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## Major Macroeconomic Indicators of the Egyptian Economy 2005/2006

<b>1) Area</b>		
Total	1002.0	(Thousand km <sup>2</sup> )
Populated	79.0	(Thousand km <sup>2</sup> )
<b>2) Population and Employment</b>		
- Population on 1 <sup>st</sup> January, (excl. expatriates)	71.3	(million persons)
- Annual Growth Rate (%)	1.86	
- Number of Employees	19.65	(million)
- Annual Growth Rate (%)	3.4	
<b>3) GDP (2001/2002 Prices)</b>		
	<b>LE bn</b>	
GDP at Market Price	454.3	
Annual Growth Rate (%)	6.8	
GDP at Factor Cost	426.1	
Annual Growth Rate (%)	6.9	
<b>GDP by Sector at Factor Cost</b>		
	<b>LE bn</b>	
<b>A) Productive Sectors</b>	<b>213.7</b>	<b>(50.2% of GDP)</b>
Of which:		
Manufacturing (Oil Refining & Others)	80.6	18.9%
Agriculture, Irrigation and Fishing	66.2	15.6%
Extractions (Oil, Natural Gas & Others)	37.6	8.8%
Construction and Building	19.7	4.6%
<b>B) Services Sectors</b>	<b>212.4</b>	<b>(49.8% of GDP)</b>
Of which:		
Wholesale and Retail Trade	49.1	11.5%
General Government	39.5	9.3%
Financial Intermediaries and Supporting Services	24.4	5.7%
Transportation and Storage	21.3	5.0%
<b>4) Annual Inflation Rate (1999/2000 = 100)</b>		
	<b>2005/2006</b>	
CPI during the Year	7.2%	
WPI during the Year	5.7%	

<b>5) Annual Discount and Interest Rates (%)</b>	<b>June 2006</b>
- CBE Lending and Discount Rate	9.00
<b>- CBE Overnight Deposit and Lending Rates</b>	
Deposit	8.00
Lending	10.00
- Interest Rate on 3- Month Deposits	5.90
- Interest Rate on One Year or Less Loans	12.50
<hr/>	
<b>6) CBE Announced US Dollar Exchange Rate</b>	<b>June 2006</b>
<b>(PT Per US Dollar)</b>	
- Buy and Sell Exchange Rates (Average of the Year)	575.3
- End of the Year (Average Market Buy Rate)	575.2
<hr/>	
<b>7) Consolidated Fiscal Operations of the</b>	<b>2005/2006</b>
<b>General Government (Preliminary Actual)</b>	
<b>(LE bn)</b>	
- Total Revenues	174.6
- Total Expenditure	220.2
<b><u>Cash Deficit</u></b>	<b><u>45.6</u></b>
Net Acquisition of Financial Assets	7.7
<b><u>Overall Deficit</u></b>	<b><u>53.3</u></b>
Total Finance	53.3
- Domestic Finance	62.9
Banking	26.0
Non-Banking	37.5
Net Debit and Credit Balances	-0.6
Foreign Borrowing	3.6
Arrears	-1.3
Others	-7.2
Financing Effects for Eliminations	-
Revaluation Differences	-0.3
- Net Privatization Proceeds	0.1
- Discrepancy	-4.5
- Cash Deficit/GDP (%)	7.4
- Overall Deficit/GDP %	8.6
- Expenditure/GDP %	35.7
- Revenues/GDP %	28.3

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**8) Domestic Public Debt (LE bn)**

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**Gross, due on:**

- Government
- Public Economic Authorities
- NIB

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**End of June**

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**2005**      **2006**

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510.8	593.5
349.1	387.7
47.2	47.4
114.1	158.4

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**9) Monetary Survey (LE bn)**

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**End of June**

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**2005**      **2006**

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Domestic Liquidity (M2)	493.9	560.4
Growth Rate (%)	13.6	13.5
Reserve Money	177.8	116.0
Growth Rate (%)	50.1	14.8
Money Supply (M1)	89.7	109.3
Growth Rate (%)	15.6	21.8
Currency in Circulation/Money Supply (%)	70.3	67.9
Banking System Foreign Assets, of which:	174.3	219.0
CBE Foreign Assets	108.7	129.5
Banking System Foreign Liabilities, of which:	93.4	85.6
CBE Foreign Liabilities	71.4	68.2
Total Deposits with Banks (Excl. CBE)	519.7	568.8
In Local Currency	369.1	401.1
In Foreign Currencies	150.6	167.7
Foreign Currency Deposits/Total Deposits (%)	29.0	29.5
Total Lending and Discount Balances Extended by Banks (Excl. CBE), of which:	308.2	324.0
To Government and Public Economic Authorities	22.0	21.0
To Business Sectors (Public and Private)	242.9	247.3
Portfolio and TBs with Banks (Excl. CBE), of which:	172.2	194.0
TBs and Government Securities	103.4	130.8
Loans/Deposits with Banks (%)	59.3	57.0
Investment in Securities, TBs and Equity Participation/Deposits (%)	26.8	34.1

<b>10) Balance of Payments (US\$ bn)</b>	<b>2005/2006</b>	
Current Account & Transfers	1.8	
Trade Balance	(12.0)	
Merchandise Exports	18.4	
Oil and its Products %	55.4	
Others %	44.6	
Merchandise Imports	(30.4)	
Intermediate Goods %	27.7	
Investment Goods %	25.9	
Consumer Goods %	11.6	
Fuel, Raw Materials and Others %	34.8	
Services Balance	8.2	
Receipts, of which:	17.4	
Transportation %	28.4	
Travel %	41.5	
Investment Income %	11.5	
Payments, of which:	9.2	
Transportation %	13.1	
Travel %	17.5	
Investment Income %	15.9	
Transfers	5.6	
Official %	10.3	
Private %	89.7	
Capital and Financial Account	3.5	
Overall Surplus/(Deficit)	3.3	
<b>11) Outstanding External Debt (US\$ bn)</b>	<b>End of June</b>	
	<b>2005</b>	<b>2006</b>
<b><u>Total</u></b>	<b><u>28.9</u></b>	<b><u>29.6</u></b>
Due on the Government and Public Sector	27.3	28.2
Due on the Private Sector	1.6	1.4



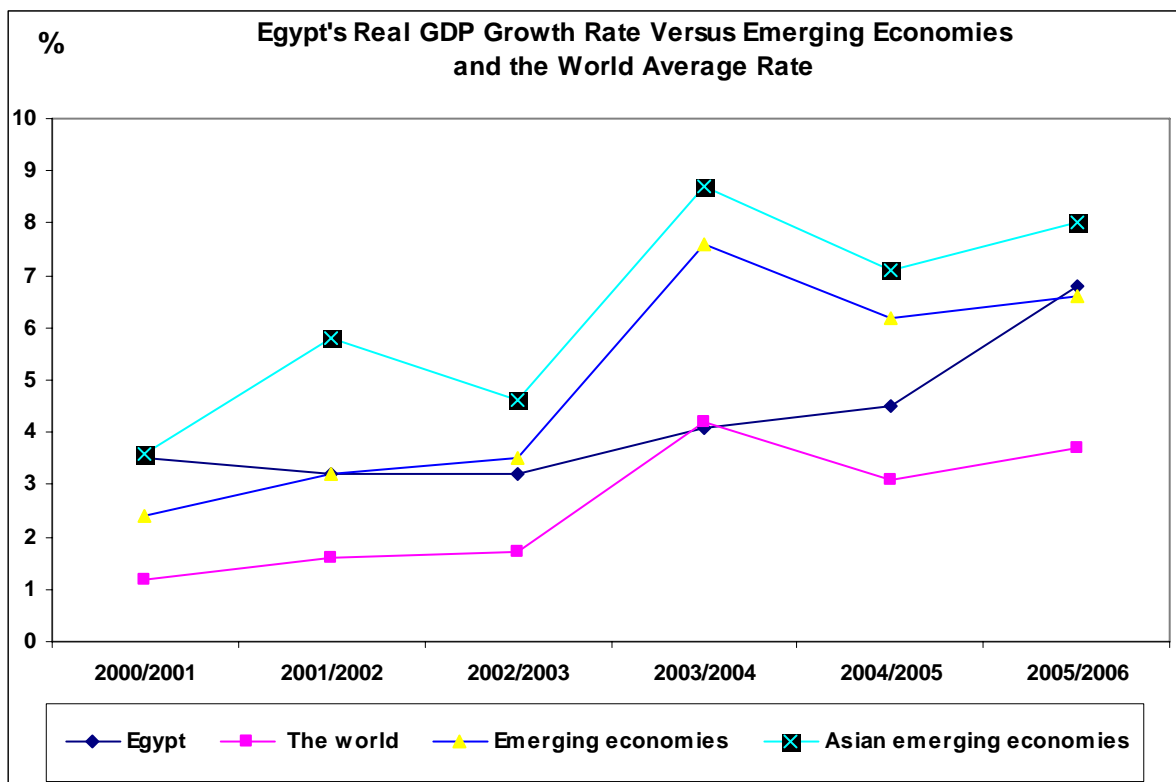
## **National Developments**

## 1-Development and Growth

### 1/1: Gross Domestic Product (GDP)

According to the Ministry of State for Economic Development, real GDP growth rate at factor cost increased from 4.6% during FY 2004/2005 to 6.9% during FY 2005/2006, to reach about LE 426.1 billion. Moreover, real GDP at market prices mounted to LE 454.3 billion, with a growth rate of 6.8% during FY 2005/2006 (against 4.5% in the previous FY).

It is worth mentioning that Egypt's real GDP growth rate rose in the last years to largely exceed its counterparts in the world as a whole, and nearly equals the average rate of the emerging economies combined. However, this rate is still below the average rate of the Asian emerging economies.



A follow up of the performance of the Development Plan for 2005/2006 reveals that the productive sectors contributed 50.2% of GDP. Atop these sectors came the manufacturing sector (18.9%), then agriculture, irrigation and fishing (15.5%) and extractions (8.8%).

The services sectors shared with 49.8% in GDP. The wholesale and retail trade contributed 11.5%, the general government 9.3%, and the financial intermediaries and supporting services 5.7%.

### Relative Importance of Sectors in GDP

(Value at prices of base year 2001/2002)

	<u>2004/2005</u>		<u>2005/2006</u>	
	Value (LE bn)	Relative Importance	Value (LE bn)	Relative Importance
<b><u>Productive Sectors, of which:</u></b>	<b><u>197.6</u></b>	<b><u>49.6</u></b>	<b><u>213.7</u></b>	<b><u>50.2</u></b>
Agriculture, irrigation and fishing	64.1	16.1	66.2	15.6
Extractions (oil, natural gas and others)	31.1	7.8	37.6	8.8
Manufacturing (oil refining and others)	76.2	19.1	80.6	18.9
Construction and building	17.3	4.4	19.7	4.6
<b><u>Services Sectors, of which:</u></b>	<b><u>200.9</u></b>	<b><u>50.4</u></b>	<b><u>212.4</u></b>	<b><u>49.8</u></b>
Transportation and storage	19.8	5.0	21.3	5.0
Wholesale and retail trade	46.1	11.6	49.1	11.5
Financial intermediaries and supporting services	23.2	5.8	24.4	5.7
General government	38.2	9.6	39.5	9.3

At the sectoral level, the productive sectors' real GDP growth rate noticeably grew by 8.2% during the year under review, against 3.6% a year earlier. The extractions (oil and natural gas) recorded the highest rate (20.8%) as an outcome of buoyant production of oil and natural gas, together with a rise in their international prices. The construction and building sector followed with 14%, due to strong real estate investments.

The services sectors posted a real growth rate of 5.7%, owing to higher growth of communications (10.3%). The pickup in research and development investments and the increase in the number of phone lines (fixed and mobile) were behind the rise in the communications sector. The Suez Canal followed with 9.4% (due to the rise in the number and net tonnage of transiting ships, besides raising the transit tolls), then transportation and storage with 7.5%.

### Real GDP Growth Rates of Productive and Services Sectors

(Value at prices of base year 2001/2002)

	2004/2005	2005/2006
<b><u>Productive Sectors, of which:</u></b>	<b><u>3.6</u></b>	<b><u>8.2</u></b>
Agriculture, irrigation and fishing	3.3	3.2
Extractions (oil, natural gas and others)	0.6	20.8
Manufacturing (oil refining and others)	4.4	5.8
Construction and building	5.0	14.0
<b><u>Services Sectors, of which:</u></b>	<b><u>5.6</u></b>	<b><u>5.7</u></b>
Transportation and storage	6.0	7.5
Communications	9.4	10.3
Suez Canal	16.0	9.4
Wholesale and retail trade	3.1	6.5
Financial intermediaries & supporting services	4.1	5.3
General government	3.0	3.4
Education, health and personal services	3.5	4.9

As the State continued its policy to maximize the private sector's involvement in the economic development, the output of this sector remained on the rise, reaching 6.2% during FY 2005/2006 (against 4.7% a year earlier). Moreover, the private sector continued to contribute the bulk (66.7%) of GDP (against 67.2%). Most of this contribution came from the sectors of manufacturing; agriculture, irrigation and fishing; and wholesale and retail trade. (See the following table)

## Relative Importance of Public and Private Sectors in GDP

(%)

	<u>2004/2005</u>		<u>2005/2006</u>	
	Public	Private	Public	Private
<b><u>GDP</u></b>	<b><u>32.8</u></b>	<b><u>67.2</u></b>	<b><u>33.3</u></b>	<b><u>66.7</u></b>
<b><u>Productive Sectors, of which:</u></b>	<b><u>11.7</u></b>	<b><u>37.9</u></b>	<b><u>12.5</u></b>	<b><u>37.7</u></b>
Agriculture, irrigation and fishing	0.0	16.1	0.0	15.5
Extractions (oil, natural gas and others)	6.6	1.2	7.5	1.4
Manufacturing (oil refining and others)	2.5	16.6	2.4	16.5
Construction and building	0.5	3.8	0.6	4.1
<b><u>Service Sectors, of which:</u></b>	<b><u>21.1</u></b>	<b><u>29.3</u></b>	<b><u>20.8</u></b>	<b><u>29.0</u></b>
Transportation and storage	1.0	3.9	1.0	4.0
Wholesale and retail trade	0.5	11.1	0.5	11.0
Financial intermediaries and supporting services	3.8	2.0	3.7	2.0
General government	9.6	0.0	9.3	0.0
<b><u>GDP Growth Rate</u></b>	<b><u>4.4</u></b>	<b><u>4.7</u></b>	<b><u>8.5</u></b>	<b><u>6.2</u></b>

### 1/2: GDP by Expenditure

During the reporting year, real GDP growth rate at market price rose by 6.8%, to register LE 454.3 billion. This was supported by the growth of 5.6% in net indirect taxes, to reach LE 28.2 billion (against 2.7% during the year of comparison).

## GDP

(Value at prices of base year 2001/2002)

	<u>2004/2005</u>			<u>2005/2006</u>		
	Value (LE bn)	Relative Importance	Growth Rate (%)	Value (LE bn)	Relative Importance	Growth Rate (%)
<b><u>GDP at Market Price</u></b>	<b><u>425.2</u></b>	<b><u>100.0</u></b>	<b><u>4.5</u></b>	<b><u>454.3</u></b>	<b><u>100.0</u></b>	<b><u>6.8</u></b>
GDP (at factor cost)	398.5	93.7	4.6	426.1	93.8	6.9
Indirect taxes (net)	26.7	6.3	2.7	28.2	6.2	5.6

Reflecting the improved economic performance during FY 2005/2006, gross domestic expenditure (final consumption and gross capital formation) grew to 7.2% (against 5.5% during the previous FY). Final consumption (public and private) rose by 6.0% to LE 378.8 billion. The increase was mainly seen in private consumption, which went up by 6.4% (against 4.8%) to reach LE 325.8 billion. Public consumption grew only by 3.1% (against 2.8%), reaching LE 53.0 billion. Likewise, gross capital formation mounted by 13.3% during the year (against 10.3% during the previous FY), as an effect of the 13.8% increase in investments.

Furthermore, exports of goods and services grew by 21.3%. Yet, such a rate of growth is still below that of goods and services imports (21.8%). This led in turn to widening domestic resources gap from LE 7.3 billion to LE 9.5 billion.

### GDP by Expenditure

(Value at prices of base year 2001/2002)

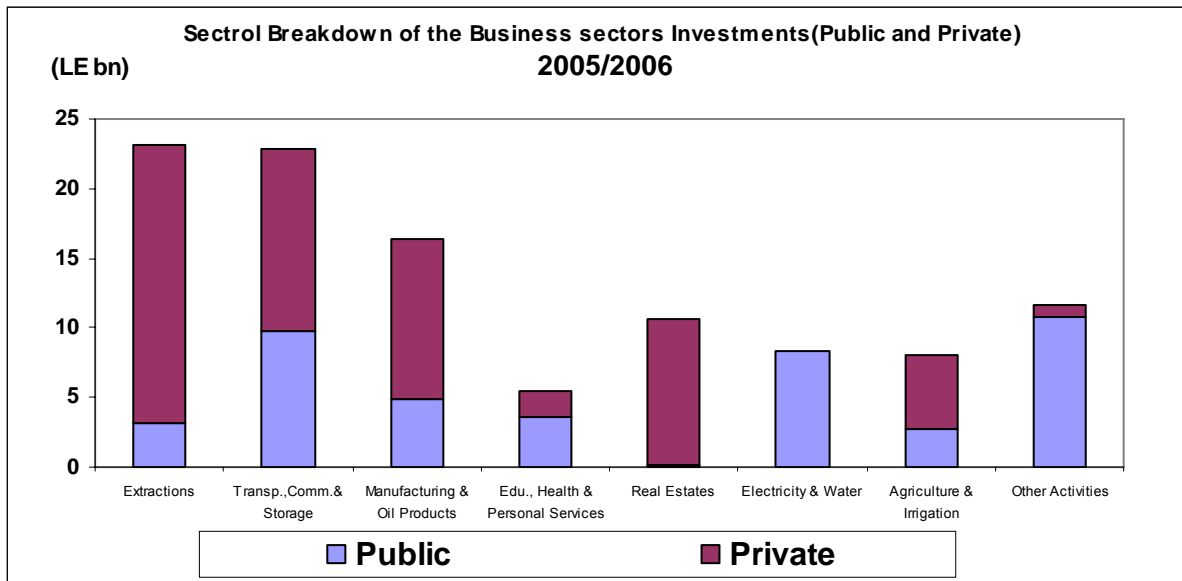
	Value (LE bn)		Structure (%)		Growth Rate (%)	
	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006
<b>1-Final Consumption</b>	<b>357.5</b>	<b>378.8</b>	<b>84.1</b>	<b>83.4</b>	<b>4.5</b>	<b>6.0</b>
- Public	51.4	53.0	12.1	11.7	2.8	3.1
- Private	306.1	325.8	72.0	71.7	4.8	6.4
<b>2-Gross Capital Formation</b>	<b>75.0</b>	<b>85.0</b>	<b>17.6</b>	<b>18.7</b>	<b>10.3</b>	<b>13.3</b>
- Investments	74.7	85.0	17.5	18.7	14.2	13.8
- Change in inventory	0.3	0.0	0.1	0.0	-88.5	-100.0
<b>3-Gross Domestic Expenditure (1+2)</b>	<b>432.5</b>	<b>463.8</b>	<b>101.7</b>	<b>102.1</b>	<b>5.5</b>	<b>7.2</b>
4-Goods and services exports	119.0	144.3	28.0	31.8	20.2	21.3
5-Goods and services imports	126.3	153.8	29.7	33.9	23.8	21.8
<b>6-Domestic Resources Gap (4-5)</b>	<b>(7.3)</b>	<b>(9.5)</b>	<b>(1.7)</b>	<b>(2.1)</b>	<b>(143.3)</b>	<b>(30.1)</b>
<b>7-GDP at Market Prices (3+6)</b>	<b>425.2</b>	<b>454.3</b>	<b>100.0</b>	<b>100.0</b>	<b>4.5</b>	<b>6.8</b>
<b>8-Gross Domestic Savings (7-1)</b>	<b>67.7</b>	<b>75.5</b>	<b>15.9</b>	<b>16.6</b>	<b>4.2</b>	<b>11.5</b>

Source: Ministry of State for Economic Development

### 1/3: Implemented Investments

The value of investments implemented during FY 2005/2006, amounted to LE 115.7 billion, with a rise of LE 19.2 billion or 19.9%, as compared with the previous FY. The rise was attributed to the noticeable increase of LE 21.6 billion in the private sector's investments, reaching LE 70.7 billion or 61.1% of total

implemented investments during the year. These investments were concentrated in extractions, oil and natural gas (28.1% of the total); transportation, communications and storage (18.4%); and manufacturing (16.2%). On the other hand, the public business sector's investments decreased by LE 2.4 billion, as compared with the previous FY, to reach LE 45 billion. This came in the context of the privatization program for public enterprises.



As shown in the above graph, a breakdown of total implemented investments by economic activity during FY 2005/2006 shows that the extractions sector accounted for 19.9% of the total. This was a result of an increase in oil and natural gas discoveries that led to a higher tendency for investing in this field. The transportation, communications and storage came next, receiving 19.7% of the total to complete its infrastructure works. The manufacturing and petroleum products followed with 14.2% and the real estates with 9.1%.

### Total Implemented Investments

	<u>2004/2005</u>	<u>2005/2006</u>	<u>2004/2005</u>	<u>2005/2006</u>	<u>2005/2006</u>
	Value (LE bn)		Structure %		Growth Rate %
<b>Total Investments</b>	<b>96.5</b>	<b>115.7</b>	<b>100.0</b>	<b>100.0</b>	<b>19.9</b>
Public	47.4	45.0	49.1	38.9	-5.1
Private	49.1	70.7	50.9	61.1	44.0

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## **1/4: Agricultural Production**

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During FY 2005/2006, the government continued to implement its agricultural development strategy for expanding cultivated areas and increasing the average productivity per feddan. The long-term objective of this strategy is to achieve self-sufficiency of some basic commodities, in addition to enhancing the competitiveness of Egypt's agricultural commodities in international markets. In this context, efforts are being devoted to providing public utilities and services for reclaimed lands in desert areas, expanding the cultivation of pesticide-free crops and completing the renovation of infrastructure projects in existing agricultural lands.

Consequently, both cultivated areas and the average productivity per feddan posted higher growth rates, leading in turn to a rise in the production of some crops, mainly wheat and maize, during FY 2005/2006. Accordingly, imports of the said two crops decreased.

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## **1/5: Cotton**

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### **1/5/1: Domestic Developments**

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During 2005/2006 season, the government maintained its cotton policy that aimed at preserving both the internationally reputable quality of Egyptian cotton and its world market share. To this end, the government developed a plan to provide training for human cadres on the up-to-date techniques in this field, established committees to remove obstacles to cotton production and marketing, and introduced new varieties with higher productivity and quality. In addition, the government continued to provide technical and financial assistances to farmers.

Hereunder are the main developments for the season, on both sides of cotton supply and demand:



## Production

According to the estimates of the Cotton Arbitration and Testing General Organization (CATGO), cotton cultivated area reached around 650 thousand feddans during the 2005/2006 season, with a 11.1% decline compared with the cultivated area in the previous season and a 1.1% rise over the target area for the current season.

The contraction in the cotton-cultivated land was due to farmers' reluctance to grow cotton, switching to more lucrative crops, in the wake of the government's cancellation of the floor prices system. Another assisting factor was the expected decline in world cotton prices. The areas cultivated in long staple during the season reached 76.3% of the total, while the remainder was cultivated in extra long staple.

### **Area and Production by Cotton Variety**

	Area (Thousand feddans)				Change + (-) (%)	Production (Thousand metric cantars)				Change + (-) (%)
	2004/2005		2005/2006			2004/2005		2005/2006		
	Final	100.0	650	100.0		Final	100.0	4006	100.0	
<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>4006</b>	<b>100.0</b>	<b>(31.3)</b>
<b>Extra long staple</b>	197	26.9	154	23.7	(21.8)	1551	26.6	866	21.6	(44.2)
<b>Long staple</b>	534	73.1	496	76.3	(7.1)	4282	73.4	3140	78.4	(26.7)

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

\* According to CATGO

According to CATGO estimates, total cotton output for the 2005/2006 season reached around 4.0 million metric cantars, with a 26% decline below the target for the season and a 31.3% drop below the level of the previous season. The weak production was a chief result of the decline in the average productivity per feddan, reaching 6.2 cantars/feddan (against 8 cantars/feddan during the previous season), and the decrease in the cultivated area as aforementioned.

## Stock and Total Supply

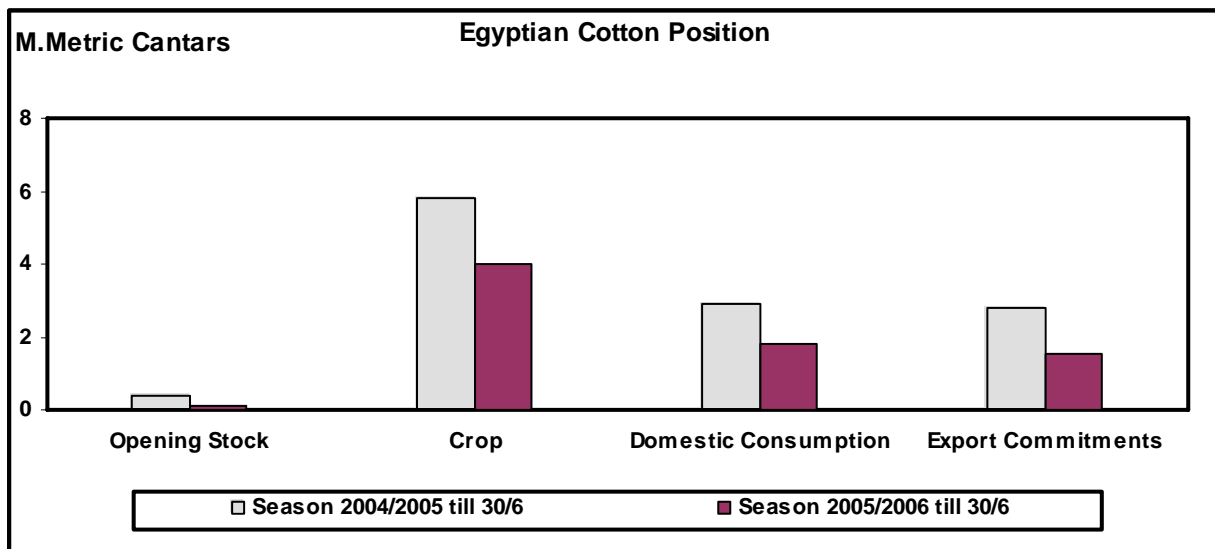
During the 2005/2006 season, total supply of raw cotton noticeably shrank by 33.9% as compared with the previous season, bringing the total down to 4.1 million metric cantars. Among the factors that led to the retreat in total supply were the sharp decrease in the opening stock of the season by 75.9%, to register only 91.0 thousand metric cantars, and the decline in production estimates.

### Position of Egyptian Cotton

(Thousand metric cantars)

	<b>2004/2005</b> <b>Season till</b> <b>30-6-2005</b>	<b>2005/2006</b> <b>Season till</b> <b>30-6-2006</b>
Opening stock	377	91
Production (crop)	5824	4006
<b>Total Supply</b>	<b>6201</b>	<b>4097</b>
Domestic consumption	2880	1816
Exportation (actual)	2815	1557
Carryover	506	724

See Table (1/6), Statistical Section.



### Domestic Consumption

Since the beginning of the season in September 2005 till the end of June 2006, local mills used around 1.8 million metric cantars, down by 1.1 million metric cantars in comparison with the previous season.

Due to high prices of Egyptian cotton in comparison with those of cotton imports, around 1.2 million metric cantars of cottons were imported during the season, to cover around 63.4% of domestic consumption during the season. Greece, the Sudan and Syria were the main exporters to the Egyptian market.

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## **Export Commitments**

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During the 2005/2006 season, cotton authorities decided to re-schedule the announcement of the selling conditions governing exportation to October 2005, (due to uncertainty of world cotton prices). According to the selling prices (for exports), contracting terms and the means of payment are to be set by agreement between the buyer and seller. In addition, the weighted average of contracted selling prices are to be announced on a periodical basis. Moreover, the approval of the Federation of Cotton Exporters is a prerequisite for contracting on submitted bids. The Federation is responsible for arbitration in case any disputes arise between the buyer and seller. Other conditions are involved, related to the method of calculating storage fees, insurance costs and delay fines.

Due to the said re-scheduling, export commitments, in terms of quantity, declined by one third during the season (since its beginning and up till the end of June 2006), to reach some 1.9 million metric cantars. Around 1.6 million cantars or 83.2% of the commitments were shipped, against 2.8 million cantars during the corresponding period of the previous season. Of the total contracts, long-staple varieties represented 75.4% and extra long staple 24.6%. The private sector accounted for the bulk (61.3% of the total) and the public business sector for 38.7%.

As for export prices of Egyptian cotton since the beginning of the season till the end of June 2006, they took a gradual upward trend. This was driven by an expectation that the Egyptian cotton supply won't be sufficient to meet the international need.

Concerning cotton main importers, the Asian countries ranked first, importing 66.5% of the Egyptian cotton, followed by the EU countries with 13.4%. The other European countries, headed by Switzerland and Turkey, came next with 8.8%, then the USA with 5.7%. (See the following table)

### Export Commitments by Importing Country

	2004/2005 Season till the end of June 2005	2005/2006 Season till the end of June 2006
<b><u>Total (thousand metric cantars)</u></b>	<b><u>2815.0</u></b>	<b><u>1871.0</u></b>
<b><u>Asian countries, of which:</u></b>	<b><u>68.8%</u></b>	<b><u>66.5%</u></b>
India	29.8%	21.8%
Pakistan	19.2%	22.8%
<b><u>EU countries, of which</u></b>	<b><u>11.8%</u></b>	<b><u>13.4%</u></b>
Italy	6.6%	9.2%
Germany	2.0%	2.0%
<b><u>Other European countries, of which:</u></b>	<b><u>12.1%</u></b>	<b><u>8.8%</u></b>
Switzerland	7.1%	4.6%
Turkey	5.0%	4.2%
<b><u>USA</u></b>	<b><u>4.7%</u></b>	<b><u>5.7%</u></b>
<b><u>Other countries</u></b>	<b><u>2.6%</u></b>	<b><u>5.6%</u></b>

See Table (1/7), Statistical Section.

It is to be noted that the share of the UAE in total export commitments during the season posted a noticeable increase. It accounted for 3.8% of Egypt's total exports, against 1.1% during the previous season.

### 1/5/2: International Developments

According to the estimates of the International Cotton Advisory Committee (ICAC) for the 2005/2006 season, the opening stock of raw cotton dropped by 1.4% to 49.6 million bales, as compared with the previous season, while world output rose by 0.2% to 114 million bales. This was ascribed to an expected relative increase in the production estimates of Australia and some other countries in the southern hemisphere under favorable weather conditions. The weak opening stock and the slight increase in production led to a retreat of 0.3% in the world supply of raw cotton (as compared with the previous season), to reach 163.6 million bales.

ICAC estimates for world consumption of raw cotton shows an expected rise of 3.5%, as compared with the previous season, to reach 118.5 million bales. This was fuelled by strong world demand, given that cotton prices are lower than those of synthetic fibers (due to higher world prices of crude oil).

ICAC also estimates that the volume of world trade in raw cotton will slightly rise by 0.7% during the season, to reach some 43.2 million bales.

Trends of the world prices of raw cotton since the beginning of the season till the end of June 2006 showed that they fluctuated, moving downwards during October and November 2005, affected by lower prices of raw cotton in New York futures, then upwards from December 2005 through May 2006, due to higher world prices in New York futures, under expectation of insufficient world supply. However, prices began to decline again in the second half of June 2006, because of the discounts offered by raw cotton exporters to spur its demand, especially with the approaching of the new season (2006/2007). Another affecting factor was the still soft demand by importing mills in some countries.

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## **1/6: Industrial Production**

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According to the Ministry of State for Economic Development during FY 2005/2006, output of the manufacturing sector rose by 9.5%, over the level of the previous year, to reach LE 276.2 billion or 29.5% of total domestic production. The output of manufacturing goods increased, mainly of cement, carbonated drinks, sugar, animal and poultry fodder, washing machines and phosphate fertilizers.

The private sector contributed the bulk (81.2%) of total manufacturing output during the year, chiefly of cement, carbonated drinks, refined sugar, cigarettes, wool yarn, electric lamps, phosphate fertilizers and plain and corrugated glass. However, the sector's share in the production of passenger's cars decreased.

## 1/7: Suez Canal

During FY 2005/2006, Suez Canal receipts stepped up by 7.6% to US\$ 3.6 billion, against US\$ 3.3 billion during the previous FY. This was a reflection of the rise in both the number of transiting ships and net tonnage, as well as the increase in transit tolls by 3.0% as of March 2006. Such an increase was mitigated by the depreciation of SDRs, on the basis of which tolls are collected, vis-à-vis the US dollar, by 3.0%.

During reporting year, the number of transiting ships rose by 1142, bringing their total up to 18.5 thousand ships. This was ascribed to a rise in the number of ships (other than oil tankers) by 883 to 14.8 thousand ships or 80.0% of the total; and to an increase in oil tankers by 259 to 3.7 thousand.

Net tonnage scaled up by 56.1 million tons or 8.7% during the year under review, as the tonnage of ships (other than oil tankers) rose by 48.9 million tons or 9.8% and of oil tankers by 7.2 million tons or 4.9%.

### Traffic in Suez Canal

	<u>2004/2005</u>	<u>2005/2006</u>	<b>Change %</b>
<b><u>Total number of Ships</u></b>	<b><u>17334</u></b>	<b><u>18476</u></b>	<b><u>6.6</u></b>
Oil tankers	3430	3689	7.6
Others	13904	14787	6.4
<b><u>Total Net Tonnage (million tons)</u></b>	<b><u>646.2</u></b>	<b><u>702.3</u></b>	<b><u>8.7</u></b>
Oil tankers	148.2	155.4	4.9
Others	498.0	546.9	9.8

During FY 2005/2006, the cargo transiting the Canal significantly increased by 53.6 million tons or 9.9%, to reach 595.1 million tons, against 541.5 million tons during the previous FY. This was a dual effect of the increase in southbound cargo by 32.0 million tons or 14.6% (mainly oil substances, cereals and mineral fertilizers) as well as the rise in northbound cargo by 21.6 million tons or 6.7% (chiefly oil substances and others).

### Traffic in Suez Canal (Detailed)

		2003/2004	2004/2005	2005/2006
<b><u>Oil Tankers</u></b>				
Number		2929	3430	3689
Net tonnage	Million tons	124.5	148.2	155.4
Average tonnage	Thousand tons	42.5	43.2	42.1
<b><u>Other Ships</u></b>				
Number		13245	13904	14787
Net tonnage	Million tons	454.2	498.0	546.9
Average tonnage	Thousand tons	34.3	35.8	37.0
<b><u>Total</u></b>				
Number		16174	17334	18476
Net tonnage	Million tons	578.7	646.2	702.3
Average tonnage	Thousand tons	35.8	37.3	38.0

### Transiting Cargo by Destination

		(Million tons)		
		2003/2004	2004/2005	2005/2006
<b><u>Total</u></b>		<b><u>492.4</u></b>	<b><u>541.5</u></b>	<b><u>595.1</u></b>
<b><u>Southbound:</u></b>		<b><u>210.9</u></b>	<b><u>219.9</u></b>	<b><u>251.9</u></b>
Oil substances		19.5	19.8	31.2
Cereals		8.2	11.3	17.7
Mineral Fertilizers		15.3	19.1	21.9
Fabricated metals		36.5	25.8	22.6
Others		131.4	143.9	158.5
<b><u>Northbound:</u></b>		<b><u>281.5</u></b>	<b><u>321.6</u></b>	<b><u>343.2</u></b>
Oil substances		52.4	71.9	79.6
Ores and Metals		23.9	30.2	24.1
Cereals		2.2	0.9	0.7
Oil Seeds		2.9	2.9	2.4
Others		200.1	215.7	236.4

## **1/8: Tourism**

During FY 2005/2006, tourist flows to Egypt was adversely influenced by Sharm El Shiekh and Dahab attacks. According to CAPMAS, the number of arrivals increased by only 0.5% during the year (against 15.1% during the previous FY), while the number of tourist nights by departures retreated by 0.7% (against a rise of 17.4%). Yet, thanks to the efforts exerted by tourist authorities to contain the negative repercussions of these attacks, tourism revenues increased by 12.5% during the year (against 17.4% a year earlier), as a result of a 13.3% rise in the average tourist spending per night. Meanwhile, the average tourist stay remained unchanged at 10.4 nights.

### **Tourism Indicators**

	<u>2003/2004</u>	Change + (-) %	<u>2004/2005</u>	Change + (-) %	<u>2005/2006</u>	Change + (-) %
Number of arrivals (000s) <sup>x</sup>	7512	43.4	8650	15.1	8693	0.5
Number of departures (000s)	7053	44.3	8206	16.3	8181	-0.3
Number of tourist nights of departures (000s)	73002	121.1	85730	17.4	85113	-0.7
Average spending per tourist a night (US\$)	75.0	(34.8)	75.0	0.0	85.0	13.3
Tourism revenues (US\$ mn)	5475	44.2	6430	17.4	7235	12.5
Average tourist stay (night)	10.4	52.9	10.4	0.0	10.4	0.0

Source: CAPMAS and CBE

<sup>x</sup> Excluding non-resident Egyptians coming for temporary purposes

## **Tourists**

Total arrivals from all tourist groups amounted to 8.7 million tourists during the statement year, with an increase of 43 thousand or 0.5% in comparison with the previous FY. The slight increase was attributed to a 7.4% fall in the number of tourists during the first quarter (July-September) of the year.



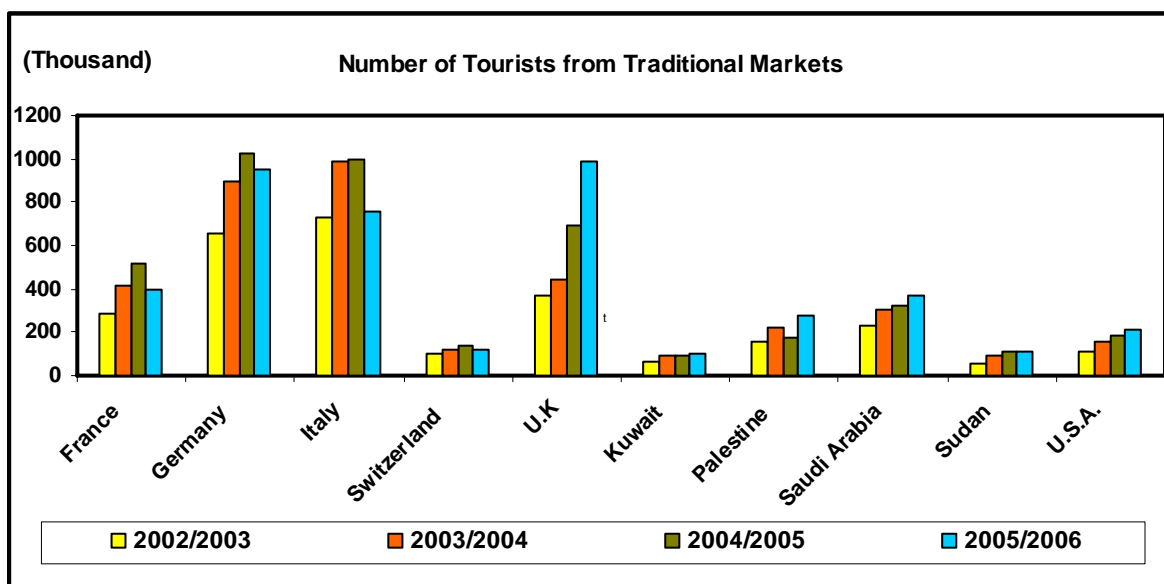
Tourists from European markets declined by 165 thousand or 2.8%, as compared with the previous FY. However, the European group remained on top, accounting for 66.9% of total tourist flows during the year.

The decline in this group was ascribed to a drop in tourists from Western Europe by 353 thousand or 7.8%, mostly from Italy (246 thousand tourists), France (128 thousand), Germany (77 thousand), Spain (29 thousand) and finally Switzerland (16 thousand). By contrast, tourists from the UK mounted by 296 thousand. The decline in the group's arrivals was mitigated by the increase of 188 thousand tourists from Eastern Europe, mainly from the CIS.

### Number of Tourist Arrivals

	<u>2003/2004</u>			<u>2004/2005</u>			<u>2005/2006</u>		
	No.	Relative Weight	Change + (-) %	No.	Relative Weight	Change + (-) %	No.	Relative Weight	Change + (-) %
<b>Total</b>	<b>7512</b>	<b>100.0</b>	<b>43.4</b>	<b>8650</b>	<b>100.0</b>	<b>15.1</b>	<b>8693</b>	<b>100.0</b>	<b>0.5</b>
	<b>By Period</b>								
July/Sept.	1939	25.8	23.8	2390	27.6	23.3	2214	25.5	(7.4)
Oct./Dec.	1859	24.8	30.4	1999	23.1	7.5	2132	24.5	6.7
Jan./March	1803	24.0	52.3	2102	24.3	16.6	2154	24.8	2.5
April/June	1911	25.4	79.8	2159	25.0	13.0	2193	25.2	1.6
	<b>By Group</b>								
Europe	4965	66.1	43.1	5983	69.2	20.5	5818	66.9	(2.8)
Western Europe	3760	50.1	37.4	4551	52.6	21.0	4198	48.3	(7.8)
Eastern Europe	1205	16.0	64.4	1432	16.6	18.8	1620	18.6	13.1
Middle East	1736	23.1	47.2	1743	20.2	0.4	1834	21.1	5.2
Africa	221	2.9	31.5	258	3.0	16.7	280	3.2	8.5
The Americas	237	3.2	41.1	276	3.2	16.5	325	3.7	17.8
Asia and the Pacific	349	4.6	37.9	386	4.4	10.6	432	5.0	11.9
Others	4	0.1	100.0	4	0.0	0.0	4	0.1	0.0

Source: CAPMAS

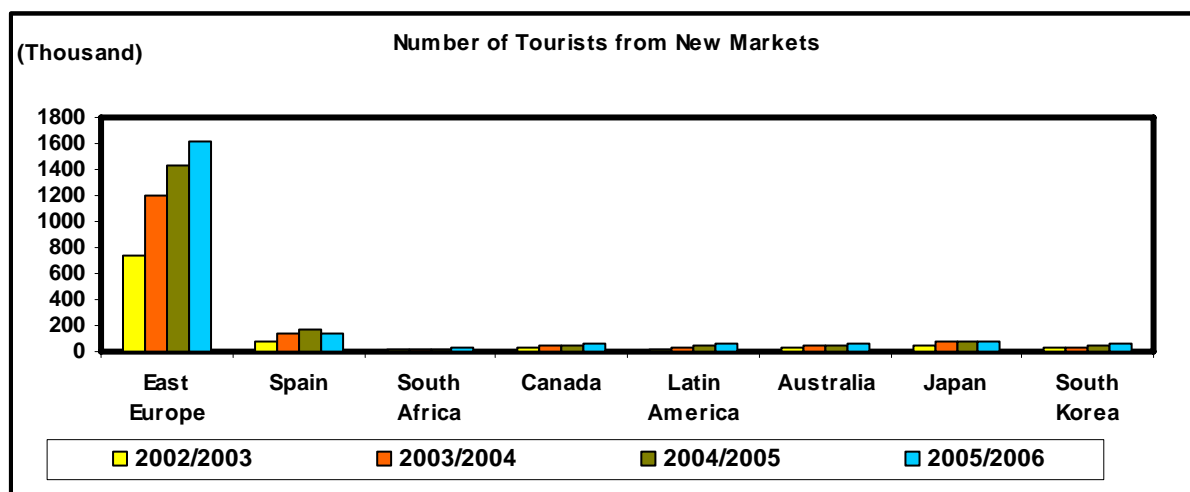


The Middle East markets continued to occupy second position, accounting for 21.1% of the total relative weight of the number of tourists. Hence, arrivals therefrom climbed by 91 thousand tourists or 5.2%, chiefly from Palestine (105 thousand or 59.7%), Saudi Arabia (45 thousand or 13.8%) and Kuwait (7 thousand or 7.4%).

As a reflection of the efforts made to intensify promotional campaigns in the promising markets of East Asia, arrivals from Asian and Pacific markets rose by 46 thousand or 11.9%, thus occupying third position with 5% of the total relative weight. The increase came mainly from India (13 thousand or 28.3%), followed by South Korea (11 thousand or 25.6%), China (8 thousand or 24.2%), then Australia (4 thousand or 7.7%).

As for the Americas group, arrivals therefrom augmented by 49 thousand or 17.8%, mainly from the USA (34 thousand or 18.7%), Latin America (10 thousand or 22.7%) and Canada (5 thousand or 10%).

Tourists from African markets also mounted by 22 thousand or 8.5%. As such, arrivals from the Sudan went up by 5 thousand or 4.5%, Tunisia by 3 thousand or 10.7%, Morocco by 2 thousand or 9.5% and Southern African countries by 2 thousand or 9.1%.



## Tourist Nights

During FY 2005/2006, the total number of tourist nights spent by departure groups reached 85.1 million, down by 617 thousand nights or 0.7% as compared with the previous FY. The decline was attributed to a fall of 2.9% in the number of tourists during the first quarter and of 0.5% during the third quarter. However, the number of tourists rose by 1.5% during the second quarter and by only 0.2% during the fourth quarter.

