</u></b>	<b><u>36617</u></b>	<b><u>45241</u></b>	<b><u>73637</u></b>	<b><u>80913</u></b>	<b><u>131591</u></b>
<b>First : <u>Foreign Assets</u></b>	<b><u>112383</u></b>	<b><u>126067</u></b>	<b><u>137557</u></b>	<b><u>145297</u></b>	<b><u>167470</u></b>	<b><u>174328</u></b>	<b><u>215925</u></b>
Central Bank of Egypt	77529	86287	85088	88313	101872	108737	126997
Banks	34854	39780	52469	56984	65598	65591	88928
<b>Second : <u>Foreign Liabilities</u></b>	<b><u>92793</u></b>	<b><u>100638</u></b>	<b><u>100940</u></b>	<b><u>100056</u></b>	<b><u>93833</u></b>	<b><u>93415</u></b>	<b><u>84334</u></b>
Central Bank of Egypt	67565	73944	78441	78455	74372	71443	66137
Banks	25228	26694	22499	21601	19461	21972	18197

Source : Central Bank of Egypt.

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

	( LE mn )						
	2003		2004		2005		2006
End of	March	June	March	June	March	June	March
<b>First : <u>Domestic Credit</u></b>	<b><u>389958</u></b>	<b><u>387446</u></b>	<b><u>419378</u></b>	<b><u>422040</u></b>	<b><u>453753</u></b>	<b><u>466771</u></b>	<b><u>490344</u></b>
Net claims on the government (A+B-C)	107697	103518	125747	126343	152623	159889	170915
A- Securities	181159	203845	219552	258178	306537	311376	287036
B- Credit facilities	49968	33506	49398	33094	37721	41385	34166
C- Government deposits	123430	133833	143203	164929	191635	192872	150287
Claims on the public business sector *	35445	34986	36081	35588	37908	37421	34678
Claims on the private business sector	211302	214308	220776	223096	223745	228195	234924
Claims on the household sector	35514	34634	36774	37013	39477	41266	49827
<b>Second : <u>Other Items (Net)</u></b>	<b><u>-42987</u></b>	<b><u>-28613</u></b>	<b><u>-35904</u></b>	<b><u>-32370</u></b>	<b><u>-48327</u></b>	<b><u>-53800</u></b>	<b><u>-87272</u></b>
Capital accounts; of which :	-73383	-76905	-85480	-83821	-93803	-94179	-105611
Capital and reserves	-26881	-31750	-32838	-33835	34239	-37699	-40306
Provisions	-39959	-40334	-44305	-44891	-49336	-49843	-54169
Net unclassified assets and liabilities	30396	48292	49576	51451	45476	40379	18339

**Source : Central Bank of Egypt,**

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

(1/1/7) Total Saving Vessels

( LE mn )

End of	2003		2004		2005		2006
	March	June	March	June	March	June	March
<b><u>Total Saving Vessels</u></b>	<b><u>376311</u></b>	<b><u>395068</u></b>	<b><u>428696</u></b>	<b><u>445887</u></b>	<b><u>482643</u></b>	<b><u>498190</u></b>	<b><u>532597</u></b>
<b><u>Savings with the Banking System</u></b>	<b><u>302595</u></b>	<b><u>317050</u></b>	<b><u>345970</u></b>	<b><u>357305</u></b>	<b><u>393040</u></b>	<b><u>404199</u></b>	<b><u>431341</u></b>
Time & saving deposits in local currency	204792	212010	226490	233610	269615	283020	303352
Demand and time & saving deposits in foreign currencies	97803	105040	119480	123695	123425	121179	127989
<b><u>Net Sales of Investment Certificates</u></b>	<b><u>53768</u></b>	<b><u>55218</u></b>	<b><u>57748</u></b>	<b><u>60178</u></b>	<b><u>58319</u></b>	<b><u>58485</u></b>	<b><u>61488</u></b>
<b><u>Post Office Saving Deposits</u></b>	<b><u>19948</u></b>	<b><u>22800</u></b>	<b><u>24978</u></b>	<b><u>28404</u></b>	<b><u>31284</u></b>	<b><u>35506</u></b>	<b><u>39768</u></b>

Source : Central Bank of Egypt.

**(1/1/8) Bank Lending and Discount Balances to Business Sector  
Public Business Sector\***

	( LE mn )						
	2001		2002		2003		2004
End of	March	June	March	June	March	June	March
<b><u>Total</u></b>	<b><u>35345</u></b>	<b><u>34885</u></b>	<b><u>35940</u></b>	<b><u>35430</u></b>	<b><u>37742</u></b>	<b><u>37242</u></b>	<b><u>34419</u></b>
<b><u>In Local Currency</u></b>	<b><u>27492</u></b>	<b><u>26834</u></b>	<b><u>27508</u></b>	<b><u>27690</u></b>	<b><u>30516</u></b>	<b><u>30165</u></b>	<b><u>27987</u></b>
Agriculture	13	55	51	44	22	16	7
Industry	16655	16854	16920	17263	18216	18318	14265
Trade	5684	5094	5424	5272	6363	5936	4632
Services	5140	4831	5113	5111	5915	5895	9083
<b><u>In Foreign Currencies</u></b>	<b><u>7853</u></b>	<b><u>8051</u></b>	<b><u>8432</u></b>	<b><u>7740</u></b>	<b><u>7226</u></b>	<b><u>7077</u></b>	<b><u>6432</u></b>
Agriculture	0	0	0	0	0	0	0
Industry	5371	5614	6073	5603	5343	5260	4220
Trade	422	446	538	532	534	511	549
Services	2060	1991	1821	1605	1349	1306	1663

Source : Central Bank of Egypt.

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



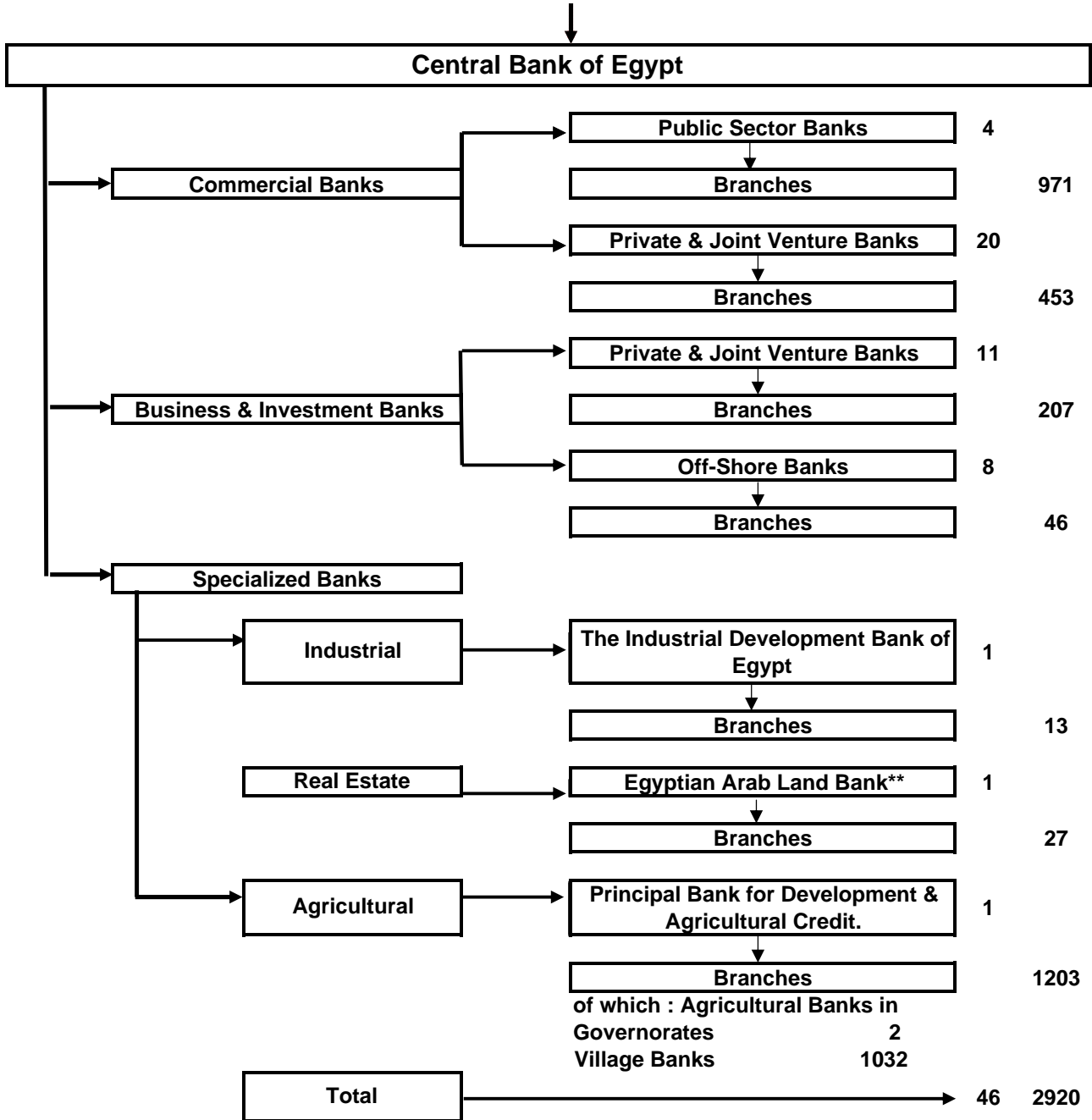
**(1/1/8) Bank Lending and Discount Balances to the Business Sector  
Private Business Sector (Contd.)**

	( LE mn )						
	2003		2004		2005		2006
End of	March	June	March	June	March	June	March
<b><u>Total</u></b>	<b><u>195360</u></b>	<b><u>199896</u></b>	<b><u>204639</u></b>	<b><u>205816</u></b>	<b><u>202626</u></b>	<b><u>205693</u></b>	<b><u>207094</u></b>
<b><u>In Local Currency</u></b>	<b><u>146220</u></b>	<b><u>149068</u></b>	<b><u>152716</u></b>	<b><u>154147</u></b>	<b><u>152556</u></b>	<b><u>152191</u></b>	<b><u>147288</u></b>
Agriculture	4438	4444	4583	4972	5681	5756	4541
Industry	54748	55775	56239	58434	59485	59099	56355
Trade	43026	42436	43550	42267	40520	39712	38764
Services	44008	46413	48344	48474	46870	47624	47628
<b><u>In Foreign Currencies</u></b>	<b><u>49140</u></b>	<b><u>50828</u></b>	<b><u>51923</u></b>	<b><u>51669</u></b>	<b><u>50070</u></b>	<b><u>53502</u></b>	<b><u>59806</u></b>
Agriculture	678	447	524	550	518	619	738
Industry	18522	19764	19764	19850	18569	20388	23371
Trade	11310	11111	12427	12020	11830	11369	11526
Services	18630	19506	19208	19249	19153	21126	24171

Source : Central Bank of Egypt.

## Structure of the Egyptian Banking System

As at 31/3/2006\*



\* Excluding the branches of Egyptian banks abroad and two banks established under private laws and not registered with the CBE : the Arab International Bank , and Nasser Social Bank.

\*\* The Credit Foncier Egyptien had been merged in the Arab Land Bank on 21/6/1999 .

**Mutual Funds Licensed and Operating**

Up To 31/3/2006

Fund Managers	Fund Name	Type of Fund	The fund Capital LE mn	The Price of Document		Cash Distributions
				at Issue	at 31/3/2006	Total Distributions 31/3/2006 (LE)
<u>Open-end Funds</u>						
Hermes F. Management	I Banque Du Caire	Growth	200	100	855.04	-
	II American Express Bank/Second**	Income / Growth	300	100	135.85	37.50
	III Egyptian Gulf Bank	Income / Growth	100	100	339.08	92.00
	IV Egyptian American Bank/First	Growth	300	100	290.99	121.75
	V Bank of Alexandria	Growth	200	100	391.81	131.50
	VI Faisal Islamic Bank of Egypt	Income	50	100	152.66	16.00
Cairo F. Management	Export Development Bank of Egypt	Income	100	100	273.56	33.00
Prime Investment F. Management	I Arab Misr Insurance Group	Growth	100	500	737.54	212.00
	II Societe Arabe Int'l de Banque/First	Growth	100	500	2174.63	340.00
	III Societe Arabe Int'l de Banque/Second	Income / Growth	200	100	273.37	74.00
	IV Societe Arabe Int'l de Banque/third	Income	50	100	100.01	64.50
Concord F. Management	I Banque Misr/First	Income	500	100	102.19	84.30
	II Banque Misr/Second	Growth	300	66.67	75.97	37.15
	III Misr Interntional Bank	Growth	280	100	209.57	43.00
HC Investment & Securities	I Banque Misr/Third*	Income / Growth	138.97	1000	4566.34	350.00
	II Misr Iran Development Bank/First	Income / Growth	100	100	447.29	55.00
	III Misr Iran Development Bank/Second	Income	500	1000	1023.14	41.06
	IV National Bank of Egypt/Third	Income / Growth	200	100	117.15	3.00
Egyptian F. Management Group***	Egyptian American Bank/Third**	Income	150	1000	1021.27	698.25
Egyptian Anglo F. Management	Suez Canal Bank	Income / Growth	100	500	358.34 <sup>+</sup>	20.00
EI-Ahly F. Management	I National Bank of Egypt/First	Growth	200	500	1786.50	-
	II National Bank of Egypt/Second	Income	300	100	91.90	102.00
CI Assets Management	CIB	Income	1000	100	110.67	0.00
<u>Close-end Funds</u>						
Egyptian Investment & Finance Co.	Orient Trust	Growth	50	1000	1250.05	-
Prime Investment F. Management	Direct Arab Real Estate	Income	70	1000	1030.86	113.75
EI-Ahly Dev. & Investment	Egypt Fund & Direct Investment	Growth	35	1000	1077.20	0.00

Source : Cairo & Alexandria Stock Exchanges .

\* The fund of Misr Exterior Bank was renamed the third fund of Banque Misr as of 16/9/2004 after merging Misr Exterior Bank into Banque Misr.

\*\* The fund of American Express Bank was renamed the fund of the Egyptian American Bank as of 30/6/2005 after merging American Express Bank into the Egyptian American Bank.

\*\*\* The Egyptian Fund Management Group was authorized to manage the Fund instead of Lazard Asset Management Egypt as of 30/6/2005

+ The price on 31 / 12 / 2005.

**(1/2/1) Note Issued including Cash in CBE Vaults by Denomination**

	( LE mn )						
	2003		2004		2005		2006
End of	March	June	March	June	March	June	March
<b><u>Currency by Denomination</u></b>	<b><u>49969</u></b>	<b><u>52219</u></b>	<b><u>56993</u></b>	<b><u>59703</u></b>	<b><u>65152</u></b>	<b><u>67527</u></b>	<b><u>74958</u></b>
PT 25	144	136	129	118	123	120	140
PT 50	250	235	218	203	233	220	256
LE 1	481	455	544	515	544	517	585
LE 5	1115	1119	1223	1226	1331	1279	1219
LE 10	5801	5728	5604	5490	5227	5074	4524
LE 20	11969	12110	11268	11010	10648	10329	9444
LE 50	18686	19381	21877	22686	23558	24517	27231
LE 100	11523	13055	16130	18455	23488	25471	31559

Source : Central Bank of Egypt.