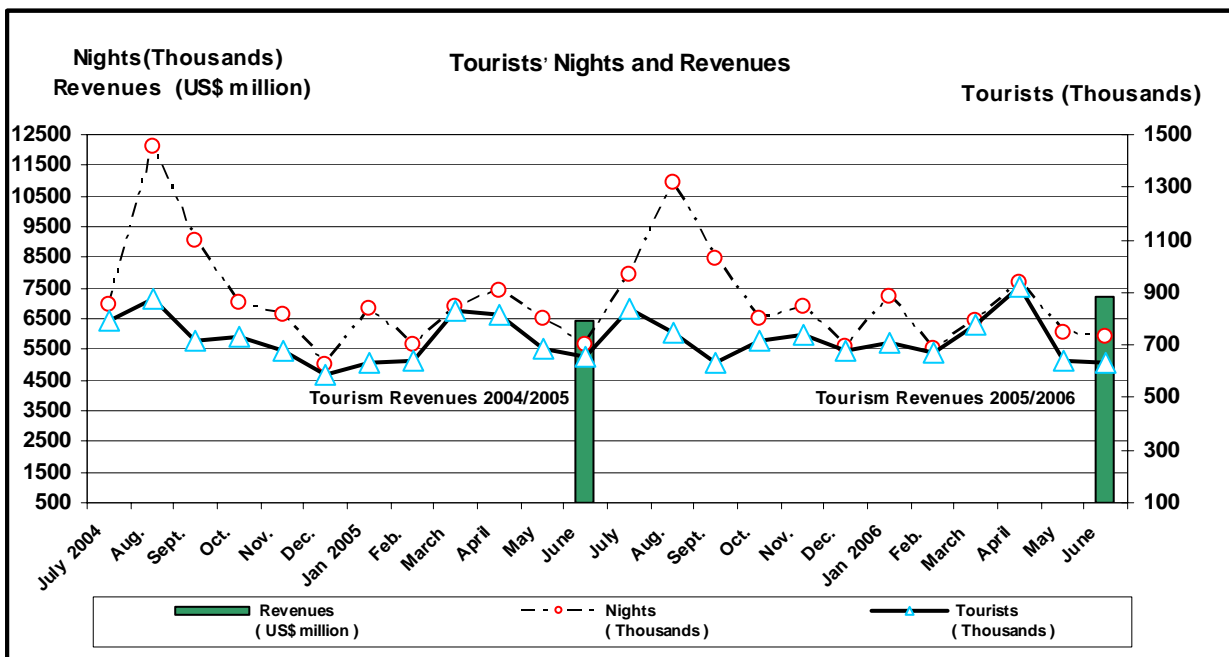
### **Number of Tourist Nights**

	<u>2003/2004</u>			<u>2004/2005</u>			<u>2005/2006</u>		
	No.	Relative Weight	Change + (-) %	No.	Relative Weight	Change + (-) %	No.	Relative Weight	Change + (-) %
<b>Total</b>	<b>73002</b>	<b>100.0</b>	<b>121.1</b>	<b>85730</b>	<b>100.0</b>	<b>17.4</b>	<b>85113</b>	<b>100.0</b>	<b>(0.7)</b>
<b><u>By Period</u></b>									
July/Sept.	21769	29.8	119.8	28146	32.8	29.3	27316	32.1	(2.9)
Oct./Dec.	16388	22.5	101.4	18677	21.8	14.0	18949	22.3	1.5
Jan./March	17237	23.6	143.7	19331	22.6	12.1	19227	22.6	(0.5)
April/June	17608	24.1	122.9	19576	22.8	11.2	19621	23.0	0.2
<b><u>By Group</u></b>									
Europe	46182	63.2	106.2	55631	64.9	20.5	52987	62.3	(4.8)
Western Europe	34916	47.8	90.0	42298	49.3	21.1	38260	45.0	(9.5)
Eastern Europe	11266	15.4	180.1	13333	15.6	18.3	14727	17.3	10.5
Middle East	18297	25.1	153.7	20249	23.6	10.7	21223	24.9	4.8
Africa	2553	3.5	130.8	3101	3.6	21.5	3434	4.0	10.7
The Americas	3149	4.3	170.5	3605	4.2	14.5	4046	4.8	12.2
Asia and the Pacific	2762	3.8	147.3	3088	3.6	11.8	3357	3.9	8.7
Others	59	0.1	391.7	56	0.1	(5.1)	66	0.1	17.9

Source: CAPMAS

The number of nights spent by departures during the year followed the same trend of the number of tourists. The European group remained on top, with its relative weight representing 62.3% of the total, and declining by 4.8%. The decline in the number of nights was limited to most markets of Western Europe, with a drop of 4.0 million nights or 9.5%, mostly from Italy (2.2 million), Germany (1.3 million), France (1.2 million), Switzerland (0.3 million) and finally Spain (0.2 million). However, nights by departures from the UK mounted by 2.5 million. The markets of Eastern Europe, particularly the CIS, showed an increase in the number of tourist nights by 1.4 million.

Nights by departures from the Middle East moved up by 974 thousand or 4.8%. The increase principally came from Palestine (433 thousand nights or 21.1%), followed by Saudi Arabia (256 thousand or 5%), and Kuwait (222 thousand or 15.2%).



The Americas' group recorded an increase in departures' nights by 441 thousand or 12.2%, mostly from the USA (300 thousand nights or 11.8%), Canada (76 thousand or 11.1%), and Latin America (65 thousand or 17.4%).

As for Asian and Pacific markets, tourist nights scaled up by 269 thousand or 8.7%. The increase was mainly contributed by India (85 thousand nights or 25.4%), China (52 thousand or 21.2%), and South Korea (49 thousand or 24.4%).

The number of tourist nights by departures from the African group augmented by 333 thousand or 10.7%, mostly from the Sudan (162 thousand nights or 8.5%), followed by Tunisia (28 thousand or 11.1%), then South Africa (17 thousand or 12.4%).

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## **1/9: Population and Employment**

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According to the data of the Ministry of State for Economic Development for FY 2005/2006, Egypt's total population reached some 73.6 million persons on Jan.1, 2006, of which 2.3 million work abroad.

Egypt's labor force reached some 21.8 million persons or 30.6% of the total population resident in Egypt. Employment picked up by some 3.4%, compared with the previous year, as the number of workers rose to 19.65 million, in the wake of the improvement in the economic growth in several productive and services sectors. In this context, close to 600 thousand job opportunities were created in different economic sectors, mainly in the non-oil manufacturing sector (22%) and agriculture (16.0%). In addition, employment programs financed by the Social Fund for Development (SFD), had a major contribution in this regard; the Small Enterprise Development Program, for instance, provided about 96 thousand jobs during the year, up by around 28 thousand jobs over the preceding year. Against this background, unemployment receded to 10.0% (from 10.3% in the previous year), as the number of workers rose and the labor force remained almost unchanged during the reporting year.

The stronger economic performance resulted in a higher real productivity per capita during FY 2005/2006, reaching some LE 21.7 thousand (against LE 21.0 thousand), with a rise of 3.4%.

## Population, Labor Force & Unemployment

FY	<u>Million</u>		<u>Growth Rate %</u>
	2004/2005	2005/2006	2005/2006
<b><u>Total Population in A.R.E.</u></b>	<b><u>70.0</u></b>	<b><u>71.3</u></b>	<b><u>1.9</u></b>
<b><u>Total Labor Force (15-64 Years)</u></b>	<b><u>21.2</u></b>	<b><u>21.8</u></b>	<b><u>2.8</u></b>
<b><u>Total Employment (15-64 Years)</u></b>	<b><u>19.0</u></b>	<b><u>19.65</u></b>	<b><u>3.4</u></b>
<b><u>Unemployment Rate (%)</u></b>	<b><u>10.3</u></b>	<b><u>10.0</u></b>	<b><u>-2.9</u></b>
<b><u>Average Real Productivity (LE)</u></b> (GDP at factor cost / employment)	<b><u>20973.7</u></b>	<b><u>21684.5</u></b>	<b><u>3.4</u></b>

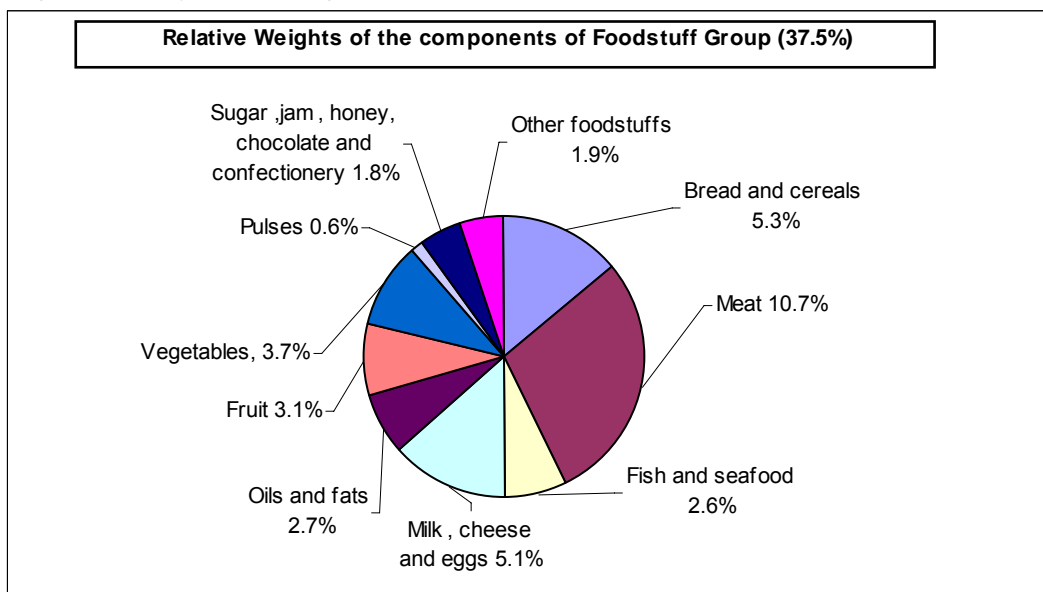
### **1/10: Price Developments**

Annual inflation rate, according to CPI (urban) issued by CAPMAS, posted 7.2% during FY 2005/2006, against 4.7% during the previous FY. Such a rise was fuelled by the increase in the price indices of all CPI groups, especially in the last quarter of the said year, except for the restaurants and hotels group, as its price index maintained the same level of the year of comparison.

Hereunder are the main CPI groups that witnessed rises in their price indices according to their relative importance:-

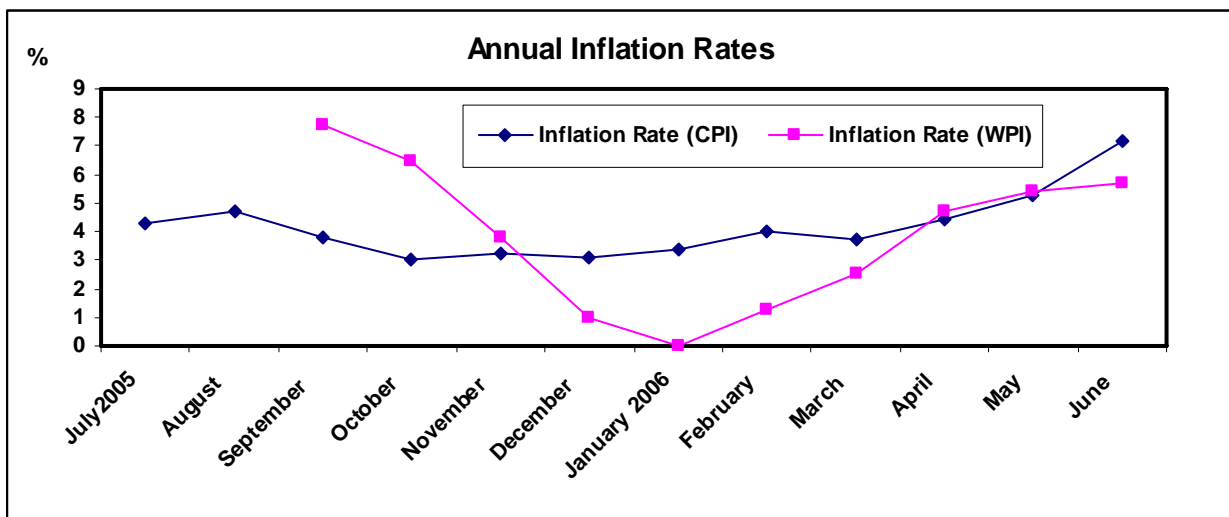
- 1- The price index of foodstuffs and non-alcoholic beverages (constituting 38.9% of the general index) by 11.6% (against 4.1%), as a main result of the increase in the prices of :
  - a) Vegetables by 31.3% (against a fall of 0.5%), due to the rise in the prices of tomatoes by 56.1% (against 2.5%) for seasonality reasons, potatoes by 44.8% (against a decline of 2.1%), due to the rise in their exports, and onions by 40.6% (against a fall of 20.9%), for seasonality reasons.
  - b) Milk, cheese and eggs by 17.3% (against 6.9%), due to the rise in egg prices by 80.6% (against a decline of 1.5%), because of weak supply due to the Avian flu.

- c) Meat by 14.6% (against 4.7%), due to the increase in poultry prices by 17.4% (against a fall of 0.3%), due to lower supply under the influence of the aforementioned disease, and fresh red meat by 13.3% (against 7.1%), affected by the rise in poultry prices.
- 2- Recreation and culture by 7.3% (against zero), due to the 17.4% pickup in the prices of newspapers, books and stationary (against zero); and audio-visual photographic and information processing equipment by 3.2% (against zero).
- 3- Miscellaneous services by 2.7% (against 1.1%), due to the rise in unclassified personal effects by 8.7% (against 3.6%).
- 4- Furnishings, household equipment and routine by 4.2% (against 0.5%), because of the rise in the prices of household appliances by 17.3% (against 0.1%); household utensils by 4.3% (against zero); and furniture, furnishing, carpets and other floor covering and repairs by 4.2% (against zero).
- 5- Tobacco by 7.4% (against zero), due to the rise in the prices of tobacco and cigarettes by 7.4% (against zero).



Inflation rate, according to the WPI issued by the CAPMAS, reached 5.7% during FY 2005/2006 (against 5.1% during the previous FY). Such a rise was ascribed to the increase in the price indices of all WPI groups, especially in the second half of the said year.

It is worthy to note that as of Sept. 2005, a new series of the WPI was developed, adopting the average of the fiscal year 1999/2000 as a base period. This rendered the price indices of WPI main groups incomparable. The weights for this series were derived from the averages of the two years (1999/2000-2000/2001) for the total values of the industrial and agricultural production.



Developments in CPI-based inflation rates (published in the Economist Newspaper) of Egypt's main trade partners indicated that the weighted average of such rates reached 3.05% during FY 2005/2006 (against 2.02% during the previous FY), while CPI – based inflation rate in Egypt posted 7.2% against 4.7%.

The weighted average was estimated on the basis of the relative weights of Egypt's merchandise exports and imports with its main trade partners in 2004/2005-2005/2006, with the exclusion of crude oil exports and commodity grants.



### Inflation Rates in Egypt's Main Trade Partners

	Relative Weight of the Volume of External Trade	Inflation Rates %	
		2004/2005	2005/2006
USA	0.370	0.92	1.59
Euro area	0.406	0.85	1.02
UK	0.112	0.22	0.28
Switzerland	0.076	0.05	0.12
Japan	0.036	-0.02	0.04
<b>Total</b>	<b>1.000</b>		
<b>Weighted Average</b>		<b>2.02</b>	<b>3.05</b>

## **2- Monetary and Banking Developments**

### **2/1: Monetary and Banking Policy and Monetary Aggregates**

#### **2/1/1: Monetary Policy**

The CBE works on realizing price stability, according to Article 5 of the Law No 88 of 2003, of the Central Bank, the Banking Sector and Money. Moreover, the CBE sets, in agreement with the government, the monetary policy targets, through a coordinating council formed in pursuance to Presidential Decree No. 17 of 2005, issued on 12 Jan. 2005.

The CBE sets and implements a comprehensive inflation-targeting framework to anchor the monetary policy, once the fundamental prerequisites are met. This will further enhance the predictability and transparency of the monetary policy in Egypt. In the transitional period, the CBE will meet its inflation target by steering short-term interest rates, keeping in view the developments in credit and money supply, as well as a host of other factors that may influence the inflation rate.

Within the efforts exerted to improve the monetary policy sector, the CBE has developed a new framework for the monetary policy, marked with transparency and predictability to achieve the designated targets. This framework relies on the use of the overnight interest rate on inter-bank transactions as an operational target for the monetary policy, instead of the excess reserve balances of banks. The CBE provides the outer bounds of the corridor, within which the ceiling is the overnight lending rate and the floor is the overnight deposit rate at the Bank. This system became effective as of 5 June 2005, when the CBE Monetary Policy Committee (MPC) set the overnight deposit and lending rates at 9.5% and 12.5%, respectively.

The MPC cut the overnight lending and deposit rates several times, and narrowed the corridor between the two rates to 2.0% against 3.0% at the outset of this system. As such, the overnight deposit and lending rates reached 8.0% and 10.0%, consecutively, at end of June 2006\*. In addition, the MPC decided in its

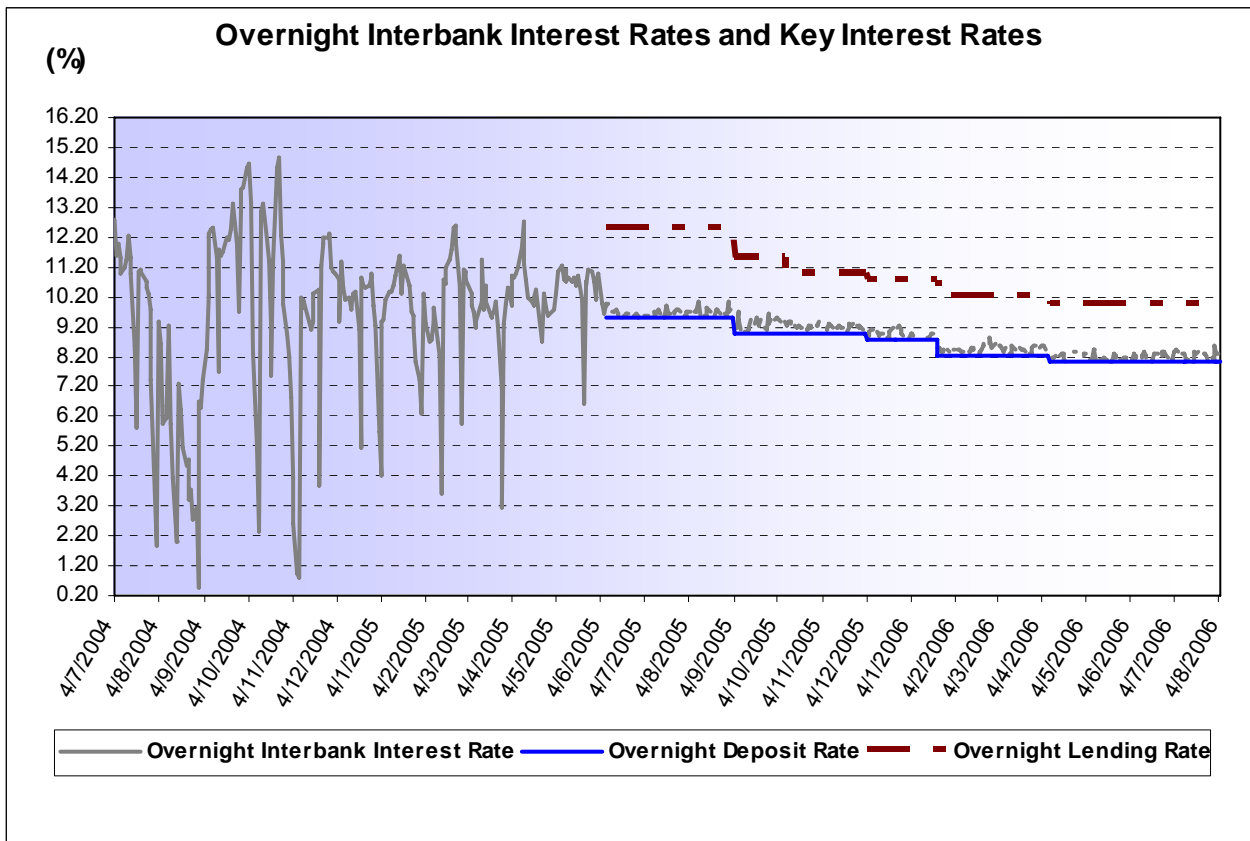
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\* On 14 Dec. 2006, the overnight deposit rate reached 8.75%, and the overnight lending rate 10.75%, as the MPC raised the two rates by 0.50% in its meeting on 2 Nov.2006, then by 0.25% in its meeting on 14 Dec.2006 to contain the inflationary pressures.

meeting on 22 January 2006 to reduce the CBE lending and discount rate by 1.0%, to 9.0%.

The said decisions affected the overnight interest rates on interbank transactions, as the weighted average in June 2006 posted 8.2%, against 9.7% in June 2005. Such decisions were reflected also on the interest rates on loans of one year-and-less which reached 12.5%, against 13.3% at end of June 2005.

The application of the new monetary policy framework (the corridor system) curbed the severe fluctuations in the interbank interest rates as clarified by the following graph. It illustrates interest rates prior to the initiation of the system (July 2004- May 2005) as compared with (June 2005-August 2006), the period subsequent to its application.



The CBE continued during FY 2005/2006 to absorb the excess liquidity at banks, using the indirect instruments of the monetary policy through open market operations. The CBE introduced new instruments dubbed “CBE certificates of deposits (CDs)”, with maturities of one year and less, and “CBE notes” with maturities over one-to-two years. The outstanding balance of open market operations reached LE 93.7 billion at end of June 2006 (of which, LE 37.3 billion were outright sales and LE 56.4 billion were deposit-acceptance operations), against LE 72.4 billion at end of June 2005 (of which LE 1.9 billion were outright sales, LE 35.0 billion were deposit-acceptance operations and LE 35.5 billion were reverse repos).

The following are the main positive results of the monetary policy in place during the reporting year:

- The annual growth rate of domestic liquidity (M2) declined to 13.5% at end of June 2006 (against 13.6% at end of June 2005). Such a growth in M2 was compatible with the GDP real growth rate (6.9%), and the annual CPI-based inflation rate (7.2%).
- Preference for the Egyptian pound continued as a saving currency, and inflation remained at an acceptable level. This was evidenced by the fact that time and saving deposits in local currency were the major contributor to M2 growth rate during the year, despite the reversal in the contribution of time and saving deposits in foreign currencies -from negative to positive- during the year, as illustrated by the following table:

#### **Growth Rate of Domestic Liquidity (M2) by Component**

	(%)				
	June 2005	Sept. 2005	Dec. 2005	March 2006	June 2006
Time and saving deposits in local currency	11.4	10.8	9.2	7.0	6.3
Time and saving deposits in foreign currencies	(1.0)	(1.3)	(1.6)	0.5	3.1
Others	3.2	4.7	3.9	4.1	4.1
<b>Domestic Liquidity (M2)</b>	<b>13.6</b>	<b>14.2</b>	<b>11.5</b>	<b>11.6</b>	<b>13.5</b>

- Improvement of the LE exchange rate continued vis-à-vis the US dollar in the interbank market, resulting in a rise in NIR at the CBE.

## 2/1/2: Reserve Money

Reserve money augmented by LE 15.0 billion or 14.8% during FY 2005/2006 (against LE 6.8 billion and 7.2% during the previous FY), to record LE 116.1 billion at end of June 2006. Such a rise stemmed from the increase in money in circulation outside the CBE by LE 11.4 billion or 16.9%, and banks' deposits in local currency at the CBE by LE 3.6 billion or 10.7%.

### Reserve Money and Counterpart Assets

(LE mn)

	Balances at End of June 2006	Change during FYs			
		2004/2005		2005/2006	
		Value	%	Value	%
<b><u>A- Reserve Money</u></b>	<b><u>116050</u></b>	<b><u>6792</u></b>	<b><u>7.2</u></b>	<b><u>14970</u></b>	<b><u>14.8</u></b>
-Money in circulation outside the CBE	78604	7826	13.2	11363	16.9
-Banks' deposits in local currency	37446	(1034)	(3.0)	3607	10.7
<b><u>B- Counterpart Assets</u></b>	<b><u>116050</u></b>	<b><u>6792</u></b>	<b><u>7.2</u></b>	<b><u>14970</u></b>	<b><u>14.8</u></b>
<b><u>Net Foreign Assets</u></b>	<b><u>61302</u></b>	<b><u>27437</u></b>	<b><u>278.3</u></b>	<b><u>24007</u></b>	<b><u>64.4</u></b>
<b><u>Foreign Assets</u></b>	<b><u>129477</u></b>	<b><u>20425</u></b>	<b><u>23.1</u></b>	<b><u>20739</u></b>	<b><u>19.1</u></b>
Gold	6429	62	1.4	1929	42.9
Foreign securities	48353	(438)	(2.6)	31688	190.2
Foreign currencies	74695	20801	31.2	(12878)	(14.7)
<b><u>Foreign Liabilities</u></b>	<b><u>68175</u></b>	<b><u>(7012)</u></b>	<b><u>(8.9)</u></b>	<b><u>(3268)</u></b>	<b><u>(4.6)</u></b>
<b><u>Net Domestic Assets</u></b>	<b><u>54748</u></b>	<b><u>(20645)</u></b>	<b><u>(24.5)</u></b>	<b><u>(9037)</u></b>	<b><u>(14.2)</u></b>
<b><u>Claims on the Government (Net)</u></b>	<b><u>114055</u></b>	<b><u>22792</u></b>	<b><u>22.9</u></b>	<b><u>(8209)</u></b>	<b><u>(6.7)</u></b>
Claims, of which	171808	46054	25.4	(55559)	(24.4)
Government securities	164761	43580	26.5	(43260)	(20.8)
Deposits	57753	23262	28.4	(47350)	(45.1)
<b><u>Claims on Banks (Net)</u></b>	<b><u>1018</u></b>	<b><u>13561</u></b>	<b><u>(38.2)</u></b>	<b><u>23001</u></b>	<b><u>(104.6)</u></b>
Claims	17412	2042	21.4	5840	(50.5)
Foreign currency deposits	16394	(11519)	(25.6)	(17161)	(51.1)
<b><u>Other Items (Net)</u></b>	<b><u>(60325)</u></b>	<b><u>(56998)</u></b>	<b><u>(278.0)</u></b>	<b><u>(23829)</u></b>	<b><u>65.3</u></b>
Assets	41743	(5285)	(9.7)	(7328)	(14.9)
Liabilities, of which	102068	51713	152.8	16501	19.3
Equity rights	2513	187	8.1	0.0	0.0
Provisions	50	(5)	(1.9)	(252)	(1.7)

As for the counterpart assets, net foreign assets had an expansionary effect on reserve money, while net domestic assets had a contractional one. Net foreign assets of the CBE rose by LE 24.0 billion worth during FY 2005/2006 to LE 61.3 billion at end of June 2006 (against a rise of some LE 27.4 billion during the previous FY). Such an increase was an outcome of the pickup in the foreign assets of the CBE by LE 20.7 billion worth and the decline in its foreign liabilities by LE 3.3 billion worth. As for net domestic assets, they retreated by LE 9.0 billion to LE 54.7 billion at end of June 2006. This is ascribed to the decline in other items (net) by LE 23.8 billion (mainly because of the inclusion of the value of open market operations, conducted by the CBE to manage domestic liquidity), and the contraction in net claims on the government by LE 8.2 billion, on the one hand; and the increase in net claims on banks by LE 23.0 billion, on the other.

### **2/1/3: Banknote Issue**

Banknote issue (including subsidiary coins) rose by LE 11.5 billion or 17.0% during FY 2005/2006 (against LE 7.8 billion and 13.1%). This brought the balance of banknote issue up to LE 79.3 billion at end of June 2006.

#### **Banknote issue\***

<b>End of June</b>	<b>Balance of Banknote Issue</b>	<b>Change during the FY</b>	
		<b>Value</b>	<b>%</b>
2002	45633	4625	11.3
2003	52432	6799	14.9
2004	59922	7490	14.3
2005	67753	7831	13.1
2006	79253	11500	17.0

\* Including subsidiary coins issued by the Ministry of Finance

As for the components of the issue cover, the value of gold rose by LE 1.9 billion, reaching LE 6.4 billion, due to its revaluation on 30 June 2006. Government bonds in the cover rose also by LE 9.6 billion to LE 72.6 billion. Accordingly, the relative structure of the cover consisted of government bonds (91.9%) and gold (8.1%) at end of June 2006.

Such a rise in banknote issue was reflected on money in circulation outside the CBE, which rose by LE 11.4 billion or 16.9% to LE 78.6 billion at end of June 2006.

The following table shows a marked increase in the circulation of the LE 100 note against a decline in all other denominations, except for pt 25 and pt 50, which remained unchanged. This is ascribed to the rise in the value of transactions due to higher prices. Accordingly, the average value per note climbed to LE 22.0 at end of June 2006 (against LE 19.6 at end of June 2005), up by 12.2% during the year under review.

### Money in Circulation outside the CBE\*

(LE mn)

Denominations	End of June 2005		End of June 2006		Change during FY	
	Value	Relative Importance	Value	Relative Importance	2004/2005	2005/2006
<b>Total</b>	<b>67236</b>	<b>100.0</b>	<b>78604</b>	<b>100.0</b>	<b>13.2</b>	<b>16.9</b>
<b>Banknote</b>	<b>67010</b>	<b>99.7</b>	<b>78368</b>	<b>99.7</b>	<b>13.2</b>	<b>16.9</b>
PT 25	118	0.2	135	0.2	0.9	14.4
PT 50	217	0.3	239	0.3	8.0	10.1
LE 1	512	0.8	540	0.7	0.4	5.5
LE 5	1251	1.9	1095	1.4	4.2	(12.5)
LE 10	4999	7.4	4216	5.3	(7.8)	(15.7)
LE 20	10246	15.2	9128	11.6	(6.2)	(10.9)
LE 50	24348	36.2	27737	35.3	8.3	13.9
LE 100	25319	37.7	35278	44.9	38.2	19.3
<b>Subsidiary Coins</b>	<b>226</b>	<b>0.3</b>	<b>236</b>	<b>0.3</b>	<b>3.2</b>	<b>4.4</b>

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

### **2/1/4: Payment Systems and Information Technology**

During FY 2005/2006, the payment systems and IT sector at the CBE witnessed several reforms that aimed to minimize financial risks and enhance the reliability and expediency of payment systems. The main achievements in this respect are as follows:

- The National Council for Payments was set up to raise awareness of the concept of payment systems, promote new payment instruments, participate in the decision-making of payment system issues and issue the recommendations ensuring the efficient performance of the National Payments System. In order to achieve these objectives, while seeking the optimum methods to implement this system, in accordance with the standards set by international institutions, efforts have been exerted to acquire the required assistance and know-how through the cooperation with the IMF, World Bank and the European Commission.
- Establishment of an adequate legal framework for the National Payments System is currently on track, to be consistent with the recommendations of all the international financial and regulatory institutions. It is planned that this framework will be finalized by the end of the coming year. In addition, consultations are being made with foreign institutions to prepare the regulations governing oversight over the National Payments System in order to reduce payment risks.
- Necessary measures were taken for applying the RTGS system (large-values) which facilitates settlements among the banking sector units and reduces the credit risks involved, besides helping banks to manage liquidity. The required finance was provided for this purpose, and the Tender Dossier has been prepared -in coordination with the European group- in preparation for receiving and studying the bids. Implementation and operation of this system are expected to be finished in the third quarter of 2007.
- Under the deferred settlement systems (mainly related to retail payments), settlements are made through the Automated Clearing House (ACH) in Cairo. The ACH began operation officially as of June 2002. Its development project was completed in March 2006, with a view to expediting the settlement of transactions. As a result, the duration of settlement shortened from D+5 to D+1, and in outlying areas to D+2.
- In order to ensure the survivability of the clearing system, a disaster recovery-clearing house was established in Alexandria to serve as a substitute in case of an emergency in the ACH in Cairo.



- In an attempt to limit the use of cash in individual transactions, the CBE, in collaboration with Egyptian banks and some service companies, has taken a set of measures to activate the direct debit service. This payment instrument has been put in place by the clearing house, and has enabled billing as well as transfer and settlement of salaries by banks through the book entry system, needless of cash transfer between the different units.
- A new project was adopted to accelerate the transactions related to government payments or receipts, and finance and settlement cheques. This project is about to be finished in the fourth quarter of 2006, a step to be favourably reflected on the management of these funds.
- Updating of all the payment system-related applications and programs, including the stock exchange system, the core accounting system and interbank transactions, is about to be accomplished, to be consistent with the application of the RTGS system.
- Steps are currently being taken, in collaboration with the Society for Worldwide Interbank Financial Telecommunications (SWIFT), to replace deferred settlement (figure T) by the RTGS (Y and V) in the execution of settlements via the SWIFT or Fin-Copy systems, to keep abreast with the new payment system.
- The design and implementation of the infrastructure and the link with banks were accomplished by the CBE. The "link" network is marked with a high degree of security, speed and efficiency and is considered an integral part of the banking and payment systems. Moreover, a Data Center has been initially set up and equipped. The Center has enormous capabilities enabling it to absorb the new developed applications at the CBE. Some of these applications, such as the bank credit pooling system, have already been operated through this Center. In addition, the CBE is setting up a "Disaster Recovery Center" for all the systems operated by the Central Bank at its new location in Alexandria.
- An advanced system was developed to secure the confidentiality of information in the banking sector units, and the initial procedures for the execution of this system are being taken.

- The FOREX Statistics Chamber System was established. This System is responsible for monitoring the selling, buying and transfer of foreign exchange and producing immediate reports and statistics useful to decision-makers.
- The Sungard System is currently under way. This System assists in the efficient management of cash reserves by identifying the best investment opportunities.
- A Call Center Support is being established to assist in solving banking and technological problems within the CBE and the relevant banks.
- The CBE's website is undergoing innovation, to be able to render new services through the internet.
- A study has been conducted on promoting the efficiency of the CBE's branches and improving the information technology-related services at the Bank's new branches in Tanta and Assiut.
- The application of a new Human Resources Management System (HRMS) has already proceeded, and is expected to be finished during the first quarter of 2007. This system aims at upgrading the efficiency of the Bank staff, as well as ensuring an objective evaluation of their performance.

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### **2/1/4/1: SWIFT Local Services and Clearing Houses Activity**

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Data of Fin-Copy system via the SWIFT indicate a rise in the number and value of the messages executed in Egyptian pound, which reached 404.8 thousand transactions, with a value of LE 1658.8 billion during FY 2005/2006 (against 326.4 thousand transactions at a value of LE 1246.0 billion during the previous FY).

### SWIFT Local Services in Local Currency

During FYs	Number of Messages (Unit)	Value of Transfers (LE mn)	Change during the Period	
			Number	Value
2002/2003	216934	998205	(159724)	1406
2003/2004	258501	970617	41567	(27588)
2004/2005	326341	1246023	67840	275406
2005/2006	404776	1658794	78435	412771

As for the US\$ interbank transactions via the Fin-Copy system (applied as of Sept. 2004), the number of executed transactions reached 11.0 thousand, with a value of US\$ 39.8 billion during FY 2005/2006 (against 10.6 thousand transactions at a value of US\$ 11.9 billion).

### SWIFT Local Services in Foreign Currencies

During FYs	Number of Messages (Unit)	Value of Transfers (US\$ mn)	Change during the Period	
			Number	Value
2004/2005	10604	11933	-	-
2005/2006	11049	39773	445	27840

According to the statistics of CBE Automated Clearing House, through which interbank cheques are settled, the number and value of the exchanged cheques rose during FY 2005/2006.

### CBE Clearing Houses\* Activity

During FYs	Number of Cheques (000s)	Value of Cheques (LE mn)	Change	
			Number	Value
2002/2003	10025	244581	26.6	(9.6)
2003/2004	9591	248224	(4.3)	1.5
2004/2005	9322	262425	(2.8)	5.7
2005/2006	9508	288713	2.0	10.0

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

The number of exchanged cheques reached 9.5 million, with a total value of LE 288.7 billion during the year under review (against 9.3 million with a total value of LE 262.4 billion during the previous FY). Accordingly, the average value per cheque rose to LE 30.4 thousand during the year (against LE 28.2 thousand).

## **2/1/5: Domestic Liquidity and Affecting Factors**

Domestic liquidity (M2) increased by LE 66.5 billion or 13.5% during FY 2005/2006 (against LE 59.0 billion and 13.6% during the previous FY) to stand at LE 560.4 billion at end of June 2006.

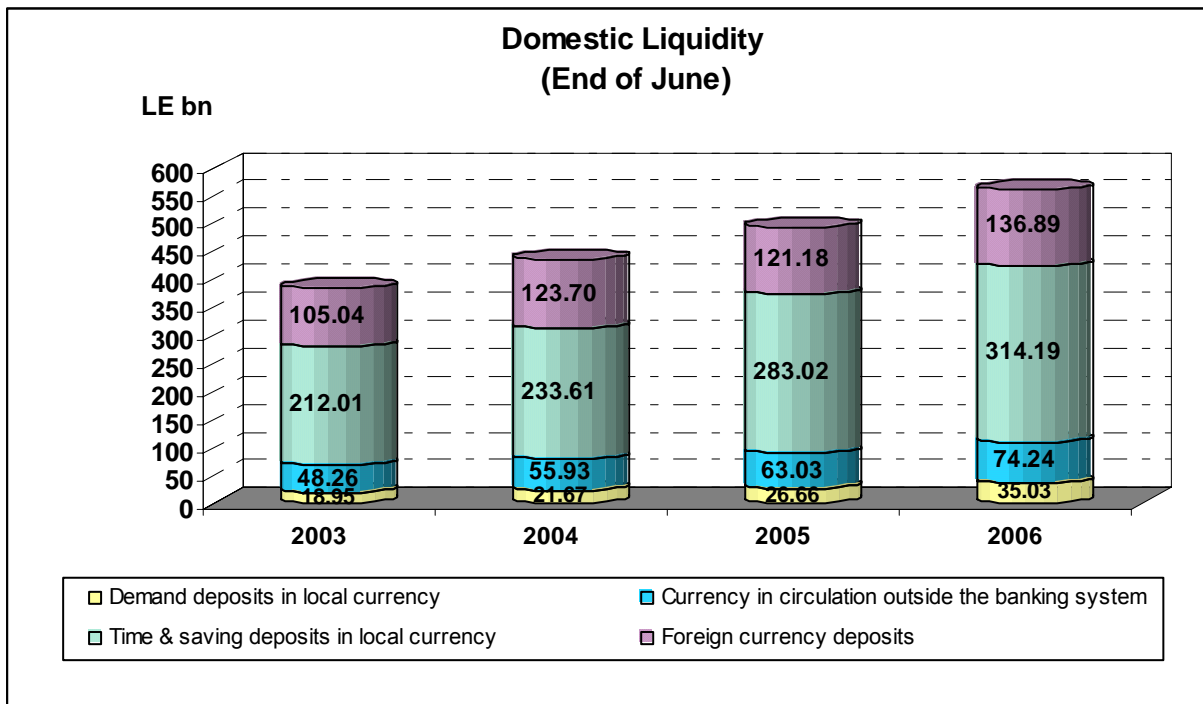
### **Domestic Liquidity Structure**

(LE mn.)

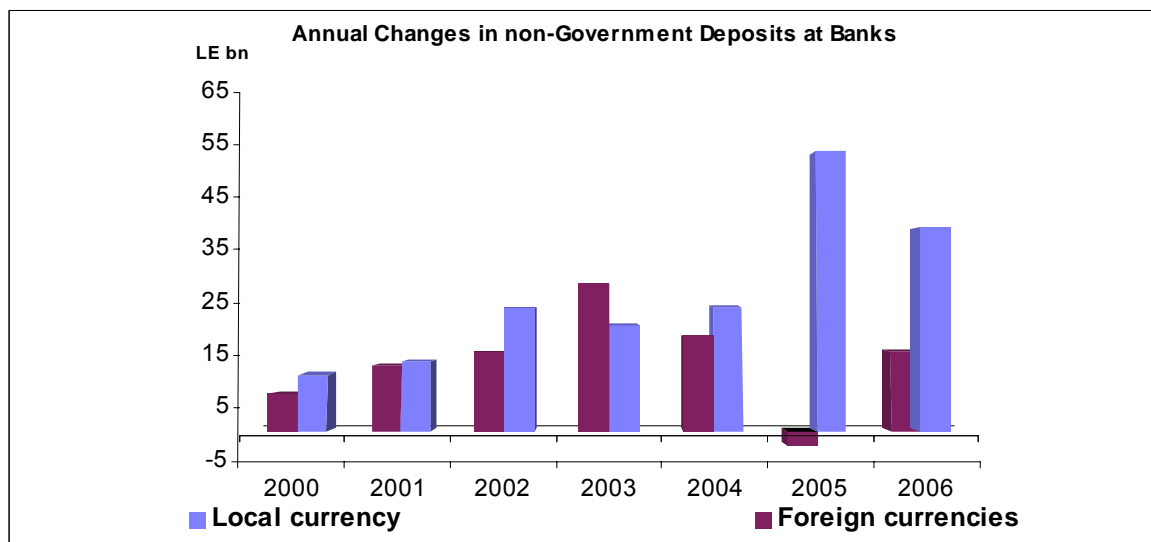
	<b><u>End of June 2006</u></b>		<b><u>Change during FYs</u></b>		<b><u>2005/2006</u></b>	
	<b>Balances</b>	<b>Relative Importance</b>	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
<b><u>Domestic Liquidity</u></b>	<b><u>560356</u></b>	<b><u>100.0</u></b>	<b><u>58973</u></b>	<b><u>13.6</u></b>	<b><u>66472</u></b>	<b><u>13.5</u></b>
<b><u>Money Supply</u></b>	<b><u>109274</u></b>	<b><u>19.5</u></b>	<b><u>12079</u></b>	<b><u>15.6</u></b>	<b><u>19589</u></b>	<b><u>21.8</u></b>
Money in circulation outside the banking system	74239	13.2	7096	12.7	11210	17.8
Demand deposits in local currency	35035	6.3	4983	23.0	8379	31.4
<b><u>Quasi-Money</u></b>	<b><u>451082</u></b>	<b><u>80.5</u></b>	<b><u>46894</u></b>	<b><u>13.1</u></b>	<b><u>46883</u></b>	<b><u>11.6</u></b>
<b><u>Time and Saving Deposits in Local Currency</u></b>	<b><u>314188</u></b>	<b><u>56.1</u></b>	<b><u>49410</u></b>	<b><u>21.2</u></b>	<b><u>31168</u></b>	<b><u>11.0</u></b>
<b><u>Deposits in Foreign Currencies</u></b>	<b><u>136894</u></b>	<b><u>24.4</u></b>	<b><u>(2516)</u></b>	<b><u>(2.0)</u></b>	<b><u>15715</u></b>	<b><u>13.0</u></b>
- Demand	18534	3.3	1860	11.4	394	2.2
- Time and saving	118360	21.1	(4376)	(4.1)	15321	14.9

The rise in domestic liquidity during the year was an outcome of the increase in both money supply (M1) and quasi-money. Money supply rose by LE 19.6 billion or 21.8% (against LE 12.1 billion and 15.6% during the previous FY) to post LE 109.3 billion or 19.5% of total domestic liquidity at end of June 2006. Such a rise was attributed to the pickup in both money in circulation outside the banking system by LE 11.2 billion or 17.8% during the year (against LE 7.1 billion and 12.7%) to reach LE 74.2 billion at end of June 2006; and local currency demand deposits by LE 8.4 billion or 31.4% (against LE 5.0 billion and 23.0%) to reach LE 35.0 billion at end of June 2006.

Quasi-money (time and saving deposits in local currency, as well as deposits in foreign currencies) rose by LE 46.9 billion or 11.6% during the year (against an equivalent amount of rise at a rate of 13.1%) to reach LE 451.1 billion or 80.5% of total domestic liquidity at end of June 2006. Such an increase in quasi-money during the year was an outcome of the growth in both time and saving deposits in local currency and deposits in foreign currencies.



Time and saving deposits in local currency rose during the year by LE 31.2 billion or 11.0% (against LE 49.4 billion and 21.2% during the previous FY) to register LE 314.2 billion, thereby accounting for 69.7% of quasi-money and 56.1% of total domestic liquidity at end of June 2006. The main contributor to this rise was the household sector whose deposits augmented by LE 31.3 billion, to post LE 273.1 billion or 86.9% of this type of deposits.



Foreign currency deposits escalated by LE 15.7 billion worth or 13.0% during the year (against a decline of LE 2.5 billion worth or 2.0% during the preceding FY), reaching LE 136.9 billion worth at end of June 2006. Such a rise was partly attributable to the increase in the interest rates on foreign currency deposits during the year, following suit of international trends.

As for the counterpart assets of domestic liquidity, domestic credit, net foreign assets and the negative balance of other items (net) took an upward trend.

### Domestic Liquidity Counterpart Assets

(LE mn)

	<u>End of June 2006</u>		<u>Change during FYs</u>			
	<u>Balances</u>	<u>Relative Importance</u>	<u>2004/2005</u>		<u>2005/2006</u>	
			<u>Value</u>	<u>%</u>	<u>Value</u>	<u>%</u>
<b>Counterpart Assets</b>	<b>560356</b>	<b>100.0</b>	<b>58973</b>	<b>13.6</b>	<b>66472</b>	<b>13.5</b>
<b>Net Foreign Assets</b>	<b>1333850</b>	<b>23.8</b>	<b>35672</b>	<b>78.8</b>	<b>52472</b>	<b>64.8</b>
* CBE	61301	10.9	27436	278.3	24007	64.4
* Other banks	72084	12.9	8236	23.3	28465	65.3
<b>Domestic Credit</b>	<b>509532</b>	<b>90.9</b>	<b>44731</b>	<b>10.6</b>	<b>42761</b>	<b>9.2</b>
Government (net)	184131	32.8	33546	26.6	24242	15.2
Public business sector	32888	5.9	1833	5.2	(4533)	(12.1)
Private business sector	239338	42.7	5099	2.3	11143	4.9
Household sector	53175	9.5	4253	11.5	11909	28.9
<b>Other Items (Net)</b>	<b>-82561</b>	<b>-14.7</b>	<b>(21430)</b>	<b>66.2</b>	<b>(28761)</b>	<b>53.5</b>

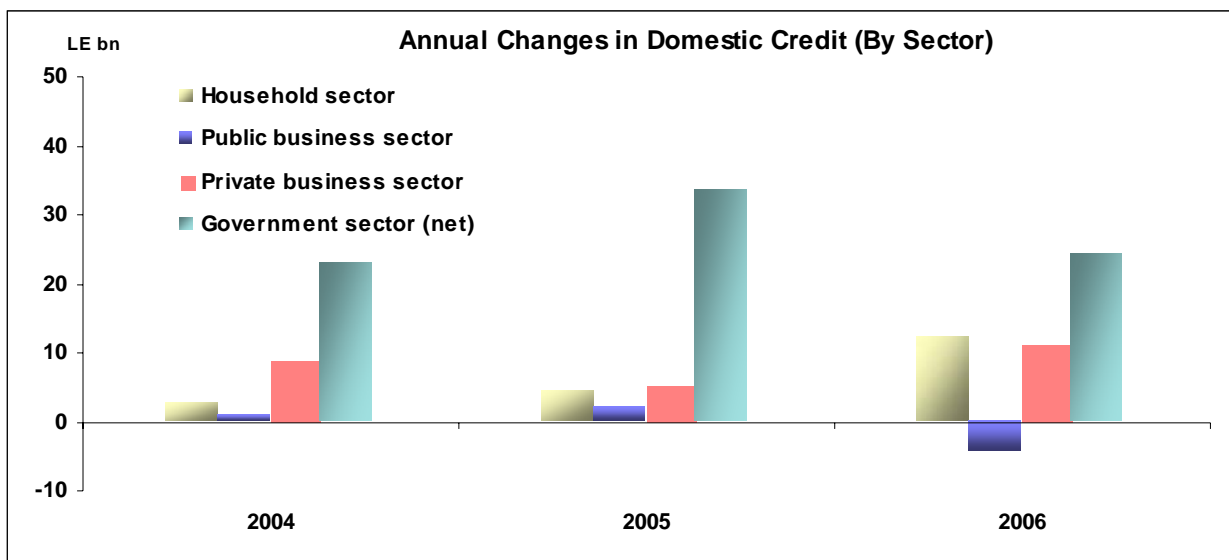
Domestic credit from the banking system to all sectors surged by LE 42.8 billion or 9.2% during FY 2005/2006 (against LE 44.7 billion and 10.6% during the previous FY), posting LE 509.5 billion at end of June 2006.

The private sector (private business and household sectors) accounted for 53.9% of the increase in domestic credit during the year. As such, it obtained LE 23.0 billion (against LE 9.4 billion), running up an indebtedness of LE 292.5 billion or 57.4% of total credit at end of June 2006.

The rise in net credit to the government sector was confined to LE 24.2 billion (against LE 33.5 billion). Consequently, its net debts reached LE 184.1 billion or 36.1% of total credit at end of June 2006.

Credit extended to the public business sector retreated by LE 4.5 billion or 12.1% (against a rise of LE 1.8 billion or 5.1%) to total LE 32.9 billion at end of June 2006.

Distribution of credit granted to the units of the private business sector during the year indicates that services received LE 6.9 billion, manufacturing LE 2.4 billion, and trade LE 0.4 billion. However, loans received by the units operating in the agriculture field decreased by LE 0.8 billion.



Net foreign assets at the banking system rose by LE 52.5 billion worth or 64.8% during the year (against LE 35.7 billion worth and 78.8% during the previous FY), to reach LE 133.4 billion worth at end of June 2006.

### Net Foreign Assets at the Banking System

	<u>June 2005</u>			<u>June 2006</u>		<u>Change in Net</u> <u>During the Year</u>		
	<u>Foreign</u> <u>Assets</u>	<u>Foreign</u> <u>Liabilities</u>	<u>Net</u>	<u>Foreign</u> <u>Assets</u>	<u>Foreign</u> <u>Liabilities</u>	<u>Net</u>	<u>2004/</u> <u>2005</u>	<u>2005/</u> <u>2006</u>
<b>Total</b>	<b>174328</b>	<b>93415</b>	<b>80913</b>	<b>218982</b>	<b>85597</b>	<b>133385</b>	<b>35672</b>	<b>52472</b>
CBE	108737	71443	37294	129477	68176	61301	27436	24007
Others	65591	21972	43619	89505	17421	72084	8236	28465

The increase during the year was an outcome of the acceleration in net foreign assets at both banks and CBE. Those at banks rose by LE 28.5 billion worth, due to the rise in banks' foreign assets by the equivalent of LE 23.9 billion and the decline in their foreign obligations by LE 4.6 billion worth. Net foreign assets at the CBE went up by the equivalent of LE 24.0 billion, owing to the increase in its foreign assets by LE 20.7 billion worth and the retreat in its foreign obligations by LE 3.3 billion worth.

Net balancing items had a contractional effect on domestic liquidity during the year, as the former's negative balance picked up by LE 28.8 billion (against LE 21.4 billion during the previous FY). Such an increase was ascribed to the surge in the credit balance of interbank net debit and credit positions by LE 13.1 billion, capital accounts by LE 8.0 billion and unclassified net assets and liabilities by LE 7.7 billion.



## 2/2: Banking Developments

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

During FY 2005/2006, banks' aggregate financial position rose by LE 56.4 billion or 8.0%, (against LE 71.7 billion and 11.3% during the previous FY), to reach LE 761.6 billion at end of June 2006.

### **Banks' Aggregate Financial Position**

(LE mn)

End of June	<u>2005</u>		<u>2006</u>		Change during <u>FY</u>	
	Value	Relative Importance	Value	Relative Importance	<u>2004-2005</u> %	<u>2005-2006</u> %
Cash	6594	0.9	6813	0.9	21.8	3.3
Securities & investments	172177	24.4	193965	25.5	25.3	12.7
Balances at banks abroad	51204	7.2	72554	9.5	18.3	41.7
Balances at CBE	109773	15.6	109597	14.4	15.7	(0.2)
Balances at local banks	15213	2.2	12098	1.6	(28.9)	(20.5)
Loan & discount balances	308195	43.7	324041	42.5	4.0	5.1
Other assets	41990	6.0	42494	5.6	20.6	1.2
<b>(Assets= Liabilities)</b>	<b>705146</b>	<b>100.0</b>	<b>761562</b>	<b>100.0</b>	<b>11.3</b>	<b>8.0</b>
Capital	22949	3.3	27112	3.6	12.8	18.1
Reserves	12419	1.8	13418	1.8	8.4	8.0
Provisions	49541	7.0	54950	7.2	11.1	10.9
Bonds & long-term loans	14255	2.0	17526	2.3	(5.0)	22.9
Obligations to banks abroad	12262	1.7	8770	1.1	18.7	(28.5)
Obligations to CBE	8011	1.1	10379	1.4	(16.4)	29.6
Obligations to local banks	14660	2.1	11109	1.4	(28.0)	(24.2)
Deposits	519649	73.7	568841	74.7	12.6	9.5
Other liabilities	51400	7.3	49457	6.5	28.3	(3.8)

On the liabilities side, the increase was mainly attributed to a growth in deposits by LE 49.2 billion; provisions by LE 5.4 billion; and equities by LE 5.2 billion. This was ascribed to the actions taken by most banks to increase their capital and adjust their statuses, to comply with the minimum requirements for the issued and paid-up capital, according to Law No. 88 for 2003. In the meantime, obligations to banks in Egypt and abroad decreased.

On the assets side, the rise was mainly due to an expansion in banks' investments in securities and bills by LE 21.8 billion, balances with banks abroad by the equivalent of LE 21.3 billion and lending and discount balances by LE 15.8 billion.

The pickup in banks' investments in securities and bills during the year was an outcome of the increase in their investments in CBE notes by LE 21.5 billion; in government bonds by LE 16.6 billion; in corporate equities by LE 5.6 billion; and in foreign government securities by LE 1.9 billion worth. Yet, the increase was somewhat mitigated by a decline in banks' investments in TBs by LE 21.8 billion and in non-government bonds by LE 2.0 billion.

Accordingly, the structure of banks' portfolio at end of June 2006 comprises the following: 36.7% as TBs; 30.9% as government bonds; 12.2% as corporate equities; 11.1% as CBE notes; 6.2% as foreign securities; and 2.9% as non-government bonds.

### Portfolio Structure

End of June	2005			2006		
	Local Currency	Foreign Currencies	Total	Local Currency	Foreign Currencies	Total
<b><u>Local Investments</u></b>	<b><u>81.8</u></b>	<b><u>12.4</u></b>	<b><u>94.2</u></b>	<b><u>83.8</u></b>	<b><u>10.0</u></b>	<b><u>93.8</u></b>
Treasury bills	54.0	0.0	54.0	36.7	0.0	36.7
Government bonds	15.6	9.6	25.2	22.7	8.2	30.9
Non-government bonds	3.4	1.1	4.5	2.3	0.6	2.9
Corporate equities	8.8	1.7	10.5	11.0	1.2	12.2
CBE notes	0.0	0.0	0.0	11.1	0.0	11.1
<b><u>Foreign Securities</u></b>	<b><u>0.0</u></b>	<b><u>5.8</u></b>	<b><u>5.8</u></b>	<b><u>0.0</u></b>	<b><u>6.2</u></b>	<b><u>6.2</u></b>
<b><u>Total</u></b>	<b><u>81.8</u></b>	<b><u>18.2</u></b>	<b><u>100.0</u></b>	<b><u>83.8</u></b>	<b><u>16.2</u></b>	<b><u>100.0</u></b>
<b><u>Total Portfolio (LE bn)</u></b>	<b><u>140.9</u></b>	<b><u>31.3</u></b>	<b><u>172.2</u></b>	<b><u>162.4</u></b>	<b><u>31.6</u></b>	<b><u>194.0</u></b>

Transactions of banks in Egypt with their correspondents abroad unfolded a rise in their net credit balances abroad by the equivalent of LE 24.8 billion. Consequently, their transactions (net) with those correspondents posted LE 63.8 billion worth at end of June 2006.

### Transactions with Banks Abroad

(LE mn)

End of June	2005	2006	Change during FY			
			2004/2005		2005/2006	
			Value	%	Value	%
<b>Net Position</b>	<b>38942</b>	<b>63784</b>	<b>5984</b>	<b>18.2</b>	<b>24842</b>	<b>63.8</b>
Balances with banks abroad	51204	72554	7914	18.3	21350	41.7
Obligations to banks abroad	12262	8770	1930	18.7	(3492)	(28.5)

The improvement in banks' credit position was a chief outcome of the increase in their balances with banks abroad by LE 21.3 billion worth, to reach the equivalent of LE 72.6 billion on the one hand, and the decline in their obligations to those banks by LE 3.5 billion worth, to reach LE 8.8 billion worth at end of June 2006, on the other hand. Accordingly, the ratio of banks' balances abroad/their obligations abroad reached 827.3% at end of June 2006 (against 417.6% at end of June 2005).

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

The volume of transactions in the interbank money market -in terms of deposits- dropped by LE 3.1 billion, to reach LE 12.1 billion at end of June 2006. Such a drop stemmed from the decline in foreign currency deposits by the equivalent of LE 1.7 billion and local currency deposits by LE 1.4 billion.

### Interbank Money Market in Egypt

(LE mn)

End of June	2005	2006	Change during FY			
			2004/2005		2005/2006	
			Value	%	Value	%
<b>Net Position</b>	<b>15213</b>	<b>12098</b>	<b>(6195)</b>	<b>(28.9)</b>	<b>(3115)</b>	<b>(20.5)</b>
Balances in local currency	7201	5776	(3960)	(35.5)	(1425)	(19.8)
Balances in foreign currencies	8012	6322	(2235)	(21.8)	(1690)	(21.1)

## 2/2/3: Deposits

Deposits with banks – including government deposits – totaled LE 568.8 billion or 74.7% of the aggregate financial position of banks at end of June 2006. This indicated a rise of LE 49.2 billion or 9.5% during FY 2005/2006 (against LE 58.0 billion and 12.6% during the previous FY).

The increase during the year was a result of a pickup in local currency deposits by LE 32.1 billion or 8.7% (against LE 58.2 billion and 18.7%), to reach LE 401.1 billion or 70.5% of total deposits at end of June 2006, as well as a rise in foreign currency deposits by LE 17.1 billion worth or 11.4% (against a decline of LE 0.3 billion worth or 0.2%), to reach LE 167.7 billion worth. The growth in foreign currency deposits was ascribed to an increase in their domestic interest rates –particularly of the US dollar. This came as a result of the raises made by the US Federal Reserve of short-term interest rates for eight successive times (by 0.25% each) during the year, to hedge against the risks of rising inflationary pressures in the United States.

A breakdown of deposits by maturity indicated that time and saving deposits in both local and foreign currencies still accounted for the bulk of deposits (86.2% and 79.8%, respectively). Specifically, time and saving deposits in local currency mounted by LE 21.3 billion or 6.6%, to reach LE 346.0 billion at end of June 2006; whereas those in foreign currencies stepped up by the equivalent of LE 13.4 billion or 11.1%, to stand at LE 133.9 billion worth.

### **Deposits at Banks by Type and Currency**

(LE mn)

End of June	2005	2006	Change during FY			
			2004/2005		2005/2006	
			Value	%	Value	%
<b>Total Deposits</b>	<b><u>519649</u></b>	<b><u>568841</u></b>	<b><u>57952</u></b>	<b><u>12.6</u></b>	<b><u>49192</u></b>	<b><u>9.5</u></b>
<b>In Local Currency</b>	<b><u>369067</u></b>	<b><u>401143</u></b>	<b><u>58197</u></b>	<b><u>18.7</u></b>	<b><u>32076</u></b>	<b><u>8.7</u></b>
Demand	31606	41793	4438	16.3	10187	32.2
Time and saving	324664	345953	55159	20.5	21289	6.6
Blocked or retained	12797	13397	(1400)	(9.9)	600	4.7
<b>In Foreign Currencies</b>	<b><u>150582</u></b>	<b><u>167698</u></b>	<b><u>(245)</u></b>	<b><u>(0.2)</u></b>	<b><u>17116</u></b>	<b><u>11.4</u></b>
Demand	19951	20638	377	1.9	687	3.4
Time and saving	120468	133852	491	0.4	13384	11.1
Blocked or retained	10163	13208	(1113)	(9.9)	3045	30.0

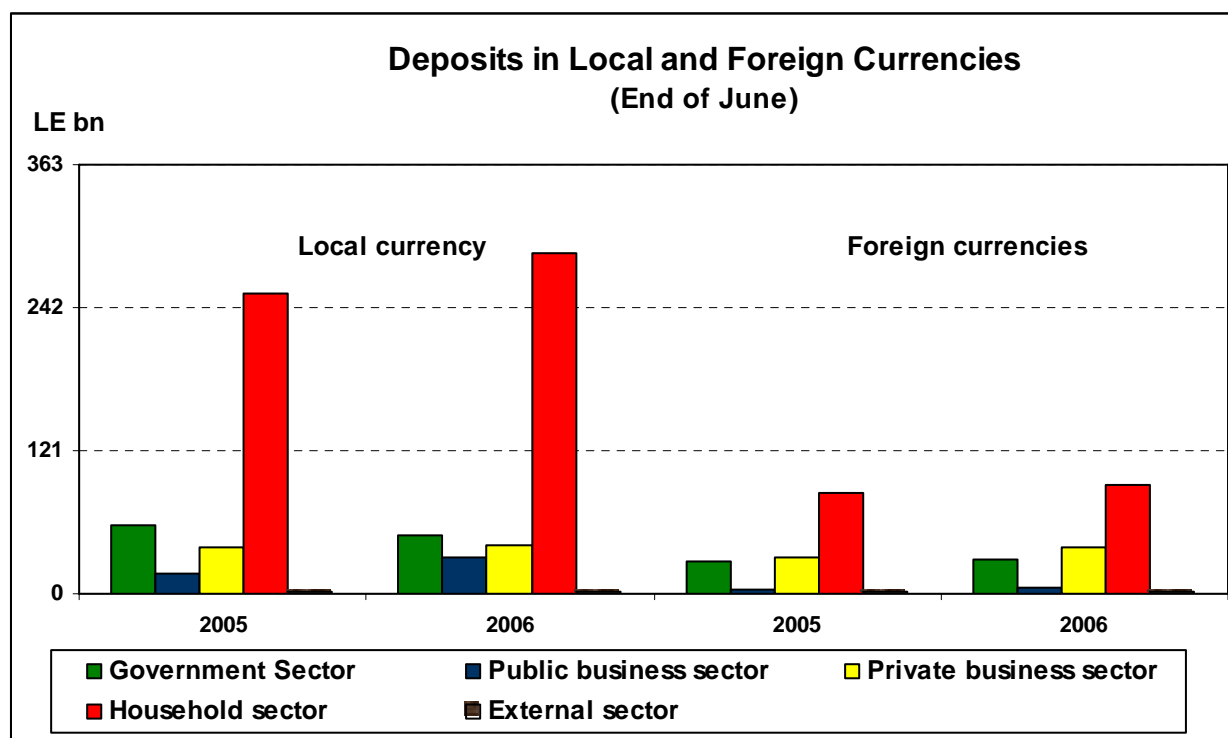
A breakdown of local currency deposits by sector showed that the household sector accounted for 71.8% of total LE deposits, as its deposits grew by LE 34.1 billion or 13.4%, to reach LE 288.0 billion at end of June 2006.

The pick up of the equivalent of LE 17.1 billion in foreign currency deposits was a result of the following developments. On the one hand, deposits of the private business sector rose by LE 7.9 billion worth; the household sector by the equivalent of LE 6.4 billion; the government sector by LE 2.0 billion worth; and the public business sector by the equivalent of LE 1.5 billion. On the other hand, deposits of the external sector declined by LE 0.7 billion worth.

### Deposits at Banks by Sector

(LE mn)

End of June	2005	2006	Change during FY			
			2004/2005		2005/2006	
			Value	%	Value	%
<b>Total</b>	<b>519649</b>	<b>568841</b>	<b>57952</b>	<b>12.6</b>	<b>49192</b>	<b>9.5</b>
<b>In Local Currency</b>	<b>369067</b>	<b>401143</b>	<b>58197</b>	<b>18.7</b>	<b>32076</b>	<b>8.7</b>
Government sector	57649	49422	3529	6.5	(8227)	(14.3)
Public business sector	16727	20399	1313	8.5	3672	22.0
Private business sector	39668	41444	4449	12.6	1776	4.5
Household sector	253865	287973	48490	23.6	34108	13.4
External sector	1158	1905	416	56.1	747	64.5
<b>In Foreign Currencies</b>	<b>150582</b>	<b>167698</b>	<b>(245)</b>	<b>(0.2)</b>	<b>17116</b>	<b>11.4</b>
Government sector	27252	29290	1065	4.1	2038	7.5
Public business sector	4195	5668	763	22.2	1473	35.1
Private business sector	31337	39263	1787	6.0	7926	25.3
Household sector	85813	92174	(5086)	(5.6)	6361	7.4
External sector	1985	1303	1226	161.5	(682)	(34.4)



### 2/2/4: Lending Activity

Credit facilities extended by banks rose by LE 15.8 billion or 5.1% during the reporting year, (against LE 12.0 billion and 4.0%), to reach LE 324.0 billion, thereby accounting for 42.5% of banks' aggregate financial position and for 57.0% of total deposits at end of June 2006.

A breakdown of credit facilities by currency showed that credit in local currency increased by LE 5.8 billion or 2.5%, (against LE 5.0 billion and 2.2%), to reach LE 238.9 billion or 73.7% of total credit at end of June 2006. Moreover, credit in foreign currencies augmented by the equivalent of LE 10.0 billion or 13.4%, (against LE 7.0 billion worth and 10.3%), to stand at the equivalent of LE 85.1 billion at end of June 2006.

### Banks' Credit

(LE mn)

End of June	2005	2006	Change during FY			
			2004/2005		2005/2006	
			Value	%	Value	%
<b>Total</b>	<b>308195</b>	<b>324041</b>	<b>11996</b>	<b>4.0</b>	<b>15846</b>	<b>5.1</b>
<b>In Local Currency</b>	<b>233141</b>	<b>238926</b>	<b>4982</b>	<b>2.2</b>	<b>5785</b>	<b>2.5</b>
Government sector	10938	11285	975	9.8	347	3.2
Public business sector	30164	26269	2474	8.9	(3895)	(12.9)
Private business sector	152193	150491	(1969)	(1.3)	(1702)	(1.1)
Household sector	39354	50158	3399	9.5	10804	27.5
External sector	492	723	103	26.5	231	47.0
<b>In Foreign Currencies</b>	<b>75054</b>	<b>85115</b>	<b>7014</b>	<b>10.3</b>	<b>10061</b>	<b>13.4</b>
Government sector	11080	9712	4840	77.6	(1368)	(12.3)
Public business sector	7078	6373	(662)	(8.6)	(705)	(10.0)
Private business sector	53502	64184	1834	3.5	10682	20.0
Household sector	1913	3017	854	80.6	1104	57.7
External sector	1481	1829	148	11.1	348	23.5

The rise in LE credit facilities was a main result of the increase in the loans extended to the household sector by LE 10.8 billion or 27.5%, largely to finance retail activities and summer agricultural crops. In contrast, credit to the private business sector declined by LE 1.7 billion and to the public business sector by LE 3.9 billion, mainly because of the repayment of some debts due on public business sector companies.

However, the structure of credit facilities in local currency still indicates that the private business sector accounted for the bulk, obtaining 63.0% of the total at end of June 2006. The household sector followed (21.0%), and then the public business sector (11.0%), the government sector (4.7%) and the external sector (0.3%).

The increase in foreign currency facilities was concentrated in the credit to the private business sector, which went up by the equivalent of LE 10.7 billion or 20.0%, to reach the equivalent of LE 64.2 billion, hence constituting 75.4% of total foreign currency credit and 38.2% of total foreign currency deposits at end of June 2006. Credit to the household sector mounted by only LE 1.1 billion worth and to

the external sector by LE 0.4 billion worth. Meanwhile, the debts of the government and public business sectors retreated by the equivalent of LE 1.4 billion and LE 0.7 billion, respectively.

### Credit by Economic Activity

(LE mn)

End of June	2005	2006	Change during FY			
			2004/2005		2005/2006	
			Value	%	Value	%
<b>Total</b>	<b><u>308195</u></b>	<b><u>324041</u></b>	<b><u>11996</u></b>	<b><u>4.0</u></b>	<b><u>15846</u></b>	<b><u>5.1</u></b>
<b><u>In Local Currency</u></b>	<b><u>233141</u></b>	<b><u>238926</u></b>	<b><u>4982</u></b>	<b><u>2.2</u></b>	<b><u>5785</u></b>	<b><u>2.5</u></b>
Agriculture	5822	4902	807	16.1	(920)	(15.8)
Manufacturing	81844	77734	41220	5.3	(4110)	(5.0)
Trade	45648	43564	(2831)	(5.8)	(2084)	(4.6)
Services	59870	61679	(635)	(1.0)	1809	3.0
Unclassified sectors (including the household)	39957	51047	3519	9.7	11090	27.8
<b><u>In Foreign Currencies</u></b>	<b><u>75054</u></b>	<b><u>85115</u></b>	<b><u>7014</u></b>	<b><u>10.3</u></b>	<b><u>10061</u></b>	<b><u>13.4</u></b>
Agriculture	619	829	69	12.5	210	33.9
Manufacturing	34957	38517	6388	22.4	3560	10.2
Trade	11893	13930	(659)	(5.3)	2037	17.1
Services	24188	26983	247	1.0	2795	11.6
Unclassified sectors (including the household)	3397	4856	969	39.9	1459	42.9

A relative breakdown of credit facilities in local currency by economic activity shows that the manufacturing sector received 35.5% of total local currency credit, bringing its debts up to LE 77.7 billion at end of June 2006, followed by services (25.8%) with a debt of LE 61.7 billion; trade (18.3%) with debts of LE 43.6 billion; and agriculture (2.1%). The unclassified sectors' debt represented 21.3% of total facilities at end of June 2006.

A breakdown of credit facilities in foreign currencies showed that the manufacturing sector received 45.3% of the total, with a debt reaching LE 38.5 billion worth at end of June 2006. The services sector followed with 31.7%, running up a debt equivalent to LE 27.0 billion; then trade (16.4%) with a debt amounting to LE 13.9 billion, and agriculture (0.9%). The debt of the unclassified sectors accounted for 5.7% of total credit at end of June 2006.



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

(LE mn)

End of June	2005	2006	Change during FY			
			2004/2005		2005/2006	
			Value	%	Value	%
<b>Total</b>	<b>306652</b>	<b>323026</b>	<b>11735</b>	<b>4.0</b>	<b>16374</b>	<b>5.3</b>
<b>One Year or Less</b>	<b>186579</b>	<b>238269</b>	<b>37</b>	<b>0.0</b>	<b>51690</b>	<b>27.7</b>
In local currency	146972	147298	(1661)	(1.1)	326	0.2
In foreign currencies	39607	90971	1698	4.5	51364	129.7
<b>More Than One Year</b>	<b>120073</b>	<b>84757</b>	<b>11698</b>	<b>10.8</b>	<b>(35316)</b>	<b>(29.4)</b>
In local currency	85110	43627	6425	8.2	(41483)	(48.7)
In foreign currencies	34963	41130	5273	17.8	6167	17.6

\* Excluding discounted commercial papers.

At end of June 2006, loans and advances (excluding discounts) offered by banks recorded LE 323.0 billion, with an increase of LE 16.4 billion or 5.3% during FY 2005/2006 (against LE 11.7 billion and 4.0% during the previous FY). This was attributed to a rise in loans with maturities of less than one year (mostly in foreign currencies) of LE 51.7 billion, and a decline in those of more than one year (mainly in local currency) of LE 35.3 billion.

### **3- Non-Banking Financial Sector**

#### **3/1: Stock Exchange**

During FY 2005/2006, efforts continued to activate and develop the Stock Exchange through creating and supporting the legislative and regulatory infrastructure and introducing innovated financial instruments and activities that strengthen and deepen the stock market. During the last quarter of the year, the Executive Regulations of the Capital Market Law No. 95 for 1992 were amended. Two decrees were issued by the Minister of Investments. The first was No. 139, amending Chapter Ten (of the said Regulations) that regulates securitization. These amendments aimed at providing further protection for bondholders, and encouraging companies to use securitization as a new financial instrument, as well as financial institutions to securitize their portfolios. The second was Decree No. 141, which added Chapter Eleven to the Executive Regulations of the Capital Market Law, to protect the interests and rights of investors and companies dealing in securities. This Chapter included the rules prohibiting price manipulation and insider trading for the companies working in the field of securities, whether in the primary (issue) or secondary (trading) markets, or even individuals dealing in this market.

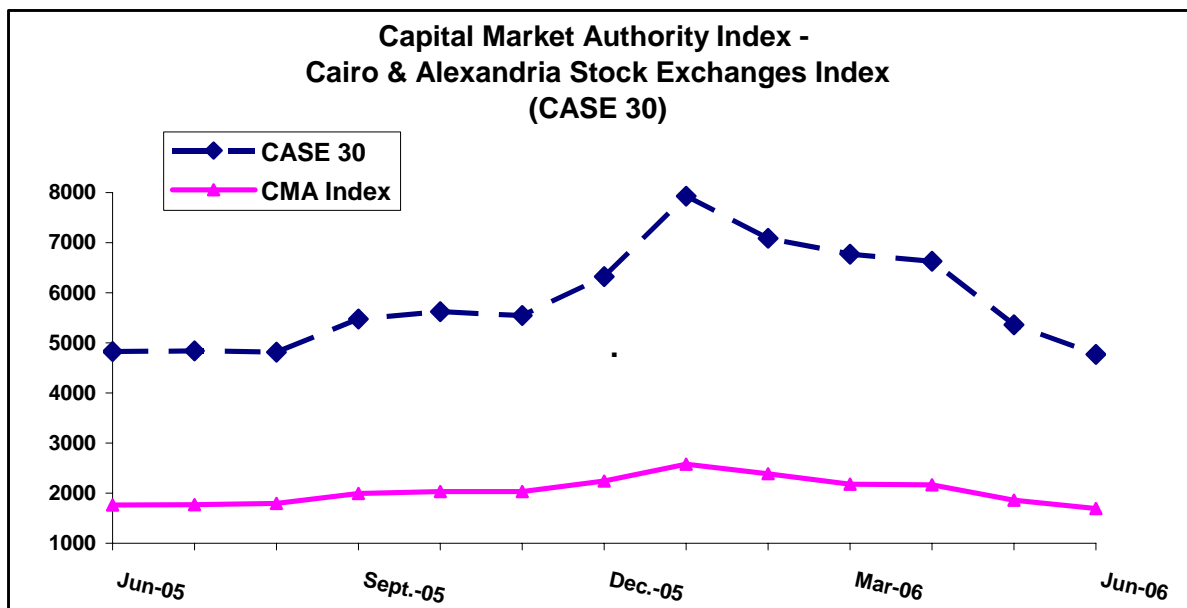
On the implementation side, the Chairman of the Board of Directors of the Capital Market Authority issued Decision No. 49 concerning the requirements of establishing securities brokerage firms and licensing their activities. The Decision stipulates that the issued and paid-up capital of these companies should not be less than 5 million Egyptian pounds or their equivalent in foreign currencies. Moreover, the Chairman of the CMA issued Decision No. 50, allowing brokerage firms to receive the orders of selling and buying securities from customers and to implement them via the internet (online trading). This only applies after having the approval of the CMA and after fulfilling the requirements of brokerage licensing and online trading.

To diversify and expand the investors base and promote Egypt's stock market on the international level, CASE signed an agreement with Dow Jones to create the Dow Jones CASE Egypt Titans 20 Index, which tracks the 20 blue chips

of the Egyptian stock market in terms of free-float weighted market capitalization, sales (revenues) and net income. The design of this index, launched as of mid-April 2006, allowed it to cover various investment tools, such as mutual funds and fund certificates traded on the Stock Exchange, thus reflecting the performance of the Egyptian market.

In this context, two issues of CASE 30-derived certificates were floated. The first was issued by Goldman Sachs International in two tranches and was listed on Frankfurt, Stuttgart and Swiss stock exchanges in May 2006. The second issue by ABN AMRO was listed and traded on Italy's Stock Exchange in June 2006. Accordingly, the issuances of CASE 30-derived certificates reached 4 during FY 2005/2006.

Concerning the performance of the Stock Exchange during FY 2005/2006, it was noticed that price indices did not rise up to the level of the first half of the fiscal year (till end-January 2006), influenced by the underperformance of the Gulf Stock markets. In general, the indices remained on decline during April/June 2006. Consequently, CASE 30 declined by 1.16%, registering 4772.8 points at end of June 2006, and so did the CMA general index by 3.77%, posting 1696.9 points.



Despite the retreat in the volume of transactions on the Stock Exchange during the second half of the year, indicators of overall trading on the Exchange attest to the outstanding performance of the Exchange during FY 2005/2006, relative to the preceding financial year. The number of transactions more than doubled, to reach 5.9 million, the number of dealt-in securities rose to 7024 million and the value of traded securities more than tripled, reaching LE 254.6 billion. Of the total trading value, shares accounted for 95.4%, against 91.1% during the previous FY, while bonds constituted only 4.6%, against 8.9%.

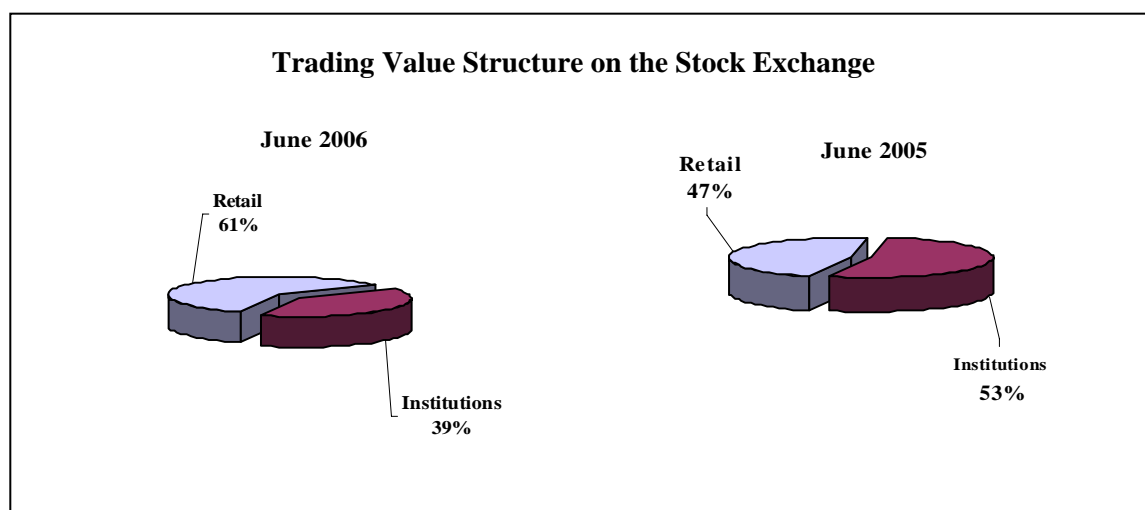
### Indicators of Overall Dealing on the Stock Exchange

	Number of Transactions  ( 000 Unit)	Dealt-in Securities	
		Volume ( mn)	Value ( LE bn )
<b><u>FY 2005/2006</u></b>			
<b><u>Total</u></b>	<b><u>5904.1</u></b>	<b><u>7024.0</u></b>	<b><u>254.6</u></b>
Shares	5903.4	7011.7	242.8
Bonds	0.7	12.3	11.8
<b><u>Foreigners' Transactions (Net)</u></b>	<b><u>7.8</u></b>	<b><u>115.0</u></b>	<b><u>3.2</u></b>
Purchases	655.5	1298.9	75.1
Sales	647.7	1183.9	71.9
<b><u>FY 2004/ 2005</u></b>			
<b><u>Total</u></b>	<b><u>2436.1</u></b>	<b><u>3251.6</u></b>	<b><u>83.7</u></b>
Shares	2435.5	3244.4	76.2
Bonds	0.6	7.2	7.5
<b><u>Foreigners' Transactions (Net)</u></b>	<b><u>47.2</u></b>	<b><u>114.0</u></b>	<b><u>7.0</u></b>
Purchases	292.8	514.0	26.1
Sales	245.6	400.0	19.1

During the year under review, foreigners' activity on the Exchange was markedly strong. Their purchases in LE and US dollar picked up to reach the equivalent of LE 75.1 billion, and their sales to the equivalent of LE 71.9 billion (against LE 26.1 billion and LE 19.1 billion, respectively, in the preceding FY). This led to net purchases of LE 3.2 billion worth (against the equivalent of LE 7.0 billion).

Foreigners' transactions in local currency recorded net purchases of LE 4.7 billion, against LE 4.9 billion. On the other hand, their transactions in US dollar unfolded net sales of US\$ 263.7 million, against net purchases of US\$ 352.6 million.

The reporting year also witnessed a growing interest among individuals to invest in the Exchange. All in all, individuals' transactions accounted for more than 50% of the transactions on the Exchange since the beginning of the second quarter of the year. Their transactions represented 61.0% of total investments at end of June 2006, against 46.7% at end of June 2005. Meanwhile, institutions' investments posted 39.0%, against 53.4%.



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## **3/1/1: Shares Market**

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### **1- Primary (Issue) Market**

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#### **A- New Issues**

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During FY 2005/ 2006, the CMA approved 2239 new issues, with a total value of LE 43.8 billion. Of these issues, 1389 were for new incorporations, with a value of LE 8.1 billion, or 18.4 % of total issues during the year, and 850 were for capital increases of existing companies, with a total value of LE 35.8 billion or 81.6%.

## New Share Issues on the Stock Exchange

	FY	
	2004/2005	2005/2006
<b><u>Total Number of Issues (Unit) for</u></b>	<b><u>2385</u></b>	<b><u>2239</u></b>
New Incorporations	1601	1389
Capital Increase of Existing Companies	784	850
<b><u>Total Number of Shares (mn) for</u></b>	<b><u>1191</u></b>	<b><u>3494</u></b>
New Incorporations	319	487
Capital Increase of Existing Companies	872	3007
<b><u>Total Value of Shares (LE mn) for</u></b>	<b><u>29653</u></b>	<b><u>43830</u></b>
New Incorporations	11579	8073
Capital Increase of Existing Companies	18074	35757

Source: CMA (Information Center)

## B- Companies Listed on the Stock Exchange

The number of companies listed on the Exchange decreased from 770 at end of June 2005 to 656 companies at end of June 2006. This was a net result of the listing of new companies and the delisting of the companies that did not comply with the listing conditions and standards. Accordingly, the nominal value of the capital of listed companies reached LE 109.2 billion and their market value LE 377.1 billion.

## Companies Listed on the Stock Exchange

End of	(LE mn)					
	June 2005			June 2006		
	No. of Companies (unit)	Capital		No. of Companies (unit)	Capital	
	Nominal Value	Market Value		Nominal Value	Market Value	
<b><u>Total</u></b>	<b><u>770</u></b>	<b><u>108209</u></b>	<b><u>337059</u></b>	<b><u>656</u></b>	<b><u>109165</u></b>	<b><u>377070</u></b>
Listed on official schedules	132	49274	250136	141	58432	298478
Listed on unofficial schedules	612	57368	84407	503	50354	78013
Listed on the temporary schedule	26	1567	2516	12	379	579

Source: CASE.

A sectoral distribution of the market capital at end of June 2006 shows that the manufacturing; and the finance, insurance & real estates sectors attracted most of the investments, accounting for 36.2% and 26.7% of the total market capital, respectively. The services sector followed with 19.1%, then utilities (transportation – communications – electricity – gas – health) with 16.0%.

### Market Capital by Sector

End of	(LE mn)			
	June 2005	%	June 2006	%
<b>Total</b>	<b>337216.1</b>	<b>100.0</b>	<b>377069.7</b>	<b>100.0</b>
Agriculture, Forests & Fishing	1649.6	0.5	1291.0	0.3
Extractions	1267.0	0.4	1090.3	0.3
Construction	2478.9	0.7	2987.1	0.8
Manufacturing	103358.5	30.7	136574.7	36.2
Utilities	65073.6	19.3	60304.3	16.0
Wholesale & Retail Trade	3372.9	1.0	2177.6	0.6
Finance, Insurance & Real Estates	79750.4	23.6	100564.5	26.7
Services	80265.2	23.8	72080.2	19.1

Source: CMA's Monthly Report.

## 2- Secondary (Trading) Market

Share trading witnessed an unprecedented boom during the year under review, as the total value of traded shares (on the floor and over the counter) in LE and US dollar rose to LE 242.8 billion, well above the LE 76.3 billion of the previous fiscal year.

Trading on the floor (94.7% of the total), was mainly in LE shares. The trading volume registered 5.5 billion papers at a value of LE 218.5 billion, through 5.5 million transactions. In terms of the trading value of the LE shares, the finance, insurance and real estates sector came first, followed by manufacturing, then utilities (transportation, communications, electricity, gas and health) and finally services.

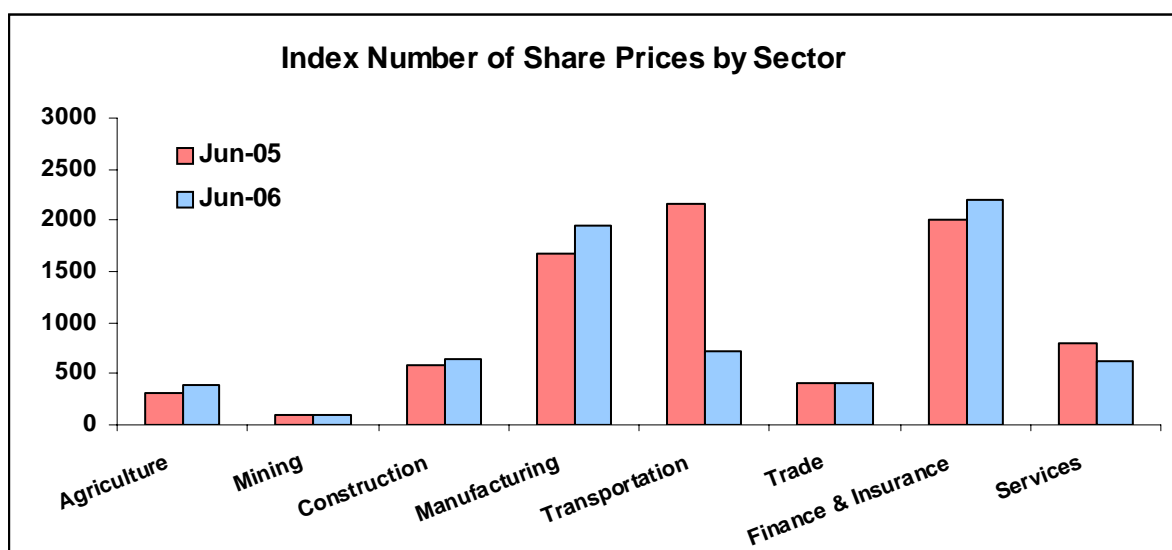
## Trading in Shares on the Stock Exchange

<u>During FY</u>	<u>2004/2005</u>			<u>2005/2006</u>		
	<u>No. of Transactions (Unit)</u>	<u>Volume of Traded Shares (000s)</u>	<u>Market Value (mn)</u>	<u>No. of Transactions (Unit)</u>	<u>Volume of Traded Shares (000s)</u>	<u>Market Value (mn)</u>
<b><u>Traded Shares on the Floor in LE</u></b>	<b><u>2271665</u></b>	<b><u>2384972</u></b>	<b><u>68268</u></b>	<b><u>5695380</u></b>	<b><u>5821245</u></b>	<b><u>229918</u></b>
LE shares	2244002	2310460	61543	5501188	5517762	218496
US\$ shares	27663	74512	1157	194192	303483	1979
<b><u>Traded Shares over the Counter in LE</u></b>	<b><u>163859</u></b>	<b><u>859405</u></b>	<b><u>7986</u></b>	<b><u>208015</u></b>	<b><u>1190416</u></b>	<b><u>12919</u></b>
LE shares	163564	782555	5687	207540	1069387	9457
US\$ shares	289	76428	369	474	121019	601
Pound sterling shares	6	422	8	-	-	-
Euro shares	-	-	-	1	10	615

Source: the CMA.

Trading in US\$ shares was brisk on the floor as the volume of traded securities reached 303.5 million, with a value of US\$ 2.0 billion. The trading was concentrated on the sector of finance, insurance and real estates.

OTC dealing in shares reached only 5.3% of the total. The bulk of trading was in LE shares, registering an overall volume of 1.1 billion at a value of LE 9.5 million, through 0.2 million transactions. 121 million shares were traded in US dollar, at a value of US\$ 601 million, through 474 transactions. Only one transaction was conducted in euro at a value of 0.6 million euros.





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## **3/1/2: Bonds Market**

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### **1- Primary ( Issue) Market**

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The bonds primary market was noticeably active during FY 2005/2006, as the nominal value of listed bonds went up by 86.1%, to reach LE 65.7 billion. The increase was mainly pronounced in government bonds that moved up by LE 30.4 billion (as an outcome of the pickup in issued bonds by LE 33.0 billion, under the primary dealers system, and the amortization of treasury bonds and US dollar development bonds in the amount of LE 2.0 billion and US\$ 0.6 million worth, respectively). Moreover, the value of listed corporate bonds expanded to LE 5.6 billion, while the balance of bank bonds dropped to LE 1.2 billion at end of June 2006.

Accordingly, the share of government bonds in total listed bonds increased to 89.7% at end of June 2006, against 80.8% at end of June 2005. On the other hand, the shares of corporate and bank bonds declined to 8.5% (against 14.5%) and to 1.8% (against 4.7%), in order.

### **Bonds Issued on the Stock Exchange**

(LE mn)

<b>At End of</b>	<b>June 2005</b>		<b>June 2006</b>	
	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
<b><u>Total</u></b>	<b><u>35313.1</u></b>	<b><u>100.0</u></b>	<b><u>65724.8</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>58951.2</u></b>	<b><u>89.7</u></b>
- Treasury bonds	13000.0	36.8	11000.0	16.7
- Treasury bonds (primary dealers system)	14000.0	39.6	47000.0	71.5
- Housing bonds	123.6	0.4	121.8	0.2
- US dollar development bonds	1423.7	4.0	829.4	1.3
<b><u>Corporate Bonds</u></b>	<b><u>5114.7</u></b>	<b><u>14.5</u></b>	<b><u>5572.5</u></b>	<b><u>8.5</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>1.8</u></b>

Source: CASE.

## **2- Secondary (Trading) Market**

Dealing in bonds (on the floor and over the counter) was bullish during FY 2005/2006, as the total value of traded bonds (in LE and US dollar) rose by LE 4.3 billion or 57.8%, to reach LE 11.8 billion, against LE 7.5 billion during the preceding FY. The LE bonds were mostly traded on the floor, through 635 transactions, where the trading volume registered 12.2 million papers and the trading value LE 11.3 billion. Likewise, the value of traded treasury bonds (under the primary dealers system) increased to LE 11.0 billion or 97.2% of the total value of LE bonds on the floor. Moreover, corporate bonds in local currency went up to LE 197.4 million or 1.7% of the total.

### **Dealing in Listed Bonds on the Floor**

<b>During</b>	<b>No. of Transactions (Unit)</b>	<b>FY</b>				
		<b>2004/2005 Quantity (000's)</b>	<b>Value (mn)</b>	<b>No. of Transactions</b>	<b>2005/2006 Quantity (000's)</b>	<b>Value (mn)</b>
<b>Total Bonds (LE)</b>	<b>594.0</b>	<b>7161.9</b>	<b>7458.9</b>	<b>635.0</b>	<b>12196.9</b>	<b>11347.9</b>
Treasury bonds	18	118.5	124.5	17	110.3	115.4
Treasury bonds (primary dealers)	419	6975.4	7328.0	478	10233.2	11033.7
Housing bonds	129	25.1	1.9	59	6.6	0.3
Corporate bonds	19	34.3	3.4	70	1835.7	197.4
Bank bonds	9	8.6	1.0	11	11	1.1
<b>Total Bonds (US\$)</b>	<b>1</b>	<b>0.0</b>	<b>0.0</b>	<b>3</b>	<b>66.7</b>	<b>6.9</b>
Development bonds	1	0.0	0.0	0.0	0.0	0.0
Corporate bonds	-	0.0	0.0	3	66.7	6.9

Source: the CMA.

Of total OTC dealings, US dollar bonds accounted for 90.7%, where the trading volume registered 32.8 thousand bonds at a value of US\$ 66.6 million, through 39 transactions. On the other hand, the value of bonds traded on the floor reached only US\$ 6.9 million.

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### **3/1/3: Mutual Funds**

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During FY 2005/2006, the CMA approved 8 new mutual funds, bringing their number up to 30 at end of June 2006 (27 of which are open-end and 3 are close-end). The nominal value of the funds' certificates reached LE 6.6 billion and their market value LE 10.5 billion at end of June 2006, compared with LE 8.4 billion at end of June 2005.

As for Egyptian mutual funds established abroad (issuer of US dollar certificates), their capital at the time of incorporation reached about US\$ 509.3 million.

### **3/2: Investments of the Insurance Sector**

The government continued its pursuit to improve the insurance sector as a major source of financing investments, particularly the long-term ones. The Ministry of Investment and insurance-related authorities are working to develop the legislative and the regulatory environment governing the insurance market. Added to this are the restructuring of public insurance companies and raising of the insurance awareness in Egypt at the level of both individuals and institutions. A special attention is paid to reforming the systems of private insurance funds whose investments are almost equal to the insurance companies'.

On the legislative and regulatory side, Presidential Decree No. 1081 for 2005 was issued, forming a ministerial committee of Ministers of Finance, Insurance and Social Affairs, and Investment. This Committee is responsible for revising social insurance systems and the legislations governing the Egyptian pension systems, as well as probing their development methods and mechanisms. In addition, Presidential Decree No. 422 for 2005 was issued, whereby the Minister of Finance shall be responsible for implementing the legislations of social insurance, and shall replace the Minister of Insurance wherever he is mentioned in laws and legislations. Moreover, the Prime Minister's Decrees No. 2008 for 2005 and 674 for 2006 were issued, amending some provisions of the Prime Minister's Decree No. 510 for 1982, concerning the rules to be followed in cases of shifting between the alternative systems of private social insurance and the public social insurance system.