(1/2/2) Currency in Circulation Outside CBE by Denomination

( LE mn )

End of	2003		2004		2005		2006
	March	June	March	June	March	June	March
<b><u>Total</u></b>	<b><u>49481</u></b>	<b><u>51960</u></b>	<b><u>56434</u></b>	<b><u>59415</u></b>	<b><u>64704</u></b>	<b><u>67236</u></b>	<b><u>74459</u></b>
Subsidiary denominations (banknotes & coins)*	211	213	217	219	224	226	232
PT 25	143	135	127	117	122	118	139
PT 50	246	232	213	201	227	217	252
LE 1	470	448	533	510	534	512	576
LE 5	1087	1098	1194	1201	1307	1251	1176
LE 10	5752	5690	5548	5424	5169	4999	4465
LE 20	11849	12049	11099	10926	10545	10246	9278
LE 50	18505	19270	21549	22490	23282	24348	27035
LE 100	11218	12825	15954	18327	23294	25319	31306

Source : Central Bank of Egypt,

\* Issued by the Ministry of Finance.

**( 1/2/3) Central Bank of Egypt : Clearing House Activities**

<b>During</b>	<b>July / March</b>						
	<b>2000/2001</b>	<b>2001/2002</b>	<b>2002/2003</b>	<b>2003/2004</b>	<b>2004/2005</b>	<b>2004/2005</b>	<b>2005/2006</b>
<b><u>Cairo Branch*</u></b>							
Number of cheques (thousands)	6881	6737	9250	8856	8618		
Value of cheques (LEmn)	249613	232323	215703	215091	231943		
<b><u>Alexandria Branch*</u></b>							
Number of cheques (thousands)	1182	1037	663	626	593		
Value of cheques (LEmn)	39156	35208	26383	30652	27874		
<b><u>Port Said Branch*</u></b>							
Number of cheques (thousands)	165	144	112	109	110		
Value of cheques (LEmn)	3399	3012	2495	2481	2606		
<b><u>All Branches*</u></b>							
Number of cheques (thousands)	8228	7918	10025	9591	9321	6972	6825
Value of cheques (LEmn)	292168	270543	244581	248224	262423	194007	205561

**Source : Central Bank of Egypt.**

**\* As of 1/1/2006, the manual Clearing Houses in Alexandria and Port Said were cancelled, and their activities were transferred to Cairo Automated Clearing House.**

## (1/3/1) Banks : Aggregate Financial Position

( LE mn )

End of	2003		2004		2005		2006
	March	June	March	June	March	June	March
<b>A : <u>Assets</u></b>							
Cash	5445	5557	5189	5412	6226	6594	6195
Securities & TB investments * of which:	110744	111337	121231	137431	172026	172177	196377
CBE notes	-	-	-	-	-	-	31736
Balances with banks in Egypt	100756	110874	128536	116290	118792	124986	122218
Balances with banks abroad	25050	29798	39991	43290	51973	51204	72739
Loans and discounts	281640	284722	293333	296199	298591	308195	315156
Other assets	45442	35650	49628	34814	59381	41990	69287
<b>Assets =Liabilities</b>	<b>569077</b>	<b>577938</b>	<b>637908</b>	<b>633436</b>	<b>706989</b>	<b>705146</b>	<b>781972</b>
<b>B : <u>Liabilities</u></b>							
Capital	13662	18155	19805	20346	21191	22949	24690
Reserves	11719	11805	11243	11454	12410	12419	13104
Provisions	39666	40099	44003	44584	48963	49541	53870
Long - term loans & bonds	14790	14866	15416	15012	15826	14254	17791
Obligations to banks in Egypt	34741	35579	30449	29933	24643	22671	27380
Obligations to banks abroad	15182	16247	10895	10332	9310	12262	8353
Total deposits	384655	403144	446543	461697	505136	519649	552255
Other liabilities	54662	38043	59554	40078	69510	51401	84529

**Source : Central Bank of Egypt.**

**\* Including TBs reverse repos which were replaced with the CBE notes as of August 2005.**

**(1/3/2) Banks : Deposits by Maturity**

( LE mn )

End of	2003		2004		2005		2006
	March	June	March	June	March	June	March
<b><u>Total Deposits</u></b>	<b><u>384655</u></b>	<b><u>403144</u></b>	<b><u>446543</u></b>	<b><u>461697</u></b>	<b><u>505136</u></b>	<b><u>519649</u></b>	<b><u>552255</u></b>
Demand deposits	35126	37233	43320	46742	50895	51557	63335
Time & saving deposits and saving accounts	325858	342535	378030	389483	431113	445132	467157
Blocked or retained deposits	23671	23376	25193	25472	23128	22960	21763
<b><u>First : Local Currency Deposits</u></b>	<b><u>267354</u></b>	<b><u>278179</u></b>	<b><u>301898</u></b>	<b><u>310870</u></b>	<b><u>353446</u></b>	<b><u>369067</u></b>	<b><u>393366</u></b>
Demand deposits	21829	22929	25518	27168	30546	31606	39658
Time & saving deposits and saving accounts	232005	242058	261793	269505	310360	324664	341663
Blocked or retained deposits	13520	13192	14587	14197	12540	12797	12045
<b><u>Second : Foreign Currency Deposits</u></b>	<b><u>117301</u></b>	<b><u>124965</u></b>	<b><u>144645</u></b>	<b><u>150827</u></b>	<b><u>151690</u></b>	<b><u>150582</u></b>	<b><u>158889</u></b>
Demand deposits	13297	14304	17802	19574	20349	19951	23677
Time & saving deposits and saving accounts	93853	100477	116237	119977	120753	120468	125494
Blocked or retained deposits	10151	10184	10606	11276	10588	10163	9718

Source : Central Bank of Egypt.



**(1/3/3) Banks : Non- Government Deposits & Saving Systems  
in Local Currency ( by Maturity )**

	( LE mn )						
	2003		2004		2005		2006
End of	March	June	March	June	March	June	March
<b><u>Total (1+2)</u></b>	<b><u>217436</u></b>	<b><u>224419</u></b>	<b><u>239301</u></b>	<b><u>247385</u></b>	<b><u>283950</u></b>	<b><u>298306</u></b>	<b><u>323879</u></b>
<b><u>1-Total Deposits</u></b>	<b><u>172979</u></b>	<b><u>177721</u></b>	<b><u>187032</u></b>	<b><u>193933</u></b>	<b><u>195800</u></b>	<b><u>202582</u></b>	<b><u>213957</u></b>
<b>First: <u>Demand Deposits</u></b>	<b><u>19669</u></b>	<b><u>20970</u></b>	<b><u>23827</u></b>	<b><u>25053</u></b>	<b><u>26908</u></b>	<b><u>28445</u></b>	<b><u>35564</u></b>
A- Free	17312	18669	20451	21259	24382	26012	33415
B- Blocked	2357	2301	3376	3794	2526	2433	2149
<b>Second: <u>Time and Saving Deposits</u></b>	<b><u>153310</u></b>	<b><u>156751</u></b>	<b><u>163205</u></b>	<b><u>168880</u></b>	<b><u>168892</u></b>	<b><u>174137</u></b>	<b><u>178393</u></b>
A - Free							
During one month	17075	14904	16975	16966	16764	16134	16910
From 1 to 3 months	29594	28998	28957	27494	25857	25577	26195
From 3 to 6 months	11405	12211	11244	11277	11692	11262	10045
From 6 to one year	4687	4098	5557	5091	5975	6660	7014
After one year	2921	2444	1845	2150	1829	1718	1682
B - Blocked	8657	8039	8480	7738	8260	8096	7556
C- Saving Accounts	76795	83572	88268	95780	96988	102817	106622
D- Others	2176	2485	1879	2384	1527	1873	2369
<b><u>2-Saving Systems</u></b>	<b><u>44457</u></b>	<b><u>46698</u></b>	<b><u>52269</u></b>	<b><u>53452</u></b>	<b><u>88150</u></b>	<b><u>95724</u></b>	<b><u>109922</u></b>
Less than three years	9295	7816	7703	7825	8006	7348	4712
Three years and more	35162	38882	44566	45627	80144	88376	105210

Source : Central Bank of Egypt.

(1/3/4) Banks : Deposits by Sector

	( LE mn )						
	2003		2004		2005		2006
End of	March	June	March	June	March	June	March
<b><u>Total Deposits</u></b>	<b><u>384655</u></b>	<b><u>403144</u></b>	<b><u>446543</u></b>	<b><u>461697</u></b>	<b><u>505136</u></b>	<b><u>519649</u></b>	<b><u>552255</u></b>
<b><u>Local Currency Deposits</u></b>	<b><u>267354</u></b>	<b><u>278179</u></b>	<b><u>301898</u></b>	<b><u>310870</u></b>	<b><u>353446</u></b>	<b><u>369067</u></b>	<b><u>393366</u></b>
Government sector	43802	46071	53067	54120	57628	57649	54815
Public business sector *	13039	13929	14975	15414	15132	16727	18543
Private business sector	30088	30087	35376	35219	39516	39668	42759
Household sector	179971	187594	197711	205375	240817	253865	275592
External sector **	454	498	769	742	353	1158	1657
<b><u>Foreign Currency Deposits</u></b>	<b><u>117301</u></b>	<b><u>124965</u></b>	<b><u>144645</u></b>	<b><u>150827</u></b>	<b><u>151690</u></b>	<b><u>150582</u></b>	<b><u>158889</u></b>
Government sector	18594	18977	24273	26187	27294	27252	28553
Public business sector *	2886	2878	3122	3432	4604	4195	4877
Private business sector	24484	25179	27705	29550	32271	31337	36984
Household sector	70557	77111	88851	90899	86749	85813	86290
External sector **	780	820	694	759	772	1985	2185

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.

### (1/3/5) Banks : Deposits by Economic Activity

( LE mn )

End of	2003		2004		2005		2006
	March	June	March	June	March	June	March
<b><u>Total Deposits</u></b>	<b><u>384655</u></b>	<b><u>403144</u></b>	<b><u>446543</u></b>	<b><u>461697</u></b>	<b><u>505136</u></b>	<b><u>519649</u></b>	<b><u>552255</u></b>
<b><u>Local Currency Deposits</u></b>	<b><u>267354</u></b>	<b><u>278179</u></b>	<b><u>301898</u></b>	<b><u>310870</u></b>	<b><u>353446</u></b>	<b><u>369067</u></b>	<b><u>393366</u></b>
Agriculture	2096	2049	2591	2480	2365	2548	2123
Industry	15115	15054	17248	17325	19350	19239	20564
Trade	10161	9879	11043	10520	11049	11740	12765
Services	21023	22416	26430	28487	30951	31915	36489
Unclassified sectors	218959	228781	244586	252058	289731	303625	321425
<b><u>Foreign Currency Deposits</u></b>	<b><u>117301</u></b>	<b><u>124965</u></b>	<b><u>144645</u></b>	<b><u>150827</u></b>	<b><u>151690</u></b>	<b><u>150582</u></b>	<b><u>158889</u></b>
Agriculture	488	558	499	467	395	831	820
Industry	12377	12193	13500	14718	16063	15274	17092
Trade	6016	5914	6686	7258	6487	6583	7342
Services	12029	12772	13802	15306	18247	17499	20377
Unclassified sectors	86391	93528	110158	113078	110498	110395	113258

Source : Central Bank of Egypt.

(1/3/6) Banks : Portfolio Investment by Sector +

( LE mn )

End of	2003		2004		2005		2006
	March	June	March	June**	March	June**	March
<b><u>Total</u></b>	<b><u>110744</u></b>	<b><u>111337</u></b>	<b><u>121231</u></b>	<b><u>137431</u></b>	<b><u>172026</u></b>	<b><u>172177</u></b>	<b><u>164641</u></b>
<b><u>In Local Currency</u></b>	<b><u>84518</u></b>	<b><u>86000</u></b>	<b><u>91723</u></b>	<b><u>105874</u></b>	<b><u>141299</u></b>	<b><u>140840</u></b>	<b><u>132975</u></b>
Government sector	68626	69853	75055	88438	121448	119876	106646
Public business sector *	644	648	669	630	644	666	609
Private business sector	15248	15499	15999	16806	19207	20298	25720
Household sector	-	-	-	-	-	-	-
External sector	-	-	-	-	-	-	-
<b><u>In Foreign Currencies</u></b>	<b><u>26226</u></b>	<b><u>25337</u></b>	<b><u>29508</u></b>	<b><u>31557</u></b>	<b><u>30727</u></b>	<b><u>31337</u></b>	<b><u>31666</u></b>
Government sector	16762	17465	18172	18630	16867	16594	16557
Public business sector *	-	-	-	-	-	-	-
Private business sector	3637	1703	2556	2885	4192	4711	3656
Household sector	-	-	-	-	-	-	-
External sector	5827	6169	8780	10042	9668	10032	11453

Source : Central Bank of Egypt.

+ Excluding CBE notes.

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

\*\* Revised data.

**(1/3/7) Banks : Lending and Discount Balances by Sector**

	( LE mn )						
	2003		2004		2005		2006
End of	March	June	March	June	March	June	March
<b><u>Total</u></b>	<b><u>281640</u></b>	<b><u>284722</u></b>	<b><u>293333</u></b>	<b><u>296199</u></b>	<b><u>298591</u></b>	<b><u>308195</u></b>	<b><u>315156</u></b>
<b><u>In Local Currency</u></b>	<b><u>217605</u></b>	<b><u>218696</u></b>	<b><u>225751</u></b>	<b><u>228159</u></b>	<b><u>231810</u></b>	<b><u>233141</u></b>	<b><u>233907</u></b>
Government sector	9027	9049	9389	9963	10457	10938	10839
Public business sector *	27494	26835	27507	27690	30515	30164	27987
Private business sector	146285	149118	152744	154162	152562	152193	147293
Household sector	34415	33285	35730	35955	37821	39354	47072
External sector	384	409	381	389	455	492	716
<b><u>In Foreign Currencies</u></b>	<b><u>64035</u></b>	<b><u>66026</u></b>	<b><u>67582</u></b>	<b><u>68040</u></b>	<b><u>66781</u></b>	<b><u>75054</u></b>	<b><u>81249</u></b>
Government sector	4334	4248	4657	6240	6527	11080	10229
Public business sector *	7853	8051	8432	7740	7226	7078	6432
Private business sector	49141	50827	51922	51668	50070	53502	59807
Household sector	1099	1350	1044	1059	1656	1913	2755
External sector	1608	1550	1527	1333	1302	1481	2026

Source : Central Bank of Egypt

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

(1/3/8) Banks : Credit by Sector

End of	( LE mn )						
	2003		2004		2005		2006
	March	June	March	June	March	June	March
<b><u>Total</u></b>	<b><u>392384</u></b>	<b><u>396059</u></b>	<b><u>414564</u></b>	<b><u>420298</u></b>	<b><u>437768</u></b>	<b><u>447257</u></b>	<b><u>479797</u></b>
<b><u>In Local Currency</u></b>	<b><u>302123</u></b>	<b><u>304696</u></b>	<b><u>317474</u></b>	<b><u>320701</u></b>	<b><u>340260</u></b>	<b><u>340866</u></b>	<b><u>366882</u></b>
Government sector	77653	78902	84444	85070	99056	97699	117485
Public business sector *	28138	27483	28176	28319	31159	30830	28596
Private business sector	161533	164617	168743	170968	171769	172491	173013
Household sector	34415	33285	35730	35955	37821	39354	47072
External sector	384	409	381	389	455	492	716
<b><u>In Foreign Currencies</u></b>	<b><u>90261</u></b>	<b><u>91363</u></b>	<b><u>97090</u></b>	<b><u>99597</u></b>	<b><u>97508</u></b>	<b><u>106391</u></b>	<b><u>112915</u></b>
Government sector	21096	21713	22829	24870	23394	27674	26786
Public business sector *	7853	8051	8432	7740	7226	7078	6432
Private business sector	52778	52530	54478	54553	54262	58213	63463
Household sector	1099	1350	1044	1059	1656	1913	2755
External sector	7435	7719	10307	11375	10970	11513	13479

Source : Central Bank of Egypt.