In this context, the Money Laundering Combating Unit at the CBE, the insurance sector and insurance companies coordinated their efforts to lay the basis for the questionnaires sent by foreign entities, in compliance with the laws and legislations of money laundering in the Egyptian insurance market. In addition, the Egyptian Insurance Supervisory Authority (EISA) is currently studying the new standards of supervision and regulation of private insurance funds (set by the OECD, in collaboration with the World Bank, IMF, the International Association for Insurance Supervisors (IAIS) and the International Association for Securities Supervision), with the aim of applying them to the private insurance funds in Egypt. Moreover, an electronic system for transmitting data from the private insurance funds to the EISA was approved.

As regards human resources development and insurance awareness raising, the EISA organized training courses for employees at the insurance sector in the different areas of insurance legislation (development and reform). It also held its first annual conference on private insurance funds to increase awareness of the crucial role these funds play in the market, through their effective contribution to the national income.

Within the framework of complying with the international requirements to achieve further liberalization in the insurance sector, foreigners are permitted to own up to 100% of a company's capital. Yet, owing 10% or more of a company's capital requires the Prime Minister's approval. This decision, which opens the market for establishing companies fully owned by foreigners (but in the form of Egyptian joint stock companies) was reflected on foreigners' shares in the capital of insurance companies in the Egyptian market. Accordingly, the total shares held by foreigners in these companies rose to 15.5% at end of September 2005.

It is to be noted that the insurance sector in Egypt comprises the Higher Council of Insurance, the Egyptian Insurance Supervisory Authority (EISA), insurance and re-insurance companies, government insurance funds, private insurance funds, insurance pools and federations, and other auxiliary organs. At end of June 2006, the number of insurance and re-insurance companies amounted to 21, of which 18 were direct insurance companies, along with one specialized in re-insurance, another in export credit guarantee and the third is a cooperative insurance society.

According to EISA statistics and the estimates for FY 2005/2006, total investments of the insurance sector mounted by LE 28.9 billion or 11.5%, to reach LE 281.3 billion at end of June 2006 (against an actual increase of LE 26.1 billion and 11.6% during the previous FY). The increase was a result of a pickup in actual investments of the National Authority for Social Insurance by LE 25.5 billion or 11.5%, to post LE 246.5 billion or 87.5% of total investments at end of June 2006. Add to this the rise in the total investments estimated for insurance companies and funds by LE 3.4 billion or 10.8% during FY 2005/2006, to reach a total of LE 34.8 billion or 12.4%.

## Investments of the Insurance Sector

(LE bn)

End of	<u>June 2005</u>			<u>June 2006</u>		
	Insurance Companies & Funds	National Authority For Social Insurance	Total	Insurance Companies & Funds*	National Authority For Social Insurance	Total
<b><u>Grand Total</u></b>	<b><u>31.4</u></b>	<b><u>221.0</u></b>	<b><u>252.4</u></b>	<b><u>34.8</u></b>	<b><u>246.5</u></b>	<b><u>281.3</u></b>
Real Estates	0.7	-	0.7	0.7	0.0	0.7
Securities	20.2	2.0	22.2	22.8	2.0	24.8
Deposits with NIB	-	219.0	219.0	0.0	244.5	244.5
Loans	0.4	-	0.4	0.4	0.0	0.4
Fixed Deposits at Banks	10.0	-	10.0	10.8	0.0	10.8
Others	0.1	-	0.1	0.1	0.0	0.1

\* Preliminary estimated figures.

Most of the investments of the National Authority for Social Insurance (amounting to LE 244.5 billion or 86.9% of total investments at end of June 2006), were in the form of deposits at the NIB. On the other hand, the Authority's investments in securities reached only LE 2.0 billion or 0.7% of the total.

A breakdown of the estimated investments of insurance companies and funds indicated that securities accounted for 8.1% of their total investments at end of June 2006, followed by bank deposits (3.8%) and other investments (0.4%).

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

### **4/1: Consolidated Fiscal Operations of the General Government**

To enhance the effectiveness of the fiscal policy and strengthen the accuracy and transparency of the state budget in accordance with the international standards, a number of amendments were made to the Budget Law during FY 2005/2006, including fundamental modifications to the classification of budget lines, according to the IMF 2001 GFS (Government Finance Statistics) Manual. On the other hand, the law organizing the Ministry of Social Solidarity (MSS) was promulgated to preserve the social dimension, so as to cushion, and grant subsidies to, the low-income earners and ensure that subsidies are evenly targeted. A step forward in this direction was the pilot application of smart ration card system to control rationing.

The year under review witnessed the issue of the Executive Regulations of the Customs Law, the Income Tax Law and the Import and Export Law, in support of the government's efforts to remedy customs tariff distortions, streamline tax procedures and facilitate trade transactions with the external world. In addition, it was decided during the year to establish the Egyptian Tax Authority (ETA), by merging the income and sales tax authorities, with the aim of raising the efficiency of tax performance.

Hereunder are the follow-up results of the implementation of the consolidated fiscal operations of the general government over FY 2005/2006, in comparison with both the revised estimates and the actual figures during the previous FY, according to the actual preliminary data released by the Ministry of Finance.

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#### **4/1/1: State Budget Sector**

##### **(Administrative System, Local Administration and Service Authorities)**

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A follow-up of the budget sector implementation for FY 2005/2006 indicates that total revenues reached nearly LE 149.5 billion, rising by 34.9% over the collected amount in the previous FY and by 14.9% over the estimated figure for the reporting year.

Tax revenues represented 65.6% of total revenues, reaching LE 98.0 billion, up by 29.4% compared with the previous FY and by 20.1% over the estimate. Taxes on business profits and incomes accounted for the bulk (76%) of the increase in total revenues, up by about 53.6% compared with the previous FY and by 39.2% over the estimated figure. These taxes generated LE 48.5 billion or almost half of the total revenues, collected in large from the Egyptian General Petroleum Corporation {EGPC} (about LE 23.5 billion), individual income (LE 9.6 billion), the Suez Canal Authority {SCA} (LE 7.3 billion) and other economic authorities and the Central Bank (LE 8.1 billion).

The substantial increase of LE 19.5 billion in tax revenues from the EGPC was largely the result of its higher profits, as a consequence of the rise in world oil prices. The increase in taxes on individual income, from LE 9.3 billion a year earlier to LE 9.6 billion during the reporting year, reflects the positive results of the new Tax Law and its role in enlarging tax revenues, as it contributed to fostering confidence between the taxpayer and the tax administration.

Tax revenues from goods and services contributed LE 34.4 billion or 35.1% of total revenues, up by 9.6% from the previous FY and by 6.5% over the estimated figure. Customs receipts amounted to some LE 9.6 billion, up by 23.5% compared with the corresponding period and 4.9% over the estimates, thanks to the customs reforms accomplished in the recent years.

Property income reached LE 36.4 billion or 24.3% of total revenues, surging by 104.9% compared with the previous FY, of which 53.4% was collected from the EGPC, 28.8% from the SCA and the remainder came from some economic authorities, companies and other units.

Grants amounted to LE 1.6 billion during FY 2005/2006, with a retreat of 44.5% compared with the previous FY, and an execution ratio of 55.4% of the estimated figure.



**Consolidated Fiscal Operations of the General Government  
The Budget Sector  
(Public Revenues)**

(LE bn)

	<u>2004/2005</u>			<u>2005/2006</u>		
	Actual	%	Change Rate (%)	Preliminary Actual	%	Change Rate (%)
<b><u>Total Revenues</u></b>	<b><u>110.9</u></b>	<b><u>100.0</u></b>	<b><u>8.6</u></b>	<b><u>149.5</u></b>	<b><u>100.0</u></b>	<b><u>34.9</u></b>
<b><u>Tax Revenues</u></b>	<b><u>75.8</u></b>	<b><u>68.3</u></b>	<b><u>12.8</u></b>	<b><u>98.0</u></b>	<b><u>65.6</u></b>	<b><u>29.4</u></b>
<b><u>Taxes on Income, Profits</u></b>	<b><u>31.6</u></b>	<b><u>28.4</u></b>	<b><u>15.7</u></b>	<b><u>48.5</u></b>	<b><u>32.4</u></b>	<b><u>53.6</u></b>
From EGPC	4.0	3.6	-15.5	23.5	15.7	483.6
From SCA	7.4	6.6	12.7	7.3	4.9	-0.3
From CBE	0.2	0.2	-33.1	0.1	0.1	-52.8
From other units	10.7	9.6	41.9	8.0	5.3	-25.5
Payable by individuals	9.3	8.4	14.2	9.6	6.4	3.0
<b><u>Taxes on Property</u></b>	<b><u>1.0</u></b>	<b><u>0.9</u></b>	<b><u>31.7</u></b>	<b><u>1.2</u></b>	<b><u>0.8</u></b>	<b><u>17.4</u></b>
<b><u>Taxes on Goods and Services</u></b>	<b><u>31.4</u></b>	<b><u>28.4</u></b>	<b><u>18.4</u></b>	<b><u>34.4</u></b>	<b><u>23.1</u></b>	<b><u>9.6</u></b>
<b><u>Taxes on International Trade</u></b>	<b><u>7.8</u></b>	<b><u>7.0</u></b>	<b><u>-16.1</u></b>	<b><u>9.6</u></b>	<b><u>6.4</u></b>	<b><u>23.5</u></b>
<b><u>Other Taxes</u></b>	<b><u>4.0</u></b>	<b><u>3.6</u></b>	<b><u>20.8</u></b>	<b><u>4.3</u></b>	<b><u>2.9</u></b>	<b><u>8.5</u></b>
<b><u>Grants</u></b>	<b><u>2.9</u></b>	<b><u>2.6</u></b>	<b><u>-43.6</u></b>	<b><u>1.6</u></b>	<b><u>1.1</u></b>	<b><u>-44.5</u></b>
Current	1.0	0.9	-71.6	0.6	0.4	-43.0
Capital	1.9	1.7	14.0	1.0	0.7	-45.3
<b><u>Other Revenues</u></b>	<b><u>32.2</u></b>	<b><u>29.1</u></b>	<b><u>8.1</u></b>	<b><u>49.9</u></b>	<b><u>33.3</u></b>	<b><u>54.7</u></b>
<b><u>Property Income</u></b>	<b><u>17.8</u></b>	<b><u>16.0</u></b>	<b><u>22.1</u></b>	<b><u>36.4</u></b>	<b><u>24.3</u></b>	<b><u>104.9</u></b>
From EGPC	0.2	0.1	-105.8	12.5	8.4	8038.3
From SCA	9.7	8.7	16.4	10.5	7.0	8.7
From CBE	5.0	4.5	-13.9	0.0	0.0	-100.0
From economic authorities	0.4	0.4	14.2	0.5	0.3	19.9
From companies	0.2	0.2	-78.0	0.9	0.6	252.2
Other (from EGPC)	0.0	0.0	0.0	6.9	4.6	0.0
Others	2.3	2.1	40.7	5.1	3.4	122.1
<b><u>Sales of Goods and Services</u></b>	<b><u>7.2</u></b>	<b><u>6.5</u></b>	<b><u>-23.8</u></b>	<b><u>7.4</u></b>	<b><u>4.9</u></b>	<b><u>3.5</u></b>
<b><u>Financing Investment</u></b>	<b><u>3.1</u></b>	<b><u>2.8</u></b>	<b><u>21.0</u></b>	<b><u>3.1</u></b>	<b><u>2.1</u></b>	<b><u>-2.2</u></b>
<b><u>Others</u></b>	<b><u>4.1</u></b>	<b><u>3.8</u></b>	<b><u>28.1</u></b>	<b><u>3.0</u></b>	<b><u>2.0</u></b>	<b><u>-28.0</u></b>

Source: Ministry of Finance.

Percentages are calculated in terms of LE million.

Total expenditures reached LE 204.5 billion during FY 2005/2006, with an increase of 26.5% above the previous FY and 8.9% over the estimated figure. Compensations of employees (including salaries and wages) reached LE 45.9 billion, representing 22.5% of total expenditures, up by 10.5% compared with the previous FY. This was due to the inclusion of all the increases, periodical allowances, incentives and the special allowance determined during the year.

**Consolidated Fiscal Operations of the General Government  
The Budget Sector  
(Public Expenditures)**

(LE bn)

	<u>2004/2005</u>			<u>2005/2006</u>		
	Actual	%	Change Rate (%)	Preliminary Actual	%	Change Rate (%)
<b><u>Total Expenditures</u></b>	<b><u>161.6</u></b>	<b><u>100.0</u></b>	<b><u>10.7</u></b>	<b><u>204.5</u></b>	<b><u>100.0</u></b>	<b><u>26.5</u></b>
<b><u>Compensations of Employees</u></b>	<b><u>41.5</u></b>	<b><u>25.7</u></b>	<b><u>11.5</u></b>	<b><u>45.9</u></b>	<b><u>22.5</u></b>	<b><u>10.5</u></b>
Salaries and Wages	32.7	20.2	10.4	37.5	18.3	14.7
Social Contributions	4.5	2.8	10.1	5.0	2.5	11.1
Others	4.3	2.7	21.8	3.4	1.7	-22.0
<b><u>Purchases of Goods and Services</u></b>	<b><u>12.6</u></b>	<b><u>7.8</u></b>	<b><u>35.0</u></b>	<b><u>13.7</u></b>	<b><u>6.7</u></b>	<b><u>9.0</u></b>
Goods	7.4	4.6	60.5	5.4	2.6	-26.8
Services	4.9	3.0	12.5	5.9	2.9	21.1
Others	0.3	0.2	-17.4	2.4	1.2	650.0
<b><u>Interest</u></b>	<b><u>32.8</u></b>	<b><u>20.3</u></b>	<b><u>6.8</u></b>	<b><u>36.8</u></b>	<b><u>18.0</u></b>	<b><u>12.1</u></b>
Foreign Interest	3.0	1.9	2.1	2.8	1.4	-6.2
Domestic Interest	29.8	18.4	7.3	34.0	16.6	14.0
NIB	10.0	6.2	-4.7	8.8	4.3	-12.5
others	19.8	12.2	14.5	25.2	12.3	27.4
<b><u>Subsidies, Grants and Social</u></b>						
<b><u>Benefits</u></b>	<b><u>29.7</u></b>	<b><u>18.4</u></b>	<b><u>19.8</u></b>	<b><u>68.8</u></b>	<b><u>33.6</u></b>	<b><u>131.4</u></b>
<b><u>Subsidies</u></b>	<b><u>13.8</u></b>	<b><u>8.5</u></b>	<b><u>33.0</u></b>	<b><u>54.3</u></b>	<b><u>26.5</u></b>	<b><u>294.6</u></b>
To GASC	11.2	6.9	36.8	9.4	4.6	-16.0
To EGPC	0.0	0.0	0.0	41.8	20.4	0.0
Others	2.6	1.6	18.7	3.1	1.5	22.2
<b><u>Grants</u></b>	<b><u>1.8</u></b>	<b><u>1.2</u></b>	<b><u>16.3</u></b>	<b><u>2.1</u></b>	<b><u>1.0</u></b>	<b><u>9.5</u></b>
<b><u>Social Benefits</u></b>	<b><u>14.1</u></b>	<b><u>8.7</u></b>	<b><u>9.6</u></b>	<b><u>12.4</u></b>	<b><u>6.1</u></b>	<b><u>-12.0</u></b>
Contribution to social funds	13.2	8.1	9.9	11.0	5.4	-16.6
Others	0.9	0.6	6.6	1.4	0.7	53.8
<b><u>Other</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>800.0</u></b>
<b><u>Other Expenditures</u></b>	<b><u>21.7</u></b>	<b><u>13.4</u></b>	<b><u>3.1</u></b>	<b><u>19.6</u></b>	<b><u>9.6</u></b>	<b><u>-9.6</u></b>
Defense	14.6	9.0	1.3	15.9	7.8	8.8
Others	7.1	4.4	6.9	3.7	1.8	-47.5
<b><u>Purchases of Non-Financial Assets</u></b>						
<b><u>(Investments)</u></b>	<b><u>23.3</u></b>	<b><u>14.4</u></b>	<b><u>1.9</u></b>	<b><u>19.7</u></b>	<b><u>9.6</u></b>	<b><u>-15.4</u></b>
Fixed assets	19.9	12.3	-2.3	17.1	8.4	-14.1
Others	3.4	2.1	36.1	2.6	1.2	-23.3

Source: Ministry of Finance.

Percentages are calculated in terms of LE million.

Subsidies amounted to LE 54.3 billion or 26.5% of total expenditures, with an increase of LE 40.5 billion in comparison to the previous FY. The subsidy to petroleum products constituted LE 41.8 billion or 76.9% of the total subsidy, and it aimed at alleviating the burden of the price hike in these products, as well as subduing the effect of its spill-over to other products. Moreover, subsidy to the GASC, which the government keenly directs to low-income brackets, accounted for LE 9.4 billion or 17.3% of the total subsidy. Expenditures on the social benefits provided by the government (mainly the government's contributions to the SIFs) amounted to LE 12.4 billion or 6.1% of total expenditures, down by 12.0% below the previous FY. On the other hand, grants increased by LE 0.2 billion, reaching LE 2.1 billion.

Domestic and external interest payments of the public debt reached LE 36.8 billion or 18.0% of total expenditures. In addition, defense outlays posted LE 15.9 billion or 7.8%. Purchases of goods and services reached LE 13.7 billion or 6.7%, increasing 9.0% over the previous FY.

As for the investments of the government bodies, outlined in the economic and social development plan (represented as purchases of non-financial assets), they reached LE 19.7 billion or 9.6% of total expenditures.

The consolidated fiscal operations of the budget sector on the sides of expenditures and revenues during FY 2005/2006 unfolded a cash deficit of LE 55.0 billion or 95.3% of the total cash deficit projected for the whole year. This was offset by the negative balance of LE 6.0 billion of the net acquisition of financial assets, which brought the overall fiscal deficit to LE 49.0 billion, with a decrease of LE 2.6 billion or 5% compared to the previous FY. This reflects the decline of the overall fiscal deficit as a percentage of GDP from 9.6% during FY 2004/2005 to 7.9% during FY 2005/2006.

The finance for the overall fiscal deficit was met and, concurrently, some miscellaneous domestic repayments of LE 6.5 billion were made, by recourse to domestic sources (banking and non-banking) of LE 51.7 billion, net privatization proceeds of LE 0.1 billion and external sources of LE 3.6 billion. With respect to the domestic resources, it was found that non-banking resources plus the

repayments, contributed the bulk of 67.6% of finance for this deficit, providing LE 37.5 billion (of which LE 21.3 billion came from the NIB and SIFs). The banking finance covered LE 14.8 billion or 26.7% of this deficit, as borrowing from banks reached LE 26.3 billion, while repayments to the CBE posted LE 11.5 billion.

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#### **4/1/2: Budget Sector and NIB**

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With the addition of the fiscal operations of the NIB to the budget sector during FY 2005/2006, the cash deficit declined to LE 48.5 billion. Moreover, by the addition of the net acquisition of LE 5.4 billion of financial assets, the overall fiscal deficit widened to LE 53.9 billion or 7.9% of GDP.

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#### **4/1/3: Budget Sector, NIB and SIFs**

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After the addition of the fiscal operations of SIFs to the budget sector and NIB during FY 2005/2006, increases were noticed in social benefits by LE 17.2 billion and compensations of employees (including salaries and wages) by LE 0.5 billion. On the other hand, the interest paid on public debt decreased by LE 0.7 billion. As an outcome, total expenditures rose to LE 220.2 billion, up by about LE 17.1 billion or 28.9% compared with the previous FY. Some other miscellaneous revenues increased by around LE 17.4 billion and property income by LE 2.5 billion, thus raising the total revenues to LE 174.6 billion during the year, up by LE 20.0 billion or 31.1% compared with the previous FY.

**Summary of the Consolidated Fiscal Operations of the  
General Government  
(Budget Sector, NIB and SIFs)**

(LE bn)

	2004/2005						2005/2006					
	Budget Sector	%	Budget Sector & NIB	%	Budget Sector, NIB & SIFs	%	Budget Sector	%	Budget Sector & NIB	%	Budget Sector, NIB & SIFs	%
Revenues	<u>110.9</u>		<u>114.8</u>		<u>133.1</u>		<u>149.5</u>		<u>154.6</u>		<u>174.6</u>	
Expenditures	<u>161.6</u>		<u>159.6</u>		<u>170.9</u>		<u>204.5</u>		<u>203.1</u>		<u>220.2</u>	
Cash Deficit	<u>50.7</u>		<u>44.8</u>		<u>37.8</u>		<u>55.0</u>		<u>48.5</u>		<u>45.6</u>	
Net Acquisition of Financial Assets	<u>0.9</u>		<u>8.3</u>		<u>10.1</u>		<u>-6.0</u>		<u>5.4</u>		<u>7.7</u>	
Overall Deficit	<u>51.6</u>		<u>53.1</u>		<u>47.9</u>		<u>49.0</u>		<u>53.9</u>		<u>53.3</u>	
<b>Financing Sources</b>	<u>51.6</u>	<u>100.0</u>	<u>53.1</u>	<u>100.0</u>	<u>47.9</u>	<u>100.0</u>	<u>49.0</u>	<u>100.0</u>	<u>53.9</u>	<u>100.0</u>	<u>53.3</u>	<u>100.0</u>
<b>Domestic Financing</b>	<u>71.1</u>	<u>137.8</u>	<u>71.6</u>	<u>134.8</u>	<u>65.1</u>	<u>135.8</u>	<u>51.7</u>	<u>105.6</u>	<u>62.3</u>	<u>115.5</u>	<u>62.9</u>	<u>118.0</u>
<b>- Banking Financing</b>	<u>31.4</u>	<u>60.9</u>	<u>30.9</u>	<u>58.2</u>	<u>29.5</u>	<u>61.5</u>	<u>14.8</u>	<u>30.2</u>	<u>16.0</u>	<u>29.6</u>	<u>26.0</u>	<u>48.7</u>
CBE	24.8	48.1	24.5	46.0	24.5	51.0	-11.5	-23.5	-11.1	-20.7	-11.1	-20.9
Other Banks	6.6	12.8	6.5	12.2	5.0	10.5	26.3	53.7	27.1	50.3	37.1	69.6
<b>- Non-Banking Financing</b>	<u>32.2</u>	<u>62.4</u>	<u>33.2</u>	<u>62.5</u>	<u>28.1</u>	<u>58.6</u>	<u>37.5</u>	<u>76.6</u>	<u>46.9</u>	<u>87.0</u>	<u>37.5</u>	<u>70.4</u>
<b>- Net Debit and Credit Liabilities</b>	<u>7.5</u>	<u>14.5</u>	<u>7.5</u>	<u>14.1</u>	<u>7.5</u>	<u>15.7</u>	<u>-0.6</u>	<u>-1.2</u>	<u>-0.6</u>	<u>-1.1</u>	<u>-0.6</u>	<u>-1.1</u>
<b>Foreign Borrowing</b>	<u>-4.3</u>	<u>-8.3</u>	<u>-4.3</u>	<u>-7.9</u>	<u>-4.3</u>	<u>-8.9</u>	<u>3.6</u>	<u>7.4</u>	<u>3.6</u>	<u>6.7</u>	<u>3.6</u>	<u>6.8</u>
<b>Arrears</b>	<u>-2.5</u>	<u>-4.8</u>	<u>-2.5</u>	<u>-4.7</u>	<u>-2.5</u>	<u>-5.2</u>	<u>-1.3</u>	<u>-2.7</u>	<u>-1.3</u>	<u>-2.4</u>	<u>-1.3</u>	<u>-2.5</u>
<b>Other Financing</b>	<u>1.9</u>	<u>3.7</u>	<u>2.2</u>	<u>4.1</u>	<u>4.2</u>	<u>8.7</u>	<u>-0.3</u>	<u>-0.7</u>	<u>-6.0</u>	<u>-11.0</u>	<u>-7.2</u>	<u>-13.5</u>
<b>Effects of Eliminations</b>	<u>0.0</u>	<u>0.0</u>	<u>0.7</u>	<u>1.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>Exchange Rate Evaluation</b>	<u>-3.9</u>	<u>-7.6</u>	<u>-3.9</u>	<u>-7.4</u>	<u>-3.9</u>	<u>-8.2</u>	<u>-0.3</u>	<u>-0.5</u>	<u>-0.3</u>	<u>-0.5</u>	<u>-0.3</u>	<u>-0.5</u>
<b>Net Privatization proceeds</b>	<u>1.0</u>	<u>1.9</u>	<u>1.0</u>	<u>1.9</u>	<u>1.0</u>	<u>2.1</u>	<u>0.1</u>	<u>0.2</u>	<u>0.1</u>	<u>0.2</u>	<u>0.1</u>	<u>0.2</u>
<b>The difference between the TBs face and present values</b>	<u>-3.1</u>	<u>-6.0</u>	<u>-3.1</u>	<u>-5.8</u>	<u>-3.1</u>	<u>-6.4</u>	<u>-0.7</u>	<u>-1.4</u>	<u>-0.7</u>	<u>-1.3</u>	<u>-0.7</u>	<u>-1.3</u>
<b>Discrepancy</b>	<u>-8.6</u>	<u>-16.7</u>	<u>-8.6</u>	<u>-16.2</u>	<u>-8.6</u>	<u>-17.9</u>	<u>-3.8</u>	<u>-7.9</u>	<u>-3.8</u>	<u>-7.2</u>	<u>-3.8</u>	<u>-7.2</u>

Source: Ministry of Finance

Percentages are calculated in terms of LE million.

Against this background, the cash deficit of the consolidated fiscal operations of the general government stood at LE 45.6 billion during FY 2005/2006. By adding the net acquisition of the financial assets (LE 7.7 billion), the overall fiscal deficit amounted to about LE 53.3 billion, representing 8.6% of GDP during FY 2005/2006, against 8.9% during FY 2004/2005.

The overall fiscal deficit finance was covered and some miscellaneous domestic repayments of LE 13.3 billion were made, through domestic sources (banking and non-banking) in the amount of some LE 62.9 billion, besides the privatization proceeds of LE 0.1 billion and the external sources which provided LE 3.6 billion.

## 4/2- Domestic Public Debt

Domestic public debt consists of the debts owed by the government, the public economic authorities and the NIB. At end of June 2006, gross domestic public debt reached LE 593.5 billion, or 96.1% of GDP, up by LE 82.7 billion or 16.2% during FY 2005/2006. Of this amount, the government debt represented 65.3%, the debt of public economic authorities 8.0% and net debt of the NIB 26.7%.

### Gross Domestic Public Debt

End of June	2005		2006		(LE bn)
	Value	%	Value	%	Change + (-)
<b>Gross Domestic Public Debt (1+2+3)</b>	<b><u>510.8</u></b>	<b><u>100.0</u></b>	<b><u>593.5</u></b>	<b><u>100.0</u></b>	<b><u>82.7</u></b>
1- Government debt	349.2	68.4	387.7	65.3	38.5
2- Public economic authorities debt	47.2	9.2	47.4	8.0	0.2
3- NIB debt (net)	114.4	22.4	158.4	26.7	44.0

#### 4/2/1: Domestic Government Debt

It consists of the outstanding balance of government bills and bonds, its net account balances at the banking system and its debt to the NIB. Overall, the domestic debt of the government at end of June 2006, totaled LE 387.7 billion, or 62.8% of GDP, denoting a rise of LE 38.5 billion or 11.0% during the course of 2005/2006.

The increase during the year under review was an outcome of the following developments. First, the balances of treasury bonds and bills rose by LE 9.1 billion, and the net credit position of the government at the banking system declined by LE 30.6 billion (following the LE 43.4 billion decrease in its deposits, which outpaced the drop of only LE 12.8 billion in its borrowing from the banking system). Second, there was a decline of LE 1.2 billion in government borrowing from the NIB.

### Domestic Debt of the Government

Balances at End of June	2005		2006		(LE bn)
	Value	%	Value	%	Change + (-)
<b>Total Debt</b>	<b>349.2</b>	<b>100.0</b>	<b>387.7</b>	<b>100.0</b>	<b>38.5</b>
<b>- Balances of Bonds and Bills</b>	<b>340.9</b>	<b>97.6</b>	<b>350.0</b>	<b>90.3</b>	<b>9.1</b>
• Bills and bonds*, of which :	216.0	61.8	246.9	63.7	30.9
tradable on the exchanges	32.2	9.2	63.2	16.3	31.0
• Treasury bills	124.9	35.8	103.1	26.6	(21.8)
<b>-Government Borrowing from NIB</b>	<b>143.8</b>	<b>41.2</b>	<b>142.6</b>	<b>36.8</b>	<b>(1.2)</b>
<b>-Net Government Balances at the Banking System</b>	<b>-135.5</b>	<b>-38.8</b>	<b>-104.9</b>	<b>-27.1</b>	<b>30.6</b>
• Credit facilities	17.9	5.1	5.1	1.3	(12.8)
• Deposits	-153.4	-43.9	-110.0	-28.4	43.4
- Domestic Government Debt/GDP %	64.8		62.8		

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, and the 5% ratio retained from the profits of companies subject to Law No. 97 of 1983 for the purchase of government bonds, and the holdings of resident financial institutions (the banking system and insurance sector) of dollar- denominated sovereign bonds tradable on world exchanges.

Hereunder are the factors that led to the LE 9.1 billion increase in the balance of bonds and bills during FY 2005/2006:

- The rise in the outstanding balance of bonds by LE 30.9 billion as an outcome of the following developments:
  - Issuing treasury bonds under the primary dealers system in an amount of LE 33.0 billion during the year, with the balance of bonds reaching LE 58.0 billion at end of June 2006.
  - Issuing other bonds in an amount of LE 3.1 billion, including a treasury bond issue of LE 3.0 billion, representing a part of the revaluation differences of principal repayments of rescheduled loans to abroad until 30/6/2004.



- Redeeming treasury bonds issued in 1985/1986 at a value of LE 3.2 billion, including LE 1.7 billion worth for financing the cash deficit. In addition, four tranches of Egyptian treasury bonds fell due in an amount of LE 2.0 billion.

It is noteworthy that on 25/6/2006, the CBE's Board of Directors consented to the Ministry of Finance's request for the renewal of treasury bonds (issued to finance the budget, cash and GASC deficits) with a value of LE 8.6 billion, a maturity of three years and an annual interest rate of 6%.

- The drop in the outstanding balance of treasury bills by LE 21.8 billion, to stand at LE 103.1 billion at end of June 2006, as a main result of a decline in the 364-day bills by LE 28.8 billion. This was ascribed to the amortization of LE 24.2 billion of the bills issued under the primary dealers system, and LE 4.6 billion of the bills issued for the CBE to serve the monetary policy purposes.

#### **4/2/2: Debt of Public Economic Authorities**

It represents their debt to the NIB and their net credit position at the banking system. During FY 2005/2006, the total debt of public economic authorities slightly rose by LE 0.2 billion, to reach LE 47.4 billion at end of June 2006, or 7.7% of GDP. The increase was a result of a fall in the net credit position of these authorities at the banking system by LE 8.3 billion (due to a drop in their deposits therewith by the same value) on the one hand, and a decline in their borrowings from the NIB by LE 8.1 billion, on the other.

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

<b>Balances at End of June</b>	<b>2005</b>		<b>2006</b>		<b>(LE bn)</b>
	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>	<b>Change + (-)</b>
<b>Total Debt</b>	<b>47.2</b>	<b>100.0</b>	<b>47.4</b>	<b>100.0</b>	<b>0.2</b>
-Net Balances at the banking system	-11.1	-23.5	-2.8	-5.9	8.3
• Credit facilities	23.4	49.8	23.4	49.4	-
• Deposits	-34.5	-73.3	-26.2	-55.3	8.3
-Borrowing from the NIB	58.3	123.5	50.2	105.9	(8.1)
Total Debt/GDP	8.8		7.7		

Source: Ibid

### **4/2/3: Debt of the National Investment Bank**

This debt represents the NIB's resources from the social insurance funds, the post office saving accounts, the proceeds of investment certificates and US dollar development bonds, less the debt owed by the government and the public economic authorities, as well as the Bank's credit balance at the banking system. NIB's resources (net) went up by some LE 34.7 billion during the year, to reach LE 351.2 billion at end of June 2006. This mainly resulted from the increase in the surpluses transferred to the NIB from both the Social Insurance Funds for Civil Servants and for Business Sectors Employees (public and private) by LE 22.4 billion, the proceeds of investment certificates and cumulative returns on investment certificates (group A) by LE 5.8 billion, and the post office saving accounts by LE 5.2 billion.

#### NIB Resources and Uses

<b>Balances at End of June</b>	<b>2005</b>		<b>2006</b>		<b>(LE bn)</b>
	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>	<b>Change + (-)</b>
<b><u>Resources</u></b>	<b><u>316.5</u></b>	<b><u>100.0</u></b>	<b><u>351.2</u></b>	<b><u>100.0</u></b>	<b><u>34.7</u></b>
-Social Insurance Fund for Civil Servants	122.9	38.8	135.7	38.7	12.8
-Social Insurance Fund for Business Sectors Employees (Public and Private)	96.1	30.4	105.7	30.1	9.6
-Investment certificate proceeds	58.5	18.5	64.1	18.3	5.6
-Cumulative returns on investment certificates (group A)	6.9	2.2	7.1	2.0	0.2
-Proceeds of US dollar development bonds	1.4	0.4	0.8	0.2	(0.6)
-Post office saving accounts	33.9	10.7	39.1	11.1	5.2
-NIB's account balances (net) at the banking system	-4.9	-1.5	-3.8	-1.1	1.1
- Others	1.7	0.5	2.5	0.7	0.8
<b><u>Uses</u></b>	<b><u>316.5</u></b>	<b><u>100.0</u></b>	<b><u>351.2</u></b>	<b><u>100.0</u></b>	<b><u>34.7</u></b>
- Government	143.8	45.4	142.6	40.6	(1.2)
- Public economic authorities	58.3	18.4	50.2	14.3	(8.1)
- Others	114.4	36.2	158.4	45.1	44.0
<b>- NIB debt (net) / GDP %</b>	<b>21.3</b>		<b>25.6</b>		

Source: Ibid

As for the NIB uses during the year, the Bank provided LE 44.0 billion (representing its net debt) for financing the activities of holding companies and their affiliates, and for concessional lending to different projects. On the other hand, the NIB's loans to finance the investments of the public economic authorities declined by LE 8.1 billion, and to government investments by LE 1.2 billion.

## **5- External Transactions**

### **5/1: Foreign Exchange Market**

Transactions in the foreign exchange market during FY 2005/2006 brought about a rise in resources by US\$ 11.2 billion to US\$ 29.7 billion, and in utilizations by US\$ 11.1 billion to US\$ 24.7 billion. This resulted in a surplus of US\$ 5.0 billion during the year under review. Such a surplus was largely supported by the surpluses resulting from the transactions of the CBE, public sector banks and exchange dealer companies.

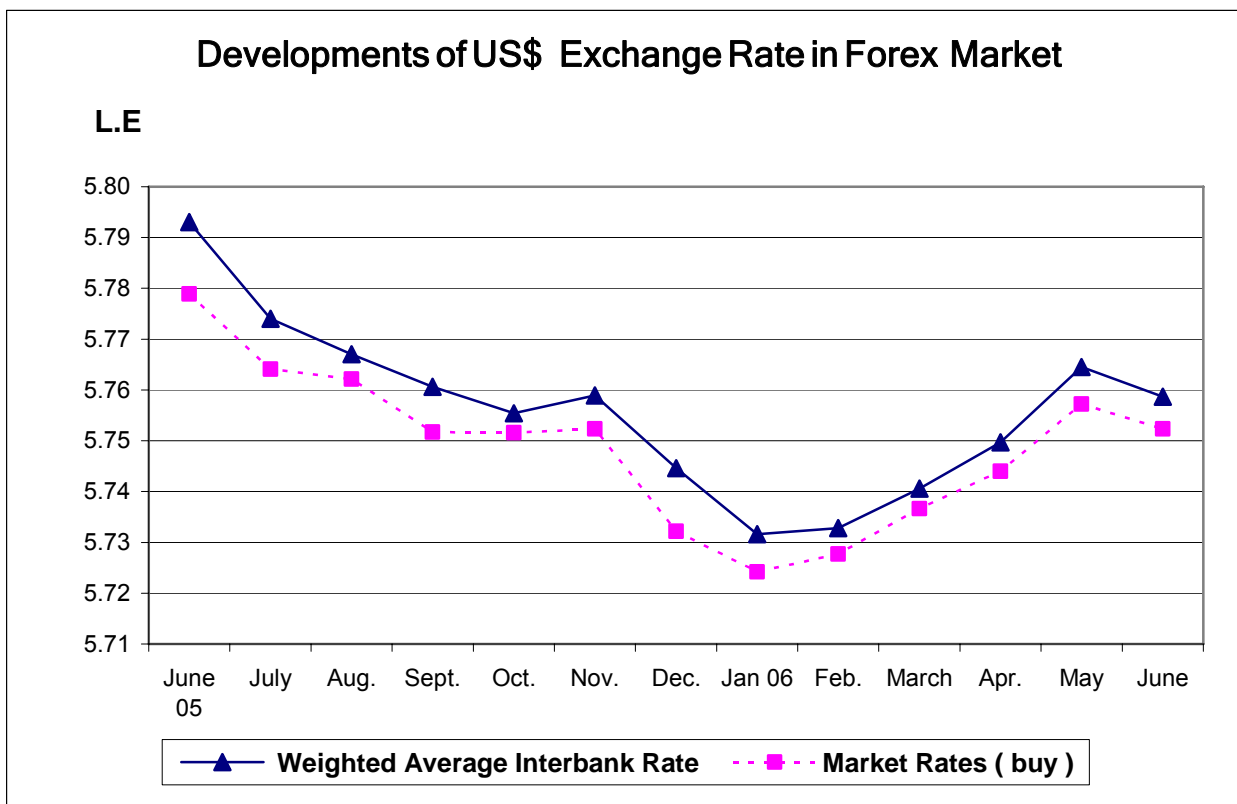
#### **Resources and Utilizations of the Foreign Exchange Market**

<b>During FYs</b>	<b>(US\$ mn)</b>	
<b>During FYs</b>	<b>2004/2005</b>	<b>2005/2006</b>
<b><u>Surplus/Deficit (-)</u></b>	<b><u>4950</u></b>	<b><u>5048</u></b>
The banking system	4536	4883
Exchange dealer companies	414	165
<b><u>Resources</u></b>	<b><u>18578</u></b>	<b><u>29727</u></b>
The banking system	17215	26852
Exchange dealer companies	1363	2875
<b><u>Utilizations</u></b>	<b><u>13628</u></b>	<b><u>24679</u></b>
The banking system	12679	21969
Exchange dealer companies	949	2710

Consequently, NIR at the CBE augmented by US\$ 3.6 billion during the year; to stand at US\$ 22.9 billion at end of June 2006, and kept on rising to register US\$ 24.9 billion at end of Nov. 2006.

Net foreign assets of banks (excluding the CBE) rose by US\$ 30.0 million to US\$ 4.3 billion at end of June 2006. However, the ratio of banks' assets to their liabilities in foreign currencies declined from 113.8% at end of June 2005 to 112.9% at end of June 2006, owing to a larger rise in their liabilities than their assets.

As for the exchange rate developments, the LE appreciated versus the US dollar by around 0.5% for market transactions, and 0.6% for interbank transactions. As such, the market rate of the US dollar (buy) retreated to LE 5.7523 at end of June 2006 (against LE 5.7789 at end of June 2005). Likewise, the weighted average of the US dollar exchange rate in the interbank market declined to LE 5.7587 against LE 5.7930.



## **5/2: Balance of Payments\***

### **5/2/1: Summary**

The BOP realized an overall surplus of US\$ 3.3 billion during FY 2005/2006 (against US\$ 4.5 billion during the previous FY), leading to an equivalent increase in the foreign currency reserve assets with the CBE. This was a result of the surplus of US\$ 1.8 billion realized on BOP current account (the outcome of the services surplus and net unrequited transfers, and the trade deficit), on the one hand, and the net inflow of US\$ 3.5 billion recorded in the capital and financial account transactions during the year under review, on the other.

Statistics of the current account shows that current receipts increased by US\$ 7.1 billion, reaching about US\$ 41.4 billion. This was ascribed to a rise of 33.4% in merchandise exports, 16.0% in services receipts and 13.8% in private transfers. Meanwhile, official transfers retreated by 45.9%. On the other hand, current payments went up by US\$ 8.3 billion to US\$ 39.7 billion, due to the rise of 25.8% in import payments and 28.7% in services payments.

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\* 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.

### Summary of Current Receipts and Payments

(US\$ mn)

	FYs				Change (-)
	2004/2005	%	2005/2006	%	
<b><u>Current Receipts</u></b>	<b><u>34290.8</u></b>	<b><u>100.0</u></b>	<b><u>41440.1</u></b>	<b><u>100.0</u></b>	<b><u>7149.3</u></b>
Export proceeds+	13833.4	40.3	18455.1	44.5	4621.7
Services receipts	15029.6	43.8	17437.9	42.1	2408.3
Private transfers (net)	4371.7	12.8	4975.4	12.0	603.7
Official transfers (net)	1056.1	3.1	571.7	1.4	(484.4)
<b><u>Current Payments</u></b>	<b><u>31380.2</u></b>	<b><u>100.0</u></b>	<b><u>39688.2</u></b>	<b><u>100.0</u></b>	<b><u>8308.0</u></b>
Import payments++	24192.8	77.1	30441.0	76.7	6248.2
Services payments	7187.4	22.9	9247.2	23.3	2059.8

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

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

It is to be noted that some of the indicators of external balance retreated as shown hereunder:

### Current Receipts/Payments Coverage Ratio

(%)

	FY	
	2004/2005	2005/2006
Merchandise exports/Merchandise imports	57.2	60.6
Services receipts/Services payments	209.1	188.6
Current receipts (excluding official transfers)/Current payments	105.9	103.0
Current receipts/Current payments	109.3	104.4

The net inflow of the capital and financial account during the year under review was mainly ascribed to the fact that foreign investment in Egypt (both direct and portfolio) realized a net inflow of US\$ 8.9 billion (against US\$ 4.7 billion). This was attributed to the rise in FDI in Egypt, to record a net inflow of US\$ 6.1 billion or 5.7% of GDP. This figure included net investments of US\$ 1.8 billion in the oil sector and the proceeds of selling local companies and institutions

to foreign investors for US\$ 0.9 billion (against a net inflow of US\$ 3.9 billion or 4.4% of GDP, including net investments in the oil sector of US\$ 2.5 billion and the proceeds of selling some local companies to foreigners for US\$ 0.4 billion). Moreover, portfolio investment in Egypt revealed a net inflow of US\$ 2.8 billion (concentrated in foreigners' subscriptions for Egyptian bonds and notes in the amount of US\$ 2.7 billion).

## Balance of Payments

(US\$ mn)

	<b>FY</b>	
	<b>2004/2005</b>	<b>2005/2006*</b>
<b><u>Current Account</u></b>	<b><u>2910.6</u></b>	<b><u>1751.9</u></b>
<b><u>Current Account (Excluding Transfers)</u></b>	<b><u>-2517.2</u></b>	<b><u>-3795.2</u></b>
<b><u>Trade Balance</u></b>	<b><u>-10359.4</u></b>	<b><u>-11985.9</u></b>
Exports**	13833.4	18455.1
Oil and products	5299.0	10222.4
Other exports	8534.4	8232.7
Imports**	-24192.8	-30441.0
Oil imports	-3975.3	-5359.2
Other imports	-20217.5	-25081.8
<b><u>Services Balance</u></b>	<b><u>7842.2</u></b>	<b><u>8190.7</u></b>
Receipts, of which:	15029.6	17437.9
Transportation, of which:	4259.6	4947.1
Suez Canal dues	3306.8	3558.8
Travel	6429.8	7234.6
Investment income	910.6	2001.8
Payments, of which:	-7187.4	-9247.2
Transportation	-902.4	-1214.9
Investment income	-1164.4	-1471.1
<b><u>Transfers</u></b>	<b><u>5427.8</u></b>	<b><u>5547.1</u></b>
Private (net)	4371.7	4975.4
Official (net)	1056.1	571.7
<b><u>Capital and Financial Account</u></b>	<b><u>3377.7</u></b>	<b><u>3511.3</u></b>
Capital accounts	0.0	-37.6
Financial accounts	3377.7	3548.9
Direct investment in Egypt (net)***	3901.8	6111.4
Direct investment abroad	-39.0	-145.3
Portfolio investment in Egypt (net)	831.1	2764.0+
Portfolio investment abroad	540.6	-729.1
Other investments (net)	-1856.8	-4452.1
<b><u>Errors and Omissions (Net)</u></b>	<b><u>-1810.6</u></b>	<b><u>-2009.8</u></b>
<b><u>Overall Balance</u></b>	<b><u>4477.7</u></b>	<b><u>3253.4</u></b>
<b><u>Change in Reserve Assets, Increase (-)++</u></b>	<b><u>-4477.7</u></b>	<b><u>-3253.4</u></b>

\* Preliminary figures.

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

\*\*\* Including FDI in the oil sector and the proceeds of selling local institutions to foreign investors equivalent to 10% or more of the institution's capital.

+ Including foreigners' subscriptions for Egyptian bonds and notes.

++ Increase takes the sign (-) as it represents an outflow, and vice versa.



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## **5/2/2: Trade Balance**

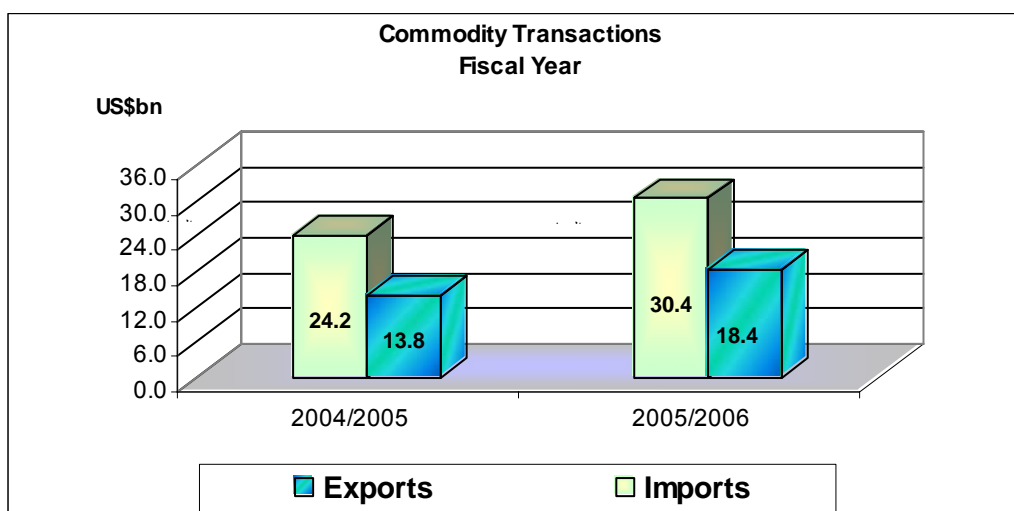
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The volume of trade (total value of export proceeds and import payments) between Egypt and the external world noticeably rose by 28.6% during FY 2005/2006, relative to the previous FY. Moreover, the index of economic openness (measured by external trade-to-GDP ratio) moved up to 45.5% (against 42.5%). Despite the sharp increase of 33.4% in Egyptian export proceeds, to reach US\$ 18.4 billion, import payments scaled up by 25.8%, reaching about US\$ 30.4 billion.

The growth in export proceeds was fuelled by strong oil exports (up by 92.9%, to register US\$ 10.2 billion or 55.4% of total export proceeds during the year under review). On the other hand, earnings of non-oil exports retreated to some US\$ 8.2 billion. Thus, the ratio of exports to GDP increased to 17.2% during the year (against 15.5% in the previous FY).

Import payments went up by US\$ 6.2 billion, reflecting higher import payments for all commodity groups. The pickup in import payments is explained by strong domestic demand on the one hand; and the international price hikes of some commodities, on the other. Imports of investment and intermediate goods represented 73.7% of the total increase in imports; a matter auguring well for economic growth prospects, as the said increase is expected to spur production. Also, import payments-to-GDP ratio went up to 28.4% (against 27.0%).

In the light of these developments, the trade deficit widened further by 15.7%, reaching about US\$ 12.0 billion or 11.2% of GDP. However, the ratio of merchandise export proceeds to merchandise import payments improved from 57.2% in the previous FY to 60.6% in the reporting year.



## 5/2/2/1: Commodity Structure of Exports and Imports

### A. Exports by Degree of Processing

Compared with the previous FY, the structure of merchandise exports during FY 2005/2006 shows that the bulk of the increase was in the proceeds of fuel, mineral oils and their products, as illustrated by the following table.

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

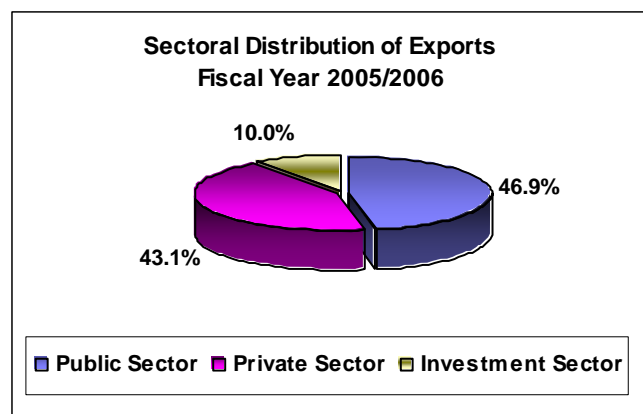
(US\$ mn)

	FYs				Change (-)
	2004/2005		2005/2006		
	Value	%	Value	%	
<b>Total</b>	<b><u>13833.4</u></b>	<b><u>100.0</u></b>	<b><u>18455.1</u></b>	<b><u>100.0</u></b>	<b><u>4621.7</u></b>
1-Fuel, mineral oils and products	5478.0	39.6	10429.5	56.5	4951.5
2-Raw materials	731.4	5.3	668.5	3.6	(62.9)
3-Semi-finished goods	776.3	5.6	1188.4	6.5	412.1
4-Finished goods	5347.7	38.7	5171.8	28.0	(175.9)
5-Miscellaneous items, unclassified	1500.0	10.8	996.9	5.4	(503.1)

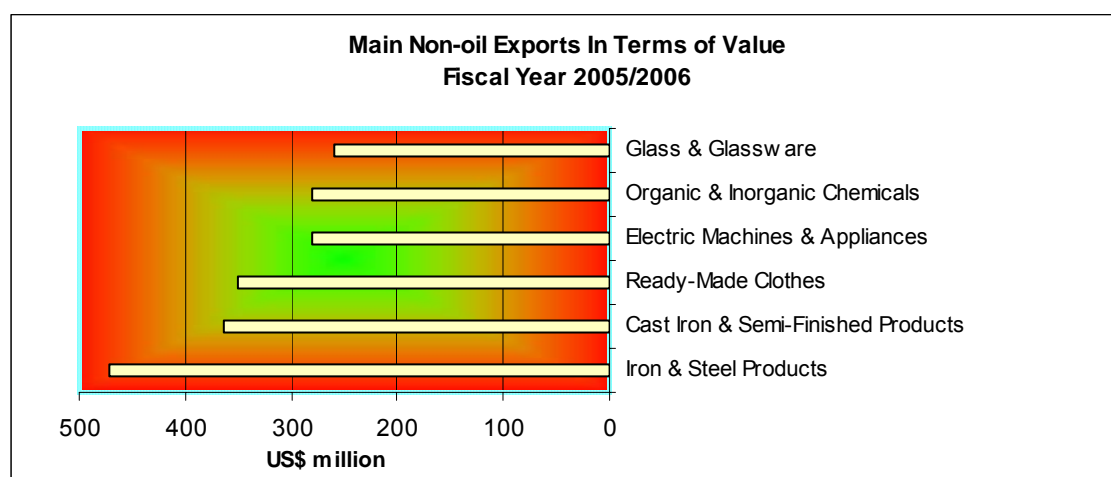
As to oil exports, they dramatically escalated by 92.9%, scoring about US\$ 10.2 billion, due to the significant rise in the exports of natural gas (especially liquefied gas) which reached some US\$ 2.5 billion or 51.3% of the total increase in oil exports. This was attributed in the first place to the full operation of most production stages of gas liquefaction projects in Egypt. Another contributing factor was the opening of new export markets for gas during the year, namely Spain, the USA, France, South Korea, Japan, the UK, Belgium, India and Italy, in order. Furthermore, crude oil export proceeds picked up by 65.9% to US\$ 3.2 billion, due to the rise in the volume of crude oil exports by 21.2% and average export prices from US\$ 31.4/barrel to US\$ 43.0/barrel. Moreover, the export proceeds of oil products went up by 41.5%, to reach US\$ 3.2 billion, thanks to the increase in the volume of exports by 9.6% and in average export prices from US\$ 371.9/ton to US\$ 480.1/ton. Bunker and jet fuel rose by 22.3%, to stand at US\$ 981.0 million during the year under review.

Non-oil export proceeds declined by 3.5% to US\$ 8.2 billion during the year under review. This was attributed to the decrease in the exports of cars, tractors and bicycles; iron and steel products; pharmaceuticals; aluminum products; cotton textiles; and ceramic products. However, this decline was offset by the pickup in the export proceeds of cast iron and its products; unalloyed aluminum; organic and inorganic chemicals; ready-made clothes; glass and products thereof; and tanned leather.

As to the sectoral distribution of export proceeds, the public sector came first, accounting for 46.9% of total export proceeds, of which 98.1% was oil exports. The private sector contributed 43.1% of total export proceeds, 63.7% of which represented finished goods. The investment sector came last, contributing 10.0%, of which 93.7% represented oil exports.



The general trend of these indices highlighted the need for all sectors (especially the public and investment sectors) to play a more effective role in promoting non-oil exports (especially finished goods) to diversify the exports structure.



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

Import payments recorded a rise of some US\$ 6.2 billion. Nearly 73.7% of this rise stemmed from investment and intermediate goods.

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

(US\$ mn)

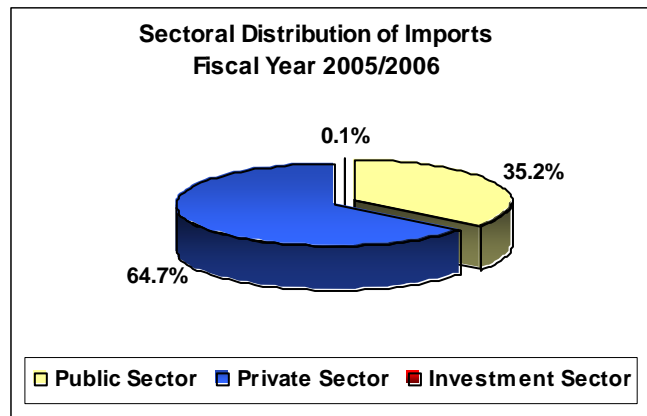
	<b><u>FYs</u></b>				<b>Change (-)</b>
	<b><u>2004/2005</u></b>		<b><u>2005/2006</u></b>		
	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>	
<b><u>Total</u></b>	<b><u>24192.8</u></b>	<b><u>100.0</u></b>	<b><u>30441.0</u></b>	<b><u>100.0</u></b>	<b><u>6248.2</u></b>
1- Fuel, mineral oils and products	2448.4	10.1	2598.5	8.5	150.1
2- Raw materials	4326.9	17.9	5175.9	17.0	849.0
3- Intermediate goods	6803.1	28.1	8415.6	27.7	1612.5
4- Investment goods	4894.5	20.2	7887.6	25.9	2993.1
5- Consumer goods	3201.9	13.3	3530.9	11.6	329.0
A. Durables	1052.5	4.4	983.6	3.2	(68.9)
B. Non-durables	2149.4	8.9	2547.3	8.4	397.9
6- Miscellaneous items, unclassified	2518.0	10.4	2832.5	9.3	314.5

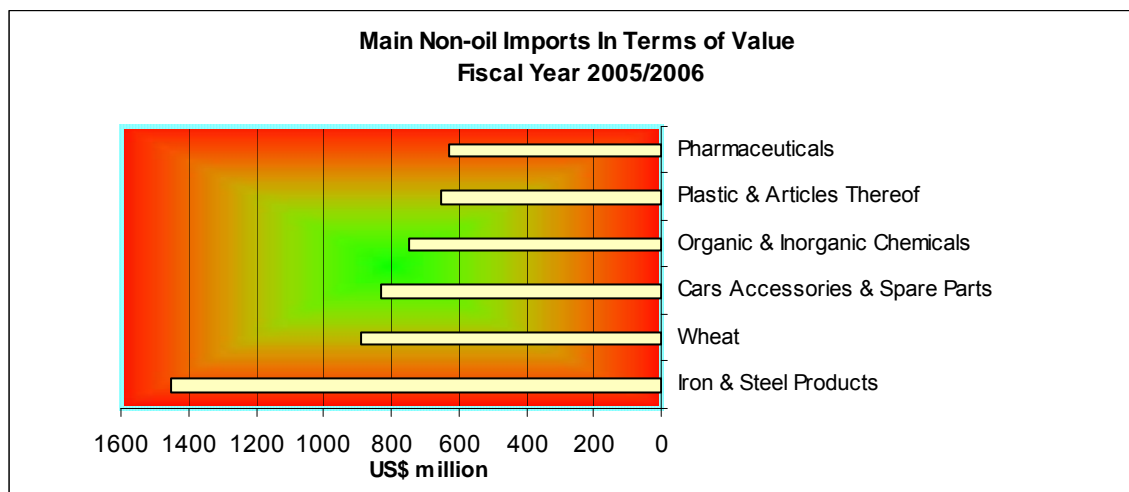
Non-oil imports reached US\$ 25.1 billion or 82.4% of total imports. An increase was noticed in the imports of iron and steel products; car accessories and spare-parts; vehicles for passengers; pharmaceuticals; and wood and articles thereof.

On the other hand, one of the main commodities that witnessed a decline was wheat, with its imports dropping by 19.8% (in value terms) during the year under review compared with the previous year, to post US\$ 887.8 million or 3.5% of total non-oil imports (against 5.5%). This decline was attributed to a larger domestic production of wheat in the last two years. Other imports that showed a decline were fertilizers; household electric appliances; maize; and greases, animal and vegetable fats and oils.

Oil imports, on the other hand, climbed by 34.8% to US\$ 5.4 billion or 17.6% of total import payments. This was mainly due to the dramatic increase in crude oil imports (73.5%), influenced by international price hikes and the vigorous domestic consumption of oil.

As to the sectoral distribution of total import payments, the private sector came first, importing chiefly crude oil and its products; iron and steel products; and wheat. The public sector came next, importing mainly crude oil and products, greases; animal and vegetable fats and oils and products; and agricultural equipment. The investment sector came last, with its imports concentrating in iron and steel products; plastic and articles thereof; ceramic products; and pharmaceuticals.





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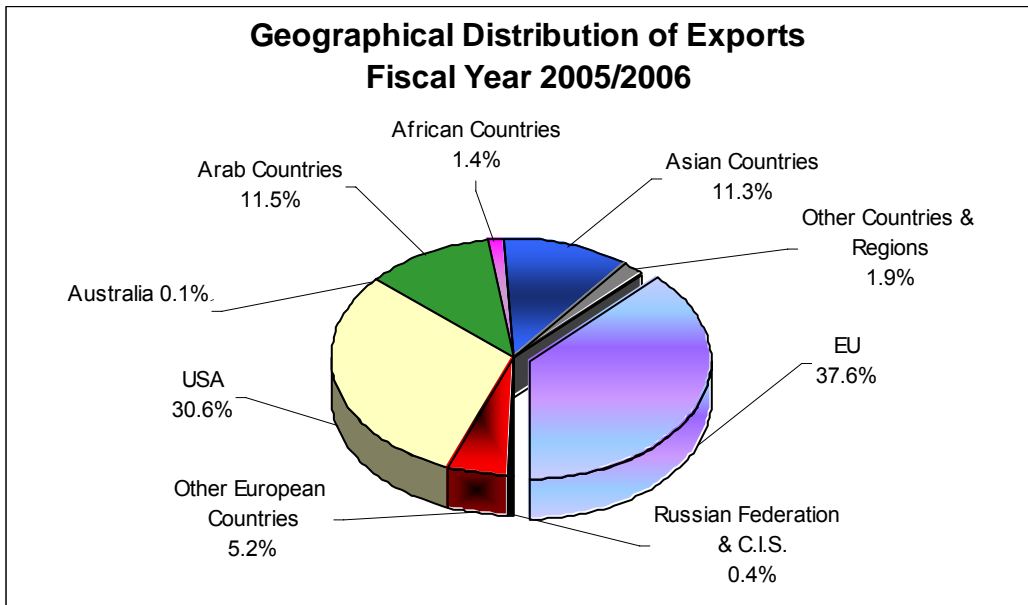
### **5/2/2/2: Geographical Distribution of Export Proceeds and Import Payments**

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Regarding the geographical distribution of exports, EU countries ranked first, absorbing the bulk of US\$ 6.9 billion or 37.6% of total Egyptian exports during FY 2005/2006. The group was headed by Italy, followed by Spain, France, the UK, the Netherlands and Germany, with a combined share of 91.0% of total exports to the EU.

The USA came second (US\$ 5.6 billion or 30.6% of total exports). The group of Arab countries followed (US\$ 2.1 billion or 11.5%). At the top of this group came the UAE, followed by Saudi Arabia, then Jordan, Lebanon and Tunisia. Overall, exports to these countries represented 64.8% of total exports to the Arab countries.

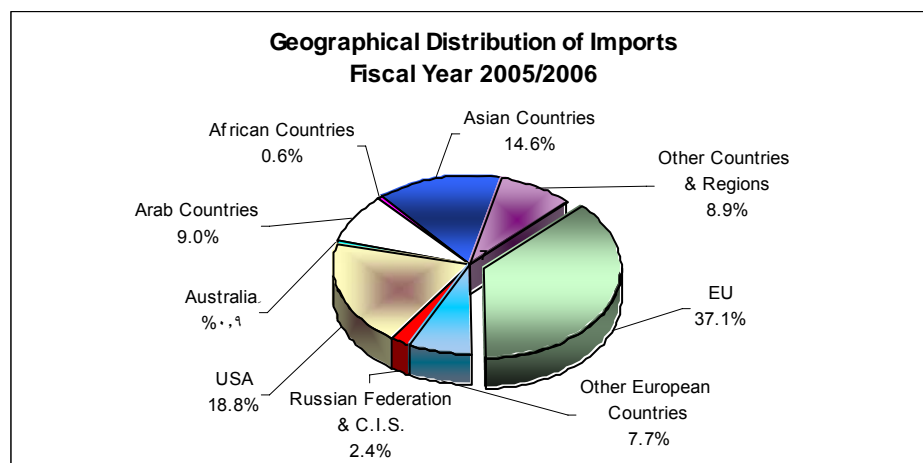
Egyptian exports to Asian countries recorded US\$ 2.1 billion or 11.3% of the total, with India topping the group, followed by South Korea, Hong Kong, Japan and Singapore (accounting for 89.8%). The shares of African and other European countries were limited to 1.4% and 5.2%, respectively.



Turning to Egypt's imports, the EU countries remained the major exporter to Egypt, as imports therefrom registered US\$ 11.3 billion or 37.1% of total import payments. The UK topped this group, followed by Germany, France, Italy and the Netherlands (80.4% of total imports).

Imports from the USA came second, accounting for US\$ 5.7 billion or 18.8% of total import payments. Asian countries ranked third, with US\$ 4.4 billion or 14.6% of the total. China headed this group, followed by Japan, South Korea, India and Malaysia (74.9%).

Imports from the Arab countries accounted for US\$ 2.7 billion or 9.0% of the total, chiefly from the UAE followed by Saudi Arabia, Algeria, Kuwait and Bahrain (contributing 76.1%). The other European countries shared with US\$ 2.3 billion or 7.7% (of which imports from Switzerland and Turkey represented 88.0%).



### Geographical Distribution of Merchandise Transactions

(US\$ mn)

	<u>FYs</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><u>13833.4</u></b>	<b><u>18455.1</u></b>	<b><u>24192.8</u></b>	<b><u>30441.0</u></b>	<b><u>(10359.4)</u></b>	<b><u>(11985.9)</u></b>
	<b>%</b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>	
EU	5144.1	6948.0	7849.0	11289.4	(2704.9)	(4341.4)
	%	37.2	37.6	32.4	37.1	
Other European Countries	752.9	964.5	1972.7	2340.1	(1219.8)	(1375.6)
	%	5.4	5.2	8.2	7.7	
Russian Federation and CIS	57.6	68.7	548.2	744.8	(490.6)	(676.1)
	%	0.4	0.4	2.3	2.4	
USA	4625.1	5644.3	5220.2	5737.1	(595.1)	(92.8)
	%	33.4	30.6	21.6	18.8	
Arab Countries	1557.7	2125.2	2133.6	2735.7	(575.9)	(610.5)
	%	11.3	11.5	8.8	9.0	
Asian Countries	1379.7	2094.0	3603.6	4444.8	(2223.9)	(2350.8)
	%	10.0	11.3	14.9	14.6	
African Countries	182.4	251.3	148.0	176.5	34.4	74.8
	%	1.3	1.4	0.6	0.6	
Australia	11.7	16.9	127.2	277.1	(115.5)	(260.2)
	%	0.1	0.1	0.5	0.9	
Other Countries & Regions	122.2	342.2	2590.3	2695.5	(2468.1)	(2353.3)
	%	0.9	1.9	10.7	8.9	



### **5/2/3: Services Balance and Transfers**

The balance of services realized a surplus of US\$ 8.2 billion, or 7.6% of GDP during FY 2005/2006 (against US\$ 7.8 billion and 8.8% of GDP during the previous FY). This surplus was an outcome of a rise of US\$ 2.4 billion or 16.0% in service receipts (to reach US\$ 17.4 billion), exceeding as such the rise of US\$ 2.1 billion in service payments (to post US\$ 9.2 billion).

#### **Balance of Services**

	(US\$ mn)		
	<u>FYs</u>		Change (-)
	2004/2005	2005/2006	
<b><u>Services Balance</u></b>	<b><u>7842.2</u></b>	<b><u>8190.7</u></b>	<b><u>348.5</u></b>
<b><u>Receipts</u></b>	<b><u>15029.6</u></b>	<b><u>17437.9</u></b>	<b><u>2408.3</u></b>
Transportation	4259.6	4947.1	687.5
Travel (tourism revenues)	6429.8	7234.6	804.8
Investment income	910.6	2001.8	1091.2
Government receipts	157.2	358.2	201.0
Other receipts	3272.4	2896.2	(376.2)
<b><u>Payments</u></b>	<b><u>7187.4</u></b>	<b><u>9247.2</u></b>	<b><u>2059.8</u></b>
Transportation	902.4	1214.9	312.5
Travel	1438.3	1619.6	181.3
Investment income	1164.4	1471.1	306.7
Government payments	656.6	1319.9	663.3
Other payments	3025.7	3621.7	596.0

Concerning services receipts, travel receipts\* (tourism revenues) rose by 12.5%, to reach US\$ 7.2 billion, representing 6.7% of GDP or 41.5% of total services receipts. This highlights the key role played by tourism revenues in generating the services surplus, and in turn the need to exert more efforts at home and abroad to promote tourism. The increase in tourism revenues was an outcome of the rise in the average tourist spending per night from US\$ 75/night during 2004/2005 to US\$ 85/night during the year under review on the one hand, and the decline in the number of tourist nights from 85.7 million to 85.1 million, on the

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

other. Transportation receipts stepped up by 16.1%, mainly because of a rise in the receipts from the Suez Canal dues by 7.6%, to post US\$ 3.6 billion (standing for 3.3% of GDP or 20.4% of total services receipts). This came as a result of the higher number of transiting ships and the increased net tonnage, in addition to the 3% raise in Suez Canal tolls, effective as of March 2006. Investment income significantly climbed to US\$ 2.0 billion, affected by the increase in interest on deposits abroad (especially the interest collected through the banking system due to the rise in foreign assets) and the increase in interest rates in international markets. Concurrently, direct investment income escalated and government receipts rose to US\$ 0.4 billion, because of larger expenses of foreign embassies and international institutions in Egypt. Other receipts\*\* retreated by 11.5%, due above all to the decline in the receipts from communications and insurance services; and the invisible receipts of the oil sector.

As for the 28.7% rise in services payments, all items were unexceptionally behind it. Transportation payments went up by 34.6%, to reach US\$ 1.2 billion, because of the rise in the services payments of SUMED pipeline, the amounts transferred abroad by foreign aviation and navigation companies and Egyptian navigation companies. Government expenditures doubled to US\$ 1.3 billion and the payments of investment income scaled up by 26.3%, owing to the rise in the profit transfers of foreign oil companies operating in Egypt to abroad and the external transfers of portfolio investment income. Likewise, travel payments moved up by 12.6%, as an outcome of higher external payments of tourist companies and hotels, as well as larger expenses of tourism and medical treatment abroad. Other payments\*\*\* rose by 19.7%, because of the pickup in the amounts transferred abroad by Egyptian and foreign oil companies, along with higher securities brokerage commissions and the rise in the payments for insurance services.

In light of these developments, services surplus as a percentage of trade deficit decreased to 68.3% during the year under review, from 75.7% in the previous FY.

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\*\* Their main components are: receipts of communications services; receipts of foreign companies; legal fees and consultation expenses; commissions and expenses of agencies and invisible receipts of the oil sector.

\*\*\* Their main components are transfers abroad by Egyptian and foreign companies, service payments for construction & contracting, and communications services.

Net unrequited transfers rose by 2.2% to US\$ 5.6 billion, constituting 13.4% of current receipts and 5.2% of GDP. Such a rise was mainly a reflection of the 13.8% increase in private transfers (essentially in workers' remittances that went up by 16.3%). Conversely, official transfers rolled back by 45.9% to only US\$ 0.6 billion.

### Unrequited Transfers

(US\$ mn)

	<b>FY</b>		<b>Change (-)</b>
	<b>2004/2005</b>	<b>2005/2006</b>	
<b>Total</b>	<b><u>5427.8</u></b>	<b><u>5547.1</u></b>	<b><u>119.3</u></b>
<b>1- Official Transfers (Net)</b>	<b><u>1056.1</u></b>	<b><u>571.7</u></b>	<b><u>-484.4</u></b>
- Inward cash grants	436.2	190.2	-246.0
- Other inward grants	653.4	409.6	-243.8
- Outward grants	-33.5	-28.1	5.4
<b>2- Private Transfers (Net)</b>	<b><u>4371.7</u></b>	<b><u>4975.4</u></b>	<b><u>603.7</u></b>
- Workers' remittances	4329.5	5034.2	704.7
- Other transfers	61.3	48.1	-13.2
- Foreigners' transfers abroad	-19.1	-106.9	-87.8

### 5/2/4: Capital and Financial Account

Capital and financial account revealed a net inflow of US\$ 3.5 billion during FY 2005/2006 (against US\$ 3.4 billion in the previous FY). This was brought about by many factors, the most important of which are the following:

- Foreign investment in Egypt (direct\* and portfolio\*\*) achieved a total inflow of US\$ 24.4 billion and a total outflow of US\$ 15.5 billion (against US\$ 8.2 billion and US\$ 3.5 billion, respectively). Consequently, net foreign investment in Egypt moved up, registering a net inflow of US\$ 8.9 billion, including net FDI in the amount of US\$ 6.1 billion (5.7% of GDP). Of the US\$ 6.1 billion realized in net FDI, net investments in the oil sector

\* Representing total flows of FDI in Egypt, less capital repatriation. It includes the foreign investors' equity participation in local enterprises which equals 10% or more of the capital of any enterprise.

\*\*Representing foreigners' net portfolio (according to the CMA statement), after excluding foreign investors' equity participation in local enterprises, which equals or exceeds 10% of the capital of any enterprise. Included also is the data of dealing in Egyptian notes and bonds.

accounted for US\$ 1.8 billion and the proceeds of selling some local companies to foreign investors for US\$ 0.9 billion). Comparison-wise, a net inflow was realized in the amount of US\$ 4.7 billion (including net FDI of US\$ 3.9 billion, representing 4.4% of GDP) in the previous corresponding period.

Net portfolio investment in Egypt reached US\$ 2.8 billion, including net purchases of banks and insurance companies in Egypt of US\$ 1.7 million of dollar-denominated sovereign bonds during the year, against net sales of about US\$ 25.9 million during the year of comparison. Net portfolio investment also included foreigners' net portfolio on the Egyptian Stock Exchange that revealed net purchases of US\$ 73.8 million against US\$ 805.2 million.

It is worth noting that portfolio investments included foreigners' subscriptions for other Egyptian notes and bonds at a value of US\$ 2.7 billion during the year.

- Net outflow of other assets and liabilities (representing the change in both foreign assets and liabilities of banks, the CBE non-reserve foreign assets, and the counterpart of some items listed in the current account) increased to US\$ 5.9 billion during the year under review (against US\$ 2.9 billion during the year of comparison).
- Medium- and long-term loans and facilities achieved a net repayment of US\$ 1.0 billion during FY 2005/2006 (against US\$ 1.3 billion). This was because total repayments increased to US\$ 2.4 billion (against US\$ 2.1 billion), exceeding the rise in total disbursements that reached US\$ 1.4 billion (against US\$ 0.8 billion).

## Capital and Financial Transactions

(US\$ mn)

	<b>FYs</b>	
	<b>2004/2005</b>	<b>2005/2006*</b>
<b><u>Capital and Financial Transactions</u></b>	<b><u>3377.7</u></b>	<b><u>3511.3</u></b>
Capital transactions	0.0	-37.6
Financial transactions	3377.7	3548.9
<b><u>Direct Investment Abroad</u></b>	<b><u>-39.0</u></b>	<b><u>-145.3</u></b>
<b><u>Direct Investment in Egypt (Net)</u></b>	<b><u>3901.8</u></b>	<b><u>6111.4</u></b>
<b><u>Portfolio Investment Abroad</u></b>	<b><u>540.6</u></b>	<b><u>-729.1</u></b>
<b><u>Portfolio Investment in Egypt (Net); of which:</u></b>	<b><u>831.1</u></b>	<b><u>2764.0</u></b>
Bonds**	<u>25.9</u>	<u>2690.2</u>
<b><u>Other Investments (Net)</u></b>	<b><u>-1856.8</u></b>	<b><u>-4452.1</u></b>
<b><u>-Disbursements</u></b>	<b><u>3124.3</u></b>	<b><u>3875.5</u></b>
Medium- and long-term loans	727.9	795.6
International and regional institutions	617.2	606.8
Bilateral loans	110.7	188.8
Suppliers' and buyers' credit, medium- and long-term	86.2	625.4
Suppliers' and buyers' credit, short-term (net)	2310.2	2454.5
<b><u>- Repayments</u></b>	<b><u>-2123.7</u></b>	<b><u>-2449.7</u></b>
Medium- and long-term loans	-1511.7	-1723.1
International institutions	-654.5	-849.5
Bilateral loans	-857.2	-873.6
Suppliers' and buyers' credit, medium- and long-term	-612.0	-726.6
<b><u>- Other Assets</u></b>	<b><u>-3180.0</u></b>	<b><u>-5102.8</u></b>
CBE	23.0	3.3
Banks	-2171.6	-4197.7
Others	-1031.4	-908.4
<b><u>- Other Liabilities</u></b>	<b><u>322.6</u></b>	<b><u>-775.1</u></b>
CBE	0.0	2.2
Banks	322.6	-777.3

\* Preliminary figures.

\*\* US dollar-denominated bonds of the Egyptian government, issued pursuant to Law No. 147 for 2001, guaranteed by the Public Treasury, 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 a cost of 7.625%, and 10- year bonds at a nominal value of US\$ 1 billion and a cost of 8.75%. During FY 2005/2006, foreigners subscribed for other Egyptian notes and bonds in an amount of US\$ 2.8 billion.

### **5/3- International Finance**

Inflow of resources continued, as shown by international finance data, with net inflows rising by US\$ 2.7 billion to US\$ 10.0 billion during FY 2005/2006 (against US\$ 7.3 billion during the previous FY). This was ascribed to a rise in net foreign investment in Egypt (direct and portfolio) to achieve net inflows of US\$ 8.9 billion during the year under review (against US\$ 4.7 billion during the previous FY). The increase in both net FDI in Egypt (inflow) to US\$ 6.1 billion (against US\$ 3.9 billion) and net portfolio investment in Egypt to US\$ 2.8 billion (of which US\$ 1.25 billion were the value of guaranteed bonds issued by the government in September 2005) were behind the rise in net foreign investment in Egypt.

Concerning medium- and long-term loans and facilities, net repayments reached US\$ 1.0 billion (against US\$ 1.3 billion).

## Net Resource Flows

			(US\$ mn)	
		<u>FYs</u>		Change
		2004/2005	2005/2006 <sup>+</sup>	
<b><u>Total Net Flows</u></b>		<b><u>7291.2</u></b>	<b><u>9998.5</u></b>	<b><u>2707.3</u></b>
<b><u>- External Debt</u></b>		<b><u>1000.6</u></b>	<b><u>1425.8</u></b>	<b><u>425.2</u></b>
• <b>Bilateral loans</b>		<b>-746.5</b>	<b>-684.8</b>	<b>61.7</b>
Disbursements		110.7	188.8	78.1
Principal repayments		-857.2	-873.6	(16.4)
• <b>International organizations' loans</b>		<b>-37.3</b>	<b>-242.7</b>	<b>(205.4)</b>
Disbursements		617.2	606.8	(10.4)
Principal repayments		-654.5	-849.5	(195.0)
• <b>Medium- and long-term suppliers' &amp; buyers' credit</b>		<b>-525.8</b>	<b>-101.2</b>	<b>424.6</b>
Disbursements		86.2	625.4	539.2
Principal repayments		-612.0	-726.6	(114.6)
• <b>Short-term suppliers' &amp; buyers' credit (Net)</b>		<b>2310.2</b>	<b>2454.5</b>	<b>144.3</b>
<b><u>- Official Grants (Net)</u></b>		<b><u>1056.1</u></b>	<b><u>571.7</u></b>	<b><u>(484.4)</u></b>
<b><u>- Direct Investment in Egypt (Net)<sup>++</sup></u></b>		<b><u>3901.8</u></b>	<b><u>6111.4</u></b>	<b><u>2209.6</u></b>
<b><u>- Direct Investment Abroad</u></b>		<b><u>-39.0</u></b>	<b><u>-145.3</u></b>	<b><u>(106.3)</u></b>
<b><u>- Portfolio Investment in Egypt (Net), of which:</u></b>		<b><u>831.1</u></b>	<b><u>2764.0</u></b>	<b><u>1932.9</u></b>
• Bonds		25.9	2690.2	2664.3
<b><u>- Portfolio Investment Abroad</u></b>		<b><u>540.6</u></b>	<b><u>-729.1</u></b>	<b><u>(1269.7)</u></b>

+ Provisional

++ Representing total flows of FDI to Egypt, less capital repatriation, and including net FDI of US\$ 1.8 billion in the oil sector (against US\$ 2.5 billion ) and the proceeds of selling local production assets to foreign investors of US\$ 0.9 billion (against US\$ 0.4 billion)

Net resource transfers (net flows less interest payments and profit transfers) achieved an inflow of US\$ 8.5 billion, during FY 2005/2006, (against US\$ 6.1 billion). This was attributed to a pickup in net resource inflows by US\$ 2.7 billion to US\$ 10.0 billion. However, this was offset by the rise in total outflows in the amount of US\$ 0.3 billion to US\$ 1.5 billion (mainly in the profits of both FDI and portfolio investment).

## Net Resource Transfers from Abroad

(US\$ mn)

	<u>FYs</u>	
	2004/2005	2005/2006
<b><u>Net Resources from Abroad</u></b>	<b><u>6126.8</u></b>	<b><u>8539.4</u></b>
<b><u>- Net Inflows</u></b>	<b><u>7291.2</u></b>	<b><u>9998.5</u></b>
<b><u>- Outflows (interest payments and profit transfers)</u></b>	<b><u>-1164.4</u></b>	<b><u>-1459.1</u></b>
<b>1-External Loans and Facilities</b>	<b>-532.5</b>	<b>-518.3</b>
• Bilateral loans	-347.8	-317.1
• International organizations' loans	-145.2	-150.7
• Suppliers' and buyers' credit	-39.5	-50.5
<b><u>2- Interest on Deposits at Egyptian Banks</u></b>	<b><u>-51.2</u></b>	<b><u>-56.2</u></b>
<b><u>3- Profit Transfers of Foreign Direct Investment</u></b>	<b><u>-464.9</u></b>	<b><u>-694.1</u></b>
<b><u>4- Profit Transfers of Portfolio Investment</u></b>	<b><u>-115.8</u></b>	<b><u>-190.5</u></b>

### 5/3/1: FDI in Egypt

As a reflection of the stability of the investment climate in Egypt, net FDI significantly increased during FY 2005/2006, to reach US\$ 6.1 billion (against US\$ 3.9 billion). This was ascribed to a rise in total FDI inflows, to post US\$ 9.1 billion (against US\$ 4.1 billion). Specifically, flows from the USA mounted by US\$ 2.5 billion to US\$ 4.6 billion and from the EU countries by US\$ 2.1 billion to US\$ 2.9 billion (mainly from the UK, France, Spain and Greece). Moreover, flows from the Arab countries stepped up by US\$ 340.9 million to US\$ 554.5 million (against US\$ 213.6 million). By contrast, flows from the rest of the world decreased by US\$ 16.9 million.

During FY 2005/2006, capital repatriation amounted to US\$ 3.0 billion (against US\$ 0.2 billion during the previous FY).



## FDI in Egypt

(US\$ mn)

	FYs		Change (-)
	2004/2005	2005/2006	
<b><u>FDI Flows in Egypt (Net)</u></b>	<b><u>3901.8</u></b>	<b><u>6111.4</u></b>	<b><u>2209.6</u></b>
<b><u>Inflows</u></b>	<b><u>4134.5</u></b>	<b><u>9097.9</u></b>	<b><u>4963.4</u></b>
<b>USA</b>	<b>2040.1</b>	<b>4553.5</b>	<b>2513.4</b>
<b>EU</b>	<b>813.9</b>	<b>2939.9</b>	<b>2126.0</b>
Germany	42.0	113.6	71.6
France	338.8	565.7	226.9
UK	50.1	1724.7	1674.6
Italy	15.6	20.2	4.6
The Netherlands	218.9	8.4	(210.5)
Portugal	116.5	0.0	(116.5)
Greece	25.6	140.2	114.6
Spain	5.2	361.4	356.2
Others	6.4	5.7	(0.7)
<b>Arab Countries</b>	<b>213.6</b>	<b>554.5</b>	<b>340.9</b>
Saudi Arabia	32.4	99.0	66.6
UAE	40.6	63.0	22.4
Bahrain	29.5	65.6	36.1
Kuwait	17.2	72.5	55.3
Oman	70.1	0.0	(70.1)
Qatar	2.0	6.4	4.4
Lebanon	20.8	233.6	212.8
Others	1.0	14.4	13.4
<b>Other Countries</b>	<b>1066.9</b>	<b>1050.0</b>	<b>(16.9)</b>
Switzerland	40.3	78.3	38.0
Japan	60.4	4.2	(56.2)
Singapore	19.0	2.7	(16.3)
Canada	10.3	0.8	(9.5)
Australia	11.6	6.3	(5.3)
Others	925.3	957.7	32.4
<b><u>Capital Repatriation</u></b>	<b><u>-232.7</u></b>	<b><u>-2986.5</u></b>	<b><u>(2753.8)</u></b>

### 5/3/2: External Official Grants

Net transfers of official grants reached US\$ 0.6 billion during FY 2005/2006 (against US\$ 1.1 billion), with a decrease of US\$ 0.5 billion or 45.9%.

### Transfers of External Official Grants

	FYs		Change
	2004/2005	2005/2006	
<b>Official Grant Transfers (Net)</b>	<b>1056.1</b>	<b>571.7</b>	<b>(484.4)</b>
- Inward cash grants	436.2	190.2	(246.0)
- Other inward grants	653.4	409.6	(243.8)
- Outward grants	-33.5	-28.1	5.4

According to the Ministry of International Cooperation, total grant commitments during the year declined by US\$ 321.3 million or 51.4%, to reach US\$ 303.7 million. This was mainly ascribed to the steep fall in the value of commitments with the USA. In addition, no commitments were made with the US Agency for International Development, the European Investment Bank or Germany. However, commitments with the European Union and Japan increased.

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

FYs	New Commitments		Actual Flows	
	2004/2005	2005/2006	2004/2005	2005/2006
	<b>Net Inflows</b>			<b>1056.1</b>
<b>Inflows</b>	<b>625.0</b>	<b>303.7</b>	<b>1089.6</b>	<b>599.8</b>
USA	280.6	124.1	815.6	378.1
Japan	3.7	22.3	33.1	21.7
Germany	29.2		205.8	35.9
UK			2.4	3.1
The Netherlands				
Italy			3.3	3.1
Belgium			22.9	155.1
Finland	4.1	0.6		
Austria			3.2	0.1
Denmark	5.2			
Canada	15.2	14.1	0.9	2.7
China		9.9		
Saudi Arabia			1.8	
Kuwait			0.6	
EU	82.7	124.4		
US Agency for International Development	119.6			
Arab Fund for Economic and Social Development		6.7		
European Investment Bank	76.5			
Canadian International Development Agency (CIDA)	6.4			
Kuwaiti Fund for Development	1.8	1.0		
World Bank		0.6		
<b>Outflows</b>			<b>-33.5</b>	<b>-28.1</b>

A breakdown of the decline of US\$ 321.3 million in grant commitments at sectoral level shows that the services was the main affected sector, with commitments thereto decreasing by US\$ 424.4 million during FY 2005/2006. This was an outcome of the fall in the value of commitments for the general government sector. In addition, no commitments were made for the sectors of wholesale and retail trade, or for financial intermediaries and supporting services. However, commitments for the productive sectors increased by US\$ 103.3 million to US\$ 128.9 million (mainly for agriculture and irrigation).

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

	(US\$ mn)			
	FYs			
	2004/2005	%	2005/2006	%
<b>Total</b>	<b><u>625.0</u></b>	<b><u>100.0</u></b>	<b><u>303.7</u></b>	<b><u>100.0</u></b>
<b>Productive Sectors:</b>	<b><u>25.6</u></b>	<b><u>4.1</u></b>	<b><u>128.9</u></b>	<b><u>42.4</u></b>
- Agriculture and irrigation	6.1	1.0	103.9	34.2
- Manufacturing			2.6	0.9
- Potable water and sanitary sewage	13.0	2.1	22.4	7.4
- Construction and building	6.5	1.0		
<b>Services Sectors:</b>	<b><u>599.4</u></b>	<b><u>95.9</u></b>	<b><u>174.8</u></b>	<b><u>57.6</u></b>
- Transportation, communication, information and Suez Canal			5.6	1.8
- Wholesale and retail trade	200.0	32.0		
- Financial intermediaries and supporting services	87.5	14.0		
- General government	214.0	34.2	56.8	18.7
- Education and health	92.7	14.8	102.4	33.7
- Others	5.2	0.8	10.0	3.3

**5/3/3: External Debt**

At end of June 2006, the balance of external debt (public and private) with all maturities (denominated in US dollar), amounted to US\$ 29.6 billion, or 27.6% of GDP, up by US\$ 0.6 billion over the end of June 2005. This was a result of two main factors. First, there was a net disbursement of US\$ 0.4 billion of loans and

facilities, as an outcome of disbursements of US\$ 3.1 billion and repayments of only US\$ 2.7 billion. Second, there was a revaluation effect of about US\$ 0.2 billion, following the appreciation of most currencies of borrowing versus the US dollar.

Medium- and long-term external debt reached about US\$ 28.0 billion or 94.5% of the total debt at end of June 2006. Of this amount, US\$ 19.8 billion (66.9% of the total) were owed to Paris Club members in the form of bilateral loans (rescheduled or non-rescheduled) and suppliers' and buyers' credit. Debt due to countries other than Paris Club members amounted to US\$ 0.7 billion or 2.4%. Moreover, debts due to international and regional organizations reached US\$ 5.2 billion, constituting 17.6% of the total, (95.2% of which was owed by the public sector). The balance of Egyptian bonds and notes (holdings of non-residents) reached US\$ 1.9 billion or 6.3% of total external debt, (of which, government bonds and notes (guaranteed) accounted for US\$ 1.3 billion and dollar-denominated sovereign bonds for US\$ 0.6 billion). Moreover, long-term deposits amounted to US\$ 0.3 billion or 1.0%, while the non-guaranteed debts of the private sector registered US\$ 0.1 billion or 0.3%.

The balance of short-term debt posted US\$ 1.6 billion or 5.5%, of which 55.4% was owed by the private sector.

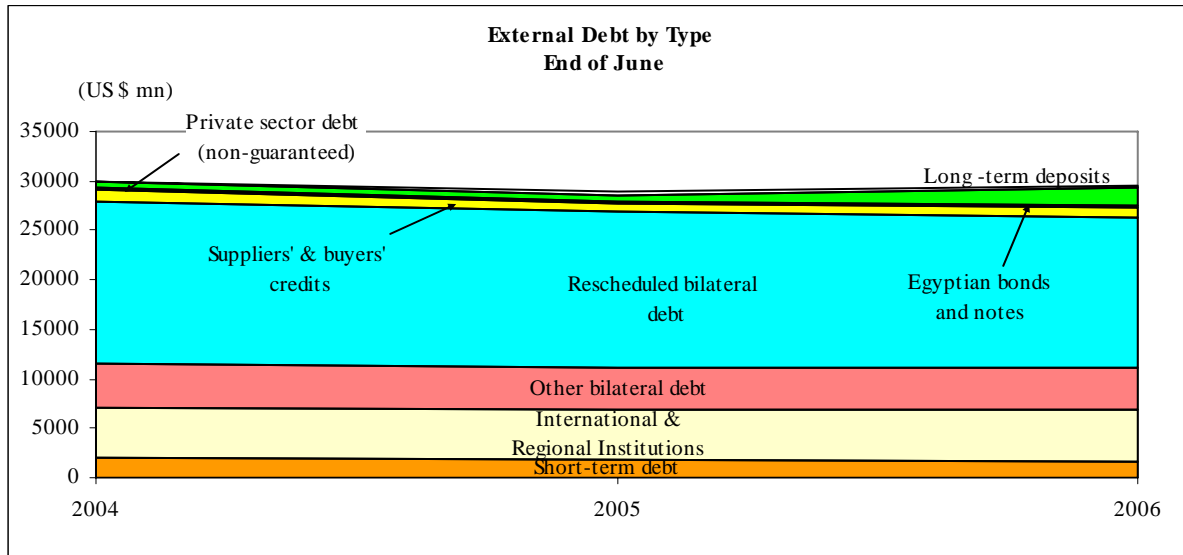
### Structure of External Debt by Maturity

(US\$ mn)

Balances at End of June	2005		2006		Change (-)
	Value	Relative Importance	Value	Relative Importance	
<b>Total External Debt</b>	<b>28948.8</b>	<b>100.0</b>	<b>29592.6</b>	<b>100.0</b>	<b>643.8</b>
1- Medium- and long-term debts	27094.0	93.6	27959.6	94.5	865.6
- Rescheduled bilateral loans	15734.1	54.4	15229.0	51.5	(505.1)
• Concessional	7836.4	27.1	7610.6	25.7	(225.8)
• Non-concessional	7897.7	27.3	7618.4	25.8	(279.3)
- Other bilateral loans	4291.3	14.8	4295.5	14.5	4.2
• Paris Club countries	3529.9	12.2	3590.4	12.1	60.5
• Other countries	761.4	2.6	705.1	2.4	(56.3)
- International and regional organizations	5058.2	17.5	5205.0	17.6	146.8
- Suppliers' and buyers' credit	781.6	2.7	979.5	3.3	197.9
- Egyptian bonds and notes	613.6	2.1	1861.9*	6.3	1248.3
- Long-term deposits	500.0	1.7	300.0	1.0	(200.0)
- Debt of the private sector (non-guaranteed)	115.2	0.4	88.7	0.3	(26.5)
2- Short-term loans	1854.8	6.4	1633.0	5.5	(221.8)
• Deposits	819.3	2.8	633.1	2.1	(186.2)
• Facilities	1035.5	3.6	999.9	3.4	(35.6)

\* The nominal value of the dollar-denominated sovereign bonds reached US\$ 1500 million. Following resident financial institutions' purchase of US\$ 888.1 million of these bonds on the secondary market, external debt - arising from bond issue- reached US\$ 611.9 million. This is in addition to US\$ 1250 million of guaranteed bonds issued by the Egyptian government in September 2005.

At end of June 2006, the debt owed by the public sector accounted for the bulk (95.2%) of the total external debt. It reached US\$ 28.2 billion, whereas that of the private sector remained almost stable at 4.8% (amounting to only US\$ 1.4 billion).



A distribution of external debt by debtor indicates an increase in the debt owed by the central government by US\$ 0.6 billion to US\$ 18.9 billion, banks by US\$ 0.1 billion to US\$ 2.1 billion and other sectors by US\$ 0.2 billion to US\$ 7.9 billion. In contrast, the debt owed by the monetary authority fell by US\$ 0.3 billion, to stand at US\$ 0.7 billion. Nevertheless, these developments did not affect the external debt structure by debtor. In other words, the central government remained the principal debtor (63.8%), followed by other sectors (26.9%), then banks (7.1%) and finally the monetary authority (2.2%) at end of June 2006.