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

**(1/3/9) Banks : Lending and Discount Balances by Economic Activity**

	( LE mn )						
	2003		2004		2005		2006
End of	March	June	March	June	March	June	March
<b><u>Total</u></b>	<b><u>281640</u></b>	<b><u>284722</u></b>	<b><u>293333</u></b>	<b><u>296199</u></b>	<b><u>298591</u></b>	<b><u>308195</u></b>	<b><u>315156</u></b>
<b><u>In Local Currency</u></b>	<b><u>217605</u></b>	<b><u>218696</u></b>	<b><u>225751</u></b>	<b><u>228159</u></b>	<b><u>231810</u></b>	<b><u>233141</u></b>	<b><u>233907</u></b>
Agriculture	4482	4521	4705	5015	5766	5822	4612
Industry	72918	74269	75569	77722	81469	81844	75555
Trade	48714	47530	48974	48479	46883	45648	43396
Services	56507	58547	60285	60505	59279	59870	62091
Unclassified sectors	34984	33829	36218	36438	38413	39957	48253
<b><u>In Foreign Currencies</u></b>	<b><u>64035</u></b>	<b><u>66026</u></b>	<b><u>67582</u></b>	<b><u>68040</u></b>	<b><u>66781</u></b>	<b><u>75054</u></b>	<b><u>81249</u></b>
Agriculture	678	447	524	550	518	619	739
Industry	25379	26782	27514	28569	28203	34957	36661
Trade	11991	11557	12965	12552	12378	11893	12089
Services	23273	24341	23951	23941	22718	24188	26979
Unclassified sectors	2714	2899	2628	2428	2964	3397	4781

**Source : Central Bank of Egypt.**

**(1/3/10) Banks : Loans and Advances**  
**(Excluding Discount Balances) by Maturity and Type of Guarantee**

( LE mn )

End of	2003		2004		2005		2006
	March	June	March	June	March	June	March
<b><u>Total</u></b>	<b><u>249346</u></b>	<b><u>252429</u></b>	<b><u>259555</u></b>	<b><u>262261</u></b>	<b><u>263707</u></b>	<b><u>272063</u></b>	<b><u>277667</u></b>
<b><u>Up to One Year Maturity</u></b>	<b><u>156933</u></b>	<b><u>156122</u></b>	<b><u>161332</u></b>	<b><u>170105</u></b>	<b><u>171321</u></b>	<b><u>169811</u></b>	<b><u>172454</u></b>
With in-kind guarantees	52201	48893	48870	52834	52062	51793	52762
Without in-kind guarantees	104732	107229	112462	117271	119259	118018	119692
<b><u>More than One Year Maturity</u></b>	<b><u>92413</u></b>	<b><u>96307</u></b>	<b><u>98223</u></b>	<b><u>92156</u></b>	<b><u>92386</u></b>	<b><u>102252</u></b>	<b><u>105213</u></b>
With other guarantees	18822	11332	11833	10303	11074	11332	9165
Without other guarantees	73591	84975	86390	81853	81312	90920	96048

Source : Central Bank of Egypt.



**(1/4) Discount and Interest Rates on Deposits and Loans  
in Egyptian Pound**

(% Annually)

End of	Discount Rate	Average Interest Rate in Banks		Interest Rate on Investment Certificates		Interest Rate on Post Office Saving Deposits*
		on Three Month Deposits	Loans of Maturities of One Year-or Less	Simple Interest	Compound Interest	
<b>Jan.2003</b>	10.00	8.27	13.80	10.50	10.00	10.50
Feb.	''	8.03	13.78	''	''	''
March	''	8.12	13.39	''	''	''
April	''	8.27	13.58	''	''	''
May	''	8.36	13.53	''	''	''
June	''	8.46	13.45	''	''	''
July	''	8.37	13.38	''	''	''
Aug.	''	8.37	13.42	''	''	''
Sept.	''	8.27	13.57	''	''	''
Oct.	''	8.11	13.55	''	''	''
Nov.	''	8.07	13.58	''	''	''
Dec.	''	7.92	13.42	''	''	''
<b>Jan.2004</b>	''	7.88	13.37	''	''	''
Feb.	''	7.80	13.42	''	''	''
March	''	7.68	13.25	''	''	''
April	''	7.67	13.31	''	''	''
May	''	7.68	13.31	''	''	''
June	''	7.68	13.27	''	''	''
July	''	7.71	13.41	''	''	''
Aug.	''	7.71	13.47	''	''	''
Sept.	''	7.70	13.45	''	''	''
Oct.	''	7.70	13.42	''	''	''
Nov.	''	7.70	13.33	''	''	''
Dec.	''	7.68	13.34	''	''	''
<b>Jan.2005</b>	''	7.63	13.36	''	''	''
Feb.	''	7.62	13.44	''	''	''
March	''	7.60	13.41	''	''	''
April	''	7.60	13.39	''	''	''
May	''	7.60	13.35	''	''	''
June	''	7.61	13.35	''	''	''
July	''	7.46	13.31	''	''	''
Aug.	''	7.42	13.28	''	''	''
Sept.	''	6.60	12.80	''	''	''
Oct.	''	6.60	12.60	''	''	''
Nov.	''	6.50	12.60	''	''	''
Dec.	''	6.50	12.70	''	''	''
<b>Jan.2006</b>	9.00	6.40	12.60	''	''	''
Feb.	''	6.10	12.60	''	''	''
March	''	6.20	12.60	9.50	9.00	9.50

Source : Central Bank of Egypt, Egyptian National postal Authority.

\* An additional interest of 0.25% is calculated for the deposits remaining for one year .

**(1/5) Domestic Interest Rates on 3 Month Deposits  
Major Currencies**

(% Annually)

End of	U.S. Dollar		Sterling Pound		Euro	
	Min	Max	Min	Max	Min	Max
<b>Jan.2003</b>	1.06	1.25	2.88	3.63	2.06	2.31
Feb.	1.00	1.19	2.56	3.31	1.81	2.06
March	1.00	1.19	2.56	3.31	1.75	2.00
April	1.00	1.19	2.50	3.25	1.81	2.06
May	1.00	1.19	2.50	3.25	1.81	2.06
June	0.69	0.88	2.50	3.25	1.38	1.63
July	0.81	1.00	2.31	3.06	1.38	1.63
Aug.	0.81	1.00	2.44	3.19	1.38	1.63
Sept.	0.81	1.00	2.56	3.31	1.38	1.63
Oct.	0.88	1.06	2.81	3.56	1.38	1.63
Nov.	0.88	1.06	2.88	3.63	1.38	1.63
Dec.	0.88	1.06	2.94	3.69	1.38	1.63
<b>Jan.2004</b>	0.81	1.00	3.00	3.75	1.31	1.56
Feb.	0.81	1.00	3.06	3.81	1.31	1.56
March	0.81	1.00	3.19	3.94	1.25	1.50
April	0.81	1.00	3.25	4.00	1.31	1.56
May	1.00	1.19	3.50	4.25	1.31	1.56
June	1.25	1.44	3.69	4.44	1.38	1.63
July	1.38	1.56	3.81	4.56	1.38	1.63
Aug.	1.44	1.63	3.81	4.56	1.38	1.63
Sept.	1.69	1.88	3.81	4.56	1.38	1.63
Oct.	1.81	2.00	3.75	4.50	1.38	1.63
Nov.	2.06	2.25	3.75	4.50	1.44	1.69
Dec.	2.15	2.44	3.75	4.50	1.44	1.69
<b>Jan.2005</b>	2.38	2.56	3.75	4.50	1.38	1.63
Feb.	2.56	2.75	3.75	4.50	1.38	1.63
March	2.75	2.94	3.88	4.63	1.38	1.63
April	2.88	3.06	3.81	4.56	1.38	1.63
May	3.00	3.19	3.75	4.50	1.38	1.63
June	3.19	3.38	3.69	4.44	1.38	1.63
July	3.38	3.56	3.50	4.25	1.38	1.63
Aug.	3.50	3.69	3.44	4.19	1.38	1.63
Sept.	3.69	3.88	3.50	4.25	1.38	1.63
Oct.	3.88	4.06	3.50	4.25	1.44	1.69
Nov.	4.00	4.19	3.50	4.25	1.69	1.94
Dec.	4.13	4.31	3.50	4.25	1.75	2.00
<b>Jan.2006</b>	4.25	4.44	3.44	4.19	1.75	2.00
Feb.	4.38	4.56	3.44	4.19	1.88	2.13
March	4.44	4.63	3.44	4.19	2.00	2.25

Source: National Bank of Egypt

(1/6) The Interest Rates on Treasury Bills ( Weekly Weighted Average)

(%)

		91 Days	182 Days	364 Days
<b><u>January 2006</u></b>				
<b>The:</b>				
First week	(3/1)	0.000	8.595	8.763
Second	(10/1)	0.000	0.000	0.000
Third	(17/1)	8.542	8.595	8.687
Fourth	(24/1)	0.000	8.174	8.640
	(31/1)	8.095	8.152	8.211
<b>The Monthly Average</b>		<b>8.319</b>	<b>8.379</b>	<b>8.575</b>
<b><u>February 2006</u></b>				
<b>The:</b>				
First week	(7/2)	8.091	8.140	8.194
Second	(14/2)	0.000	8.098	8.208
Third	(21/2)	8.050	8.088	8.162
Fourth	(28/2)	0.000	8.055	8.090
<b>The Monthly Average</b>		<b>8.071</b>	<b>8.095</b>	<b>8.164</b>
<b><u>March 2006</u></b>				
<b>The:</b>				
First week	(7/3)	8.066	8.107	8.082
Second	(14/3)	0.000	8.237	8.117
Third	(21/3)	8.556	8.426	8.488
Fourth	(28/3)	8.613	8.649	8.632
<b>The Monthly Average</b>		<b>8.412</b>	<b>8.355</b>	<b>8.330</b>

Source: Central Bank of Egypt.

**(1/7) Wholesale Price Index (1999/2000=100)\***

Groups	Relative Weight	Inflation Rate %				
		2005		2006	July / March	The Year Ending
		March	June	March	2005/2006	March 2006
<b><u>All Items</u></b>	<b><u>100.0</u></b>	<b><u>164.0</u></b>	<b><u>167.5</u></b>	<b><u>168.1</u></b>	<b><u>0.4</u></b>	<b><u>2.5</u></b>
Farm Products	34.4	186.4	..	187.9	..	0.8
Foodstuffs	18.2	154.6	..	169.1	..	9.4
Beverages & Tobacco	2.7	169.0	..	169.0	..	0.0
Yarn & Textiles	3.9	171.2	..	173.2	..	1.2
Wearing Apparel	1.4	122.5	..	124.5	..	1.6
Leather & Footwear	0.2	166.3	..	174.9	..	5.2
Wood & its Products	1.5	140.7	..	167.1	..	18.8
Paper & Printing	1.7	155.6	..	154.3	..	-0.8
Chemicals & its products	7.4	119.2	..	126.6	..	6.2
Fuel & Related Products	10.5	123.6	..	125.1	..	1.2
Rubber & Plastic Products	0.6	168.3	..	144.0	..	-14.5
Nonmetallic Mineral Products	3.5	130.2	..	131.9	..	1.3
Metals	5.2	247.5	..	238.8	..	-3.5
Metallic Prods., Machinery & Equipment	5.4	146.0	..	148.2	..	1.5
Transportation Equipment	2.8	161.7	..	162.0	..	0.2
Other Manufacturing Products	0.6	187.3	..	208.2	..	11.1

Source : Central Agency for Public Mobilization and Statistics (Bimonthly Bulletin of Wholesale Price Index).

\* A new series was developed by taking the average of the fiscal year 1999/2000 as a base period. The averages of two years (1999/2000 and 2000/2001) for agricultural and industrial production values were taken as weights for this series, in order to avoid big and sudden changes which may occur in the production of some commodities in case of selecting one year. This series has been released as of September 2005.

.. Not available.

**(1/8) Consumer Price Index (Urban Population ) (1999/2000=100)**

<b>End of</b>	<b>Relative Weights</b>	<b>2005</b>		<b>2006</b>	<b>Inflation Rate %</b>	
		<b>March</b>	<b>June</b>	<b>March</b>	<b>July/March 2005/2006</b>	<b>The Year Ending March 2006</b>
<b><u>General Index</u></b>	<b><u>100.0</u></b>	<b><u>133.9</u></b>	<b><u>135.0</u></b>	<b><u>138.8</u></b>	<b><u>2.8</u></b>	<b><u>3.7</u></b>
Food & non- alcoholic beverages	38.9	149.3	150.7	157.1	4.2	5.3
Tobacco	2.8	136.1	136.1	136.1	0.0	0.0
Clothing & footwear	10.4	125.8	130.8	130.9	0.1	4.0
Housing , water,elect.,gas & fuel	11.7	112.3	112.4	114.9	2.2	2.4
Furniture, household equipment & maintenance	4.9	131.7	132.5	137.3	3.6	4.3
Health	4.6	120.0	120.3	125.0	3.9	4.1
Transport	5.6	125.1	125.5	126.4	0.7	1.0
Communications	2.0	180.7	180.7	178.7	-1.1	-1.1
Recreation & culture	5.9	119.5	119.5	121.6	1.8	1.7
Education	5.7	119.5	119.5	125.0	4.6	4.6
Hotels & restaurants	2.5	130.1	130.1	130.1	0.0	0.0
Miscellaneous	5.0	121.1	121.1	122.1	0.8	0.8

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

**(1/9) Consumer Price Index (Rural Population ) (1999/2000=100)**

<b>End of</b>	<b>Relative Weights</b>	<b><u>2005</u></b>		<b><u>2006</u></b>	<b><u>Inflation Rate %</u></b>	
		<b>March</b>	<b>July</b>	<b>March</b>	<b>Aug./ March 2005/2006</b>	<b>The Year Ending March 2006</b>
<b><u>General Index</u></b>	<b><u>100.0</u></b>	<b><u>134.4</u></b>	<b><u>136.2</u></b>	<b><u>139.4</u></b>	<b><u>2.3</u></b>	<b><u>3.8</u></b>
Food & non- alcoholic beverages	50.8	146.2	149.0	153.7	3.2	5.1
Tobacco	3.6	132.3	132.3	132.3	0.0	0.0
Clothing & footwear	9.5	128.4	131.5	131.5	0.0	2.4
Housing , water, elect., gas & fuel	14.0	114.9	114.9	116.8	1.7	1.6
Furniture household equipment & maintenance	3.9	122.8	123.3	128.0	3.8	4.2
Health	3.7	120.4	122.7	125.5	2.3	4.2
Transport	2.6	128.1	128.5	128.5	0.0	0.3
Communications	0.4	187.5	191.7	191.7	0.0	2.2
Recreation & culture	3.3	123.1	124.3	125.0	0.6	1.5
Education	3.4	113.0	113.0	118.2	4.6	4.6
Hotels & restaurants	1.5	128.3	128.3	128.3	0.0	0.0
Miscellaneous	3.3	117.0	117.0	118.0	0.9	0.8

Source: Central Agency for Public Mobilization and Statistics (Bimonthly Bulletin for Consumer Price Indices Rural).