### External Debt by Debtor

At End of June	(US\$ mn)			
	2005		2006	
	Value	Relative Importance	Value	Relative Importance
<b>Total External Debt</b>	<b>28948.8</b>	<b>100.0</b>	<b>29592.6</b>	<b>100.0</b>
Central government and local government	18231.0	63.0	18864.5	63.8
Monetary authority	983.0	3.4	664.3	2.2
Banks	2010.5	6.9	2119.6	7.2
Other sectors	7724.3	26.7	7944.2	26.8

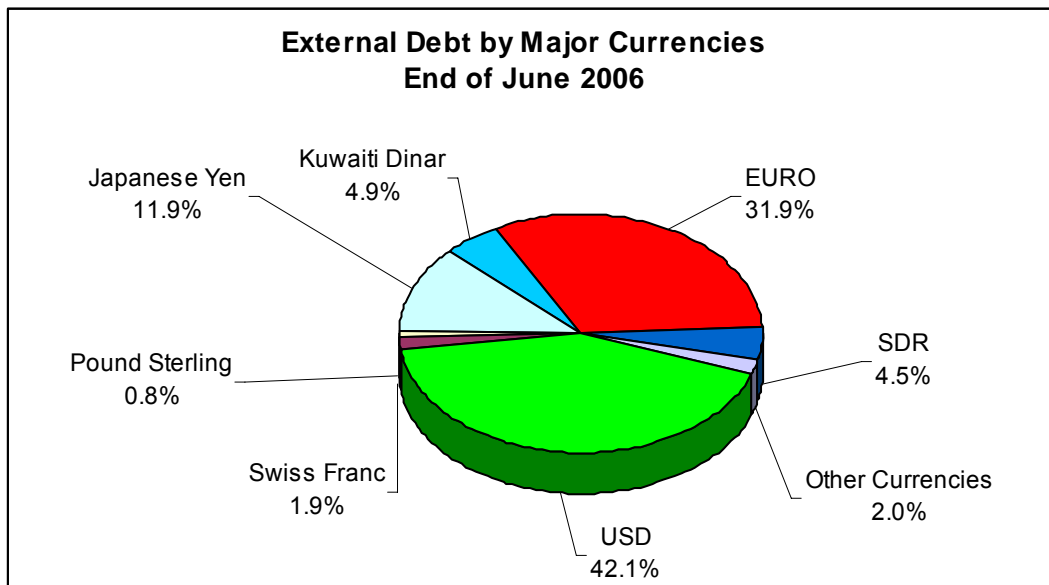
A distribution of external debt by creditor indicates that 53.6% of total external debt was due to the Paris Club four main members, namely France (15.7%), the USA (14.6%), Japan (12.1%) and Germany (11.6%). The Arab countries combined accounted for 3.7%, chiefly Kuwait (1.8%), Saudi Arabia

(0.7%) and the UAE (0.3%). The debt due to international and regional organizations represented 17.6%, of which 5.4% was due to the European Investment Bank.

### External Debt by Main Creditor

At End of June	(US\$ mn)			
	2005		2006	
	Value	Relative Importance	Value	Relative Importance
<b>Total External Debt</b>	<b>2894.8</b>	<b>100.0</b>	<b>29592.6</b>	<b>100.0</b>
-USA	4581.4	15.8	4318.6	14.6
-Japan	4064.3	14.0	3587.9	12.1
-EU countries, of which:	11266.0	39.0	12017.6	40.6
France	4763.3	16.5	4635.3	15.7
Germany	3355.5	11.6	3323.5	11.2
Italy	802.7	2.8	761.0	2.6
Spain	824.0	2.8	831.8	2.8
UK	574.7	2.0	1417.6	4.8
Austria	551.0	1.9	538.5	1.8
Others	394.8	1.4	509.9	1.7
- Arab Countries, of which:	<b>1400.1</b>	<b>4.8</b>	<b>1097.5</b>	<b>3.7</b>
Saudi Arabia	249.3	0.9	187.0	0.7
UAE	149.6	0.5	96.0	0.3
Kuwait	469.4	1.6	535.5	1.8
Bahrain	146.8	0.5	8.6	0.0
Others	385.0	1.3	207.4	0.9
- Other Countries:	<b>1965.2</b>	<b>6.8</b>	<b>1504.1</b>	<b>5.1</b>
Switzerland	464.1	1.6	468.9	1.6
Australia	225.3	0.8	188.0	0.6
Canada	245.9	0.8	260.1	0.9
China	111.0	0.4	121.6	0.4
Others	918.9	3.2	465.5	1.6
- International and Regional Organizations:	<b>5058.2</b>	<b>17.5</b>	<b>5205.0</b>	<b>17.6</b>
IDA	1375.1	4.8	1340.0	4.5
European Investment Bank	1103.7	3.8	1591.0	5.4
Arab Fund for Economic and Social Development	996.3	3.4	961.8	3.2
African Development Fund and Bank	521.1	1.8	434.5	1.5
World Bank	397.2	1.4	353.9	1.2
Arab Monetary Fund	326.1	1.1	364.4	1.2
Islamic Development Bank (Jeddah)	236.4	0.8	53.0	0.2
Other institutions	102.3	0.4	106.4	0.4
- Egyptian bonds and notes	<b>613.6</b>	<b>2.1</b>	<b>1861.9</b>	<b>6.3</b>

A breakdown of external debt by main currency (US\$- euro -Japanese yen) indicates that the US\$ accounted for the bulk (42.1%) of the total external debt, due to the existence of outstanding obligations in the US dollar to creditors other than the USA. The euro followed with 31.9%, the Japanese yen with 11.9% and the Kuwaiti dinar with 4.9% (see the following chart).



During FY 2005/2006, new loan and facility commitments reached US\$ 1.9 billion. Most of these commitments (US\$ 1.4 billion or 75.8% of the total) were from international and regional organizations (mainly the Arab Fund for Economic and Social Development, the European Investment Bank, the Islamic Development Bank and the International Bank for Reconstruction and Development). Commitments on medium- and long-term suppliers' and buyers' credit registered only US\$ 0.5 billion or 24.2% of the total.

External debt service (principal repayments and interest payments) totaled US\$ 3.0 billion during the reporting year, up by US\$ 338.9 million. This was an outcome of a rise in principal repayments (medium- and long-term) by US\$ 326.0 million to US\$ 2.4 billion and in interest payments by US\$ 12.9 million to US\$ 0.6 billion.



Despite the increase in the external debt service, its ratio to current receipts - including official and private transfers- improved, recording 7.3% against 7.9%. This was attributed to a 20.8% growth in the exports of goods & services and transfers during FY 2005/2006. Moreover, the ratio of the debt service to the exports of goods and services improved from 9.4% to 8.5%.

The external debt/GDP ratio also improved to 27.6% at end of June 2006 (against 31.1%). Moreover, the ratio of short-term debt to total debt reached 5.5% (against 6.4%) and to net international reserves 7.1% (against 9.6%).

### Main Indicators of External Debt

	FYs		
	2003/2004	2004/2005	2005/2006
Debt balance/GDP	38.1	31.3	27.6
Debt balance/ exports of goods and services	127.5	100.3	82.4
Debt service/ exports of goods and services	10.8	9.4	8.5
Debt service/ current receipts (including transfers)	9.2	7.9	7.3
Interest*/ exports of goods and services	2.6	2.0	1.6
Interest*/ current receipts (including transfers)	2.2	1.7	1.4
Short-term debt/total debt	6.6	6.4	5.5
Short-term debt/net international reserves	13.3	9.6	7.1
External debt per capita (US\$)	423.4	402.6	404.3

\*Including interest payments on bonds and notes with non-residents

The following table illustrates that the ratio of the debt service to exports of goods and services in Egypt is below its average level in the developing countries combined, as well as in Africa. Yet, this ratio exceeds the average of its counterpart in the Middle East as a whole.

**Debt Service/Exports of Goods and Services in Egypt Compared  
with the Group of Developing Countries**

(%)

Calendar Years	2004			2005		
	Interest	Principal Payments	Total	Interest	Principal Payments	Total
Developing countries	4.6	10.8	15.4	4.4	10.4	14.8
Africa	3.4	8.1	11.5	3.0	8.2	11.2
Asia (developing countries)	2.4	5.6	8.0	2.3	4.7	7.0
Middle East	1.2	5.4	6.6	1.3	5.7	7.0
Egypt*	2.2	7.5	9.7	1.7	7.9	9.6

Source: IMF's World Economic Outlook – April 2006 (statistical appendix)

\* According to BOP data in 2004 and 2005

## **International Developments**

## **6- International Economic Cooperation**

### **6/1: International and Regional Meetings**

During April/June 2006, a number of international and regional meetings were held. The most important of which were:

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#### **Meetings of the World Bank and IMF Committees**

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The semi-annual meetings of the World Bank and the IMF committees were held in Washington, on April 21-23, 2006. Hereunder is a brief of the communique of these meetings:

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#### **G 24 Communiqué**

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- The Group urged the international community to cooperate to redress global imbalances, noting that they could lead to sharp movements in interest and exchange rates and a further increase in protectionist pressures.
- The Group expressed disappointment over the modest outcome of the Hong Kong ministerial meeting in December 2005, and their concern that a successful conclusion of the Doha Round is now at risk. Ministers of G24 underscored the need to increase the political commitment on the part of both developed and developing countries to a successful and ambitious outcome. The IMF and the World Bank were urged to support the negotiations, through continued coordination with the WTO.
- The Group agreed that greater effort is needed by the whole international community, the IMF and World Bank to meet Millennium Development Goals (MDGs). This will require a significant increase in the level of aid and financing to many developing countries. The G24 also called on the multilateral institutions and donor countries to provide the necessary resources to extend the MDRI to all low-income countries.
- The Group welcomed the IMF Managing Director's proposal for a high-access contingent financing to be provided through a new type of arrangement.

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## **IMFC Communiqué**

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- The Committee called on all members to resist protectionism in both trade and foreign direct investment.
- The Committee emphasized the importance of fair voice and representation for all members. It underscored the role an ad hoc increase in quotas would play in improving the distribution of quotas to reflect important changes in the weight and role of countries in the world economy.
- In the context of making IMF surveillance more effective, the Committee proposed a new framework for IMF surveillance which will consist of four elements. First, a new focus of surveillance on multilateral issues, including global financial issues, and especially the spillovers from one economy on others. Second, a restatement of the commitments which member countries and their institutions make to each other under Article IV, on which surveillance can focus on financial, monetary, fiscal and exchange rate policies. Third, the Managing Director should implement his proposal for a new procedure, which will involve the IMFC and the Executive Board, for multilateral surveillance. Fourth, the IMFC should set a new annual remit for both bilateral and multilateral surveillance, through which the Managing Director, the Executive Board and the staff are accountable for the quality of surveillance. This should involve the independence of Fund surveillance, greater transparency and the Independent Evaluation Office.

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## **Development Committee Communiqué**

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- The Committee welcomed the recent progress made in reducing poverty. It paid tribute to the growth in Sub-Saharan Africa that exceeded 5% for the third consecutive year. Yet, on current trends many developing countries will fail to meet the MDGs. The Committee noted that achieving growth will require further actions to improve the business climate, access to infrastructure and enhanced market access.

- The Committee welcomed the rising trend in the volume of official development assistance (ODA) from donor countries, as well as the creation of the Exogenous Shocks Facility at the Fund. The Committee also welcomed the progress made in implementing the Multilateral Debt Relief Initiative (MDRI) in the Fund, the International Development Association (IDA) and the African Development Fund, and, in particular, cancellation by the IMF of the MDRI debt of the first 19 countries.
- The Committee expressed broad support for the World Bank's approach to address the developing countries' energy needs and help them to adapt to climate risks. It also welcomed the Bank's Global Program for Avian Influenza.

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### **Annual Meetings of the African Development Bank**

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The annual meetings of the African Development Bank were held on May 17-18, 2006 in Ouagadougou, Burkina Faso. During these meetings, the members of the Boards of Governors of the Bank Group were elected (the governor of China a Chair, the governor of Gabon a First Vice-Chair and the governor of Gambia a Second-Vice Chair) in the period from the end of the 2006 meetings to the end of the 2007 meetings. Dr. Hassan Khedr was elected an executive director for Egypt and Djibouti, as a successor of Dr. Farouk Shakweer, starting from June 1, 2006 till the end of June 2007. The Boards of Governors agreed to the extension of the Temporary Relocation Period in the host country (Tunisia) for another year as of June, 3 2006, before the return of the Bank's operations to its Headquarters. Moreover, it was agreed to hold the next annual meetings in Shanghai, China in May 2007.

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### **Meeting of the OPEC Conference**

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The Meeting of the Conference of the OPEC convened in Caracas, Venezuela, on 1<sup>st</sup> June 2006. During the meeting, the OPEC ministers decided to retain the status quo (the OPEC's current output quota is about 28 million barrel

per day), to maintain stability in oil prices. This decision came in the light of OPEC members' concerns that the sharp increase in oil prices (exceeding the 70 dollars/barrel threshold) might lead to a global economic slowdown and a decline in oil demand.

## **6/2: Activity of the African Development Bank Group**

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### **Economic Status in African Countries**

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The ADB's Annual Report reveals that the African economic growth slowed down from 5.3% in 2004 to 4.9% in 2005. This was mainly induced by the weak demand for African exports by industrialized countries, along with locust invasions and droughts in various regions of the continent.

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### **Bank Group Lending Activity**

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During 2005, Mr. Donald Kaberuka, from Rwanda, was elected a new President of the African Development Bank Group. Moreover, the Task Force on Institutional Reform (TFIR) was formed to take responsibility for the Bank's institutional reform. The Group's strategic orientations and priorities continued to be pursued in support of the attainment of the MDGs.

The Group's total approvals reached about UA 2.29 billion to finance 102 operations extended to 34 African countries. In general, project lending was the main financing instrument, accounting for 45.6% of total approvals. HIPC debt relief came second with 22.2%. Grant approvals got 18.3% and policy-based lending 12.0%. The rest (1.9% of total approvals) was directed to guarantees and equity financing.

Since the commencement of its activity in 1967 till 2005, total cumulative grant and loan commitments of the ADB Group amounted to about UA 36.7 billion, through 2988 loans and grants.

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**ADB Activity**

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During 2005, the ADB window finance operations sharply declined by 42.8%, posting about UA 868.7 million, against some UA 1.52 billion in 2004. This was mainly attributed to substantial reductions in HIPC debt relief. The sectoral distribution of the Bank's operations in 2005 shows that the power supply sector received the largest share (36.1%) of the total, followed by finance (28.2%), the multisector (13.0%), environment (7.7%), the social sector (7.4%), industry, mining and quarrying (4.5%) and agriculture and rural development (3.1%).

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**ADF Activity**

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The African Development Fund continued to extend concessional loans, grants and technical assistance to 38 low-income African countries. Within this context, the ADF approved 4 operations under HIPC Initiative, totaling UA 429.5 million. Total ADF commitment approvals increased by 13.0% during 2005, reaching about UA 1.42 billion, extended through 65 operations in 24 member countries, and 6 multinational projects. Grants and technical assistance amounted to UA 415 million, constituting 29.2% of total approvals for 2005.

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**Nigeria Trust Fund (NTF)**

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The Nigerian government has, in principle, agreed to extend the duration of the Agreement Establishing the NTF beyond April 25, 2006 (the Termination Date) for another thirty years. No loans were approved under the NTF in 2005; however, three operations amounting to UA 3.1 million were approved through its window under the HIPC Initiative.



## **Annex**

## Statistical Section

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### 1- Indicators of Development and Economic Growth

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- (1/1) GDP at Factor Cost by Economic Sector (at 2001/2002 Prices)
- (1/2) GDP by Expenditure at 2001/2002 Prices
- (1/3) Implemented Investments by Economic Sector (Public & Private)
- (1/4) Quantitative Agricultural Output of Major Crops
- (1/5) Position of Egyptian Cotton
- (1/6) Egyptian Cotton Exports
- (1/7) Quantitative Industrial Output of Major Products
- (1/8) Number of Tourists (by Group)
- (1/9) Number of Tourist Nights (by Group)
- (1/10) Number of Tourists (Departure) and Average Stay
- (1/11) Consumer Price Index (Urban Population) (1999/2000=100)
- (1/12) Wholesale Price Index (1999/2000=100)

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### 2- Monetary Aggregates

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- (2/1/1) CBE Financial Position: Reserve Money and Counterpart Assets
- (2/1/2) Banking Survey: Domestic Liquidity and Counterpart Assets
- (2/1/3) Banking Survey: Deposits in Local Currency
- (2/1/4) Banking Survey: Deposits in Foreign Currencies
- (2/1/5) Banking Survey: Foreign Assets and Liabilities
- (2/1/6) Banking Survey: Domestic Credit and Other Items (Net)
- (2/1/7) Total Saving Vessels
- (2/1/8) Bank Lending and Discount Balances to Business Sector

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### Financial Sector

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- Structure of the Egyptian Banking System as at 30/6/2006
- Banking Density

- Representation Offices Registered at the CBE (on 30/6/2006)
- Mutual Funds Licensed and Operating up to 30/6/2006
- Structure of the Insurance Sector in Egypt

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## **Activity of the Banking System**

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### **Central Bank of Egypt**

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- (2/2/1) Note Issued Including Cash in CBE Vaults by Denomination
- (2/2/2) Currency in Circulation Outside CBE by Denomination
- (2/2/3) Clearing House Activities

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- (2/3/1) Aggregate Financial Position
- (2/3/2) Deposits by Maturity
- (2/3/3) Deposits by Sector
- (2/3/4) Deposits by Economic Activity
- (2/3/5) Portfolio Investments by Sector
- (2/3/6) Lending and Discount Balances by Sector
- (2/3/7) Credit by Sector
- (2/3/8) Lending and Discount Balances by Economic Activity

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- (2/4) Discount and Interest Rates on Deposits and Loans in Egyptian Pound
- (2/5) Domestic Interest Rates on 3- Month Deposits in Major Currencies
- (2/6) Interest Rates on Treasury Bills (Quarterly Weighted Averages)
- (2/7) Interest Rates on Treasury Bills (Weekly Weighted Averages)

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- (3/1) Companies Listed on the Stock Exchange
- (3/2) Trading in Shares on the Stock Exchange
- (3/3) Trading in Bonds on the Stock Exchange
- (3/4) Global Depository Receipts (GDRs)
- (3/5) Investment of the Insurance Sector
- (3/6) Outstanding Balance of Treasury Bills (Quarterly)
- (3/7) Outstanding Balance of Treasury Bills (Weekly)
- (3/8) Outstanding Balance of Treasury Bonds

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### **4- Public Finance & Domestic Public Debt**

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- (4/1) Consolidated Fiscal Operations of General Government  
(Total Expenditures)
- (4/2) Consolidated Fiscal Operations of General Government  
(Total Revenues)
- (4/3) Summary of Consolidated Fiscal Operations of General  
Government
- (4/4) Domestic Debt of Government & Public Economic Authorities
- (4/5) National Investment Bank (Resources & Uses)

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### **5- External Transactions**

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- (5/1) Balance of Payments (LE)
- (5/2) Balance of Payments (US\$)
- (5/3) Exports by Degree of Processing
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- (5/5) Regional Distribution of Exports and Imports
- (5/6) Average LE Exchange Rates against Foreign Currencies (in Piasters per  
Foreign Currency Unit)
- (5/7) Structure of External Debt
- (5/8) Main Indicators of External Debt
- (5/9) Distribution of External Debt by Main Currency

# ( 1 / 1 ) GDP at Factor Cost by Economic Sector

At 2001/2002 prices

( LE mn)

Sectors	<u>2004/2005</u>			<u>2005/2006</u>			<u>Growth Rate %</u> <u>2005/2006</u>		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
<b><u>GDP</u></b>	<b><u>130653.4</u></b>	<b><u>267874.6</u></b>	<b><u>398528.0</u></b>	<b><u>141779.5</u></b>	<b><u>284370.4</u></b>	<b><u>426149.9</u></b>	<b><u>8.5</u></b>	<b><u>6.2</u></b>	<b><u>6.9</u></b>
Agriculture, Irrigation & Fishing	49.0	64039.0	64088.0	50.7	66119.3	66170.0	3.5	3.2	3.2
<b><u>Extractions</u></b>	<b><u>26435.0</u></b>	<b><u>4663.0</u></b>	<b><u>31098.0</u></b>	<b><u>31800.7</u></b>	<b><u>5770.3</u></b>	<b><u>37571.0</u></b>	<b><u>20.3</u></b>	<b><u>23.7</u></b>	<b><u>20.8</u></b>
Petroleum	14630.0	2129.0	16759.0	14225.0	2174.0	16399.0	-2.8	2.1	-2.1
Natural Gas	11465.0	2079.0	13544.0	17219.0	3119.0	20338.0	50.2	50.0	50.2
Others	340.0	455.0	795.0	356.7	477.3	834.0	4.9	4.9	4.9
<b><u>Manufacturing Industries</u></b>	<b><u>9905.0</u></b>	<b><u>66315.5</u></b>	<b><u>76220.5</u></b>	<b><u>10382.9</u></b>	<b><u>70258.0</u></b>	<b><u>80640.9</u></b>	<b><u>4.8</u></b>	<b><u>5.9</u></b>	<b><u>5.8</u></b>
Petroleum Refinement	1788.0	1148.0	2936.0	1787.0	1214.0	3001.0	-0.1	5.7	2.2
Others	8117.0	65167.5	73284.5	8595.9	69044.0	77639.9	5.9	5.9	5.9
Electricity	6155.5	1054.0	7209.5	6727.9	1112.0	7839.9	9.3	5.5	8.7
Water	1745.1	0.0	1745.1	1849.8	0.0	1849.8	6.0	0.0	6.0
Building & Construction	2107.0	15158.0	17265.0	2368.3	17318.9	19687.2	12.4	14.3	14.0
Transportation & Storage	4159.0	15687.0	19846.0	4425.2	16910.6	21335.8	6.4	7.8	7.5
Communications	422.0	8176.0	8598.0	465.5	9022.0	9487.5	10.3	10.3	10.3
Suez Canal	13030.8	0.0	13030.8	14262.0	0.0	14262.0	9.4	0.0	9.4
Wholesale & Retail Trade	1954.0	44141.0	46095.0	2041.9	47054.3	49096.2	4.5	6.6	6.5
Financial Intermediaries & Supporting Services	15041.8	8126.8	23168.6	15846.6	8549.4	24396.0	5.4	5.2	5.3
Insurance & Social Solidarity	9844.8	206.7	10051.5	10361.0	218.0	10579.0	5.2	5.5	5.2
Restaurants & Hotels	166.7	13413.3	13580.0	173.9	13996.0	14169.9	4.3	4.3	4.3
<b><u>Real Estate</u></b>	<b><u>614.0</u></b>	<b><u>14395.4</u></b>	<b><u>15009.4</u></b>	<b><u>636.4</u></b>	<b><u>14941.0</u></b>	<b><u>15577.4</u></b>	<b><u>3.6</u></b>	<b><u>3.8</u></b>	<b><u>3.8</u></b>
Real Estate Ownership	258.2	7613.4	7871.6	267.5	7898.0	8165.5	3.6	3.7	3.7
Business Services	355.8	6782.0	7137.8	368.9	7043.0	7411.9	3.7	3.8	3.8
General Government	38227.6	0.0	38227.6	39546.0	0.0	39546.0	3.4	0.0	3.4
<b><u>Education, Health &amp; Personal Services</u></b>	<b><u>796.1</u></b>	<b><u>12498.9</u></b>	<b><u>13295.0</u></b>	<b><u>840.7</u></b>	<b><u>13100.6</u></b>	<b><u>13941.3</u></b>	<b><u>5.6</u></b>	<b><u>4.8</u></b>	<b><u>4.9</u></b>
Health	796.1	4560.0	5356.1	840.7	4756.1	5596.8	5.6	4.3	4.5
Others	0.0	5054.9	5054.9	0.0	5330.7	5330.7	0.0	5.5	5.5

Source : Ministry of State for Economic Development.

**(1/2) GDP by Expenditure  
At 2001/2002 Prices**

	<u>Value at LE bn</u>		<u>Structure%</u>		<u>Growth Rate %</u>	
	2004/2005	2005/2006	2004/2005	2005/2006	2004/2005	2005/2006
<b><u>1- Final Consumption</u></b>	<b><u>357.5</u></b>	<b><u>378.8</u></b>	<b><u>84.1</u></b>	<b><u>83.4</u></b>	<b><u>4.5</u></b>	<b><u>6.0</u></b>
Public Consumption	51.4	53.0	12.1	11.7	2.8	3.1
Private Consumption	306.1	325.8	72.0	71.7	4.8	6.4
<b><u>2- Gross Capital Formation</u></b>	<b><u>75.0</u></b>	<b><u>85.0</u></b>	<b><u>17.6</u></b>	<b><u>18.7</u></b>	<b><u>10.3</u></b>	<b><u>13.3</u></b>
Investments	74.7	85.0	17.5	18.7	14.2	13.8
Change in stock	0.3	0.0	0.1	0.0	(88.5)	(100.0)
<b><u>3- Gross Domestic Expenditure (1+2)</u></b>	<b><u>432.5</u></b>	<b><u>463.8</u></b>	<b><u>101.7</u></b>	<b><u>102.1</u></b>	<b><u>5.5</u></b>	<b><u>7.2</u></b>
4- Exports of Goods & Services	119.0	144.3	28.0	31.8	20.2	21.3
5- Imports of Goods & Services	126.3	153.8	29.7	33.9	23.8	21.8
<b><u>6- Domestic Resources Gap (4-5)</u></b>	<b><u>(7.3)</u></b>	<b><u>(9.5)</u></b>	<b><u>(1.7)</u></b>	<b><u>(2.1)</u></b>	<b><u>143.3</u></b>	<b><u>30.1</u></b>
<b><u>7- GDP at Market Prices (3+6)</u></b>	<b><u>425.2</u></b>	<b><u>454.3</u></b>	<b><u>100.0</u></b>	<b><u>100.0</u></b>	<b><u>4.5</u></b>	<b><u>6.8</u></b>
<b><u>8- Gross Domestic Saving (7-1)</u></b>	<b><u>67.7</u></b>	<b><u>75.5</u></b>	<b><u>15.9</u></b>	<b><u>16.6</u></b>	<b><u>4.2</u></b>	<b><u>11.5</u></b>

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Source : Ministry of State for Economic Development.

**(1/3) Implemented Investments by Economic Sector**  
(Public & Private)

(at Current Prices & LE mn)

Sectors	2004/2005					2005/2006				
	Government Sector	Economic Authorities*	Public Companies	Private Sector	Total	Government Sector	Economic Authorities	Public Companies	Private Sector	Total
<b>Total</b>	<b>23274.6</b>	<b>6985.6</b>	<b>17096.2</b>	<b>49100.0</b>	<b>96456.4</b>	<b>22505.5</b>	<b>4040.3</b>	<b>18544.3</b>	<b>70653.6</b>	<b>115743.7</b>
Agriculture, Irrigation & Reclamation	3088.8	80.8	0.5	4250.1	7420.2	2618.2	119.4	0.1	5244.1	7981.8
Mining , Crude Oil & Natural Gas	0.0	41.2	2138.0	15065.9	17245.1	0.0	15.9	3139.0	19900.0	23054.9
Manufacturing Industries & Oil Products	234.1	83.5	4186.6	8200.0	12704.2	188.1	11.2	4729.5	11475.0	16403.8
Electricity & Water	2886.7	1643.4	5021.1	0.0	9551.2	2675.6	931.4	4653.3	0.0	8260.3
Building & Construction	109.7	0.0	244.6	835.0	1189.3	45.2	8.0	342.1	3715.0	4110.3
Transportation , Communications & Storage	4117.0	4046.0	4194.4	6503.0	18860.4	2885.8	1973.3	4883.0	13014.5	22756.6
Suez Canal	0.0	305.6	0.0	0.0	305.6	0.0	328.1	0.0	0.0	328.1
Wholesale & Retail Trade	0.0	72.6	141.1	900.0	1113.7	0.0	37.8	173.4	1266.0	1477.2
Financial Intermediaries, Insurance & Social Solidarity	0.0	75.6	654.7	0.0	730.3	0.0	69.0	354.3	0.0	423.3
Restaurants & Hotels	365.7	14.5	160.0	2200.0	2740.2	194.9	20.5	200.0	3000.0	3415.4
Real Estate Activities	135.6	0.0	0.0	9900.0	10035.6	105.2	0.3	0.0	10454.0	10559.5
Education Services	2906.1	72.1	0.0	480.0	3458.2	1917.3	36.9	0.0	1000.0	2954.2
Health Services	2269.5	154.2	0.0	700.0	3123.7	1463.7	156.4	0.0	795.0	2415.1
Others	7161.4	396.1	355.2	66.0	7978.7	10411.5	332.1	69.6	790.0	11603.2

Source : Ministry of State for Economic Development.

\* Excluding the value of the assets transferred by the foreign partner to the EGPC ( LE 2.7 billion ).

## (1/4) Quantitative Agricultural Output of Major Crops

Agricultural Crops	2004/2005				2005/2006 (Estimates)		
	Production	Production	Area	Productivity	Production	Area	Productivity
	Unit	(Thousand Tons)	(Thousand Feddans)	per Feddan	(Thousand Tons)	(Thousand Feddans)	per Feddan
Wheat	d	8141	2985	18.93	8274	3025	19.15
Barley	d	167	147	14.39	140	175	13.8
Maize Summer	d	5462	1571	24.83	6366	1788	25.3
Nile		773	306	18.46	901	345	18.9
Millet Summer	d	851	355	17.24	834	352	17.7
Nile		13	8	11.8	19	38	14.7
Rice	ton	6350	1537	4.142	6124	1455	4.18
Beans	d	337	253	8.73	247	146	9.1
Lentils	d	3	4	5.66	2	2	6
Cotton (seeds)	mc	785	715	6.970	691	657	7.1
Flax	ton	82	21	3.90	86	22	3.9
Groundnuts	d	192	144	18.74	199	147	18.8
Sesame	d	36	72	4.69	37	70	4.98
Soyabeans	ton	44	34	1.273	26	21	1.238
Sunflower	ton	47	45	0.964	30	31	0.967
Sugar cane	ton	16230	322	50.88	16245	327	50
Sugar beet	ton	2860	167	20.66	4127	166	25.6
Vegetables & Green Beans	ton	19189	1964	9.77	19582	1282	10.71
Onion	ton	1696	114	12.10	1527	95	12.2
Fruits & Palm Products	ton	8428	1220	6.900	8968	1225	7.2

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Source : Ministry of State for Economic Development.

d: Ardeb

mc: metric cantar



## ( 1/5 ) Position of Egyptian Cotton

Season	Cultivated Area (Thousand Feddans)	Extra Long	Crop		Total	Productivity Metric cantar per Feddan	Opening Stock	Total Supply	Total Exports	(Thousand Metric Cantars)			Average Purchase Prices** LE / Cantar
			Long & Long Medium	Total						Local Consumption			
									Egyptian	Imported	Total		
1997/98	859	1457	5302	6759	7.9	2159	8918	1410	4622	0.0	4622	533	
1998/99*	789	1127	3398	4525	5.7	2653	7178	2177	3734	0.0	3734	446	
1999/2000	659	519	4075	4594	7.0	1267	5861	1980	2886	317	3203	428	
2000/2001	518	620	3535	4155	8.0	1026	5181	1391	2708	393	3101	498	
2001/2002	731	1025	5238	6263	8.6	1082	7345	2177	2905	0.0	2905	379	
2002 / 2003	706	1316	4411	5727	8.1	2279	8006	3649	4140	120	4260	444	
2003 / 2004	531	1168	2795	3963	7.5	24	3987	1137***	1412	1061	2473	595	
2004 / 2005	731	1551	4282	5833	8.0	345	6178	2840***	2419	828	3247	612	
2005 / 2006****	650	866	3140	4006	6.2	91	4097	1557***	665	1151	1816	660	

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

\* The international prices have been applied abroad in 1995/96 & in Egypt in 1998/99.

\*\* The average price of Giza 70 & 75 of the extra - long & long cotton varieties until season 1997/98 . As of 1998/99 season the average price has been calculated for Giza 70 & 86 as the cultivation of Giza 75 has been stopped.

\*\*\* Shipped.

\*\*\*\* Until End of 30/6/2006.

(1/6) Egyptian Cotton Exports

Quantity : Thousand Metric Cantars

Value : LE Million & Million of US\$

	2003/2004					2004/2005					2005/2006				
	Quantity	Value	Average Price	Value	Average Price	Quantity	Value	Average Price	Value	Average Price	Quantity	Value	Average Price	Value	Average Price
			LE		US\$			LE		US\$			LE		US\$
<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	634	397.3	626.7	69.3	109.3
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 until its end	498.0	410.8	824.9	66.6	133.7	1207	584.8	484.5	100.3	83.1	..	..	..	..	..
		<u>Quantity</u>		<u>%</u>		<u>Quantity</u>		<u>%</u>		<u>Quantity</u>		<u>%</u>			
<b>2- Export Commitments**</b>		<b>1406.0</b>		<b>100.0</b>		<b>2940.0</b>		<b>100.0</b>		<b>1871.0</b>		<b>100.0</b>			
<b>Asian Countries</b>		<b>733.3</b>		<b>52.2</b>		<b>2070.1</b>		<b>70.4</b>		<b>1244.8</b>		<b>66.5</b>			
India		218.1		15.5		870.3		29.6		408.4		21.8			
Pakistan		123.6		8.8		570.2		19.4		426.3		22.8			
China		62.9		4.5		248.8		8.5		206.1		11.0			
South Korea		120.8		8.6		87.3		3.0		62.6		3.3			
Japan		84.3		6.0		84.8		2.9		51.3		2.7			
Thailand		70.0		5.0		93.6		3.2		33.2		1.8			
Indonesia		23.5		1.7		61.2		2.1		15.2		0.8			
Others		30.1		2.1		53.9		1.8		41.7		2.2			
<b>EU Countries</b>		<b>301.9</b>		<b>21.5</b>		<b>363.7</b>		<b>12.4</b>		<b>251.0</b>		<b>13.4</b>			
Germany		39.3		2.8		60.1		2.0		37.4		2.0			
Italy		178.6		12.8		206.7		7.0		172.7		9.2			
Spain		3.0		0.2		7.1		0.3		0.0		0.0			
Britain		0.0		0.0		0.0		0.0		0.0		0.0			
France		0.0		0.0		0.0		0.0		0.0		0.0			
Portugal		42.9		3.0		46.4		1.6		40.9		2.2			
Greece		0.0		0.0		0.0		0.0		0.0		0.0			
Slovenia		0.0		0.0		0.0		0.0		0.0		0.0			
Czech Republic		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>163.9</b>		<b>8.8</b>			
Switzerland		85.7		6.1		137.9		4.7		85.3		4.6			
Turkey		96.1		6.8		155.6		5.3		78.6		4.2			
Romania		0.0		0.0		0.0		0.0		0.0		0.0			
Others		37.2		2.6		0.0		0.0		0.0		0.0			
<b>USA</b>		<b>118.0</b>		<b>8.4</b>		<b>141.5</b>		<b>4.8</b>		<b>106.5</b>		<b>5.7</b>			
<b>Other Countries</b>		<b>33.8</b>		<b>2.4</b>		<b>71.2</b>		<b>2.4</b>		<b>104.8</b>		<b>5.6</b>			

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

\* The repatriated proceeds collected by the CBE.

\*\* From the beginning uptill end of seasons 2003/2004 & 2004/2005, but until 30/6/2006 for season 2005/2006.

**(1/7) Quantitative Industrial Output of Major Products**

Products	Unit	2004/2005			2005/2006 ( Estimates)		
		Public	Private	Total	Public	Private	Total
Refined sugar	Thousand tons	1030.0	573.0	1603.0	1081.0	602.2	1683.2
Animal & poultry fodder	"	495.0	9889.0	10384.0	519.8	10383.4	10903.2
Carbonated drinks	Box (million)	0.0	344.0	344.0	0.0	362.9	362.9
Cigarettes	Billion	65.9	9.8	75.7	68.5	11.0	79.5
Cotton yarn, fibran	Thousand tons	121.9	168.1	290.0	126.8	174.8	301.6
Wool yarn	"	5.7	21.8	27.5	5.7	22.8	28.5
Silk yarn	"	0.6	17.7	18.3	0.6	18.4	19.0
Synthetic fibres	"	2.6	83.7	86.3	2.6	84.6	87.2
Blankets	Million pieces	1.2	16.7	17.9	1.2	16.9	18.1
Ready-made garments & Bed Covers	" "	39.0	264.2	303.2	41.0	265.0	306.0
Cars	Units	7606.0	55787.0	63393.0	7910.0	28020.0	35930.0
Buses	"	300.0	5623.0	5923.0	312.0	5848.0	6160.0
Lorries	"	557.0	21798.0	22355.0	560.0	22690.0	23250.0
Washing machines	Thousands	5.4	873.3	878.7	5.7	916.9	922.6
Refrigerators	"	5.6	881.2	886.8	5.8	916.5	922.3
Electric lamps	Million	26.1	137.2	163.3	27.1	144.4	171.5
Butagaz heaters	Thousands	80.0	94.0	174.0	83.0	98.0	181.0
Water metres	Thousands	521.0	0.0	521.0	523.0	0.0	523.0
Eelectric metres	Thousands	762.5	0.0	762.5	765.0	0.0	765.0
Aluminium & sheets thereof	Thousand tons	259.9	0.0	259.9	271.6	0.0	271.6
Reinforcing iron	Thousand tons	108.6	4598.0	4706.6	111.9	4735.9	4847.8
Cement	" "	2970.0	27500.0	30470.0	3059.0	32740.0	35799.0
Glass sheets	" "	28.0	138.0	166.0	28.8	142.2	171.0
Phosphatic fertilizers	" "	485.0	795.0	1280.0	509.0	835.0	1344.0
Azotic fertilizers	" "	3200.0	7480.0	10680.0	3328.0	7779.2	11107.2
Tyres	Thousands	669.9	450.0	1119.9	690.0	463.0	1153.0
Laundry Soap	Thousand tons	47.7	318.0	365.7	48.6	324.4	373.0
Toilet Soap	Thousand tons	34.0	140.0	174.0	35.4	145.6	181.0
Caustic soda	Thousand tons	128.0	0.0	128.0	130.0	0.0	130.0

Source : Ministry of State for Economic Development.

**( 1/8) Number of Tourists (By Group)**

(Thousands)

	1997/98	1998/99	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
<b>Total</b>	<b>3396</b>	<b>4266</b>	<b>5311</b>	<b>5347</b>	<b>4341</b>	<b>5239</b>	<b>7512</b>	<b>8650</b>	<b>8693</b>
<b>European Countries</b>	<b>1580</b>	<b>2282</b>	<b>3241</b>	<b>3501</b>	<b>2769</b>	<b>3469</b>	<b>4965</b>	<b>5983</b>	<b>5818</b>
<b>East Europe</b>	<b>188</b>	<b>242</b>	<b>298</b>	<b>369</b>	<b>469</b>	<b>733</b>	<b>1205</b>	<b>1432</b>	<b>1620</b>
<b>West Europe</b>	<b>1392</b>	<b>2040</b>	<b>2943</b>	<b>3132</b>	<b>2300</b>	<b>2736</b>	<b>3760</b>	<b>4551</b>	<b>4198</b>
France	167	268	371	346	244	282	419	521	393
Germany	283	426	698	804	647	656	897	1024	947
Italy	326	546	742	722	517	726	990	1000	754
Spain	36	52	109	97	73	81	141	167	138
Switzerland	64	55	89	116	89	97	120	139	123
United Kingdom	262	300	358	388	318	371	446	694	990
Others	254	393	576	659	412	523	747	1006	853
<b>The Middle East Countries</b>	<b>1274</b>	<b>1388</b>	<b>1303</b>	<b>1070</b>	<b>1025</b>	<b>1179</b>	<b>1736</b>	<b>1743</b>	<b>1834</b>
Jordan	72	82	75	76	81	84	115	125	127
Kuwait	67	71	71	61	64	69	91	94	101
Palestine	195	195	155	133	131	156	219	176	281
Saudi Arabia	220	240	258	229	229	229	307	325	370
Syria	72	70	60	75	71	77	88	90	93
Others	648	730	684	496	449	564	916	933	862
<b>African Countries</b>	<b>119</b>	<b>150</b>	<b>148</b>	<b>145</b>	<b>144</b>	<b>168</b>	<b>221</b>	<b>258</b>	<b>280</b>
South Africa	23	28	21	19	16	14	18	22	24
Morocco	10	14	15	14	14	19	19	21	23
Sudan	35	49	52	55	53	60	90	110	115
Tunisia	19	23	27	20	19	21	30	28	31
Others	32	36	33	37	42	54	64	77	87
<b>Americas</b>	<b>229</b>	<b>244</b>	<b>315</b>	<b>325</b>	<b>184</b>	<b>168</b>	<b>237</b>	<b>276</b>	<b>325</b>
Canada	28	33	43	43	31	32	45	50	55
United States	161	170	219	229	127	115	156	182	216
Latin America	40	41	53	53	26	21	36	44	54
<b>Asia &amp; Pacific</b>	<b>192</b>	<b>200</b>	<b>301</b>	<b>304</b>	<b>217</b>	<b>253</b>	<b>349</b>	<b>386</b>	<b>432</b>
Australia	36	36	48	45	34	31	41	52	56
Japan	44	36	75	90	40	53	78	73	75
South Korea	13	15	36	33	20	25	38	43	54
China	8	10	12	14	14	21	28	33	41
India	22	25	35	30	30	31	44	46	59
Others	69	78	95	92	79	92	120	139	147
<b>Other Countries</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>4</b>

( 1/9 ) Number of Tourist Nights (By Group)

(Thousands)

	1997/98	1998/99	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006
<b>Total</b>	<b><u>21462</u></b>	<b><u>25692</u></b>	<b><u>34045</u></b>	<b><u>32702</u></b>	<b><u>28542</u></b>	<b><u>33011</u></b>	<b><u>73002</u></b>	<b><u>85730</u></b>	<b><u>85113</u></b>
<b>European Countries</b>	<b><u>11136</u></b>	<b><u>15426</u></b>	<b><u>23056</u></b>	<b><u>22627</u></b>	<b><u>19021</u></b>	<b><u>22399</u></b>	<b><u>46182</u></b>	<b><u>55631</u></b>	<b><u>52987</u></b>
<b>East Europe</b>	<b><u>925</u></b>	<b><u>1285</u></b>	<b><u>1496</u></b>	<b><u>1717</u></b>	<b><u>2461</u></b>	<b><u>4022</u></b>	<b><u>11266</u></b>	<b><u>13333</u></b>	<b><u>14727</u></b>
<b>West Europe</b>	<b><u>10211</u></b>	<b><u>14141</u></b>	<b><u>21560</u></b>	<b><u>20910</u></b>	<b><u>16560</u></b>	<b><u>18377</u></b>	<b><u>34916</u></b>	<b><u>42298</u></b>	<b><u>38260</u></b>
France	1252	1982	2817	2482	1981	1965	3952	4805	3593
Germany	2298	3329	5469	5942	5129	4809	9452	11015	9712
Italy	2686	4217	5920	5047	3698	4855	8337	8123	5914
Spain	326	384	898	779	531	630	1387	1456	1259
Switzerland	475	342	690	734	619	626	1067	1383	1125
United Kingdom	1581	1548	2064	2160	1989	2204	3886	6121	8581
Others	1593	2339	3702	3766	2613	3288	6835	9395	8076
<b>The Middle East Countries</b>	<b><u>6895</u></b>	<b><u>7017</u></b>	<b><u>6760</u></b>	<b><u>5709</u></b>	<b><u>6080</u></b>	<b><u>7213</u></b>	<b><u>18297</u></b>	<b><u>20249</u></b>	<b><u>21223</u></b>
Jordan	384	409	386	364	434	480	1129	1221	1254
Kuwait	613	515	513	553	544	574	1268	1461	1683
Palestine	515	535	563	411	568	623	2133	2054	2487
Saudi Arabia	1755	1813	1858	1773	1788	1967	3982	5161	5417
Syria	390	361	295	328	404	420	841	884	938
Others	3238	3384	3145	2280	2342	3149	8944	9468	9444
<b>African Countries</b>	<b><u>844</u></b>	<b><u>874</u></b>	<b><u>966</u></b>	<b><u>934</u></b>	<b><u>1003</u></b>	<b><u>1106</u></b>	<b><u>2553</u></b>	<b><u>3101</u></b>	<b><u>3434</u></b>
South Africa	85	79	82	72	60	52	116	137	154
Morocco	78	93	92	98	126	117	220	229	241
Sudan	368	426	522	502	493	608	1430	1900	2062
Tunisia	80	89	93	81	94	105	255	252	280
Others	233	187	177	181	230	224	532	583	697
<b>Americas</b>	<b><u>1446</u></b>	<b><u>1422</u></b>	<b><u>1926</u></b>	<b><u>1979</u></b>	<b><u>1294</u></b>	<b><u>1164</u></b>	<b><u>3149</u></b>	<b><u>3605</u></b>	<b><u>4046</u></b>
Canada	179	188	235	277	218	220	603	687	763
United States	1059	1060	1461	1479	953	836	2246	2544	2844
Latin America	208	174	230	223	123	108	300	374	439
<b>Asia &amp; Pacific</b>	<b><u>1123</u></b>	<b><u>939</u></b>	<b><u>1320</u></b>	<b><u>1441</u></b>	<b><u>1130</u></b>	<b><u>1117</u></b>	<b><u>2762</u></b>	<b><u>3088</u></b>	<b><u>3357</u></b>
Australia	263	234	316	337	256	209	585	688	716
Japan	231	145	357	440	217	242	529	478	500
South Korea	44	45	83	86	61	75	185	201	250
China	43	47	65	67	75	111	216	245	297
India	130	118	137	138	141	127	328	334	419
Others	412	350	362	373	380	353	919	1142	1175
<b>Other Countries</b>	<b><u>18</u></b>	<b><u>14</u></b>	<b><u>17</u></b>	<b><u>12</u></b>	<b><u>14</u></b>	<b><u>12</u></b>	<b><u>59</u></b>	<b><u>56</u></b>	<b><u>66</u></b>

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

**(1/10) Number of Tourists (Departure) & Average Stay**

( Thousands )

	2003/2004		2004/2005		2005/2006	
	Number	Average Stay	Number	Average Stay	Number	Average Stay
<b><u>Total</u></b>	<b><u>7053</u></b>	<b><u>10.4</u></b>	<b><u>8206</u></b>	<b><u>10.4</u></b>	<b><u>8181</u></b>	<b><u>10.4</u></b>
	<b><u>By Period</u></b>					
July/Sept.	1799	12.1	2268	12.4	2167	12.6
Oct. / Dec.	1685	9.7	1863	10.0	1916	9.9
Jan. / March	1757	9.8	2006	9.6	2031	9.5
April / June	1812	9.7	2069	9.5	2067	9.5
	<b><u>By Group</u></b>					
Europe	5042	9.5	6014	9.5	5681	9.5
Middle East	1302	12.7	1370	13.6	1582	12.8
Africa	185	13.8	228	13.6	238	14.4
The Americas	224	14.0	260	13.9	304	13.3
Asia and the Pacific	295	9.3	330	9.3	372	9.0
Others	5	12.4	4	12.7	4	14.7

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

**(1/11) Consumer Price Index (Urban Population ) (1999/2000=100)**

	Relative Weights	<u>Inflation Rate %</u>				
		June			July / June	July / June
		2004	2005	2006	2004/2005	2005/2006
<b><u>General Index</u></b>	<b><u>100.0</u></b>	<b><u>129.0</u></b>	<b><u>135.0</u></b>	<b><u>144.8</u></b>	<b><u>4.7</u></b>	<b><u>7.2</u></b>
Food and Non-alcoholic Beverages	38.9	144.8	150.7	168.2	4.1	11.6
Tobacco	2.8	136.1	136.1	146.2	0.0	7.4
Clothing , Textiles & Footwear	10.4	124.4	130.8	131.9	5.1	0.8
Housing, Water, Electricity, Gas&Fuel	11.7	106.8	112.4	114.9	5.2	2.2
Furnishings, HH Equipment & Routine Maintenance of the House	4.9	131.8	132.5	138.0	0.5	4.2
Health	4.6	115.4	120.3	125.0	4.2	3.9
Transport	5.6	118.9	125.5	127.0	5.5	1.2
Communications	2.0	124.0	180.7	216.6	45.7	19.9
Recreation & Culture	5.9	119.5	119.5	128.2	0.0	7.3
Education	5.7	110.5	119.5	125.0	8.1	4.6
Hotels & Restaurants	2.5	126.7	130.1	130.1	2.7	0.0
Miscellaneous Goods & Services	5.0	119.8	121.1	124.3	1.1	2.7

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

(1/12) Wholesale Price Index (1999/2000=100)\*

	Relative Weights	June		Inflation Rate (%)
				<u>July/June</u>
		<u>2005</u>	<u>2006</u>	<u>2005/2006</u>
<b><u>General Index</u></b>	<b><u>100.0</u></b>	<b><u>167.5</u></b>	<b><u>177.1</u></b>	<b><u>5.7</u></b>
Farm Products	34.4	..	207.2	..
Foodstuffs	18.2	..	172.5	..
Beverages & Tobacco	2.7	..	169.0	..
Yarn & Textiles	3.9	..	173.2	..
Wearing Apparel	1.4	..	124.5	..
Leather & Footwear	0.2	..	174.9	..
Wood & its Products	1.5	..	167.1	..
Paper & Printing	1.7	..	154.3	..
Chemicals & Products	7.4	..	126.4	..
Fuel & Related Products	10.5	..	125.1	..
Rubber & Plastic Products	0.6	..	142.7	..
Non-metallic Mineral Products	3.5	..	132.3	..
Metals	5.2	..	248.2	..
Metal Prods., Machinery & Equipment	5.4	..	164.2	..
Transportation Equipment	2.8	..	175.4	..
Other Manufacturing Products	0.6	..	205.7	..