**(1/10) Consumer Price Index (All Egypt) (1999/2000=100)**

End of	Relative Weights	<u>2005</u>		<u>2006</u>	<u>Inflation Rate %</u>	
		March	July	March	Aug./March 2005/2006	The Year Ending March 2006
<b><u>General Index</u></b>	<b><u>100.0</u></b>	<b><u>134.2</u></b>	<b><u>135.9</u></b>	<b><u>139.1</u></b>	<b><u>2.4</u></b>	<b><u>3.7</u></b>
Food & non - alcoholic beverages	44.1	147.5	150.1	155.2	3.4	5.2
Tobacco	3.2	133.9	133.9	133.9	0.0	0.0
Clothing & footwear	10.0	127.3	131.3	131.3	0.0	3.1
Housing, water, elect.,gas & fuel	12.7	113.8	113.8	116.0	1.9	1.9
Furniture household equipment & maintenance	4.5	126.6	127.4	132.0	3.6	4.2
Health	4.2	120.2	122.6	125.3	2.2	4.2
Transport	4.3	126.8	127.6	127.6	0.0	0.6
Communication	1.3	184.6	186.1	186.1	0.0	0.8
Recreation & culture	4.8	121.6	122.6	123.5	0.7	1.6
Education	4.7	115.8	115.8	121.1	4.6	4.6
Hotels & restaurants	2.0	129.1	129.1	129.1	0.0	0.0
Miscellaneous	4.2	118.8	118.8	119.7	0.8	0.8

Source: Central Agency for Public Mobilization and Statistics (BImonthly Bulletin for Consumer Price Indices All Egypt).

## (2/1) Companies Listed on the Stock Exchange

End of	2003		2004		2005		2006
	March	June	March	June	March	June	March
<b>First : <u>Companies Listed on the Official Schedules</u></b>							
- Number of companies (in unit)	157	152	112	129	129	132	137
- Number of shares (mn)	1969	2689	3167	3661	4061	4236	7304
- Nominal value of capital (LE mn)	16188	35906	41544	43597	48105	49274	54303
- Market value of capital (LE mn)	30486	55706	88881	95103	215708	250136	365485
<b>Second : <u>Companies Listed on the Unofficial Schedules</u></b>							
- Number of companies (in unit)	994	971	471	528	600	612	551
- Number of shares (mn)	3757	3244	2230	2383	2559	2646	2549
- Nominal value of capital (LE mn)	80070	63123	46672	46491	53970	57368	50804
- Market value of capital (LE mn)	106711	94508	72428	68788	73447	84407	82215
<b>Third : <u>Companies Listed on the Temporary Schedules</u> *</b>							
- Number of companies (in unit)			283	146	32	26	18
- Number of shares (mn)			721	208	106	103	53
- Nominal value of capital (LE mn)			7517	6439	2029	1567	859
- Market value of capital (LE mn)			15662	8974	3503	2516	1873
<b>Fourth : <u>All Companies</u></b>							
- Number of companies (in unit)	1151	1123	866	803	761	770	706
- Number of shares (mn)	5726	5933	6118	6252	6725	6985	9906
- Nominal value of capital (LE mn)	96258	99029	95733	96527	104104	108209	105966
- Market value of capital (LE mn)	137197	150214	176971	172865	292658	337059	449573

**Source : Monthly Bulletin of Cairo & Alexandria Stock Exchanges.**

\* Companies which have not adjusted their statuses according to the new listing rules.



**(2/2) Transactions on Shares on the Stock Exchange**

	<b>2004/2005</b>			<b>July/ March</b>			<b>2005/2006</b>		
	<b>Number of Transactions in Unit</b>	<b>Amount in Thousands</b>	<b>M.Value in mn</b>	<b>Number of Transactions in Unit</b>	<b>Amount in Thousands</b>	<b>M.Value in mn</b>	<b>Number of Transactions in Unit</b>	<b>Amount in Thousands</b>	<b>M.Value in mn</b>
<b><u>In Egyptian Pound</u></b>	<b><u>1725671</u></b>	<b><u>2251354</u></b>	<b><u>45061</u></b>	<b><u>4377631</u></b>	<b><u>5008609</u></b>	<b><u>175320</u></b>			
On the floor	1612081	1740664	41266	4202577	4139415	168221			
Over the Counter	113590	510690	3795	175054	869194	7099			
<b><u>In Foreign Currencies (US\$)</u></b>	<b><u>20996</u></b>	<b><u>117469</u></b>	<b><u>717</u></b>	<b><u>129399</u></b>	<b><u>328732</u></b>	<b><u>2258</u></b>			
On the floor	20772	46544	479	129016	209384	1713			
Over the Counter	224	70925	238	383	119348	545			
<b><u>In Foreign Currencies (£)</u></b>	<b><u>6</u></b>	<b><u>422</u></b>	<b><u>8</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>			
On the floor	-	-	-	0	0	0			
Over the Counter	6	422	8	0	0	0			

**Source: Capital Market Authority.**

**(2/3) Transactions on Bonds & Mutual Fund Documents on the Stock Exchange**

During	<u>July/ March</u>					
	<u>2004/2005</u>			<u>2005/2006</u>		
	Number of Transactions in Unit	Amount in Unit	M.Value (OOOs)	Number of Transactions in Unit	Amount in Unit	M.Value (OOOs)
<b><u>In Egyptian Pound</u></b>	<b><u>375</u></b>	<b><u>4469090</u></b>	<b><u>4569847</u></b>	<b><u>491</u></b>	<b><u>9188099</u></b>	<b><u>9073283</u></b>
On the floor	375	4469090	4569847	491	9188099	9073283
Over the Counter	-	-	-	-	-	-
<b><u>In Foreign Currencies (US\$)</u></b>	<b><u>1</u></b>	<b><u>1</u></b>	<b><u>0</u></b>	<b><u>38</u></b>	<b><u>53969</u></b>	<b><u>68670</u></b>
On the floor	1	1	-	2	21300	2169
Over the Counter	-	-	-	36	32669	66501

Source: Capital Market Authority.

## (2/4) Global Depository Receipts (GDRs)

GDR's Listed on Global Exchanges				Corporate Stocks Issued on Egyptian Exchange			
Order and Date of Offering	Depository Bank	Sub Custodian Bank	Price(\$)		Price(LE)		
			at End of June 2005	at End of March 2006	at End of June 2005	at End of March 2006	
First - July 96	Bank of New York	CIB	8.13	12.23	47.77	70.05	
Second - July 96	Bank of New York	CIB	14.50	13.00	82.00	83.87	
		NBE					
Third - Oct.97	Deutsche Bank	Citibank	1.9	2.20	31.33	37.81	
Fourth - April 98	Bank of New York	CIB	4.88	3.25	46.44	30.16	
Fifth - Aug.98	Bank of New York	HSBC	12.00	23.50	33.76	66.95	
Sixth - Jun-99	Deutsche Bank	Citibank	12.00	39.00	27.51	77.91	
Seventh* - July 99	Bank of New York	CIB	0.44	0.44*	-	-	
Eighth - Jun-00	Bank of New York	CIB	50.29	54.70	587.5	315.71	
Ninth - Aug.02	Bank of New York	CIB	57.38	82.20	164.57	235.37	
Tenth - Nov.04	Bank of New York	CIB	-	-	108.00	-	
Eleventh - Dec.05	Bank of New York	CIB	-	14.25**	-	16.28	
		NBE					
		HSBC					

Source : Monthly Bulletin of Cairo & Alexandria Stock Exchanges.

\* Last closing price on 3/3/2005.

\*\* Trading on this company's GDR started on December 14,2005.

**(2/5) The Outstanding Balance of Treasury Bills (Quarterly)**

(LEmn)

End of	91 Days	182 Days	89 Days	364 Days	Total
<b><u>1999</u></b>					
March	6701.0	9352.9	-	11145.4	27199.3
June	6494.9	7918.1	-	11145.4	25558.4
Sept.	6338.6	7909.2	-	11145.4	25393.2
Dec.	5949.6	8274.7	-	11145.4	25369.7
<b><u>2000</u></b>					
March	5558.2	8675.8	-	11145.4	25379.4
June	5585.3	8675.9	-	11131.9	25393.1
Sept.	5773.3	8637.9	-	14457.4	28868.6
Dec.	5714.9	8666.5	-	14457.4	28838.8
<b><u>2001</u></b>					
March	6195.9	8271.3	-	14457.4	28924.6
June	5762.5	9113.9	-	14457.4	29333.8
Sept.	7687.7	8564.1	-	14457.4	30709.2
Dec.	11451.6	9502.5	-	14457.4	35411.5
<b><u>2002</u></b>					
March	10864.0	10240.5	-	14457.4	35561.9
June	11183.2	14366.7	-	14457.4	40007.3
Sept.	14575.7	18411.5	-	14457.4	47444.6
Dec.	15897.1	22908.0	-	14457.4	53262.5
<b><u>2003</u></b>					
March	15250.8	24259.7	-	14457.4	53967.9
June	16235.7	24625.2	-	14457.4	55318.3
Sept.	14975.2	26776.5	-	14457.4	56209.1
Dec.	6272.9	28066.3	13001.4	14457.4	61798.0
<b><u>2004</u></b>					
March	15294.0	30476.8	4081.4	14457.4	64309.6
June	18462.7	38852.7	-	26458.2	83773.6
Sept.	11000.0	48196.3	-	48958.2	108154.5
Dec.	8600.0	45466.8	-	66558.2	120625.0
<b><u>2005</u></b>					
March	0.0	34550.0	-	82358.2	116908.2
June	2750.0	23900.0	-	98257.4	124907.4
Sept.	8900.0	22350.0	-	71725.6	102975.6
Dec.	5500.0	22600	-	67815.6	95915.6
<b><u>2006</u></b>					
March	6000.0	24100.0	-	69015.6	99115.6

## (2/6) The Outstanding Balance of Treasury Bills (Weekly)

		(LE mn)			
		91 Days	182 Days	364 Days	Total
<b><u>January 2006</u></b>					
<b>The:</b>					
First week	(3/1)	4500.0	22100.0	68315.6	94915.6
Second	(10/1)	3600.0	22100.0	66315.6	92015.6
Third	(17/1)	4100.0	22600.0	68315.6	95015.6
Fourth	(24/1)	4100.0	22100.0	67915.6	94115.6
<b>End of Month</b>		<b>3600.0</b>	<b>22600.0</b>	<b>68415.6</b>	<b>94615.6</b>
<b><u>February 2006</u></b>					
<b>The:</b>					
First week	(7/2)	4100.0	22600.0	68915.6	95615.6
Second	(14/2)	4100.0	23100.0	68415.6	95615.6
Third	(21/2)	5100.0	23100.0	68415.6	96615.6
Fourth	(28/2)	4100.0	23100.0	67415.6	94615.6
<b>End of Month</b>		<b>4100.0</b>	<b>23100.0</b>	<b>67415.6</b>	<b>94615.6</b>
<b><u>March 2006</u></b>					
<b>The:</b>					
First week	(7/3)	4600.0	23100.0	68215.6	95915.6
Second	(14/3)	4600.0	24100.0	67515.6	96215.6
Third	(21/3)	5000.0	24100.0	69515.6	98615.6
Fourth	(28/3)	6000.0	24100.0	69015.6	99115.6
<b>End of Month</b>		<b>6000.0</b>	<b>24100.0</b>	<b>69015.6</b>	<b>99115.6</b>

Source : Central Bank of Egypt.

**(2/7) The Outstanding Balance of Treasury Bonds\***  
**End of March 2006**

	Date of Issue	Value (LE mn)	Interest Rate	Maturity & Redemption Date
Seventh Tranche	01/3/1999	2000	9.500%	10 years, 01/03/2009
Eighth Tranche	16/4/1999	2000	10.000%	10 years, 16/04/2009
Ninth Tranche	03/5/2000	3000	11.000%	7 years, 03/05/2007
Tenth Tranche	01/1/2004	4000	8.000%	3 years, 01/01/2007
<b><u>Bonds under the Primary Dealers System**</u></b>				
Eleventh Tranche	26/10/2004	5000	11.500%	7 years, 26/10/2011
Twelveth Tranche	16/11/2004	5000	11.625%	10 years, 16/11/2014
Thirteenth Tranche	07/12/2004	3000	10.938%	4 years, 07/12/2008
Fourteenth Tranche	18/1/2005	1000	11.400%	20 years, 18/01/2025
Fifteenth Tranche	12/7/2005	2000	9.100%	5 years, 12/07/2010
Sixteenth Tranche <sup>(1)</sup>	02/8/2005	4000	9.250%	4 years, 02/08/2009
Seventeenth Tranche	16/8/2005	2000	9.350%	5 years, 16/08/2010
Eighteenth Tranche <sup>(2)</sup>	30/9/2005	4000	9.100%	7 years, 20/09/2012
Nineteenth Tranche	04/10/2005	2000	9.063%	3 years, 04/10/2007
Twentieth Tranche	18/10/2005	2000	9.100%	5 years, 18/10/2010
Twenty First Tranche <sup>(3)</sup>	15/11/2005	4000	9.300%	10 years, 15/11/2015
Twenty Second Tranche	03/11/2006	2000	9.050%	4 years, 03/01/2010
Twenty Third Tranche	24/1/2006	2000	8.850%	7 years 24/01/2013
Twenty Fourth Tranche	14/2/2006	2000	8.500%	2 years, 14/02/2008
Twenty Fifth Tranche	28/2/2006	2000	8.600%	5 years, 28/02/2011

Source : Central Bank of Egypt.

\* Issued by Law No. 4 /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 Article (7) of Law No. 92 for 2004.

<sup>(1)</sup> Increased by LE 2.0 billion, due to their re-opening on 08/11/2005 on the same conditions.

<sup>(2)</sup> Increased by LE 2.0 billion, due to their re-opening on 13/12/2005 on the same conditions.

<sup>(3)</sup> Increased by LE 2.0 billion, due to their re-opening on 13/03/2006 on the same conditions.

**(3/1) Consolidated Fiscal Operations of General Government \***  
**( The Budget Sector ,NIB, and SIFs )**

( LE mn )

	<b>2005/2006</b>					
	<b><u>Prel. Estimates</u></b>			<b><u>9 Months (Actual)</u></b>		
	The Budget Sector	The Budget Sector & NIB	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector & NIB	The Budget Sector, NIB & SIFs
<b><u>Total Expenditures</u></b>	<b><u>187817</u></b>	<b><u>172627</u></b>	<b><u>192122</u></b>	<b><u>124709</u></b>	<b><u>116708</u></b>	<b><u>137881</u></b>
<b><u>Compensation of Employees</u></b>	<b><u>45843</u></b>	<b><u>45898</u></b>	<b><u>46360</u></b>	<b><u>31546</u></b>	<b><u>31575</u></b>	<b><u>31934</u></b>
Salaries and wages	34644	34697	35107	27053	27081	27390
Social contributions	5284	5286	5338	3896	3897	3947
Other	5915	5915	5915	597	597	597
<b><u>Purchases of Goods and Services</u></b>	<b><u>13143</u></b>	<b><u>13155</u></b>	<b><u>13234</u></b>	<b><u>7534</u></b>	<b><u>7540</u></b>	<b><u>7582</u></b>
Goods	5511	5514	5526	3116	3119	3126
Services	4884	4887	4936	3809	3812	3845
Other	2748	2754	2772	609	609	611
<b><u>Interests</u></b>	<b><u>42605</u></b>	<b><u>38315</u></b>	<b><u>38315</u></b>	<b><u>21497</u></b>	<b><u>22591</u></b>	<b><u>22591</u></b>
Foreign interests	4015	4015	4015	2609	2609	2609
Domestic interests	38590	34300	34300	18888	19982	19982
To NIB	12314	957	957	3752	-423	-423
To others	26276	33343	33343	15136	20405	20405
<b><u>Subsidies, Grants &amp; Social Benefits</u></b>	<b><u>50546</u></b>	<b><u>39546</u></b>	<b><u>58427</u></b>	<b><u>40128</u></b>	<b><u>30991</u></b>	<b><u>51739</u></b>
<b><u>Subsidies</u></b>	<b><u>35361</u></b>	<b><u>35361</u></b>	<b><u>35361</u></b>	<b><u>28424</u></b>	<b><u>28424</u></b>	<b><u>28424</u></b>
To GASC	9749	9749	9749	5835	5835	5835
To petroleum	22078	22078	22078	20495	20495	20495
To others	3534	3534	3534	2094	2094	2094
<b><u>Grants</u></b>	<b><u>1834</u></b>	<b><u>1834</u></b>	<b><u>1834</u></b>	<b><u>1221</u></b>	<b><u>1221</u></b>	<b><u>1221</u></b>
<b><u>Social Benefits</u></b>	<b><u>12326</u></b>	<b><u>1326</u></b>	<b><u>20207</u></b>	<b><u>10469</u></b>	<b><u>1332</u></b>	<b><u>22080</u></b>
Contribution to social funds	11000	0	18881	9137	0	0
Other	1326	1326	1326	1332	1332	22080
<b><u>Other</u></b>	<b><u>1025</u></b>	<b><u>1025</u></b>	<b><u>1025</u></b>	<b><u>14</u></b>	<b><u>14</u></b>	<b><u>14</u></b>
<b><u>Other Expenditures</u></b>	<b><u>18285</u></b>	<b><u>18315</u></b>	<b><u>18317</u></b>	<b><u>14108</u></b>	<b><u>14112</u></b>	<b><u>14117</u></b>
Defense	15486	15486	15486	11574	11574	11574
Other	2799	2829	2831	2534	2538	2543
<b><u>Purchases of Non - Financial Assets (investments)</u></b>	<b><u>17395</u></b>	<b><u>17398</u></b>	<b><u>17469</u></b>	<b><u>9896</u></b>	<b><u>9899</u></b>	<b><u>9918</u></b>
Fixed assets	14988	14991	15062	8960	8963	8982
Others	2407	2407	2407	936	936	936

Source : The Ministry of Finance .

\* According to the State Budget new classification, in line with the IMF's GFS 2001.

**(3/2) Consolidated Fiscal Operations of General Government \***  
**( The Budget Sector, NIB, and SIFs )**

( LE mn )

	<b>2005/2006</b>					
	<b><u>Prel. Estimates</u></b>			<b><u>9 Months (Actual)</u></b>		
	<b>The Budget Sector</b>	<b>The Budget Sector and NIB</b>	<b>The Budget Sector, NIB&amp; SIFs</b>	<b>The Budget Sector</b>	<b>The Budget Sector and NIB</b>	<b>The Budget Sector, NIB&amp; SIFs</b>
<b><u>Total Revenues</u></b>	<b><u>130152</u></b>	<b><u>134495</u></b>	<b><u>155396</u></b>	<b><u>91436</u></b>	<b><u>94697</u></b>	<b><u>106781</u></b>
<b><u>Taxes</u></b>	<b><u>81607</u></b>	<b><u>81607</u></b>	<b><u>81607</u></b>	<b><u>58549</u></b>	<b><u>58549</u></b>	<b><u>58549</u></b>
<b><u>Tax on Income, Profits</u></b>	<b><u>34844</u></b>	<b><u>34844</u></b>	<b><u>34844</u></b>	<b><u>24350</u></b>	<b><u>24350</u></b>	<b><u>24350</u></b>
From EGPC	12544	12544	12544	9541	9541	9541
From SCA	7479	7479	7479	5334	5334	5334
From CBE	135	135	135	0	0	0
From Other Units	6267	6267	6267	3572	3572	3572
Payable by individuals	8419	8419	8419	5903	5903	5903
<b><u>Taxes on Property</u></b>	<b><u>1004</u></b>	<b><u>1004</u></b>	<b><u>1004</u></b>	<b><u>852</u></b>	<b><u>852</u></b>	<b><u>852</u></b>
<b><u>Taxes on Goods and Services</u></b>	<b><u>32359</u></b>	<b><u>32359</u></b>	<b><u>32359</u></b>	<b><u>24113</u></b>	<b><u>24113</u></b>	<b><u>24113</u></b>
<b><u>Taxes on International Trade</u></b>	<b><u>9115</u></b>	<b><u>9115</u></b>	<b><u>9115</u></b>	<b><u>7032</u></b>	<b><u>7032</u></b>	<b><u>7032</u></b>
<b><u>Other Taxes</u></b>	<b><u>4285</u></b>	<b><u>4285</u></b>	<b><u>4285</u></b>	<b><u>2202</u></b>	<b><u>2202</u></b>	<b><u>2202</u></b>
<b><u>Grants</u></b>	<b><u>2861</u></b>	<b><u>2861</u></b>	<b><u>2861</u></b>	<b><u>887</u></b>	<b><u>887</u></b>	<b><u>887</u></b>
Current	1680	1680	1680	664	664	664
Capital	1181	1181	1181	223	223	223
<b><u>Other Revenues</u></b>	<b><u>45684</u></b>	<b><u>50027</u></b>	<b><u>70928</u></b>	<b><u>32000</u></b>	<b><u>35261</u></b>	<b><u>47345</u></b>
<b><u>Property Income</u></b>	<b><u>37902</u></b>	<b><u>42246</u></b>	<b><u>44034</u></b>	<b><u>26241</u></b>	<b><u>28605</u></b>	<b><u>29661</u></b>
From EGPC	12599	12599	12599	6300	6300	6300
From SCA	10467	10467	10467	7467	7467	7467
From CBE	2137	2137	2137	0	0	0
From Economic Authorities	931	931	931	315	315	315
From Companies	1602	1602	1689	663	663	663
Other from EGPC	7540	7540	7540	6899	6899	6899
Other	2626	6970	8671	4597	6961	8017
<b><u>Sales of Goods and Services</u></b>	<b><u>5096</u></b>	<b><u>5096</u></b>	<b><u>5096</u></b>	<b><u>3596</u></b>	<b><u>4493</u></b>	<b><u>4493</u></b>
<b><u>Financing Investment</u></b>	<b><u>978</u></b>	<b><u>978</u></b>	<b><u>978</u></b>	<b><u>752</u></b>	<b><u>752</u></b>	<b><u>7611</u></b>
<b><u>Other</u></b>	<b><u>1708</u></b>	<b><u>1707</u></b>	<b><u>20820</u></b>	<b><u>1411</u></b>	<b><u>1411</u></b>	<b><u>5580</u></b>

Source : The Ministry of Finance.

\* According to the State Budget new classification, in line with the IMF's GFS 2001.



## (3/3) Summary of The Consolidated Fiscal Operations of General Government

( The Budget sector , NIB , and SIFs )

( LE mn )

2005/2006

	<u>Prel. Estimates</u>			<u>9 Months (Actual)</u>		
	The Budget Sector	The Budget Sector, NIB	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB	The Budget Sector, NIB & SIFs
Total Revenues	130152	134495	155396	91436	94697	106781
Total Expenditures	187817	172627	192122	124709	116708	137881
Cash Deficit	57665	38132	36726	33273	22011	31100
Net Acquisition of Financial Assets	1735	11052	12574	-4378	2800	2850
Overall fiscal balance finance	59400	49184	49300	28895	24811	33950
<u>Financing Sources</u>	<u>59400</u>	<u>49184</u>	<u>49300</u>	<u>28895</u>	<u>24811</u>	<u>33950</u>
<u>Domestic Financing</u>	<u>61371</u>	<u>64125</u>	<u>64645</u>	<u>25720</u>	<u>29708</u>	<u>34841</u>
<u>Banking Financing</u>	<u>34321</u>	<u>34721</u>	<u>35241</u>	<u>6270</u>	<u>6750</u>	<u>11883</u>
Central Bank	6960	7460	7460	-11213	-10465	-10465
Other Banks	27361	27261	27781	17483	17215	22348
<u>Non Banking Financing</u>	<u>27050</u>	<u>29404</u>	<u>29404</u>	<u>19450</u>	<u>22958</u>	<u>22958</u>
N.I.B	5755	4847	4847	-3842	0	0
Other	21295	21295	21295	23292	22353	22353
N.I.B Borrowing	0	3262	3262	0	605	605
<u>Foreign Borrowing</u>	<u>3000</u>	<u>3000</u>	<u>3000</u>	<u>4386</u>	<u>4386</u>	<u>4386</u>
<u>Arrears</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-118</u>	<u>-118</u>	<u>-118</u>
<u>Other</u>	<u>-1195</u>	<u>-1195</u>	<u>-10322</u>	<u>-326</u>	<u>-326</u>	<u>1868</u>
<u>Financing Effects for Eliminations</u>	<u>0</u>	<u>-12972</u>	<u>-4248</u>	<u>0</u>	<u>-8072</u>	<u>-6260</u>
<u>Exchange Rate Revaluation</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Net Privatization Proceeds</u>	<u>3000</u>	<u>3000</u>	<u>3000</u>	<u>108</u>	<u>108</u>	<u>108</u>
Privatization Proceeds	5000	5000	5000	1333	1333	1333
Treasury Contribution in the Fund	2000	2000	2000	1225	1225	1225
<u>Discrepancy</u>	<u>-6776</u>	<u>-6774</u>	<u>-6775</u>	<u>-875</u>	<u>-875</u>	<u>-875</u>
Cash Deficit (Surplus) as a percentage of G.D.P	9.7%	6.4%	6.2%	5.6%	3.7%	5.2%
Overall fiscal balance as a percentage of G.D.P	10.0%	8.3%	8.3%	4.9%	4.2%	5.7%
Revenues as a percentage of G.D.P	22.0%	22.7%	26.2%	15.4%	16.0%	18.0%
Expenditure as a percentage of G.D.P	31.7%	29.1%	32.4%	21.0%	19.7%	23.3%

Source : The Ministry of Finance.

\* According to the State Budget new classification, in line with the IMF's GFS 2001.

### (3/4) Domestic Debt of Government & Public Economic Authorities

(LE mn)

End of	<u>June 2005</u>		<u>March 2006</u>		<u>Change +(-)</u>
	Value	%	Value	%	2005/2006
<b><u>Government Domestic Debt</u></b>	<b><u>349169</u></b>	<b><u>100.0</u></b>	<b><u>374034</u></b>	<b><u>100.0</u></b>	<b><u>24865</u></b>
<b><u>- Bonds &amp; Bills</u></b>	<b><u>340898</u></b>	<b><u>97.6</u></b>	<b><u>339977</u></b>	<b><u>90.9</u></b>	<b><u>-921</u></b>
- Treasury bonds, of which :	200284	57.4	225230	60.2	24946
Local currency bonds with public sector banks	4000	1.1	4000	1.1	-
Euro sovereign bonds (US\$) offered abroad *	5122	1.5	5141	1.4	19
- Government notes to compensate the actuarial deficit in social insurance funds	2000	0.6	2000	0.5	-
- Housing bonds	124	0.1	122	0.1	-2
- Treasury bills	124907	35.8	99116	26.5	-25791
- Foreign currency bonds with public sector commercial banks	12070	3.5	11991	3.2	-79
- The equivalent of the retained 5% of corporate profits to purchase government bonds	1513	0.4	1518	0.4	5
<b><u>- Net Government Balances with the Banking System</u></b>	<b><u>-135480</u></b>	<b><u>-38.8</u></b>	<b><u>-104350</u></b>	<b><u>-27.9</u></b>	<b><u>31130</u></b>
<b><u>- Government Borrowing from NIB</u></b>	<b><u>143751</u></b>	<b><u>41.2</u></b>	<b><u>138407</u></b>	<b><u>37.0</u></b>	<b><u>-5344</u></b>
<b><u>Economic Authorities Debt</u></b>	<b><u>47176</u></b>	<b><u>100.0</u></b>	<b><u>44231</u></b>	<b><u>100.0</u></b>	<b><u>-2945</u></b>
- Net Balance of Economic Authorities with the Banking System	<b><u>-11089</u></b>	<b><u>-23.5</u></b>	<b><u>-6813</u></b>	<b><u>-15.4</u></b>	<b><u>4276</u></b>
- Borrowing of Economic Authorities from NIB	<b><u>58265</u></b>	<b><u>123.5</u></b>	<b><u>51044</u></b>	<b><u>115.4</u></b>	<b><u>-7221</u></b>

Source: The Ministry of Finance, Central Bank of Egypt & National Investment Bank.

\* Holdings of financial institutions resident in Egypt ( the banking system and the insurance sector).