Source : Central Agency for Public Mobilization and Statistics (Bimonthly Bulletin of the Wholesale Prices 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 agriculture and industry production values were taken as weights for this series, in order to avoid big and sudden change which may occur in the production of some commodities in case of selecting one year. This series has been released as of September 2001.

.. Not available.



**(2/1/1) CBE Financial Position : Reserve Money and Counterpart Assets**

( LE mn )

End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Reserve Money</u></b>	<b><u>65693</u></b>	<b><u>70010</u></b>	<b><u>73772</u></b>	<b><u>82955</u></b>	<b><u>94288</u></b>	<b><u>101080</u></b>	<b><u>116050</u></b>
Currency in circulation outside CBE	37634	40729	45376	51959	59415	67241	78604
Bank deposits in local currency	28059	29281	28396	30996	34873	33839	37446
<b><u>Counterpart Assets</u></b>	<b><u>65693</u></b>	<b><u>70010</u></b>	<b><u>73772</u></b>	<b><u>82955</u></b>	<b><u>94288</u></b>	<b><u>101080</u></b>	<b><u>116050</u></b>
<b><u>Net Foreign Assets</u></b>	<b><u>13624</u></b>	<b><u>13002</u></b>	<b><u>9816</u></b>	<b><u>12343</u></b>	<b><u>9858</u></b>	<b><u>37295</u></b>	<b><u>61302</u></b>
<b><u>Foreign Assets</u></b>	<b><u>51063</u></b>	<b><u>53598</u></b>	<b><u>61894</u></b>	<b><u>86287</u></b>	<b><u>88313</u></b>	<b><u>108738</u></b>	<b><u>129477</u></b>
Gold	1761	1879	2568	3808	4438	4500	6429
Foreign securities	10870	9866	13621	15569	17103	16665	48353
Foreign currencies	38432	41853	45705	66910	66772	87573	74695
<b><u>Foreign Liabilities</u></b>	<b><u>37439</u></b>	<b><u>40596</u></b>	<b><u>52078</u></b>	<b><u>73944</u></b>	<b><u>78455</u></b>	<b><u>71443</u></b>	<b><u>68175</u></b>
<b><u>Net Domestic Assets</u></b>	<b><u>52069</u></b>	<b><u>57008</u></b>	<b><u>63956</u></b>	<b><u>70612</u></b>	<b><u>84430</u></b>	<b><u>63785</u></b>	<b><u>54748</u></b>
<b><u>Net Claims on Government</u></b>	<b><u>50334</u></b>	<b><u>65062</u></b>	<b><u>71325</u></b>	<b><u>70768</u></b>	<b><u>99472</u></b>	<b><u>122264</u></b>	<b><u>114055</u></b>
Claims; of which:	78356	98303	117532	136722	181313	227367	171808
Government securities	33158	80336	98512	116527	164441	208021	164761
Deposits	28022	33241	46207	65954	81841	105103	57753
<b><u>Net Claims on Banks</u></b>	<b><u>1995</u></b>	<b><u>-10049</u></b>	<b><u>-17687</u></b>	<b><u>-34505</u></b>	<b><u>-35544</u></b>	<b><u>-21983</u></b>	<b><u>1018</u></b>
Claims	10486	10108	10292	9766	9530	11572	17412
Banks deposits in foreign currencies	8491	20157	27979	44271	45074	33555	16394
<b><u>Other Items (Net)</u></b>	<b><u>-260</u></b>	<b><u>1995</u></b>	<b><u>10318</u></b>	<b><u>34349</u></b>	<b><u>20502</u></b>	<b><u>-36496</u></b>	<b><u>-60325</u></b>
Assets	6690	9455	18413	48758	54355	49071	41743
Liabilities; of which:	6950	7460	8095	14409	33853	85567	102068
Equities	4912	5149	5500	1790	2325	2513	2513
Provisions	299	384	297	235	307	302	50

Source : Central Bank of Egypt.

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

( LE mn )

End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>1- Domestic Liquidity</u></b>	<b><u>255272</u></b>	<b><u>284873</u></b>	<b><u>328728</u></b>	<b><u>384262</u></b>	<b><u>434911</u></b>	<b><u>493884</u></b>	<b><u>560356</u></b>
<b><u>A- Money Supply</u></b>	<b><u>49738</u></b>	<b><u>53448</u></b>	<b><u>59805</u></b>	<b><u>67212</u></b>	<b><u>77606</u></b>	<b><u>89685</u></b>	<b><u>109274</u></b>
Currency in circulation outside the banking system	35042	38161	42299	48258	55933	63029	74239
Demand deposits in local currency	14696	15287	17506	18954	21673	26656	35035
<b><u>B- Quasi-Money</u></b>	<b><u>205534</u></b>	<b><u>231425</u></b>	<b><u>268923</u></b>	<b><u>317050</u></b>	<b><u>357305</u></b>	<b><u>404199</u></b>	<b><u>451082</u></b>
Time & saving deposits in local currency	157602	170681	192718	212010	233610	283020	314188
Demand and time & saving deposits in foreign currencies	47932	60744	76205	105040	123695	121179	136894
<b><u>2- Counterpart Assets</u></b>							
Net foreign assets	23393	18957	17285	25429	45241	80913	133385
Domestic credit	286639	321870	360090	387446	422040	466771	509532
Other items (net)	-54760	-55954	-48647	-28613	-32370	-53800	-82561

Source : Central Bank of Egypt.

( 2/1/3 ) Banking Survey : Deposits in Local Currency

( LE mn )

End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Total Deposits in Local Currency</u></b>	<b><u>172298</u></b>	<b><u>185968</u></b>	<b><u>210224</u></b>	<b><u>230964</u></b>	<b><u>255283</u></b>	<b><u>309676</u></b>	<b><u>349223</u></b>
<b><u>1- Demand Deposits</u></b>	<b><u>14696</u></b>	<b><u>15287</u></b>	<b><u>17506</u></b>	<b><u>18954</u></b>	<b><u>21673</u></b>	<b><u>26656</u></b>	<b><u>35035</u></b>
Public business sector *	2506	2556	2813	2937	2857	3027	4934
Private business sector	5714	6033	7385	7989	9235	12228	15863
Household sector	7285	7610	8255	8674	10306	11985	14831
Minus: Purchased cheques & drafts	809	912	947	646	725	584	593
<b><u>2- Time and Saving Deposits</u></b>	<b><u>157602</u></b>	<b><u>170681</u></b>	<b><u>192718</u></b>	<b><u>212010</u></b>	<b><u>233610</u></b>	<b><u>283020</u></b>	<b><u>314188</u></b>
Public business sector *	10305	10258	11116	10990	12557	13700	15465
Private business sector	25262	23047	24209	22099	25984	27439	25580
Household sector	122035	137376	157393	178921	195069	241881	273143

Source : Central Bank of Egypt.

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

**( 2/1/4 ) Banking Survey : Deposits in Foreign Currencies**

( LE mn )

End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Total Deposits in Foreign Currencies</u></b>	<b><u>47932</u></b>	<b><u>60744</u></b>	<b><u>76205</u></b>	<b><u>105040</u></b>	<b><u>123695</u></b>	<b><u>121179</u></b>	<b><u>136894</u></b>
<b><u>1- Demand Deposits</u></b>	<b><u>5070</u></b>	<b><u>6742</u></b>	<b><u>8267</u></b>	<b><u>12159</u></b>	<b><u>16280</u></b>	<b><u>18140</u></b>	<b><u>18533</u></b>
Public business sector *	250	236	311	475	878	1249	935
Private business sector	2421	3936	4155	6123	8891	10234	10417
Household sector	2528	2753	3992	5689	6697	6823	7392
Minus: Purchased cheques & drafts	129	183	191	128	186	166	211
<b><u>2- Time and Saving Deposits</u></b>	<b><u>42862</u></b>	<b><u>54002</u></b>	<b><u>67938</u></b>	<b><u>92881</u></b>	<b><u>107415</u></b>	<b><u>103039</u></b>	<b><u>118361</u></b>
Public business sector *	2263	2344	1883	2403	2554	2946	4734
Private business sector	11282	13629	15272	19056	20659	21103	28845
Household sector	29317	38029	50783	71422	84202	78990	84782

Source : Central Bank of Egypt.

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

(2/1/5) Banking Survey : Foreign Assets and Liabilities

( LE mn )

End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Net Foreign Assets</u></b>	<b><u>23393</u></b>	<b><u>18957</u></b>	<b><u>17285</u></b>	<b><u>25429</u></b>	<b><u>45241</u></b>	<b><u>80913</u></b>	<b><u>133385</u></b>
<b><u>Foreign Assets</u></b>	<b><u>77010</u></b>	<b><u>78630</u></b>	<b><u>90125</u></b>	<b><u>126068</u></b>	<b><u>145297</u></b>	<b><u>174328</u></b>	<b><u>218982</u></b>
Central Bank of Egypt	51063	53599	61894	86287	88313	108737	129477
Banks	25947	25031	28231	39781	56984	65591	89505
<b><u>Foreign Liabilities</u></b>	<b><u>53617</u></b>	<b><u>59673</u></b>	<b><u>72840</u></b>	<b><u>100639</u></b>	<b><u>100056</u></b>	<b><u>93415</u></b>	<b><u>85597</u></b>
Central Bank of Egypt	37439	40596	52078	73944	78455	71443	68176
Banks	16178	19077	20762	26695	21601	21972	17421

Source : Central Bank of Egypt.

**(2/1/6) Banking Survey : Domestic Credit and Other Items( Net)**

	( LE mn )						
End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Domestic Credit</u></b>	<b><u>286639</u></b>	<b><u>321870</u></b>	<b><u>360090</u></b>	<b><u>387446</u></b>	<b><u>422040</u></b>	<b><u>466771</u></b>	<b><u>509532</u></b>
Net claims on the government (A+B-C)	63060	83323	95423	103518	126343	159889	184131
A-Treasury bills	73646	129676	162675	203845	258178	311375	295974
B-Credit facilities	57597	31340	33580	33493	33075	41364	28044
C-Government deposits	68183	77693	100832	133820	164910	192850	139887
Claims on public business sector *	32383	29185	31143	34986	35588	37420	32888
Claims on private business sector	162173	178597	200230	214308	223096	228195	239338
Claims on household sector	29023	30765	33294	34634	37013	41267	53175
<b><u>Other Items (Net)</u></b>	<b><u>-54760</u></b>	<b><u>-55954</u></b>	<b><u>-48647</u></b>	<b><u>-28613</u></b>	<b><u>-32370</u></b>	<b><u>-53800</u></b>	<b><u>-82561</u></b>
Capital accounts, of which :	-56414	-62530	-68579	-76905	-83821	-94179	-102139
Capital and reserves	-25902	-27343	-29205	-31750	-34125	-37881	-43043
Provisions	-27854	-31584	-36165	-40334	-44891	-49843	-55000
Net unclassified assets and liabilities	1654	6576	19932	48292	51451	40379	19578

Source : Central Bank of Egypt.

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

(2/1/7) Total Saving Vessels

( LE mn )

End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Total Saving Vessels</u></b>	<b><u>255211</u></b>	<b><u>289118</u></b>	<b><u>335651</u></b>	<b><u>395068</u></b>	<b><u>445887</u></b>	<b><u>498190</u></b>	<b><u>560229</u></b>
<b><u>Savings at the Banking System</u></b>	<b><u>205534</u></b>	<b><u>231425</u></b>	<b><u>268923</u></b>	<b><u>317050</u></b>	<b><u>357305</u></b>	<b><u>404199</u></b>	<b><u>451082</u></b>
Time & saving deposits in local currency	157602	170681	192718	212010	233610	283020	314188
Demand and time & saving deposits in foreign currencies	47932	60744	76205	105040	123695	121179	136894
<b><u>Net Sales of Investment Certificates</u></b>	<b><u>39007</u></b>	<b><u>43966</u></b>	<b><u>49008</u></b>	<b><u>55218</u></b>	<b><u>60178</u></b>	<b><u>58485</u></b>	<b><u>63697</u></b>
<b><u>Post Office Saving Deposits</u></b>	<b><u>10670</u></b>	<b><u>13727</u></b>	<b><u>17720</u></b>	<b><u>22800</u></b>	<b><u>28404</u></b>	<b><u>35506</u></b>	<b><u>45450</u></b>

Source : Central Bank of Egypt.

**(2/1/8) Bank Lending and Discount Balances to Business Sector  
Public Business Sector\***

	( LE mn )						
End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Total</u></b>	<b><u>32107</u></b>	<b><u>28941</u></b>	<b><u>30892</u></b>	<b><u>34885</u></b>	<b><u>35430</u></b>	<b><u>37242</u></b>	<b><u>32636</u></b>
<b><u>In Local Currency</u></b>	<b><u>27722</u></b>	<b><u>24742</u></b>	<b><u>25831</u></b>	<b><u>26834</u></b>	<b><u>27690</u></b>	<b><u>30165</u></b>	<b><u>26269</u></b>
Agriculture	65	388	399	55	44	16	59
Industry	14583	14664	15539	16854	17263	18318	16215
Trade	7297	4270	4985	5094	5272	5936	4318
Services	5777	5420	4908	4831	5111	5895	5677
<b><u>In Foreign Currencies</u></b>	<b><u>4385</u></b>	<b><u>4199</u></b>	<b><u>5061</u></b>	<b><u>8051</u></b>	<b><u>7740</u></b>	<b><u>7077</u></b>	<b><u>6367</u></b>
Agriculture	31	0	0	0	0	0	0
Industry	3793	3880	4564	5614	5603	5260	3752
Trade	553	319	327	446	532	511	1555
Services	8	0	170	1991	1605	1306	1060

Source : Central Bank of Egypt.

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

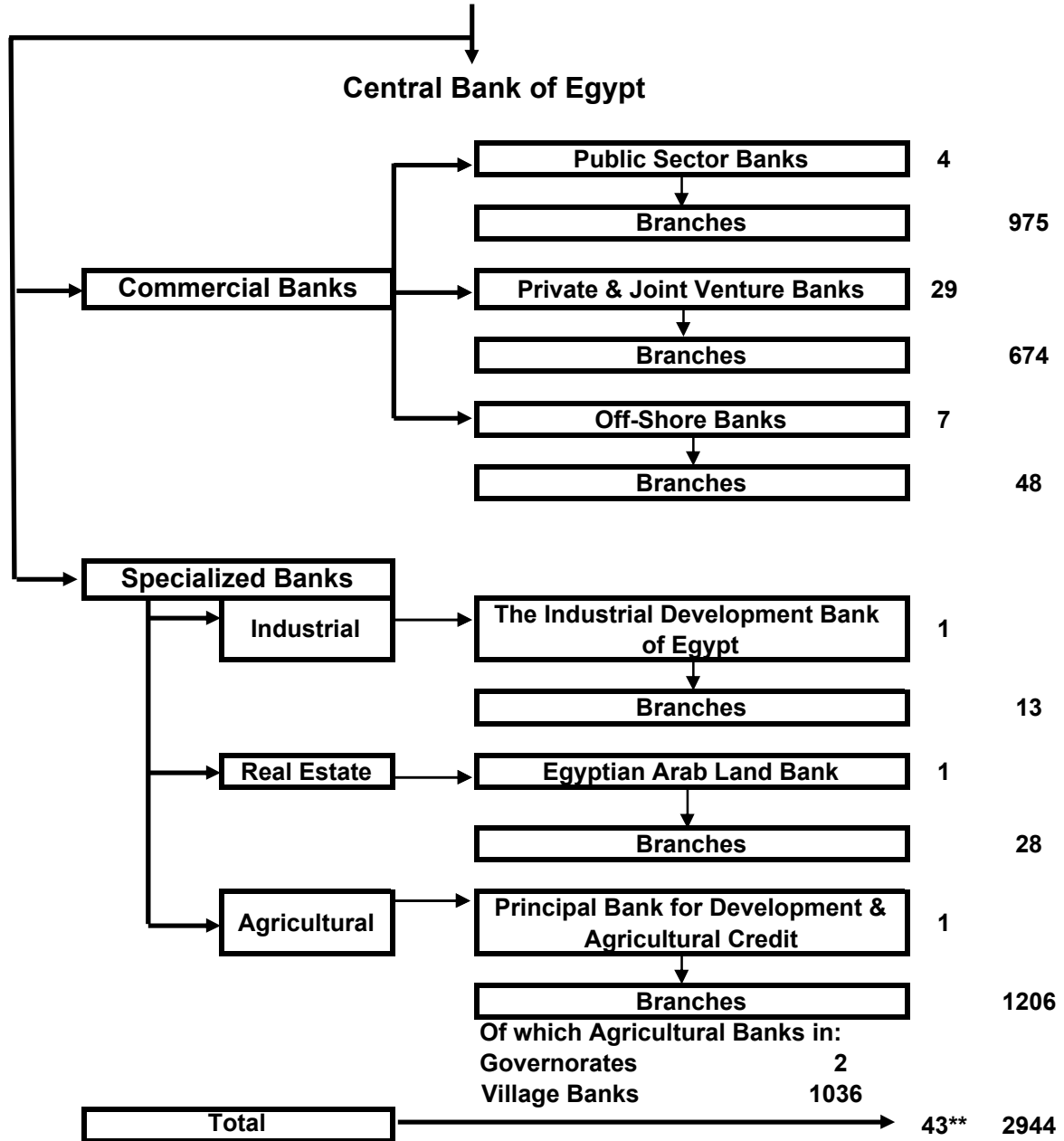


**(2/1/8) Bank Lending and Discount Balances to Business Sector  
Private Business Sector (Contd.)**

	( LE mn )						
End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Total</u></b>	<b><u>150440</u></b>	<b><u>164987</u></b>	<b><u>185078</u></b>	<b><u>199896</u></b>	<b><u>205816</u></b>	<b><u>205693</u></b>	<b><u>214665</u></b>
<b><u>In Local Currency</u></b>	<b><u>115145</u></b>	<b><u>128599</u></b>	<b><u>144408</u></b>	<b><u>149068</u></b>	<b><u>154147</u></b>	<b><u>152191</u></b>	<b><u>150485</u></b>
Agriculture	4512	4344	4659	4444	4972	5756	4794
Industry	43023	48919	55896	55775	58434	59099	55827
Trade	35622	38527	42266	42436	42267	39712	39110
Services	31988	36809	41587	46413	48474	47624	50754
<b><u>In Foreign Currencies</u></b>	<b><u>35295</u></b>	<b><u>36388</u></b>	<b><u>40670</u></b>	<b><u>50828</u></b>	<b><u>51669</u></b>	<b><u>53502</u></b>	<b><u>64180</u></b>
Agriculture	494	554	549	447	550	619	829
Industry	14893	15234	14969	19764	19850	20388	26072
Trade	8178	7626	8848	11111	12020	11369	12337
Services	11730	12974	16304	19506	19249	21126	24942

Source : Central Bank of Egypt.

**Structure of the Egyptian Banking System  
As at 30/6/2006\***



\* Egyptian banks abroad are excluded, while two banks are established under private laws and not registered with CBE: Arab International Bank and Nasser Social Bank.

\*\* Compared with 52 banks at end of June 2005 due to the merger and acquisition operations in the banking sector, according to the reform plan implemented by the CBE .

### Banking Density

End of June	2004			2005			2006		
	Population (Million)	Number of Banking Units	Banking Density*	Population (Million)	Number of Banking Units	Banking Density*	Population (Million)	Number of Banking Units	Banking Density*
Cairo	17.6	811	22	17.9	844	21	18.2	811	22
Alexandria	8.8	358	25	9.0	367	25	9.2	257	36
Delta	15.9	552	29	16.3	542	30	16.6	261	64
Qanal	7.4	335	22	7.6	339	22	7.8	235	33
North Upper Egypt	8.5	273	31	8.5	288	30	8.7	102	85
Asiut	3.4	118	29	3.5	119	29	3.6	54	67
South Upper Egypt	8.5	341	25	8.7	346	25	8.9	188	47
<b>Total</b>	70.1	2788	25	71.5	2845	25	73.0	1908	38

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

\* Population in thousand for each unit .

**Representation Offices Registered at the CBE  
(on June 30, 2006)**

<b>Name</b>	<b>Registration Date</b>	<b>Address</b>
Al-Raghi Banking & Investment Corp.	20/10/1993	19 Adly St.,2nd Floor , Apart. 59, Cairo
Bank of New York	27/10/1993	9 Abd El- Moneim Riad St., Dokki, Giza
Societe Generale	6/2/1994	2 Abd El –Kader Hamza St., Cairo Center Building, 5th Floor, Garden City, Cairo
Commerz Bank AG	31/5/1994	153 Mohamed Farid St.,(Banque Misr Tower) , 22nd Floor, Cairo
Monte dei Paschi di Siena A.P.S	5/7/1994	Nile Hilton Building (Commercial Center), Tahrir Square, 2nd Floor, Room No.24, Cairo
Union De Banques Arabes et Francaises (UBAF)	15/8/1994	4 Behlar Passage, Kasr El-Nil St., Cairo
Dresdner Bank AG	23/8/1994	21& 23 Giza St., El-Nil Tower, Floor No.12, Giza
State Bank of India	3/10/1994	15 Kamel El-Shinnawy St., Garden City, Cairo
Deutsche Bank AG	10/11/1994	23 Kasr El-Nil St.,Cairo, P.O.B. 2306& 5 El Zohour St., El Mohandeseen.
Banca Intesa Banca SPA	13/3/1995	1097 Corniche El-Nil St., Cairo
Credit Agricole Indosuez	17/7/1995	42 Al Batal Ahmed Abdel Aziz St., Mohandeseen
Arab Islamic Bank	11/12/1995	21& 23 Giza St., Nile Tower, Giza
JP Morgan Chase Bank	5/8/1996	3 Ahmed Nessim St., Giza
Bank of Tokyo Mitsubishi Ltd	4/3/1997	Nile Hilton, Commercial Center ( No.247), Cairo
Union Bank of Switzerland (UBS AG)	22/10/1997	1191 Corniche El-Nil St., World Trade Center, 13th Floor, Cairo
Credit Suisse	16/3/1998	7B Ibn Shamar St., Giza
Wachovia Bank National Association	6/5/1998	9 El-Gomhoria El-Motahida Square, Dokki, Giza
ING Bank N.V.	12/7/1999	9 Hode El-Laban St.,Garden City, Cairo
Credit Industriel et Commercial, CIC	22/7/1999	28 Sherif St., Cairo
B.H.F Bank AG	2/8/1999	8 El-Sadd El-Aley St.,Dokki , 12311,Giza
ABN Amro Bank N.V.	17/11/1999	31 Gezirat El-Arab St., Mohandeseen, Giza
Natexis Banque	22/3/2000	50 Abd El –Khalek Sarwat St., Cairo
Den Norske Bank	27/5/2001	19 El-Gabalaya St., Zamalek, Cairo
Bank of Valleta PLC	10/7/2003	106 Mohei El-Deen Aboul-Ezz St., Dokki, Giza
Sumitomo Mitsui Banking Corporation	19/1/2004	3 Ibn Kassir Corniche El-Nil St., 14 <sup>th</sup> Floor, Flat 6, Giza
Bank Hofmann AG	22/4/2004	3 & 5 Mosadak – Nahda tower El Dokki
American Express Bank Limited	12/9/2005	Star Capital 2, Shekha Fatma St Office no. 21-22

Source : Central Bank of Egypt

**Mutual Funds Licensed and Operating  
Up to 30/6/2006**

Fund Managers	Fund Name	Type of Fund	Inception Date	Fund Capital LE mn	Price of Document (LE)		Total Distributions at 30/6/2006 (LE)
					at Issue	at 30/6/2006	
<b>Open-end Funds</b>							
Hermes F. Management	1. Banque Du Caire	Growth	Nov-95	200	100	711.44	-
	2. Egyptian American Bank II *	Income / Growth	Apr-97	300	100	113.13	37.50
	3. Egyptian Gulf Bank	Income / Growth	May-97	100	100	273.40	92.00
	4. Egyptian American Bank I	Growth	Oct-94	300	100	244.76	121.75
	5. Bank of Alexandria I	Growth	Nov-94	200	100	321.50	131.50
	6. Faisal Islamic Bank of Egypt	Income	Dec-04	50	100	125.33	16.00
	7. Egyptian Saudi Finance Bank	Income	Jun-06	50	100	99.64	0.00
Cairo F. Management	Export Development Bank of Egypt	Income	Oct-96	100	100	229.68	33.00
Prime Investment F. Management	1. Arab Misr Insurance Group	Growth	Aug-95	100	500	619.36	212.00
	2. Societe Arabe Int'l de Banque I	Growth	Jun-96	100	500	1810.16	340.00
	3. Societe Arabe Int'l de Banque II	Income / Growth	Oct-97	200	100	226.33	74.00
	4. Societe Arabe Int'l de Banque III	Income	Feb-99	50	100	100.05	65.50
Concord F. Management	1. Banque Misr I	Income	Feb-95	500	100	92.12	84.30
	2. Banque Misr II	Growth	Sep-95	300	66.67	67.21	37.15
	3. Shild Fund**	Growth	Feb-98	280	100	93.73	43.00
HC Securities	1. Banque Misr III***	Income / Growth	Dec-97	138.97	1000	3628.87	350.00
	2. Misr Iran Development Bank I	Income / Growth	Aug-98	100	100	357.05	55.00
	3. Misr Iran Development Bank II	Income	Jul-05	500	1000	1000.21	84.05
	4. National Bank of Egypt III	Income / Growth	Aug-05	200	100	96.10	3.00
	5. Suez Canal Bank ****	Income / Growth	Dec-96	100	500	252.81	20.00
Egyptian Fund Management Group***	1. Egyptian American Bank III *****	Income	Jun-99	150	1000	1041.08	698.25
	2. Bank of Alexandria II	Income	Apr-06	200	10	10.14	0.00
El-Ahly F. Management	1. National Bank of Egypt I	Growth	Sep-94	200	500	1432.35	0.00
	2. National Bank of Egypt II	Income	Oct-95	300	100	75.60	102.00
	3. National Bank of Egypt IV	Income	Apr-06	100	145	101.35	0.00
CI Asset Management	1. Commercial International Bank I	Growth	Apr-05	1000	100	112.690	0.00
	2. Commercial International Bank II	Growth	Apr-06	600	100	99.890	0.00
<b>Close-end Funds</b>							
Egyptian Investment & Finance Co.	Orient Trust	Growth	Feb-97	50	1000	1152.79	100.00
Prime Investment F. Management	Direct Arab Real Estate	Income	Feb-00	70	1000	1007.01	113.75
Al-Ahly Dev. & Investment	Misr Direct Investment Fund	Growth	Jul-99	35	1000	1100.34	0.00

Source : Monthly Bulletin of Cairo & Alexandria Stock Exchanges.

\* 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 Misr International Bank fund has changed to Shild fund starting from 2/4/2006 & the certificate has been split by a ratio of 1:2 on the same date.

\*\*\* The Misr Exterior Bank fund has changed to Banque Misr III fund starting from 16/9/2004 after the merger of Misr Exterior Bank with Banque Misr and the Fund Manager has changed to Egyptian Fund Management Group instead of Lazard Asset Management starting from 30/6/2005.

\*\*\*\* The Fund Manager has changed to HC Securities instead of Egyptian Anglo Fund Management starting from 20/11/2005.

\*\*\*\*\* The American Express Bank II fund has changed to Egyptian American Bank III fund starting from 30/6/2005 after the merger of American Express Bank with the Egyptian American Bank.

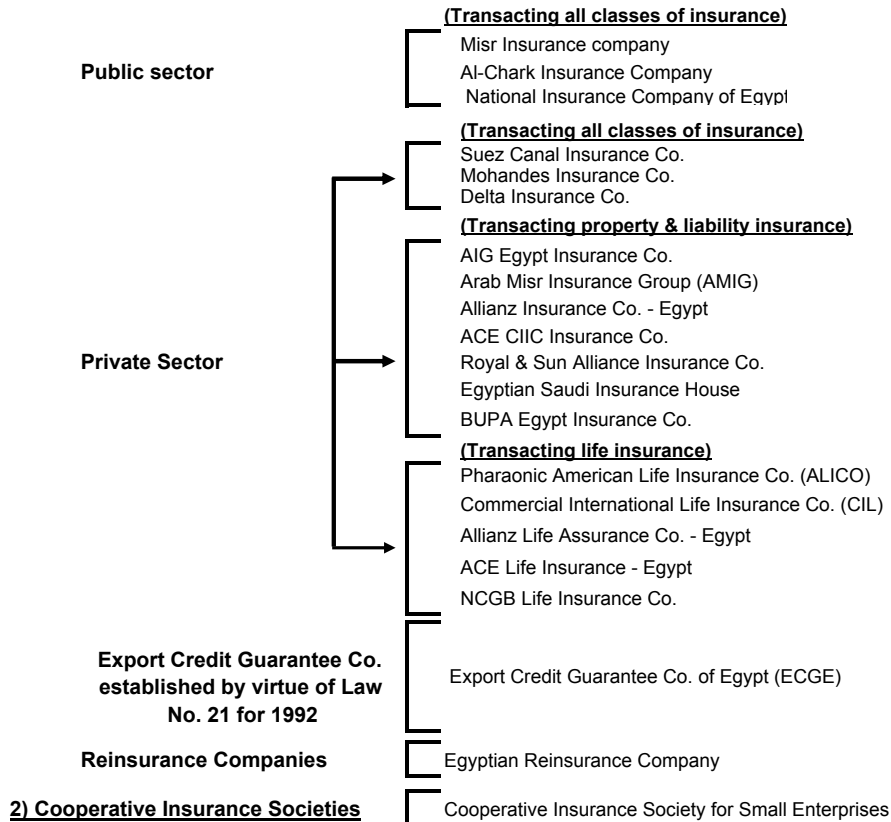
**Structure of the Insurance Sector in Egypt**

**The Supreme Council of Insurance**

**Egyptian Insurance Supervisory Authority (EISA)**

**Insurance and Reinsurance Entities**

**A. 1) Insurance and Reinsurance Companies**



**3) Private Insurance Funds (618 in number till June 2005)**

**4) Government Insurance Funds**

- The Government Insurance Fund Carrying on Fidelity Insurance for the stock keepers.
- The Cooperative Insurance Fund for Shipping Boats Related to Cooperative Societies of Water Fortune and its members.
- The Government Insurance Fund for Insuring the Risks Which the Postal Services are exposed to.

**5) Insurance Pools**

- The Pool of Insurance Co. for Internal Transportation of Cotton Varieties & Seeds
- The Pool of Insurance Co. for Commodities Transfer by Railways
- Egyptian Nuclear Insurance Pool
- Highways, Railways and Underground Metro Incidents Pool
- Decennial Liability Pool

**Federations and Auxiliary Organs**

- The Egyptian Insurance Federation
- Cargo Supervision & Surveying Office of Egypt
- Insurance Studies Institute

**(2/2/1) Note Issued Including Cash in CBE Vaults By Denomination**

( LE mn )

<b>End of June</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b><u>Currency By Denomination</u></b>	<b><u>37748</u></b>	<b><u>40809</u></b>	<b><u>45427</u></b>	<b><u>52219</u></b>	<b><u>59703</u></b>	<b><u>67527</u></b>	<b><u>79017</u></b>
PT 25	101	115	128	136	118	120	136
PT 50	252	216	225	235	203	220	241
LE 1	453	405	427	455	515	517	545
LE 5	1066	1187	1047	1119	1226	1279	1121
LE 10	5501	5656	5745	5728	5490	5074	4274
LE 20	11899	11589	12005	12110	11010	10329	9226
LE 50	11821	13409	15035	19381	22686	24517	27959
LE 100	6655	8232	10815	13055	18455	25471	35515

Source : Central Bank of Egypt.

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

( LE mn )

<b>End of June</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b><u>Total</u></b>	<b><u>37634</u></b>	<b><u>40728</u></b>	<b><u>45377</u></b>	<b><u>51960</u></b>	<b><u>59415</u></b>	<b><u>67236</u></b>	<b><u>78604</u></b>
Subsidiary Coins & Notes*	191	199	206	213	219	226	236
PT 25	100	113	126	135	117	118	135
PT 50	186	209	221	232	201	217	239
LE 1	389	400	422	448	510	512	540
LE 5	1051	1169	1034	1098	1201	1251	1095
LE 10	5473	5622	5718	5690	5424	4999	4215
LE 20	11845	11507	11948	12049	10926	10246	9128
LE 50	11768	13340	14938	19270	22490	24348	27737
LE 100	6631	8169	10764	12825	18327	25319	35279

Source : Central Bank of Egypt.

\* Issued by the Ministry of Finance.



**( 2/2/3) Clearing House Activities**

<b>During</b>	<b>1999/2000</b>	<b>2000/2001</b>	<b>2001/2002</b>	<b>2002/2003</b>	<b>2003/2004</b>	<b>2004/2005</b>	<b>2005/2006</b>
<b><u>Cairo Branch</u></b>							
Number of cheques (thousands)	7087	6881	6737	9250	8856	8619	
Value of cheques (LEmn)	289111	249613	232323	215703	215091	231943	
<b><u>Alexandria Branch</u></b>							
Number of cheques (thousands)	1287	1182	1037	663	626	592	
Value of cheques (LEmn)	45061	39156	35208	26383	30652	27875	
<b><u>Port - Said Branch</u></b>							
Number of cheques (thousands)	181	165	144	112	109	111	
Value of cheques (LEmn)	3911	3399	3012	2495	2481	2607	
<b><u>All Branches*</u></b>							
Number of cheques (thousands)	8555	8228	7918	10025	9591	9322	9508
Value of cheques (LEmn)	338083	292168	270543	244581	248224	262425	288713

Source : Central Bank of Egypt.

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

(2/3/1) Banks : Aggregate Financial Position

	( LE mn )						
End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Assets</u></b>							
Cash	3431	3485	4453	5557	5412	6594	6813
Securities & investments in TBs* of which:	60818	71142	87726	111337	137431	172177	193965
CBE notes	-	-	-	-	-	-	21563
Balances with banks in Egypt	49400	67047	83244	110874	116290	124986	121695
Balances with banks abroad	17776	16252	20002	29798	43290	51204	72554
Loan and discount balances	226776	241470	266100	284722	296199	308195	324041
Other assets	24137	28966	33939	35650	34814	41990	42494
<b>Assets =Liabilities</b>	<b>382338</b>	<b>428362</b>	<b>495464</b>	<b>577938</b>	<b>633436</b>	<b>705146</b>	<b>761562</b>
<b><u>Liabilities</u></b>							
Capital	11764	12038	12531	18155	20346	22949	27112
Reserves	9226	10156	11238	11805	11454	12419	13418
Provisions	27554	31200	35869	40099	44584	49541	54950
Long-term loans & bonds	10579	11922	14057	14866	15012	14255	17526
Obligations to banks in Egypt	24210	28158	35094	35579	29933	22671	21488
Obligations to banks abroad	9970	11486	11830	16247	10332	12262	8770
Total deposits	260429	291225	340868	403144	461697	519649	568841
Other liabilities	28606	32177	33977	38043	40078	51400	49457

Source : Central Bank of Egypt.

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

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

	( LE mn )						
End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Total Deposits</u></b>	<b><u>260429</u></b>	<b><u>291225</u></b>	<b><u>340868</u></b>	<b><u>403144</u></b>	<b><u>461697</u></b>	<b><u>519649</u></b>	<b><u>568841</u></b>
Demand deposits	24541	26678	30913	37233	46742	51557	62431
Time & Saving deposits	217705	244858	286953	342535	389482	445132	479805
Blocked or retained deposits	18183	19689	23002	23376	25473	22960	26605
<b><u>Local Currency Deposits</u></b>	<b><u>199619</u></b>	<b><u>218238</u></b>	<b><u>250106</u></b>	<b><u>278179</u></b>	<b><u>310870</u></b>	<b><u>369067</u></b>	<b><u>401143</u></b>
Demand deposits	18131	18354	21063	22929	27168	31606	41793
Time & Saving deposits	168389	186545	213385	242058	269505	324664	345953
Blocked or retained deposits	13099	13339	15658	13192	14197	12797	13397
<b><u>Foreign Currency Deposits</u></b>	<b><u>60810</u></b>	<b><u>72987</u></b>	<b><u>90762</u></b>	<b><u>124965</u></b>	<b><u>150827</u></b>	<b><u>150582</u></b>	<b><u>167698</u></b>
Demand deposits	6410	8324	9850	14304	19574	19951	20638
Time & Saving deposits	49316	58313	73568	100477	119977	120468	133852
Blocked or retained deposits	5084	6350	7344	10184	11276	10163	13208

Source : Central Bank of Egypt.

(2/3/3) Banks : Deposits by Sector

	( LE mn )						
End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Total Deposits</u></b>	<b><u>260429</u></b>	<b><u>291225</u></b>	<b><u>340868</u></b>	<b><u>403144</u></b>	<b><u>461697</u></b>	<b><u>519649</u></b>	<b><u>568841</u></b>
<b><u>Local Currency Deposits</u></b>	<b><u>199619</u></b>	<b><u>218238</u></b>	<b><u>250106</u></b>	<b><u>278179</u></b>	<b><u>310870</u></b>	<b><u>369067</u></b>	<b><u>401143</u></b>
Government sector	26201	31064	38578	46071	54120	57649	49422
Public business sector *	12811	12814	13930	13929	15414	16727	20399
Private business sector	30976	29079	31594	30087	35219	39668	41444
Household sector	129320	144986	165648	187594	205375	253865	287973
External sector **	311	295	356	498	742	1158	1905
<b><u>Foreign Currency Deposits</u></b>	<b><u>60810</u></b>	<b><u>72987</u></b>	<b><u>90762</u></b>	<b><u>124965</u></b>	<b><u>150827</u></b>	<b><u>150582</u></b>	<b><u>167698</u></b>
Government sector	11898	10943	13328	18977	26187	27252	29290
Public business sector *	2514	2580	2194	2878	3432	4195	5668
Private business sector	13703	17565	19426	25179	29550	31337	39263
Household sector	31844	40782	54775	77111	90899	85813	92174
External sector **	851	1117	1039	820	759	1985	1303

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.

(2/3/4) Banks : Deposits by Economic Activity

( LE mn )

End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Total Deposits</u></b>	<b><u>260429</u></b>	<b><u>291225</u></b>	<b><u>340868</u></b>	<b><u>403144</u></b>	<b><u>461697</u></b>	<b><u>519649</u></b>	<b><u>568841</u></b>
<b><u>Local Currency Deposits</u></b>	<b><u>199619</u></b>	<b><u>218238</u></b>	<b><u>250106</u></b>	<b><u>278179</u></b>	<b><u>310870</u></b>	<b><u>369067</u></b>	<b><u>401143</u></b>
Agriculture	2790	2302	2235	2049	2480	2548	2215
Industry	15360	14545	15984	15054	17325	19239	19903
Trade	10435	9160	10494	9879	10520	11740	12793
Services	19008	19109	20645	22416	28487	31915	38245
Unclassified sectors	152026	173122	200748	228781	252058	303625	327987
<b><u>Foreign Currency Deposits</u></b>	<b><u>60810</u></b>	<b><u>72987</u></b>	<b><u>90762</u></b>	<b><u>124965</u></b>	<b><u>150827</u></b>	<b><u>150582</u></b>	<b><u>167698</u></b>
Agriculture	326	325	426	558	467	831	855
Industry	7178	9121	9582	12193	14718	15274	18159
Trade	3587	4497	5071	5914	7258	6583	8250
Services	7344	8226	8995	12772	15306	17499	21602
Unclassified sectors	42375	50818	66688	93528	113078	110395	118832

Source : Central Bank of Egypt.

(2/3/5) Banks : Portfolio Investments by Sector<sup>+</sup>

( LE mn )

End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Total</u></b>	<b><u>60818</u></b>	<b><u>71142</u></b>	<b><u>87726</u></b>	<b><u>111337</u></b>	<b><u>137431**</u></b>	<b><u>172177**</u></b>	<b><u>172402</u></b>
<b><u>In Local Currency</u></b>	<b><u>46827</u></b>	<b><u>55041</u></b>	<b><u>66982</u></b>	<b><u>86000</u></b>	<b><u>105874</u></b>	<b><u>140840</u></b>	<b><u>140840</u></b>
Government sector	32396	40317	51743	69853	88438	119876	115146
Public business sector *	939	927	811	648	630	666	859
Private business sector	13492	13797	14428	15499	16806	20298	24835
Household sector	0	0	0	0	0	0	0
Foreign sector	0	0	0	0	0	0	0
<b><u>In Foreign Currencies</u></b>	<b><u>13991</u></b>	<b><u>16101</u></b>	<b><u>20744</u></b>	<b><u>25337</u></b>	<b><u>31557</u></b>	<b><u>31337</u></b>	<b><u>31562</u></b>
Government sector	8093	9023	12420	17465	18630	16594	16067
Public business sector *	0	0	3	0	0	0	0
Private business sector	1333	2600	3703	1703	2885	4711	3545
Household sector	0	0	0	0	0	0	0
Foreign sector	4565	4478	4618	6169	10042	10032	11950

Source : Central Bank of Egypt.

+ Excluding CBE Notes.

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

\*\* Revised data.

(2/3/6) Banks : Lending and Discount Balances by Sector

	( LE mn )						
End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Total</u></b>	<b><u>226776</u></b>	<b><u>241470</u></b>	<b><u>266100</u></b>	<b><u>284722</u></b>	<b><u>296199</u></b>	<b><u>308195</u></b>	<b><u>324041</u></b>
<b><u>In Local Currency</u></b>	<b><u>180673</u></b>	<b><u>193981</u></b>	<b><u>213008</u></b>	<b><u>218696</u></b>	<b><u>228159</u></b>	<b><u>233141</u></b>	<b><u>238926</u></b>
Government sector	9153	9521	9901	9049	9963	10938	11285
Public business sector *	27727	24742	25831	26835	27690	30164	26269
Private business sector	115171	128618	144446	149118	154162	152193	150491
Household sector	27708	29777	32225	33285	35955	39354	50158
External sector	914	1323	605	409	389	492	723
<b><u>In Foreign Currencies</u></b>	<b><u>46103</u></b>	<b><u>47489</u></b>	<b><u>53092</u></b>	<b><u>66026</u></b>	<b><u>68040</u></b>	<b><u>75054</u></b>	<b><u>85115</u></b>
Government sector	3256	3853	4661	4248	6240	11080	9712
Public business sector *	4384	4198	5060	8051	7740	7078	6373
Private business sector	35296	36388	40670	50827	51668	53502	64184
Household sector	1315	988	1070	1350	1059	1913	3017
External sector	1852	2062	1631	1550	1333	1481	1829

Source : Central Bank of Egypt.

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

(2/3/7) Banks : Credit by Sector

	( LE mn )						
End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Total</u></b>	<b><u>287594</u></b>	<b><u>312612</u></b>	<b><u>353826</u></b>	<b><u>396059</u></b>	<b><u>433630</u></b>	<b><u>480372</u></b>	<b><u>496443</u></b>
<b><u>In Local Currency</u></b>	<b><u>227500</u></b>	<b><u>249022</u></b>	<b><u>279990</u></b>	<b><u>304696</u></b>	<b><u>334033</u></b>	<b><u>373981</u></b>	<b><u>379766</u></b>
Government sector	41549	49838	61644	78902	98401	130814	126431
Public business sector *	28666	25669	26642	27483	28320	30830	27128
Private business sector	128663	142415	158874	164617	170968	172491	175326
Household sector	27708	29777	32225	33285	35955	39354	50158
External sector	914	1323	605	409	389	492	723
<b><u>In Foreign Currencies</u></b>	<b><u>60094</u></b>	<b><u>63590</u></b>	<b><u>73836</u></b>	<b><u>91363</u></b>	<b><u>99597</u></b>	<b><u>106391</u></b>	<b><u>116677</u></b>
Government sector	11349	12876	17081	21713	24870	27674	25779
Public business sector *	4384	4198	5063	8051	7740	7078	6373
Private business sector	36629	38988	44373	52530	54553	58213	67729
Household sector	1315	988	1070	1350	1059	1913	3017
External sector	6417	6540	6249	7719	11375	11513	13779

Source : Central Bank of Egypt.