### (3/5) National Investment Bank

#### (Resources & Uses)

(LE mn)

End of	<u>June 2005</u>		<u>March 2006</u>		<u>Change +(-)</u>
	Value	%	Value	%	2005/2006
<b><u>Resources:</u></b>	<b><u>316476</u></b>	<b><u>100.0</u></b>	<b><u>321562</u></b>	<b><u>100.0</u></b>	<b><u>5086</u></b>
. Social insurance fund for gov. employees	122913	38.8	123363	38.4	450
. Social insurance fund for pub. & priv. business sectors employees	96093	30.4	96093	29.9	0
. Proceeds from investment certificates	58485	18.5	61488	19.1	3003
. Accumulated interest on investment certificates (Group A)	6852	2.2	7035	2.2	183
. Proceeds from US dollar development bonds	1418	0.4	1030	0.3	-388
. Post office savings	33902	10.7	35338	11.0	1436
. Net balances of the NIB with the banking system	-4917	-1.5	-4437	-1.4	480
. Other *	1730	0.5	1652	0.5	-78
<b><u>Uses:</u></b>	<b><u>316476</u></b>	<b><u>100.0</u></b>	<b><u>321562</u></b>	<b><u>100.0</u></b>	<b><u>5086</u></b>
. Government	143751	45.4	138407	43.0	-5344
. Economic authorities	58265	18.4	51044	15.9	-7221
. Other	114460	36.2	132111	41.1	17651

\* Including deposits of the private insurance funds, saving certificates, loans & deposits of various authorities.

(4/1) Balance of Payments

(LEmn)

	July / March				Change (-)
	2004/2005		2005/2006*		
	Value	%	Value	%	
<b><u>Balance of Current Account</u></b>	<b><u>17339.0</u></b>		<b><u>11893.1</u></b>		<b><u>(5445.9)</u></b>
<b><u>Balance of Current Account (Excluding Transfers)</u></b>	<b><u>(7062.6)</u></b>		<b><u>(11835.3)</u></b>		<b><u>(4772.7)</u></b>
<b><u>Receipts</u></b>	<b><u>128857.1</u></b>	<b><u>100.0</u></b>	<b><u>151540.7</u></b>	<b><u>100.0</u></b>	<b><u>22683.6</u></b>
Export proceeds**	59543.0	46.3	77405.4	51.1	17862.4
Transportation, of which	19068.4	14.8	20933.3	13.8	1864.9
Suez Canal dues	(14913.2)	(11.6)	(15092.7)	(10.0)	(179.5)
Travel	30298.9	23.5	32030.7	21.1	1731.8
Investment income	3605.8	2.8	8074.6	5.3	4468.8
Government receipts	698.7	0.5	1005.0	0.7	306.3
Other receipts	15642.3	12.1	12091.7	8.0	(3550.6)
<b><u>Payments</u></b>	<b><u>135919.7</u></b>	<b><u>100.0</u></b>	<b><u>163376.0</u></b>	<b><u>100.0</u></b>	<b><u>27456.3</u></b>
Import payments**	103623.1	76.2	123916.3	75.8	20293.2
Transportation	4124.7	3.0	4777.9	2.9	653.2
Travel	6486.8	4.8	6798.9	4.2	312.1
Investment income, of which	5174.8	3.9	6250.3	3.8	1075.5
Interest paid	(2936.0)	(2.2)	(2591.5)	(1.6)	(344.5)
Government expenditures	2883.4	2.1	5322.8	3.3	2439.4
Other payments	13626.9	10.0	16309.8	10.0	2682.9
<b><u>Transfers</u></b>	<b><u>24401.6</u></b>	<b><u>100.0</u></b>	<b><u>23728.4</u></b>	<b><u>100.0</u></b>	<b><u>(673.2)</u></b>
Private (net)	18559.5	76.1	21217.2	89.4	2657.7
Official (net)	5842.1	23.9	2511.2	10.6	(3330.9)

\* Preliminary figures

\*\* Including the exports & imports of free zones

(4/1) Balance of Payments (Contd.)

(LE mn)

	July / March	
	2004/2005	2005/2006*
	Value	Value
<b><u>Capital &amp; Financial Account</u></b>	<b><u>9809.0</u></b>	<b><u>10840.0</u></b>
<b><u>Capital Account</u></b>	<b><u>0.0</u></b>	<b><u>-215.8</u></b>
<b><u>Financial Account</u></b>	<b><u>9809.0</u></b>	<b><u>11055.8</u></b>
<b><u>Direct Investment Abroad</u></b>	<b><u>-110.3</u></b>	<b><u>-502.6</u></b>
<b><u>Direct Investment in Egypt (Net)</u></b>	<b><u>18521.3</u></b>	<b><u>26649.2</u></b>
<b><u>Portfolio Investments Abroad</u></b>	<b><u>3348.6</u></b>	<b><u>-4008.8</u></b>
<b><u>Portfolio Investments in Egypt ( Net), Of which :</u></b>	<b><u>3438.2</u></b>	<b><u>16420.8</u></b>
Bonds	-21.4	15819.3
<b><u>Other Investments (Net)</u></b>	<b><u>-15388.8</u></b>	<b><u>-27502.8</u></b>
<b><u>Net Borrowing</u></b>	<b><u>4941.0</u></b>	<b><u>4392.2</u></b>
<b><u>Medium and Long - Term Loans</u></b>	<b><u>-3236.1</u></b>	<b><u>-4487.9</u></b>
Drawings	4266.8	3084.7
Repayments	-7502.9	-7572.6
<b><u>Medium - Term Suppliers' Credit</u></b>	<b><u>-932.8</u></b>	<b><u>658.8</u></b>
Drawings	436.6	3444.5
Repayments	-1369.4	-2785.7
<b><u>Short - Term Suppliers' Credit (Net)</u></b>	<b><u>9109.9</u></b>	<b><u>8221.3</u></b>
<b><u>Other Assets</u></b>	<b><u>-19585.4</u></b>	<b><u>-28247.0</u></b>
CBE	-16.0	172.5
Banks	-13258.6	-23830.7
Other	-6310.8	-4588.8
<b><u>Other Liabilities</u></b>	<b><u>-744.4</u></b>	<b><u>-3648.0</u></b>
CBE	-17.3	-5.7
Banks	-727.1	-3642.3
<b><u>Net Errors &amp; Omissions</u></b>	<b><u>-7916.2</u></b>	<b><u>-3935.3</u></b>
<b><u>Overall Balance</u></b>	<b><u>19231.8</u></b>	<b><u>18797.8</u></b>
<b><u>Change in the CBE Reserve Assets, Increase (-)</u></b>	<b><u>-19231.8</u></b>	<b><u>-18797.8</u></b>

Source: CBE

\* Preliminary figures

(4/2) Balance of Payments

(US\$mn)

	July / March				Change (-)
	2004/2005		2005/2006*		
	Value	%	Value	%	
<b>Balance of Current Account</b>	<b><u>2826.7</u></b>		<b><u>2061.7</u></b>		<b><u>(765.0)</u></b>
<b>Balance of Current Account (Excluding Transfers)</b>	<b><u>(1190.3)</u></b>		<b><u>(2058.9)</u></b>		<b><u>(868.6)</u></b>
<b>Receipts</b>	<b><u>21129.1</u></b>	<b><u>100.0</u></b>	<b><u>26348.3</u></b>	<b><u>100.0</u></b>	<b><u>5219.2</u></b>
Export proceeds**	9782.0	46.3	13460.4	51.1	3678.4
Transportation, of which	3131.4	14.8	3639.3	13.8	507.9
Suez Canal dues	(2448.7)	(11.6)	(2624.0)	(10.0)	(175.3)
Travel	4961.6	23.5	5567.0	21.1	605.4
Investment income	595.1	2.8	1404.2	5.3	809.1
Government receipts	115.1	0.5	174.8	0.7	59.7
Other receipts	2543.9	12.1	2102.6	8.0	(441.3)
<b>Payments</b>	<b><u>22319.4</u></b>	<b><u>100.0</u></b>	<b><u>28407.2</u></b>	<b><u>100.0</u></b>	<b><u>6087.8</u></b>
Import payments**	17002.7	76.2	21543.1	75.8	4540.4
Transportation	677.5	3.0	830.8	2.9	153.3
Travel	1070.1	4.8	1182.0	4.2	111.9
Investment income, of which	854.9	3.9	1086.2	3.8	231.3
Interest paid	(483.4)	(2.2)	(450.6)	(1.6)	(32.8)
Government expenditures	478.5	2.1	928.9	3.3	450.4
Other payments	2235.7	10.0	2836.2	10.0	600.5
<b>Transfers</b>	<b><u>4017.0</u></b>	<b><u>100.0</u></b>	<b><u>4120.6</u></b>	<b><u>100.0</u></b>	<b><u>103.6</u></b>
Private (net)	3059.5	76.2	3688.7	89.5	629.2
Official (net)	957.5	23.8	431.9	10.5	(525.6)

\*Preliminary figures

\*\*Including the exports & imports of free zones

(4/2) Balance of Payments (Contd.)

(US\$mn)

	July / March	
	2004/2005	2005/2006*
	Value	Value
<b><u>Capital &amp; Financial Account</u></b>	<b><u>1708.5</u></b>	<b><u>1876.8</u></b>
<b><u>Capital Account</u></b>	<b><u>0.0</u></b>	<b><u>-37.5</u></b>
<b><u>Financial Account</u></b>	<b><u>1708.5</u></b>	<b><u>1914.3</u></b>
<b><u>Direct Investment Abroad</u></b>	<b><u>-18.1</u></b>	<b><u>-87.4</u></b>
<b><u>Direct Investment in Egypt (Net)</u></b>	<b><u>3059.5</u></b>	<b><u>4631.5</u></b>
<b><u>Portfolio Investments Abroad</u></b>	<b><u>556.9</u></b>	<b><u>-698.2</u></b>
<b><u>Portfolio Investments in Egypt (Net), Of which :</u></b>	<b><u>582.2</u></b>	<b><u>2847.7</u></b>
Bonds	-3.4	2742.4
<b><u>Other Investments (Net)</u></b>	<b><u>-2472.0</u></b>	<b><u>-4779.3</u></b>
<b><u>Net Borrowing</u></b>	<b><u>795.6</u></b>	<b><u>763.8</u></b>
<b><u>Medium and Long - Term Loans</u></b>	<b><u>-537.7</u></b>	<b><u>-780.3</u></b>
Drawings	697.9	536.1
Repayments	-1235.6	-1316.4
<b><u>Medium - Term Suppliers' Credit</u></b>	<b><u>-153.5</u></b>	<b><u>114.2</u></b>
Drawings	71.3	599.1
Repayments	-224.8	-484.9
<b><u>Short - Term Suppliers' Credit (Net)</u></b>	<b><u>1486.8</u></b>	<b><u>1429.9</u></b>
<b><u>Other Assets</u></b>	<b><u>-3145.3</u></b>	<b><u>-4909.1</u></b>
CBE	-1.4	30.2
Banks	-2151.2	-4143.8
Other	-992.7	-795.5
<b><u>Other Liabilities</u></b>	<b><u>-122.3</u></b>	<b><u>-634.0</u></b>
CBE	-3.4	-1.0
Banks	-118.9	-633.0
<b><u>Net Errors &amp; Omissions</u></b>	<b><u>-1283.2</u></b>	<b><u>-673.2</u></b>
<b><u>Overall Balance</u></b>	<b><u>3252.0</u></b>	<b><u>3265.3</u></b>
<b><u>Change in the CBE Reserve Assets, Increase (-)</u></b>	<b><u>-3252.0</u></b>	<b><u>-3265.3</u></b>

Source: CBE

\* Preliminary figures

(4/3) Exports by Degree of Processing \*

(US\$ mn)

	July/March				Gchange (-)
	2004/2005		2005/2006 **		
	Value	%	Value	%	
<b><u>Total ****</u></b>	<b><u>9782.0</u></b>	<b><u>100.0</u></b>	<b><u>13460.4</u></b>	<b><u>100.0</u></b>	<b><u>3678.4</u></b>
<b><u>Fuels, Mineral Oils &amp; Products</u></b>	<b><u>3971.6</u></b>	<b><u>40.6</u></b>	<b><u>7593.7</u></b>	<b><u>56.4</u></b>	<b><u>3622.1</u></b>
Crude petroleum	1464.0	15.0	2330.0	17.3	866.0
Petroleum products ***	2359.0	24.1	5109.6	38.0	2750.6
Charcoal & types thereof	26.6	0.3	12.2	0.1	(14.0)
Other fuels	122.0	1.2	141.9	1.0	19.9
<b><u>Raw Materials</u></b>	<b><u>450.9</u></b>	<b><u>4.6</u></b>	<b><u>498.6</u></b>	<b><u>3.7</u></b>	<b><u>47.7</u></b>
Cotton	96.9	1.0	109.7	0.8	12.8
Potatoes	0.8	0.0	1.2	0.0	0.4
Iron ore	0.3	0.0	42.4	0.3	42.1
Citrus fruits	13.4	0.1	22.7	0.2	9.3
Spices & vanilla	0.4	0.0	0.1	0.0	(0.3)
Groundnuts	1.5	0.0	0.8	0.0	(0.7)
Medicinal plants	6.6	0.1	2.9	0.0	(3.7)
Rawhides & skins and tanned leather	1.3	0.0	48.4	0.4	47.1
Flax , raw	3.2	0.0	2.5	0.0	(0.7)
Edible vegetable roots & tubers	88.8	0.9	94.1	0.7	5.3
Other	237.7	2.5	173.8	1.3	(63.9)
<b><u>Semi-finished Commodities</u></b>	<b><u>584.1</u></b>	<b><u>6.0</u></b>	<b><u>799.0</u></b>	<b><u>6.0</u></b>	<b><u>214.9</u></b>
Carbon	5.4	0.1	13.8	0.1	8.4



(4/3) Exports by Degree of Processing \* (Contd.)

(US\$ mn)

	July/March				Change (-)
	2004/2005		2005/2006 **		
	Value	%	Value	%	
Essential oils & resins	13.4	0.1	3.0	0.0	(10.4)
Cotton yarn	88.7	0.9	84.7	0.6	(4.0)
Aluminium, not mixed	44.9	0.5	122.9	0.9	78.0
Animal & vegetable fats & oils & products	53.8	0.6	8.3	0.1	(45.5)
Molasses	7.0	0.1	15.0	0.1	8.0
Organic & inorganic chemical substances	135.1	1.4	185.0	1.4	49.9
Cast iron,semi-finished products & flat-rolled iron	158.3	1.6	237.5	1.8	79.2
Leather , tanned	32.7	0.3	74.5	0.6	41.8
Plastic & articles thereof	22.3	0.2	33.0	0.2	10.7
Other	22.5	0.2	21.3	0.2	(1.2)
<b><u>Finished Commodities</u></b>	<b><u>3856.2</u></b>	<b><u>39.4</u></b>	<b><u>3839.3</u></b>	<b><u>28.5</u></b>	<b><u>(16.9)</u></b>
Milk	10.3	0.1	4.7	0.0	(5.6)
Preserved & dried vegetables	4.1	0.0	1.5	0.0	(2.6)
Dried onion	3.8	0.0	2.8	0.0	(1.0)
Rice	92.7	0.9	104.8	0.8	12.1
Vegetables & fruits products	4.6	0.0	11.1	0.1	6.5
Sugar and its products	28.1	0.3	22.3	0.2	(5.8)
Pharmaceuticals	177.3	1.8	90.6	0.7	(86.7)
Fertilizers	107.0	1.1	115.5	0.9	8.5
Cement	162.9	1.7	210.6	1.6	47.7
Essential oils & resins	34.3	0.4	47.1	0.2	12.8

(4/3) Exports by Degree of Processing \* (Contd.)

(US\$ mn)

	July/March				Gchange (-)
	2004/2005		2005/2006 **		
	Value	%	Value	%	
Leather products	12.6	0.1	1.5	0.0	(11.1)
Rubber & articles	9.9	0.1	7.1	0.1	(2.8)
Paper, cardboard paper & articles thereof	59.6	0.6	85.1	0.6	25.5
Ceramic products	115.5	1.2	65.4	0.5	(50.1)
Cars, bicycles & tractors	174.0	1.8	98.0	0.7	(76.0)
Cotton textiles	202.1	2.1	162.5	1.2	(39.6)
Carpets & other floor coverings	91.2	0.9	93.7	0.7	2.5
Footwear and parts thereof	7.8	0.1	7.0	0.1	(0.8)
Ready-made clothes	211.1	2.2	246.7	1.8	35.6
Glass & glassware	166.0	1.7	205.2	1.5	39.2
Copper & articles	23.7	0.2	18.3	0.1	(5.4)
Aluminium articles	166.7	1.7	101.4	0.8	(65.3)
Articles of iron and steel	510.8	5.2	328.4	2.4	(182.4)
Wood furniture	6.4	0.1	11.1	0.1	4.7
Marble & granite	36.4	0.4	37.1	0.3	0.7
Electric machines & appliances, recorders & T.V sets and their accessories	212.0	2.2	240.5	1.8	28.5
Other	1225.3	12.5	1519.3	11.3	294.0
<b><u>Undistributed Commodities</u></b>	<b><u>919.2</u></b>	<b><u>9.4</u></b>	<b><u>729.8</u></b>	<b><u>5.4</u></b>	<b><u>(189.4)</u></b>

Source: Central Bank of Egypt.

\* Commodities are classified according to Harmonized system.

\*\* Provisional.

\*\*\* Including bunker & jet fuel.

\*\*\*\* Including exports of free zones.

(4/4) Imports by Degree of Use \*

(US\$ mn)

	July/March				Gchange (-)
	2004/2005		2005/2006 **		
	Value	%	Value	%	
<b>Total ***</b>	<b>17002.7</b>	<b>100.0</b>	<b>21543.1</b>	<b>100.0</b>	<b>4540.4</b>
<b><u>Fuels, Mineral Oils &amp; Products</u></b>	<b>1517.5</b>	<b>8.9</b>	<b>1710.5</b>	<b>7.9</b>	193.0
Petroleum products	1437.1	8.5	1655.6	7.7	218.5
Coal & types thereof	76.2	0.4	31.5	0.1	(44.7)
Other	4.2	0.0	23.4	0.1	19.2
<b><u>Raw Materials</u></b>	<b>2820.8</b>	<b>16.6</b>	<b>3796.5</b>	<b>17.6</b>	<b>975.7</b>
Crude petroleum	812.4	4.8	2092.3	9.7	1279.9
Wheat	952.3	5.6	691.2	3.2	(261.1)
Maize	281.7	1.7	286.6	1.3	4.9
Tobacco	170.4	1.0	141.2	0.7	(29.2)
Iron, ore	32.6	0.2	62.8	0.3	30.2
Oil seeds & oleaginous fruits	123.9	0.7	73.6	0.3	(50.3)
Cotton	47.6	0.3	73.6	0.3	26.0
Other	399.9	2.3	375.2	1.8	(24.7)
<b><u>Intermediate Goods</u></b>	<b>4601.1</b>	<b>27.1</b>	<b>6058.2</b>	<b>28.1</b>	<b>1457.1</b>
Sugar, raw	104.3	0.6	71.1	0.3	(33.2)
Animal and vegetable fats, greases & oils and products	419.6	2.5	382.2	1.8	(37.4)
Cement	9.3	0.1	52.1	0.2	42.8
Organic & inorganic chemicals	548.7	3.2	515.0	2.4	(33.7)
Fertilizers	63.4	0.4	104.8	0.5	41.4
Tanning & dyeing extracts	88.1	0.5	86.9	0.4	(1.2)
Plastic & articles thereof	489.2	2.9	483.5	2.2	(5.7)
Wood & articles thereof	309.6	1.8	343.5	1.6	33.9
Paper, cardboard paper & articles thereof	345.2	2.0	349.6	1.6	4.4

## (4/4) Imports by Degree of Use\* (Contd.)

(US\$ mn)

	July/March				Change (-)
	2004/2005		2005/2006 **		
	Value	%	Value	%	
Cotton yarn	83.9	0.5	93.3	0.4	9.4
Synthetic fibers	239.8	1.4	200.6	0.9	(39.2)
Ceramic products	83.0	0.5	87.3	0.4	4.3
Glass and glassware	35.3	0.2	34.2	0.2	(1.1)
Iron & steel products	630.5	3.7	1094.7	5.1	464.2
Copper & articles	42.0	0.3	79.6	0.4	37.6
Rubber & articles	140.5	0.8	162.2	0.8	21.7
Aluminium & articles	124.0	0.7	80.9	0.4	(43.1)
Other	844.7	5.0	1836.7	8.5	992.0
<b>Investment Goods</b>	<b>3533.0</b>	<b>20.8</b>	<b>5439.6</b>	<b>25.3</b>	<b>1906.6</b>
Pumps, fans & parts thereof	163.0	1.0	162.9	0.8	(0.1)
Machines and apparatus for ginning and spinning & parts thereof	46.3	0.3	43.4	0.2	(2.9)
Computers	114.3	0.7	152.5	0.7	38.2
Motors, generators, transformers & parts thereof	58.8	0.2	114.2	0.5	55.4
Locomotives, carriages and railway and tram equipment & their parts	72.4	0.4	29.9	0.1	(42.5)
Tractors	8.6	0.1	16.9	0.1	8.3
Vehicles for transport of passenger	10.1	0.1	28.4	0.1	18.3
Vehicles for transport of goods	3.6	0.0	17.4	0.1	13.8
Parts & accessories of motor vehicles	292.9	1.7	500.3	2.3	207.4
Air conditioners	63.5	0.4	63.5	0.3	0.0
Lifts and bulldozers & parts thereof	64.3	0.4	77.3	0.4	13.0
Agricultural machines	29.7	0.2	46.2	0.2	16.5

## (4/4) Imports by Degree of Use\* (Contd.)

(US\$ mn)

	July/March				Gchange (-)
	2004/2005		2005/2006 **		
	Value	%	Value	%	
Printing machinery & parts	29.3	0.2	35.1	0.2	5.8
Electric appliances for telephones & telegraph	169.0	1.0	187.2	0.9	18.2
Optical appliances	131.9	0.8	161.0	0.7	29.1
Other	2275.3	13.3	3803.4	17.7	1528.1
<b><u>Consumer Goods</u></b>	<b><u>2316.7</u></b>	<b><u>13.6</u></b>	<b><u>2539.7</u></b>	<b><u>11.8</u></b>	<b><u>223.0</u></b>
<b><u>A - Durable Goods</u></b>	<b><u>748.2</u></b>	<b><u>4.4</u></b>	<b><u>679.8</u></b>	<b><u>3.2</u></b>	<b><u>(68.4)</u></b>
Refrigerators & electric freezers	41.9	0.3	55.3	0.3	13.4
Televisions & parts thereof	31.4	0.2	33.1	0.2	1.7
Cars	139.5	0.8	265.2	1.2	125.7
Household electric-motor appliances	221.5	1.3	90.2	0.4	(131.3)
Other	313.9	1.8	236.0	1.1	(77.9)
<b><u>B - Non-durable Goods</u></b>	<b><u>1568.5</u></b>	<b><u>9.2</u></b>	<b><u>1859.9</u></b>	<b><u>8.6</u></b>	<b><u>291.4</u></b>
Meat and edible meat offals	147.0	0.9	165.5	0.8	18.5
Fish, crustaceans & molluses	41.3	0.2	49.3	0.2	8.0
Dairy products, eggs, poultry and honey	78.9	0.5	68.5	0.3	(10.4)
Tea	72.4	0.4	56.6	0.2	(15.8)
Pharmaceuticals	374.6	2.2	450.2	2.1	75.6
Insecticides	9.9	0.0	9.2	0.0	(0.7)
Residues of food industries & animal fodder	115.1	0.7	99.7	0.5	(15.4)
Livestock	11.6	0.1	15.4	0.1	3.8
Ready-made clothes	98.6	0.6	135.4	0.6	36.8

(4/5) Regional Distribution of Exports and Imports by Degree of Use

(US\$ mn)

	July/March				Gchange (-)
	2004/2005		2005/2006 **		
	Value	%	Value	%	
Cotton textiles	14.5	0.1	41.7	0.2	27.2
Sugar, refined and products	11.3	0.1	14.4	0.1	3.1
Lentils	29.4	0.2	29.2	0.1	(0.2)
Soap, detergents & artificial wax	30.7	0.2	35.6	0.2	4.9
Other	533.2	3.0	689.2	3.2	156.0
<b><u>Miscellaneous Goods (undistributed)</u></b>	<b><u>2213.6</u></b>	<b><u>13.0</u></b>	<b><u>1998.6</u></b>	<b><u>9.3</u></b>	<b><u>(215.0)</u></b>

Source: Central Bank of Egypt.

\* Commodities are classified according to Harmonized System.

\*\* Provisional.

\*\*\* Including imports of free zones.

**(4/5) Regional Distribution of Exports and Imports**

(US\$ mn)

	July/March					
	Export Proceeds		Import Payments*		Trade Balance	
	2004/2005	2005/2006 **	2004/2005	2005/2006 **	2004/2005	2005/2006 **
<b>Total ***</b>	<b><u>9782.0</u></b>	<b><u>13460.4</u></b>	<b><u>17002.7</u></b>	<b><u>21543.1</u></b>	<b><u>(7220.7)</u></b>	<b><u>(8082.7)</u></b>
European Union countries	3688.0	5255.3	5403.7	8033.7	(1715.7)	(2778.4)
Other European countries	542.6	703.1	1400.3	1681.5	(857.7)	(978.4)
Russian Federation & C.I.S	44.5	44.6	325.7	598.9	(281.2)	(554.3)
United States of America	3274.4	4077.4	3787.5	3876.6	(513.1)	200.8
Arab countries	1112.1	1529.6	1476.8	1947.3	(364.7)	(417.7)
Asian countries	951.5	1395.1	2530.8	3213.0	(1579.3)	(1817.9)
African countries	111.7	193.7	102.6	114.3	9.1	79.4
Australia	9.3	14.4	87.9	231.8	(78.6)	(217.4)
Other countries & regions	47.9	247.2	1887.4	1846.0	(1839.5)	(1598.8)

Source: Central Bank of Egypt

\* Include in-kind grants

\*\* Provisional

\*\*\* Including exports & imports of free zones

**(4/6) Average Foreign Exchange Rates**

(In piasters per foreign currency unit)

<b>End of March 2006</b>		
<b>First : US\$ Interbank Rates</b>		
Minimum	574.55	
Maximum	574.76	
Weighted average	574.69	
<b>Second: Market Rates</b>		
	<b>Buy</b>	<b>Sell</b>
US Dollar	573.66	575.75
Euro	693.85	696.42
Pound Sterling	999.21	1003.01
100 Japanese Yen	488.81	490.71
Swiss Franc	440.70	442.41
Saudi Riyal	152.96	153.53
Kuwaiti Dinar	1964.00	1971.46
UAE Dirham	156.18	156.77

Source : CBE daily exchange rates.

The interbank rates started on 23/12/2004



## (4 / 7) External Debt

End of	(US\$ mn)				
	June 2005		March 2006 *		Change (-)
	Value	%	Value	%	
<b>Total External Debt **</b>	<b><u>28948.8</u></b>	<b><u>100.0</u></b>	<b><u>28938.6</u></b>	<b><u>100.0</u></b>	<b><u>(10.2)</u></b>
<b>Rescheduled bilateral debt +</b>	<b>15734.1</b>	<b>54.4</b>	<b>14923.2</b>	<b>51.6</b>	<b>(810.9)</b>
ODA	7836.4	27.1	7522.8	26.0	(313.6)
Non-ODA	7897.7	27.3	7400.4	25.6	(497.3)
<b>Other bilateral debt</b>	<b>4291.3</b>	<b>14.8</b>	<b>4220.5</b>	<b>14.6</b>	<b>(70.8)</b>
Paris Club countries	3529.9	12.2	3637.9	12.6	108.0
Other countries	761.4	2.6	582.6	2.0	(178.8)
<b>International &amp; regional organizations</b>	<b>5058.2</b>	<b>17.5</b>	<b>5156.0</b>	<b>17.8</b>	<b>97.8</b>
<b>Suppliers, &amp; buyers, Credit</b>	<b>781.6</b>	<b>2.7</b>	<b>913.9</b>	<b>3.2</b>	<b>132.3</b>
<b>Egyptian bonds and notes</b>	<b>613.6</b>	<b>2.1</b>	<b>1853.8</b>	<b>6.4</b>	<b>1,240.2</b>
<b>Long-term Deposits **</b>	<b>500.0</b>	<b>1.7</b>	<b>300.0</b>	<b>1.0</b>	<b>(200.0)</b>
<b>Short-term debt :</b>	<b>1854.8</b>	<b>6.4</b>	<b>1483.1</b>	<b>5.1</b>	<b>(371.7)</b>
Deposits	819.3	2.8	536.9	1.8	(282.4)
Other Facilities	1035.5	3.6	946.2	3.3	(89.3)
<b>Private sector (Non guaranteed)</b>	<b>115.2</b>	<b>0.4</b>	<b>88.1</b>	<b>0.3</b>	<b>(27.1)</b>

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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 25/5/1991

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

### (4/8) Distribution of External Debt by Main Currencies

End of	(US\$ mn)				
	June 2005		March 2006 *		Change (-)
	Value	%	Value	%	
<b><u>Total</u></b>	<b><u>28948.8</u></b>	<b><u>100.0</u></b>	<b><u>28938.6</u></b>	<b><u>100.0</u></b>	<b><u>(10.2)</u></b>
US dollar **	11678.8	40.3	12231.6	42.3	552.8
Canadian dollar	154.0	0.5	158.0	0.6	4.0
Australian dollar	142.0	0.5	126.0	0.4	(16.0)
Swiss franc	561.0	1.9	528.0	1.8	(33.0)
Pound sterling	254.0	0.9	237.0	0.8	(17.0)
Japanese yen	3842.0	13.3	3534.0	12.2	(308.0)
Danish krone	139.0	0.5	140.0	0.5	1.0
Norwegian krone	28.0	0.1	26.0	0.1	(2.0)
Swedish krona	38.0	0.1	35.0	0.1	(3.0)
Kuwaiti dinar	1424.0	4.9	1429.0	4.9	5.0
Saudi riyal	38.0	0.1	38.0	0.1	0.0
UAE dirham	48.0	0.2	47.0	0.2	(1.0)
Euro	9276.0	32.1	9059.0	31.3	(217.0)
SDRs	1326.0	4.6	1350.0	4.7	24.0

Source: Loans & External Debt Department- CBE.

\* Provisional.

\*\* Including other liabilities.

## (5/1) Position of Egyptian Cotton

(Thousand Metric Cantars)

	Seasons					
	<u>2003/2004</u>	Change	<u>2004/2005</u>	Change	<u>2005/2006</u>	Change
	Final	%	Final	%	Estimates	%
Cultivated area (Thousand Feddans)	531	-19.4	731	37.7	650	-11.1
Productivity (Metric Cantar/Feddan)	7.5	7.1	8.0	6.7	6.3	-21.3
Crop (without scarto)	3963	-13.7	5833	47.2	4123	-29.3
Extra-long staple	1168	125.0	1551	32.8	897	-42.2
Long & medium-long staple	2795	-31.4	4282	53.2	3226	-24.7
Opening stock	24	-98.1	345	1337.5	91	-73.6
<u>Total Supply</u>	<u>3987</u>	<u>-32.0</u>	<u>6178</u>	<u>55.0</u>	<u>4214</u>	<u>-31.8</u>
<u>Total Distribution</u>	<u>3610</u>	<u>-25.8</u>	<u>6087</u>	<u>68.6</u>	<u>3046+</u>	<u>-50.0</u>
For local mills	2473	-14.3	3247	31.3	1504	-53.7
Export commitments	1137	-42.6	2840*	149.8	1542	-45.7
Carryover stock	377	-62.1	91	-75.9	1168	1183.5
Average farm-gate price** (LE/Cantar)	595	39.0	612	2.9	660	7.8

Source : CBE (Alex. Branch), The Cotton and Textile Industries Holding Company, the Cotton Arbitration and Testing General Organisation (CATGO) and The Ministry of Agriculture & Land Reclamation.

\* Shipments according to contracts ending at March 2006

\*\* The average purchase rate of Giza 70 & 86 varieties.

+ Until end of March 2006.

(5/2) Egyptian Cotton Exports

	Quantity : Thousand Metric Cantars														
	Value : LE Million & US\$ Million														
	Season 2003/2004					Season 2004/2005					Season 2005/2006				
	Quantity	Value	Average Price	Value	Average Price	Quantity	Value	Average Price	Value	Average Price	Quantity	Value	Average price	Value	Average Price
	LEmn	(LE)	US\$m	(\$)	LEmn	(LE)	US\$m	(\$)	LEmn	(LE)	US\$m	(LE)	US\$m	(\$)	
<b>1- Repatriated Proceeds of Exports</b>															
Beginning of season until 31/12	22.0	17.6	800.0	2.9	131.8	105	58.8	560.0	9.5	90.5	58	32.4	558.6	5.6	96.6
Beginning of season until 31/3	394.0	322.2	817.8	52.3	132.7	698	332.2	475.9	56.5	80.9	461	278.7	604.6	48.7	105.6
Beginning of season until 30/6	455.0	373.1	820.0	60.5	133.0	956	455	475.9	77.8	81.4	..	..	..	..	..
Beginning of season until 30/9	490.0	404.6	825.7	65.6	133.9	1169	564.9	483.2	96.8	82.8	..	..	..	..	..
Beginning of season & at its end*	498.0	410.8	824.9	66.6	133.7	1207	584.8	484.5	100.3	83.1	..	..	..	..	..
	<b>Quantity</b>		<b>%</b>			<b>Quantity</b>		<b>%</b>			<b>Quantity</b>		<b>%</b>		
<b>2- Exports Commitments**</b>	<b>1406.0</b>		<b>100.0</b>			<b>2940.0</b>		<b>100.0</b>			<b>1542.0</b>		<b>100.0</b>		
<b>EUC</b>	<b>301.9</b>		<b>21.5</b>			<b>363.7</b>		<b>12.4</b>			<b>176.5</b>		<b>11.5</b>		
Germany	39.3		2.8			60.1		2.0			32.3		2.1		
Italy	178.6		12.8			206.7		7.0			110.6		7.2		
Spain	3.0		0.2			7.1		0.3			0.0		0.0		
Britain	0.0		0.0			0.0		0.0			3.5		0.2		
France	0.0		0.0			0.0		0.0			0.0		0.0		
Portugal	42.9		3.0			46.4		1.6			27.9		1.8		
Greece	0.0		0.0			0.0		0.0			1.0		0.1		
Slovenia	0.0		0.0			0.0		0.0			1.2		0.1		
Czech	4.0		0.3			0.0		0.0			0.0		0.0		
Others	34.1		2.4			43.4		1.5			0.0		0.0		
<b>Other European Countries</b>	<b>219.0</b>		<b>15.5</b>			<b>293.5</b>		<b>10.0</b>			<b>207.0</b>		<b>13.4</b>		
Switzerland	85.7		6.1			137.9		4.7			139.2		9.0		
Turkey	96.1		6.8			155.6		5.3			67.8		4.4		
Romania	0.0		-			0.0		0.0			0.0		0.0		
Others	37.2		2.6			0.0		0.0			0.0		0.0		
<b>Asian Countries</b>	<b>733.3</b>		<b>52.2</b>			<b>2070.1</b>		<b>70.4</b>			<b>990.5</b>		<b>64.2</b>		
India	218.1		15.5			870.3		29.6			334.9		21.7		
Pakistan	123.6		8.8			570.2		19.4			318.0		20.6		
China	62.9		4.5			248.8		8.5			189.6		12.3		
South Korea	120.8		8.6			87.3		3.0			44.2		2.9		
Japan	84.3		6.0			84.8		2.9			31.3		2.0		
Thailand	70.0		5.0			93.6		3.2			25.4		1.6		
Indonesia	23.5		1.7			61.2		2.1			13.7		0.9		
Others	30.1		2.1			53.9		1.8			33.4		2.2		
<b>U.S.A.</b>	<b>118.0</b>		<b>8.4</b>			<b>141.5</b>		<b>4.8</b>			<b>69.5</b>		<b>4.5</b>		
<b>Other Countries</b>	<b>33.8</b>		<b>2.4</b>			<b>71.2</b>		<b>2.4</b>			<b>98.5</b>		<b>6.4</b>		

Source: CBE Alexandria Branch.

\* The repatriated proceeds collected by the CBE.

\*\* From the beginning and at the end of seasons 2003/2004, 2004/2005 and until 30/3/ 2006 of season 2005/2006.

**(6/1) Number of Arrivals and Tourist Nights of Departures (by Group)**

(In Thousand)

July / March	<u>2003/2004</u>				<u>2004/2005</u>				<u>2005/2006</u>			
	Tourists	%	Tourist Nights	%	Tourists	%	Tourist Nights	%	Tourists	%	Tourist Nights	%
<b><u>Total</u></b>	<b><u>5600</u></b>		<b><u>55395</u></b>		<b><u>6491</u></b>		<b><u>66154</u></b>		<b><u>6501</u></b>		<b><u>65493</u></b>	
<b><u>European Countries</u></b>	<b><u>3660</u></b>	<b><u>100.0</u></b>	<b><u>33925</u></b>	<b><u>100.0</u></b>	<b><u>4494</u></b>	<b><u>100.0</u></b>	<b><u>41861</u></b>	<b><u>100.0</u></b>	<b><u>4330</u></b>	<b><u>100.0</u></b>	<b><u>39644</u></b>	<b><u>100.0</u></b>
<b><u>East Europe</u></b>	<b><u>903</u></b>	<b><u>24.7</u></b>	<b><u>8445</u></b>	<b><u>24.9</u></b>	<b><u>1078</u></b>	<b><u>24.0</u></b>	<b><u>9959</u></b>	<b><u>23.8</u></b>	<b><u>1210</u></b>	<b><u>27.9</u></b>	<b><u>10763</u></b>	<b><u>27.1</u></b>
<b><u>West Europe</u></b>	<b><u>2757</u></b>	<b><u>75.3</u></b>	<b><u>25480</u></b>	<b><u>75.1</u></b>	<b><u>3416</u></b>	<b><u>76.0</u></b>	<b><u>31902</u></b>	<b><u>76.2</u></b>	<b><u>3120</u></b>	<b><u>72.1</u></b>	<b><u>28881</u></b>	<b><u>72.9</u></b>
France	300	8.2	2852	8.4	373	8.3	3469	8.3	290	6.7	2690	6.8
Germany	651	17.8	6705	19.8	784	17.5	8370	20.0	708	16.4	7336	18.5
Italy	703	19.2	6033	17.8	722	16.1	6047	14.4	532	12.3	4312	10.9
Spain	112	3.1	1095	3.2	136	3.0	1164	2.8	104	2.4	983	2.5
Switzerland	87	2.3	781	2.3	101	2.2	1014	2.4	87	2.0	813	2.0
United Kingdom	326	8.9	2792	8.2	504	11.2	4420	10.6	737	17.0	6410	16.2
Other	578	15.8	5222	15.4	796	17.7	7418	17.7	662	15.3	6337	16.0
<b><u>The Middle East Countries</u></b>	<b><u>1338</u></b>	<b><u>100.0</u></b>	<b><u>15076</u></b>	<b><u>100.0</u></b>	<b><u>1312</u></b>	<b><u>100.0</u></b>	<b><u>16760</u></b>	<b><u>100.0</u></b>	<b><u>1405</u></b>	<b><u>100.0</u></b>	<b><u>17579</u></b>	<b><u>100.0</u></b>
Jordan	88	6.6	893	5.9	93	7.1	966	5.8	97	6.9	1005	5.7
Kuwait	71	5.3	1078	7.2	73	5.6	1241	7.4	78	5.6	1374	7.8
Palestine	184	13.7	1842	12.2	120	9.1	1619	9.6	204	14.5	1917	10.9
Saudi Arabia	238	17.8	3514	23.3	251	19.1	4654	27.8	293	20.9	4891	27.8
Syria	68	5.1	644	4.3	68	5.2	664	4.0	71	5.0	701	4.0
Other	689	51.5	7105	47.1	707	53.9	7616	45.4	662	47.1	7691	43.8

Source : Central Agency for Public Mobilization and Statistics.

**(6/1) Number of Arrivals and Tourist Nights of Departures (by Group)(Contd.)**

(In Thousand)

July / March	<u>2003/2004</u>				<u>2004/2005</u>				<u>2005/2006</u>			
	Tourists	%	Tourist Nights	%	Tourists	%	Tourist Nights	%	Tourists	%	Tourist Nights	%
<b><u>African Countries</u></b>	<b><u>161</u></b>	<b><u>100.0</u></b>	<b><u>1802</u></b>	<b><u>100.0</u></b>	<b><u>190</u></b>	<b><u>100.0</u></b>	<b><u>2221</u></b>	<b><u>100.0</u></b>	<b><u>204</u></b>	<b><u>100.0</u></b>	<b><u>2455</u></b>	<b><u>100.0</u></b>
South Africa	13	8.1	83	4.6	16	8.4	102	4.6	16	7.8	116	4.7
Morocco	15	9.3	175	9.7	16	8.4	186	8.4	18	8.8	194	7.9
Sudan	57	35.4	943	52.3	74	39.0	1280	57.6	75	36.8	1379	56.2
Tunisia	25	15.5	194	10.8	23	12.1	200	9.0	25	12.3	223	9.1
Other	51	31.7	407	22.6	61	32.1	453	20.4	70	34.3	543	22.1
<b><u>Americas</u></b>	<b><u>171</u></b>	<b><u>100.0</u></b>	<b><u>2392</u></b>	<b><u>100.0</u></b>	<b><u>201</u></b>	<b><u>100.0</u></b>	<b><u>2817</u></b>	<b><u>100.0</u></b>	<b><u>234</u></b>	<b><u>100.0</u></b>	<b><u>3111</u></b>	<b><u>100.0</u></b>
Canada	34	19.9	459	19.2	38	18.9	540	19.2	40	17.1	597	19.2
United States	111	64.9	1721	71.9	131	65.2	2000	71.0	155	66.2	2194	70.5
Latin America	26	15.2	212	8.9	32	15.9	277	9.8	39	16.7	320	10.3
<b><u>Asia &amp; Pacific</u></b>	<b><u>267</u></b>	<b><u>100.0</u></b>	<b><u>2159</u></b>	<b><u>100.0</u></b>	<b><u>291</u></b>	<b><u>100.0</u></b>	<b><u>2450</u></b>	<b><u>100.0</u></b>	<b><u>325</u></b>	<b><u>100.0</u></b>	<b><u>2652</u></b>	<b><u>100.0</u></b>
Australia	30	11.2	430	19.9	38	13.1	526	21.5	42	12.9	557	21.0
Japan	65	24.4	447	20.7	57	19.6	387	15.8	58	17.9	400	15.1
South Korea	30	11.2	150	6.9	33	11.3	161	6.6	43	13.2	202	7.6
China	20	7.5	159	7.4	26	8.9	185	7.5	30	9.2	216	8.1
India	31	11.6	237	11.0	32	11.0	236	9.6	43	13.2	307	11.6
Other	91	34.1	736	34.1	105	36.1	955	39.0	109	33.6	970	36.6
<b><u>Other Countries</u></b>	<b><u>3</u></b>	<b><u>-</u></b>	<b><u>41</u></b>	<b><u>0.1</u></b>	<b><u>3</u></b>	<b><u>-</u></b>	<b><u>45</u></b>	<b><u>-</u></b>	<b><u>3</u></b>	<b><u>-</u></b>	<b><u>52</u></b>	<b><u>-</u></b>

Source : Central Agency for Public Mobilization and Statistics.

## (6/2) Number of Tourists (Departures) & Average Stay

( In Thousand)

	July /March					
	2003/2004		2004/2005		2005/2006	
	Number	Average Stay	Number	Average Stay	Number	Average Stay
<b><u>Total</u></b>	<b><u>5240</u></b>	<b><u>10.6</u></b>	<b><u>6137</u></b>	<b><u>10.8</u></b>	<b><u>6113</u></b>	<b><u>10.7</u></b>
	<b><u>By Period</u></b>					
July/September	1798	12.1	2267	12.4	2167	12.6
Oct./December	1685	9.7	1863	10.0	1915	9.9
Jan./ March	1757	9.8	2007	9.6	2031	9.5
	<b><u>By Group</u></b>					
Europe	3665	9.5	4448	9.7	4178	9.7
Middle East	1050	13.4	1076	14.4	1254	13.4
Africa	131	13.7	167	13.2	170	14.4
Americas	164	14.5	193	14.6	224	13.9
Asia and the Pacific	227	9.5	249	9.8	284	9.4
Others	3	13.4	4	12.9	3	15.3

Source: Central Agency for Public Mobilization and Statistics (CAPMAS) .