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



**(2/3/8) Banks : Lending and Discount Balances by Economic Activity**

( LE mn )

End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>Total</u></b>	<b><u>226776</u></b>	<b><u>241470</u></b>	<b><u>266100</u></b>	<b><u>284722</u></b>	<b><u>296199</u></b>	<b><u>308195</u></b>	<b><u>324041</u></b>
<b><u>In Local Currency</u></b>	<b><u>180673</u></b>	<b><u>193981</u></b>	<b><u>213008</u></b>	<b><u>218696</u></b>	<b><u>228159</u></b>	<b><u>233141</u></b>	<b><u>238926</u></b>
Agriculture	4828	4748	5167	4521	5015	5822	4902
Industry	58410	64950	73179	74269	77722	81844	77734
Trade	42919	42798	47251	47530	48479	45648	43564
Services	45706	50260	54325	58547	60505	59870	61679
Unclassified sectors	28810	31225	33086	33829	36438	39957	51047
<b><u>In Foreign Currencies</u></b>	<b><u>46103</u></b>	<b><u>47489</u></b>	<b><u>53092</u></b>	<b><u>66026</u></b>	<b><u>68040</u></b>	<b><u>75054</u></b>	<b><u>85115</u></b>
Agriculture	526	554	549	447	550	619	829
Industry	18817	19772	20562	26782	28569	34957	38517
Trade	8789	7982	9175	11557	12552	11893	13930
Services	14800	16124	20098	24341	23941	24188	26983
Unclassified sectors	3171	3057	2708	2899	2428	3397	4856

Source : Central Bank of Egypt.

**(2/4 ) Discount and Interest Rates on Deposits and Loans  
in Egyptian Pound  
(% Annually)**

End of	Discount rate	Average Interest Rates at Banks		Interest Rate on Investment Certificates		Interest Rate on Post Office Saving Deposits*
		on three month deposits	on one year-or less maturity loans	Simple Interest	Compound Interest	
<b>January-04</b>	10.00	7.88	13.37	10.50	10.00	10.50
February	”	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	”	”	”
August	”	7.71	13.47	”	”	”
September	”	7.70	13.45	”	”	”
October	”	7.70	13.42	”	”	”
November	”	7.70	13.33	”	”	”
December	”	7.68	13.34	”	”	”
<b>January-05</b>	”	7.63	13.36	”	”	”
February	”	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	”	”	”
August	”	7.42	13.28	”	”	”
September	”	6.60	12.80	”	”	”
October	”	6.60	12.60	”	”	”
November	”	6.50	12.60	”	”	”
December	”	6.50	12.70	”	”	”
<b>January-06</b>	9.00	6.40	12.60	”	”	”
February	”	6.10	12.60	”	”	”
March	”	6.20	12.60	9.50	9.00	9.50
April	”	6.20	12.60	”	”	”
May	”	5.90	12.60	”	”	”
June	”	5.90	12.50	”	”	”

Source: Central Bank of Egypt and the Egyptian National Post Authority.

\* Calculated as additional interest of 0.25% for deposits of one year maturity.

**(2/5 ) Domestic Interest Rates on 3 Month Deposits  
in Major Currencies  
( % Annually )**

End of	US Dollar		Sterling Pound		Euro	
	Min	Max	Min	Max	Min	Max
<b>January-04</b>	0.81	1.00	3.00	3.75	1.31	1.56
February	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
August	1.44	1.88	3.81	4.56	1.38	1.63
September	1.63	1.88	3.81	4.56	1.38	1.63
October	1.81	2.00	3.75	4.50	1.38	1.63
November	2.06	2.25	3.75	4.50	1.44	1.69
December	2.15	2.44	3.75	4.50	1.44	1.69
<b>January-05</b>	2.38	2.56	3.75	4.50	1.38	1.63
February	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
August	3.50	3.69	3.44	4.19	1.38	1.63
September	3.69	3.88	3.50	4.25	1.38	1.63
October	3.88	4.06	3.50	4.25	1.44	1.69
November	4.00	4.19	3.50	4.25	1.69	1.94
December	4.13	4.31	3.50	4.25	1.75	2.00
<b>January-06</b>	4.25	4.44	3.44	4.19	1.75	2.00
February	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
April	4.63	4.81	3.56	4.31	2.06	2.31
May	4.69	4.88	3.56	4.31	2.13	2.38
June	5.00	5.19	3.63	4.38	2.31	2.56

Source : National Bank of Egypt.

( 2/6 ) Interest Rates on Treasury Bills  
(Quarterly Weighted Averages)

	(%)			
Average	91 days	182 days	89 days	364 days
<b><u>2000/2001</u></b>				
Q1	9.1	9.1	..	8.9
Q2	9.1	9.1	..	..
Q3	9.1	9.1	..	..
Q4	9.1	9.1	..	9.0
<b><u>2001/2002</u></b>				
Q1	8.9	9.0	..	8.9
Q2	8.1	8.3	..	..
Q3	7.2	7.7	..	..
Q4	7.2	7.7	..	8.0
<b><u>2002/2003</u></b>				
Q1	7.2	7.6	..	7.9
Q2	6.3	6.8	..	..
Q3	8.2	8.2	..	..
Q4	11.3	11.5	..	8.0
<b><u>2003/2004</u></b>				
Q1	9.2	9.2	..	8.0
Q2	..	7.2	7.0	..
Q3	7.1	7.5	..	..
Q4	10.1	10.7	..	9.5
<b><u>2004/2005</u></b>				
Q1	11.0	11.4	..	11.6
Q2	10.5	10.8	..	11.5
Q3	..	9.8	..	10.3
Q4	9.7	9.9	..	10.0
<b><u>2005/2006</u></b>				
Q1	9.0	9.3	..	9.3
Q2	9.1	9.1	..	9.2
Q3	8.3	8.3	..	8.4
Q4	8.6	8.7	..	8.7

Source: Central Bank of Egypt.

.. No Issuance

**(2/7) Interest Rates on Treasury Bills  
( Weekly weighted averages )**

(%)

	91 days	182 days	364 days
<b><u>April 2006</u></b>			
First week ( 4/4)	..	8.714	8.690
Second week (11/4)	8.563	8.557	..
Third week (19/4)	..	8.555	8.618
Fourth week (26/4)	..	..	..
<b>Monthly Average</b>	<b>8.563</b>	<b>8.609</b>	<b>8.654</b>
<b><u>May 2006</u></b>			
First week ( 2/5)	..	..	8.642
Second week ( 9/5)	8.625	8.717	8.718
Third week (16/5)	8.662	8.729	8.786
Fourth week (23/5)	..	..	8.786
(30/5)	..	8.703	..
<b>Monthly Average</b>	<b>8.644</b>	<b>8.716</b>	<b>8.733</b>
<b><u>June 2006</u></b>			
First week ( 6/6)	8.676	8.732	8.776
Second week (13/6)	8.706	8.740	8.791
Third week (20/6)	8.725	8.780	8.816
Fourth week (27/6)	8.843	8.974	8.893
<b>Monthly Average</b>	<b>8.738</b>	<b>8.807</b>	<b>8.819</b>

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Source: Central Bank of Egypt.

**(3/1) Companies Listed on the Stock Exchange**

End of June	2000	2001	2002	2003	2004	2005	2006
<b><u>First :Companies Listed on the Official Schedules</u></b>							
- Number of companies (in unit)	141	144	147	152	129	132	141
- Number of shares (mn)	1884	1525	1533	2689	3661	4236	7881
- Nominal value of capital (LE mn)	10600	10843	10724	35906	43597	49274	58432
- Market value of capital (LE mn)	25628	21900	22705	55706	95103	250136	298478
<b><u>Second :Companies Listed on the Unofficial Schedules</u></b>							
- Number of companies (in unit)	895	928	989	971	528	612	503
- Number of shares (mn)	2566	3621	3877	3244	2383	2646	2560
- Nominal value of capital (LE mn)	58935	65894	78403	63123	46491	57368	50354
- Market value of capital (LE mn)	94106	88417	95968	94508	68788	84407	78013
<b><u>Third :Companies Listed on the Temporary Schedules*</u></b>							
- Number of companies (in unit)					146	26	12
- Number of shares (mn)					208	103	16
- Nominal value of capital (LE mn)					6439	1567	379
- Market value of capital (LE mn)					8974	2516	579
<b><u>Fourth : All Companies</u></b>							
- Number of companies (in unit)	1036	1072	1136	1123	803	770	656
- Number of shares (mn)	4450	5146	5410	5933	6252	6985	10457
- Nominal value of capital (LE mn)	69535	76737	89127	99029	96527	108209	109165
- Market value of capital (LE mn)	119734	110317	118673	150214	172865	337059	377070

Source: Monthly Bulletin of Cairo & Alexandria Stock Exchanges.

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

**(3/2) Trading in Shares on the Stock Exchange**

During FY	2004/2005			2005/2006		
	Number of Transactions (unit)	Amount (thousand)	Market Value (mn)	Number of Transactions (unit)	Amount (thousand)	Market Value (mn)
<b><u>In Egyptian Pound</u></b>	<b><u>2407566</u></b>	<b><u>3093015</u></b>	<b><u>67230</u></b>	<b><u>5708728</u></b>	<b><u>6587149</u></b>	<b><u>227953</u></b>
Floor Transactions	2244002	2310460	61543	5501188	5517762	218496
Over the Counter Trading	163564	782555	5687	207540	1069387	9457
<b><u>In US Dollar</u></b>	<b><u>27952</u></b>	<b><u>150940</u></b>	<b><u>1526</u></b>	<b><u>194666</u></b>	<b><u>424502</u></b>	<b><u>2580</u></b>
Floor Transactions	27663	74512	1157	194192	303483	1979
Over the Counter Trading	289	76428	369	474	121019	601
		<b><u>Sterling Pound</u></b>			<b><u>Euro</u></b>	
<b><u>In Other Foreign Currencies</u></b>	<b><u>6</u></b>	<b><u>422</u></b>	<b><u>8</u></b>	<b><u>1</u></b>	<b><u>10</u></b>	<b><u>615</u></b>
Floor Transactions	0	0	0	0	0	0
Over the Counter Trading	6	422	8	1	10	615

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Source : Capital Market Authority.

**(3/3) Trading in Bonds on the Stock Exchange**

During FY	2004/2005			2005/2006		
	Number of Transactions (Unit)	Amount	Market Value (Thousand)	Number of Transactions (Unit)	Amount	Market Value (Thousand)
<b><u>In Egyptian Pound</u></b>	<b><u>594</u></b>	<b><u>7161869</u></b>	<b><u>7458862</u></b>	<b><u>635</u></b>	<b><u>12197050</u></b>	<b><u>11347982</u></b>
Floor Transactions	594	7161869	7458862	635	12197050	11347982
Over the Counter Trading	0	0	0	0	0	0
<b><u>In US Dollar</u></b>	<b><u>1</u></b>	<b><u>1</u></b>	<b><u>0</u></b>	<b><u>42</u></b>	<b><u>99504</u></b>	<b><u>73506</u></b>
Floor Transactions	1	1	0	3	66700	6870
Over the Counter Trading	0	0	0	39	32804	66636

Source : Capital Market Authority.



### (3/4) Global Depository Receipts (GDRs)

GDRs Listed on Global Exchange						Corporate Stocks Issued on Egyptian Exchange			
Order and Date of Offering	Depository Bank	Sub Custodian Bank	Volume on Offering Date (000s)	Price (\$) at end of		Price (LE) at end of			
				June 05	June 06	June 05	June 06		
First -	July-96	Bank of New York	CIB	9999	8.13	9.90	47.77	58.99	
Second -	July-96	Bank of New York	CIB	7310	14.50	10.50	82.00	63.14	
			NBE						
Third -	Oct.-97	Deutsche Bank	Citibank	6297	1.90	1.45	31.33	28.66	
Fourth -	Apr.-98	Bank of New York	CIB	6496	4.88	3.00	46.44	22.02	
Fifth -	Aug.-98	Bank of New York	HSBC	4324	12.00	8.60	33.76	25.31	
Sixth -	June-99	Deutsche Bank	Citibank	573	12.00	39.00	27.51	39.09	
Seventh -	July-99 *	Bank of New York	CIB	35000	0.44	0.44	0.00	0.00	
Eighth** -	July-00	Bank of New York	CIB	11713	50.29	40.80	587.5	238.67	
Ninth -	Aug.-02	Bank of New York	CIB	50	57.38	62.60	164.57	175.38	
Tenth -	Nov.-04	Bank of New York	CIB	8796	0	0	108.00	104.32	
Eleventh -	Dec.-05**	Bank of New York	CIB	8522	0.00	10.85	0.00	12.59	
			NBE						
			HSBC						

Source: Monthly Bulletin of Cairo and Alexandria Exchanges.

\* Last closing price was on 3 March 2005 as no trading has occurred after this date.

\*\* Trading on this company's GDRs on London Stock Exchange started on 14 December 2005.

**(3/5) Investments of the Insurance Sector**

End of June	2004				2005			
	Local Insurance & Reinsurance Companies	National Authority for Social Insurance	Private Insurance Funds*	Total	Local Insurance & Reinsurance Companies	National Authority for Social Insurance	Private Insurance Funds*	Total
<b>Grand Total</b>	<b>15554</b>	<b>198157</b>	<b>12537</b>	<b>226248</b>	<b>16813</b>	<b>221006</b>	<b>14597</b>	<b>252416</b>
<b>First : Real Estates</b>	<b>586</b>	<b>0</b>	<b>175</b>	<b>761</b>	<b>627</b>	<b>0</b>	<b>118</b>	<b>745</b>
<b>Second : Securities</b>	<b>8641</b>	<b>2000</b>	<b>8647</b>	<b>19288</b>	<b>9995</b>	<b>2000</b>	<b>10223</b>	<b>22218</b>
Government bonds, notes and bills	3951	2000	8256	14207	4923	2000	9843	16766
Securities available for sale	1317	0	375	1692	1696	0	365	2061
Securities for holding purposes	3373	0	16	3389	3376	0	15	3391
<b>Third:Deposits with the National Investment Bank</b>	<b>0</b>	<b>196157</b>	<b>0</b>	<b>196157</b>	<b>0</b>	<b>219006</b>	<b>0</b>	<b>219006</b>
<b>Fourth : Loans</b>	<b>197</b>	<b>0</b>	<b>141</b>	<b>338</b>	<b>215</b>	<b>0</b>	<b>142</b>	<b>357</b>
To the government	0	0	0	0	0	0	0	0
Guaranteed by life insurance, mortgages and other guarantees	197	0	141	338	215	0	142	357
<b>Fifth : Deposits with Banks</b>	<b>6130</b>	<b>0</b>	<b>3547</b>	<b>9677</b>	<b>5976</b>	<b>0</b>	<b>4042</b>	<b>10018</b>
Deposits at banks	4393	0	3547	7940	3885	0	4042	7927
Saving certificates	1737	0	0	1737	2091	0	0	2091
<b>Sixth : Other investments</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>72</b>	<b>72</b>

Source: The Egyptian Insurance Supervisory Authority's Annual Report, CBE's Government Accounts Department; and the Ministry of Finance.

\* Includes the Government Insurance Fund for insurance on stock keepers.

**(3/6) Outstanding Balance of Treasury Bills (Quarterly)**

(LE mn)

<b>End of</b>	<b>91 days</b>	<b>182 days</b>	<b>89 days</b>	<b>364 days</b>	<b>Total</b>
<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	22600.0	..	67815.6	95915.6
<b><u>2006</u></b>					
March	6000.0	24100.0	..	69015.6	99115.6
June	7100.0	26500.0	..	69543.6	103143.6

Source: Central Bank of Egypt.

### (3/7) Outstanding Balance of Treasury Bills (Weekly)

(LE mn)

	91 days	182 days	364 days	Total
<b><u>April 2006</u></b>				
<b>The:</b>				
First week ( 4/4)	6000.0	24600.0	70015.6	100615.6
Second (11/4)	7000.0	24100.0	68615.6	99715.6
Third (18/4)	6500.0	24100.0	69615.6	100215.6
Fourth (26/4)	6500.0	24100.0	68615.6	99215.6
<b>End of month</b>	<b>6500.0</b>	<b>24100.0</b>	<b>68615.6</b>	<b>99215.6</b>
<b><u>May 2006</u></b>				
<b>The:</b>				
First week ( 2/5)	6000.0	22600.0	69615.6	98215.6
Second ( 9/5)	6000.0	23100.0	66043.6	95143.6
Third (16/5)	6500.0	23600.0	67043.6	97143.6
Fourth (23/5)	5500.0	23600.0	67543.6	96643.6
<b>End of month</b>	<b>5500.0</b>	<b>24100.0</b>	<b>66543.6</b>	<b>96143.6</b>
<b><u>June 2006</u></b>				
<b>The:</b>				
First week ( 6/6)	5500.0	24100.0	67543.6	97143.6
Second (13/6)	6000.0	24100.0	67043.6	97143.6
Third (20/6)	6500.0	24500.0	68543.6	99543.6
Fourth (27/6)	7100.0	26500.0	69543.6	103143.6
<b>End of month</b>	<b>7100.0</b>	<b>26500.0</b>	<b>69543.6</b>	<b>103143.6</b>

Source: Central Bank of Egypt.

**(3/8) The Outstanding Balance of Treasury Bonds<sup>1</sup>**  
**End of June 2006**

	<b>Date of Issue</b>	<b>Value (LE mn)</b>	<b>Interest Rate</b>	<b>Maturity &amp; Due Date</b>
<b>Seventh Tranche</b>	<b>3/1/1999</b>	<b>2000</b>	<b>9.500%</b>	<b>10 years, 01/03/2009</b>
<b>Eighth Tranche</b>	<b>4/16/1999</b>	<b>2000</b>	<b>10.000%</b>	<b>10 years, 16/04/2009</b>
<b>Ninth Tranche</b>	<b>5/3/2000</b>	<b>3000</b>	<b>11.000%</b>	<b>7 years, 03/05/2007</b>
<b>Tenth Tranche</b>	<b>1/1/2004</b>	<b>4000</b>	<b>8.000%</b>	<b>3 years, 01/01/2007</b>
<b><u>Bonds under the Primary Dealers System **</u></b>				
<b>Eleventh Tranche</b>	<b>10/26/2004</b>	<b>5000</b>	<b>11.500%</b>	<b>7 years, 26/10/2011</b>
<b>Twelfth Tranche</b>	<b>11/16/2004</b>	<b>5000</b>	<b>11.625%</b>	<b>10 years, 16/11/2014</b>
<b>Thirteenth Tranche</b>	<b>12/7/2004</b>	<b>3000</b>	<b>10.938%</b>	<b>4 years, 07/12/2008</b>
<b>Fourteenth Tranche</b>	<b>1/18/2005</b>	<b>1000</b>	<b>11.400%</b>	<b>20 years, 18/01/2025</b>
<b>Fifteenth Tranche</b>	<b>7/12/2005</b>	<b>2000</b>	<b>9.100%</b>	<b>5 years, 12/07/2010</b>
<b>Sixteenth Tranche <sup>(1)</sup></b>	<b>8/2/2005</b>	<b>4000</b>	<b>9.250%</b>	<b>4 years, 02/08/2009</b>
<b>Seventeenth Tranche</b>	<b>8/16/2005</b>	<b>2000</b>	<b>9.350%</b>	<b>5 years, 16/08/2010</b>
<b>Eighteenth Tranche <sup>(2)</sup></b>	<b>9/20/2005</b>	<b>4000</b>	<b>9.100%</b>	<b>7 years, 20/09/2012</b>
<b>Nineteenth Tranche</b>	<b>10/4/2005</b>	<b>2000</b>	<b>9.063%</b>	<b>3 years, 04/10/2007</b>
<b>Twentieth Tranche</b>	<b>10/18/2005</b>	<b>2000</b>	<b>9.100%</b>	<b>5 years, 18/10/2010</b>
<b>Twenty First Tranche <sup>(3)</sup></b>	<b>11/15/2005</b>	<b>5000</b>	<b>9.300%</b>	<b>10 years, 15/11/2015</b>
<b>Twenty Second Tranche</b>	<b>1/3/2006</b>	<b>2000</b>	<b>9.050%</b>	<b>4 years, 03/01/2010</b>
<b>Twenty Third Tranche <sup>(4)</sup></b>	<b>1/24/2006</b>	<b>4000</b>	<b>8.850%</b>	<b>7 years, 24/01/2013</b>
<b>Twenty Fourth Tranche</b>	<b>2/14/2006</b>	<b>2000</b>	<b>8.500%</b>	<b>2 years, 14/02/2008</b>
<b>Twenty Fifth Tranche</b>	<b>2/28/2006</b>	<b>2000</b>	<b>8.600%</b>	<b>5 years, 28/02/2011</b>
<b>Twenty Sixth Tranche</b>	<b>5/2/2006</b>	<b>2000</b>	<b>8.950%</b>	<b>4 years, 02/05/2010</b>

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 , and by LE 10 billion due to their re-opening on 13/6/2006 on the same conditions.

<sup>( 4 )</sup> Increased by LE 2.0 billion, due to their re-opening on 17/04/2006 on the same conditions.

**(4/1) Consolidated Fiscal Operations of General Government\*****( The Budget Sector , NIB and SIFs )****(Total Expenditures)****( LE mn )**

During	2002/2003			2003/2004		
	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>127320</u></b>	<b><u>125419</u></b>	<b><u>134387</u></b>	<b><u>145988</u></b>	<b><u>143242</u></b>	<b><u>153368</u></b>
<b><u>Compensation of employees</u></b>	<b><u>33816</u></b>	<b><u>33840</u></b>	<b><u>34150</u></b>	<b><u>37266</u></b>	<b><u>37294</u></b>	<b><u>37631</u></b>
Salaries and wages	26588	26610	26876	29584	29610	29899
Social contributions	3809	3811	3855	4141	4143	4191
Other	3419	3419	3419	3541	3541	3541
<b><u>Purchases of goods and services</u></b>	<b><u>8548</u></b>	<b><u>8552</u></b>	<b><u>8610</u></b>	<b><u>9342</u></b>	<b><u>9346</u></b>	<b><u>9411</u></b>
Goods	4141	4142	4152	4621	4622	4632
Services	4260	4261	4297	4331	4332	4372
Other	147	149	161	390	392	407
<b><u>Interests</u></b>	<b><u>25848</u></b>	<b><u>23853</u></b>	<b><u>23723</u></b>	<b><u>30700</u></b>	<b><u>27899</u></b>	<b><u>27513</u></b>
Foreign interests	2335	2335	2335	2939	2939	2939
Domestic interests	23513	21518	21388	27761	24960	24574
To NIB	9398	-1	-1	10495	0	0
To others	14115	21519	21389	17266	24960	24574
<b><u>Subsidies, Grants, Social benefits</u></b>	<b><u>20567</u></b>	<b><u>20566</u></b>	<b><u>29273</u></b>	<b><u>24787</u></b>	<b><u>24787</u></b>	<b><u>34879</u></b>
<b><u>Subsidies</u></b>	<b><u>6937</u></b>	<b><u>6936</u></b>	<b><u>6936</u></b>	<b><u>10347</u></b>	<b><u>10347</u></b>	<b><u>10347</u></b>
To GASC	5170	5169	5169	8189	8189	8189
To petroleum	0	0	0	0	0	0
To others	1767	1767	1767	2158	2158	2158
<b><u>Grants</u></b>	<b><u>1606</u></b>	<b><u>1606</u></b>	<b><u>1606</u></b>	<b><u>1587</u></b>	<b><u>1587</u></b>	<b><u>1587</u></b>
<b><u>Social benefits</u></b>	<b><u>12024</u></b>	<b><u>12024</u></b>	<b><u>20731</u></b>	<b><u>12853</u></b>	<b><u>12853</u></b>	<b><u>22945</u></b>
Contribution to SIFs	11172	11172	19879	12002	12002	22094
Other	852	852	852	851	851	851
<b><u>Other</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
<b><u>Other expenditures</u></b>	<b><u>18290</u></b>	<b><u>18354</u></b>	<b><u>18355</u></b>	<b><u>21042</u></b>	<b><u>21065</u></b>	<b><u>21067</u></b>
Defense	13215	13215	13215	14400	14400	14400
Other	5075	5139	5140	6642	6665	6667
<b><u>Purchases of non-financial assets (Investments)</u></b>	<b><u>20251</u></b>	<b><u>20254</u></b>	<b><u>20276</u></b>	<b><u>22851</u></b>	<b><u>22851</u></b>	<b><u>22867</u></b>
Fixed assets	18471	18550	18572	20394	20448	20464
Others	1780	1704	1704	2457	2403	2403

Source : The Ministry of Finance .

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

**(4/1) Consolidated Fiscal Operations of General Government (contd.)\*****( The Budgets Sector , NIB and SIFs )****(Total Expenditures)****( LE mn )**

During	2004/2005			2005/2006		
	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>161611</u></b>	<b><u>159630</u></b>	<b><u>170890</u></b>	<b><u>204464</u></b>	<b><u>203135</u></b>	<b><u>220217</u></b>
<b><u>Compensation of employees</u></b>	<b><u>41546</u></b>	<b><u>41581</u></b>	<b><u>42013</u></b>	<b><u>45918</u></b>	<b><u>45957</u></b>	<b><u>46458</u></b>
Salaries and wages	32673	32706	33081	37492	37527	37966
Social contributions	4560	4562	4619	5064	5065	5127
Other	4313	4313	4313	3362	3365	3365
<b><u>Purchases of goods and services</u></b>	<b><u>12613</u></b>	<b><u>12615</u></b>	<b><u>12709</u></b>	<b><u>13746</u></b>	<b><u>13753</u></b>	<b><u>13812</u></b>
Goods	7417	7418	7429	5429	5431	5442
Services	4874	4876	4920	5902	5904	5950
Other	322	321	360	2415	2418	2420
<b><u>Interests</u></b>	<b><u>32780</u></b>	<b><u>30730</u></b>	<b><u>29898</u></b>	<b><u>36761</u></b>	<b><u>35270</u></b>	<b><u>34599</u></b>
Foreign interests	3002	3002	3002	2815	2815	2815
Domestic interests	29778	27728	26896	33946	32455	31784
To NIB	10000	0	0	8752	0	0
To others	19778	27728	26896	25194	32455	31784
<b><u>Subsidies, Grants, Social benefits</u></b>	<b><u>29705</u></b>	<b><u>29705</u></b>	<b><u>41223</u></b>	<b><u>68752</u></b>	<b><u>68752</u></b>	<b><u>85911</u></b>
<b><u>Subsidies</u></b>	<b><u>13765</u></b>	<b><u>13765</u></b>	<b><u>13765</u></b>	<b><u>54317</u></b>	<b><u>54317</u></b>	<b><u>54317</u></b>
To GASC	11203	11203	11203	9407	9407	9407
To petroleum	0	0	0	41778	41778	41778
To others	2562	2562	2562	3132	3132	3132
<b><u>Grants</u></b>	<b><u>1846</u></b>	<b><u>1846</u></b>	<b><u>1846</u></b>	<b><u>2022</u></b>	<b><u>2022</u></b>	<b><u>2022</u></b>
<b><u>Social benefits</u></b>	<b><u>14092</u></b>	<b><u>14092</u></b>	<b><u>25610</u></b>	<b><u>12395</u></b>	<b><u>12395</u></b>	<b><u>29554</u></b>
Contribution to SIFs	13185	13185	24703	11000	11000	28159
Other	907	907	907	1395	1395	1395
<b><u>Other</u></b>	<b><u>2</u></b>	<b><u>2</u></b>	<b><u>2</u></b>	<b><u>18</u></b>	<b><u>18</u></b>	<b><u>18</u></b>
<b><u>Other expenditures</u></b>	<b><u>21692</u></b>	<b><u>21723</u></b>	<b><u>21749</u></b>	<b><u>19600</u></b>	<b><u>19715</u></b>	<b><u>19718</u></b>
Defense	14592	14592	14592	15869	15869	15869
Other	7100	7131	7157	3731	3846	3849
<b><u>Purchases of non financial assets (Investements)</u></b>	<b><u>23275</u></b>	<b><u>23276</u></b>	<b><u>23298</u></b>	<b><u>19687</u></b>	<b><u>19688</u></b>	<b><u>19719</u></b>
Fixed assets	19930	19931	19953	17122	17123	17154
Others	3345	3345	3345	2565	2565	2565

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Source : The Ministry of Finance .

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

(4/2) Consolidated Fiscal Operations of General Government \*

( The Budget Sector, NIB and SIFs )

(Total Revenues )

( LE mn )

During	2002/2003			2003/2004		
	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 Revenues</u></b>	<b><u>89347</u></b>	<b><u>93057</u></b>	<b><u>109236</u></b>	<b><u>102045</u></b>	<b><u>106554</u></b>	<b><u>124129</u></b>
<b><u>Tax Revenues</u></b>	<b><u>55707</u></b>	<b><u>55708</u></b>	<b><u>55708</u></b>	<b><u>67147</u></b>	<b><u>67148</u></b>	<b><u>67148</u></b>
<b><u>Tax on income, profits</u></b>	<b><u>20842</u></b>	<b><u>20842</u></b>	<b><u>20842</u></b>	<b><u>27280</u></b>	<b><u>27280</u></b>	<b><u>27280</u></b>
From EGPC	2564	2564	2564	4771	4772	4772
From SCA	4188	4188	4188	6514	6514	6514
From CBE	514	514	514	317	317	317
From Other Units	6857	6857	6857	7518	7517	7517
Payable by individuals	6719	6719	6719	8160	8160	8160
<b><u>Taxes on Property</u></b>	<b><u>785</u></b>	<b><u>785</u></b>	<b><u>785</u></b>	<b><u>785</u></b>	<b><u>785</u></b>	<b><u>785</u></b>
<b><u>Taxes on Goods and Services</u></b>	<b><u>23102</u></b>	<b><u>23102</u></b>	<b><u>23102</u></b>	<b><u>26552</u></b>	<b><u>26552</u></b>	<b><u>26552</u></b>
<b><u>Taxes on International Trade (Customs)</u></b>	<b><u>8232</u></b>	<b><u>8233</u></b>	<b><u>8233</u></b>	<b><u>9234</u></b>	<b><u>9234</u></b>	<b><u>9234</u></b>
<b><u>Other Taxes</u></b>	<b><u>2746</u></b>	<b><u>2746</u></b>	<b><u>2746</u></b>	<b><u>3296</u></b>	<b><u>3297</u></b>	<b><u>3297</u></b>
<b><u>Grants</u></b>	<b><u>3290</u></b>	<b><u>3290</u></b>	<b><u>3290</u></b>	<b><u>5058</u></b>	<b><u>5058</u></b>	<b><u>5058</u></b>
Current	1758	1758	1758	3403	3403	3403
Capital	1532	1532	1532	1655	1655	1655
<b><u>Other Revenues</u></b>	<b><u>30350</u></b>	<b><u>34059</u></b>	<b><u>50238</u></b>	<b><u>29840</u></b>	<b><u>34348</u></b>	<b><u>51923</u></b>
<b><u>Property Income</u></b>	<b><u>13353</u></b>	<b><u>16955</u></b>	<b><u>18247</u></b>	<b><u>14547</u></b>	<b><u>18354</u></b>	<b><u>19975</u></b>
From EGPC	100	100	100	-2652	-2652	-2652
From SCA	5188	5188	5188	8288	8288	8288
From CBE	4889	4889	4889	5807	5807	5807
From Economic Authorities	339	339	339	352	352	352
From Companies	1518	1518	1557	1112	1112	1212
Other (from EGPC)	0	0	0	0	0	0
Other	1319	4921	6174	1640	5447	6968
<b><u>Sales of Goods and Services</u></b>	<b><u>7790</u></b>	<b><u>7790</u></b>	<b><u>7790</u></b>	<b><u>9451</u></b>	<b><u>9451</u></b>	<b><u>9451</u></b>
<b><u>Financing Investment</u></b>	<b><u>2139</u></b>	<b><u>2139</u></b>	<b><u>2139</u></b>	<b><u>2601</u></b>	<b><u>2601</u></b>	<b><u>2601</u></b>
<b><u>Other</u></b>	<b><u>7068</u></b>	<b><u>7175</u></b>	<b><u>22062</u></b>	<b><u>3241</u></b>	<b><u>3942</u></b>	<b><u>19896</u></b>

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Source : The Ministry of Finance .

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



**(4/2) Consolidated Fiscal Operations of General Government (Contd.)****( The Budget Sector , NIB and SIFs )****(Total Revenues)****( LE mn )**

During	2004/2005			2005/2006		
	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 Revenues</u></b>	<b><u>110864</u></b>	<b><u>114778</u></b>	<b><u>133130</u></b>	<b><u>149521</u></b>	<b><u>154627</u></b>	<b><u>174596</u></b>
<b><u>Tax Revenues</u></b>	<b><u>75759</u></b>	<b><u>75760</u></b>	<b><u>75760</u></b>	<b><u>98030</u></b>	<b><u>98030</u></b>	<b><u>98030</u></b>
<b><u>Tax on income, profits</u></b>	<b><u>31571</u></b>	<b><u>31572</u></b>	<b><u>31572</u></b>	<b><u>48487</u></b>	<b><u>48487</u></b>	<b><u>48487</u></b>
From EGPC	4030	4030	4030	23520	23520	23520
From SCA	7343	7343	7343	7321	7321	7321
From CBE	212	212	212	100	100	100
From Other Units	10671	10672	10672	7949	7949	7949
Payable by individuals	9315	9315	9315	9597	9597	9597
<b><u>Taxes on Property</u></b>	<b><u>1034</u></b>	<b><u>1034</u></b>	<b><u>1034</u></b>	<b><u>1214</u></b>	<b><u>1214</u></b>	<b><u>1214</u></b>
<b><u>Taxes on Goods and Services</u></b>	<b><u>31430</u></b>	<b><u>31430</u></b>	<b><u>31430</u></b>	<b><u>34450</u></b>	<b><u>34450</u></b>	<b><u>34450</u></b>
<b><u>Taxes on International Trade (Customs)</u></b>	<b><u>7744</u></b>	<b><u>7744</u></b>	<b><u>7744</u></b>	<b><u>9562</u></b>	<b><u>9562</u></b>	<b><u>9562</u></b>
<b><u>Other Taxes</u></b>	<b><u>3980</u></b>	<b><u>3980</u></b>	<b><u>3980</u></b>	<b><u>4317</u></b>	<b><u>4317</u></b>	<b><u>4317</u></b>
<b><u>Grants</u></b>	<b><u>2853</u></b>	<b><u>2853</u></b>	<b><u>2853</u></b>	<b><u>1584</u></b>	<b><u>1584</u></b>	<b><u>1584</u></b>
Current	966	966	966	551	551	551
Capital	1887	1887	1887	1033	1033	1033
<b><u>Other Revenues</u></b>	<b><u>32252</u></b>	<b><u>36165</u></b>	<b><u>54517</u></b>	<b><u>49907</u></b>	<b><u>55013</u></b>	<b><u>74982</u></b>
<b><u>Property Income</u></b>	<b><u>17758</u></b>	<b><u>21165</u></b>	<b><u>23376</u></b>	<b><u>36389</u></b>	<b><u>40345</u></b>	<b><u>42881</u></b>
From EGPC	154	154	154	12533	12533	12533
From SCA	9651	9651	9651	10487	10487	10487
From CBE	4999	4999	4999	0	0	0
From Economic Authorities	402	402	402	482	482	482
From Companies	245	245	397	863	863	863
Other (from EGPC)	0	0	0	6899	6899	6899
Other	2307	5714	7773	5125	9081	11617
<b><u>Sales of Goods and Services</u></b>	<b><u>7197</u></b>	<b><u>7197</u></b>	<b><u>7197</u></b>	<b><u>7451</u></b>	<b><u>7451</u></b>	<b><u>7451</u></b>
<b><u>Financing Investment</u></b>	<b><u>3146</u></b>	<b><u>3146</u></b>	<b><u>3146</u></b>	<b><u>3077</u></b>	<b><u>3077</u></b>	<b><u>3077</u></b>
<b><u>Other</u></b>	<b><u>4151</u></b>	<b><u>4657</u></b>	<b><u>20798</u></b>	<b><u>2990</u></b>	<b><u>4140</u></b>	<b><u>21573</u></b>

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Source : The Ministry of Finance .

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

**(4/3) Summary of Consolidated Fiscal Operations of General Government \*****( The Budget Sector , NIB and SIFs )****( LE mn )**

	<b>2002/2003</b>			<b>2003/2004</b>		
	<b>The Budget Sector</b>	<b>The Budget Sector, NIB</b>	<b>The Budget Sector, NIB, &amp; SIFs</b>	<b>The Budget Sector</b>	<b>The Budget Sector, NIB</b>	<b>The Budget Sector, NIB, &amp; SIFs</b>
<b>Total Revenues</b>	<b>89347</b>	<b>93057</b>	<b>109236</b>	<b>102045</b>	<b>106554</b>	<b>124129</b>
<b>Total Expenditures</b>	<b>127320</b>	<b>125419</b>	<b>134387</b>	<b>145988</b>	<b>143242</b>	<b>153368</b>
<b>Cash Deficit</b>	<b>37973</b>	<b>32362</b>	<b>25151</b>	<b>43943</b>	<b>36688</b>	<b>29239</b>
<b>Net Acquisition of Financial Assets</b>	<b>5671</b>	<b>12462</b>	<b>12524</b>	<b>2036</b>	<b>10575</b>	<b>10817</b>
<b>Overall fiscal balance finance</b>	<b>43644</b>	<b>44824</b>	<b>37675</b>	<b>45979</b>	<b>47263</b>	<b>40056</b>
<b><u>Financing Sources</u></b>	<b><u>43644</u></b>	<b><u>44824</u></b>	<b><u>37675</u></b>	<b><u>45979</u></b>	<b><u>47263</u></b>	<b><u>40056</u></b>
<b><u>Domestic Financing</u></b>	<b><u>25913</u></b>	<b><u>24250</u></b>	<b><u>18300</u></b>	<b><u>43693</u></b>	<b><u>43109</u></b>	<b><u>37394</u></b>
<b><u>Banking Financing</u></b>	<b><u>19293</u></b>	<b><u>13012</u></b>	<b><u>11026</u></b>	<b><u>21002</u></b>	<b><u>25633</u></b>	<b><u>23422</u></b>
<b>Central Bank</b>	<b>5132</b>	<b>-305</b>	<b>-305</b>	<b>23506</b>	<b>28488</b>	<b>28488</b>
<b>Other Banks</b>	<b>14161</b>	<b>13317</b>	<b>11331</b>	<b>-2504</b>	<b>-2855</b>	<b>-5066</b>
<b><u>Non Banking Financing</u></b>	<b><u>16649</u></b>	<b><u>21267</u></b>	<b><u>17303</u></b>	<b><u>24332</u></b>	<b><u>19117</u></b>	<b><u>15613</u></b>
<b>NIB</b>	<b>15282</b>	<b>4982</b>	<b>4982</b>	<b>24274</b>	<b>4797</b>	<b>4797</b>
<b>SIF</b>	<b>24</b>	<b>24</b>	<b>0</b>	<b>-142</b>	<b>-142</b>	<b>0</b>
<b>Other</b>	<b>1343</b>	<b>1343</b>	<b>1343</b>	<b>200</b>	<b>200</b>	<b>200</b>
<b>NIB Borrowing</b>	<b>0</b>	<b>14918</b>	<b>10978</b>	<b>0</b>	<b>14262</b>	<b>10616</b>
<b>Net Credit and Debit Liabilities</b>	<b>-10029</b>	<b>-10029</b>	<b>-10029</b>	<b>-1641</b>	<b>-1641</b>	<b>-1641</b>
<b><u>Foreign Borrowing</u></b>	<b><u>5580</u></b>	<b><u>5580</u></b>	<b><u>5580</u></b>	<b><u>503</u></b>	<b><u>503</u></b>	<b><u>503</u></b>
<b><u>Arrears</u></b>	<b><u>-3103</u></b>	<b><u>-3103</u></b>	<b><u>-3103</u></b>	<b><u>-2734</u></b>	<b><u>-2734</u></b>	<b><u>-2734</u></b>
<b><u>Other</u></b>	<b><u>3660</u></b>	<b><u>6505</u></b>	<b><u>5306</u></b>	<b><u>2209</u></b>	<b><u>3808</u></b>	<b><u>2591</u></b>
<b><u>Financing Effects for Eliminations</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>-1</u></b>	<b><u>0</u></b>	<b><u>269</u></b>	<b><u>-8</u></b>
<b><u>Exchange Rate Revaluation</u></b>	<b><u>12740</u></b>	<b><u>12740</u></b>	<b><u>12740</u></b>	<b><u>1486</u></b>	<b><u>1486</u></b>	<b><u>1486</u></b>
<b><u>Net Privatization Proceeds</u></b>	<b><u>39</u></b>	<b><u>39</u></b>	<b><u>39</u></b>	<b><u>17</u></b>	<b><u>17</u></b>	<b><u>17</u></b>
<b><u>Difference between bills face value &amp; present value</u></b>	<b><u>-817</u></b>	<b><u>-817</u></b>	<b><u>-817</u></b>	<b><u>-266</u></b>	<b><u>-266</u></b>	<b><u>-266</u></b>
<b><u>Discrepancy</u></b>	<b><u>-368</u></b>	<b><u>-370</u></b>	<b><u>-369</u></b>	<b><u>1071</u></b>	<b><u>1071</u></b>	<b><u>1073</u></b>
<b>Cash Deficit (Surplus ) as a percentage of GDP</b>	<b>9.1%</b>	<b>7.7%</b>	<b>6.0%</b>	<b>9.1%</b>	<b>7.5%</b>	<b>6.0%</b>
<b>Overall fiscal balance as a percentage of GDP</b>	<b>10.5%</b>	<b>10.7%</b>	<b>9.0%</b>	<b>9.5%</b>	<b>9.7%</b>	<b>8.3%</b>
<b>Revenues as a percentage of GDP</b>	<b>21.4%</b>	<b>22.3%</b>	<b>26.2%</b>	<b>21.0%</b>	<b>22.0%</b>	<b>25.6%</b>
<b>Expenditures as a percentage of GDP</b>	<b>30.5%</b>	<b>30.0%</b>	<b>32.2%</b>	<b>30.1%</b>	<b>29.5%</b>	<b>31.6%</b>

Source : The Ministry of Finance .

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

**(4/3) Consolidated Fiscal Operations of General Government (contd.)\***  
**( The Budget Sector , NIB and SIFs )**

( LE mn )

	2004/2005			2005/2006		
	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>Total Revenues</b>	110864	114778	133130	149521	154627	174596
<b>Total Expenditures</b>	161611	159630	170890	204464	203135	220217
<b>Cash Deficit</b>	50747	44852	37760	54943	48508	45621
<b>Net Acquisition of Financial Assets</b>	896	8260	10171	-5974	5414	7676
<b>Overall fiscal balance finance</b>	51643	53112	47931	48969	53922	53297
<b><u>Financing Sources</u></b>	<b><u>51643</u></b>	<b><u>53112</u></b>	<b><u>47931</u></b>	<b><u>48969</u></b>	<b><u>53922</u></b>	<b><u>53297</u></b>
<b><u>Domestic Financing</u></b>	<b><u>71105</u></b>	<b><u>71602</u></b>	<b><u>65102</u></b>	<b><u>51740</u></b>	<b><u>62306</u></b>	<b><u>62911</u></b>
<b><u>Banking Financing</u></b>	<b><u>31395</u></b>	<b><u>30928</u></b>	<b><u>29462</u></b>	<b><u>14802</u></b>	<b><u>15962</u></b>	<b><u>25977</u></b>
Central Bank	24764	24434	24434	-11463	-11140	-11140
Other Banks	6631	6494	5028	26265	27102	37117
<b><u>Non Banking Financing</u></b>	<b><u>32174</u></b>	<b><u>33138</u></b>	<b><u>28104</u></b>	<b><u>37514</u></b>	<b><u>46920</u></b>	<b><u>37510</u></b>
NIB	13433	7121	7121	12447	14605	14605
SIF	1985	1985	0	8910	8910	0
Other	16756	16756	16756	16157	16157	16157
NIB Borrowing	0	7276	4227	0	7248	6748
Net Credit and Debit Liabilities	7536	7536	7536	-576	-576	-576
<b><u>Foreign Borrowing</u></b>	<b><u>-4243</u></b>	<b><u>-4243</u></b>	<b><u>-4243</u></b>	<b><u>3641</u></b>	<b><u>3641</u></b>	<b><u>3641</u></b>
<b><u>Arrears</u></b>	<b><u>-2477</u></b>	<b><u>-2477</u></b>	<b><u>-2477</u></b>	<b><u>-1326</u></b>	<b><u>-1326</u></b>	<b><u>-1326</u></b>
<b><u>Other</u></b>	<b><u>1876</u></b>	<b><u>2209</u></b>	<b><u>4166</u></b>	<b><u>-338</u></b>	<b><u>-5951</u></b>	<b><u>-7182</u></b>
<b><u>Financing Effects for Eliminations</u></b>	<b><u>0</u></b>	<b><u>638</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>1</u></b>
<b><u>Exchange Rate Revaluation</u></b>	<b><u>-3935</u></b>	<b><u>-3935</u></b>	<b><u>-3935</u></b>	<b><u>-268</u></b>	<b><u>-268</u></b>	<b><u>-268</u></b>
<b><u>Net Privatization Proceeds</u></b>	<b><u>1012</u></b>	<b><u>1012</u></b>	<b><u>1012</u></b>	<b><u>126</u></b>	<b><u>126</u></b>	<b><u>126</u></b>
<b><u>Difference between bills face value &amp; present value</u></b>	<b><u>-3084</u></b>	<b><u>-3084</u></b>	<b><u>-3084</u></b>	<b><u>-709</u></b>	<b><u>-709</u></b>	<b><u>-709</u></b>
<b><u>Discrepancy</u></b>	<b><u>-8611</u></b>	<b><u>-8610</u></b>	<b><u>-8610</u></b>	<b><u>-3897</u></b>	<b><u>-3897</u></b>	<b><u>-3897</u></b>
<b>Cash Deficit (Surplus ) as a percentage of GDP</b>	9.4%	8.3%	7.0%	8.9%	7.9%	7.4%
<b>Overall fiscal balance as a percentage of GDP</b>	9.6%	9.9%	8.9%	7.9%	8.7%	8.6%
<b>Revenues as a percentage of GDP</b>	20.6%	21.3%	24.7%	24.2%	25.0%	28.3%
<b>Expenditures as a percentage of GDP</b>	30.0%	29.6%	31.7%	33.1%	32.9%	35.7%

Source : The Ministry of Finance .

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

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

	(LE mn)					
End of June	2001	2002	2003	2004	2005	2006
<b><u>Government Domestic Debt</u></b>	<b><u>256075</u></b>	<b><u>221224</u></b>	<b><u>252185</u></b>	<b><u>292721</u></b>	<b><u>349169</u></b>	<b><u>387719</u></b>
<b><u>- Bonds &amp; Bills</u></b>	<b><u>194810</u></b>	<b><u>165907</u></b>	<b><u>208592</u></b>	<b><u>272074</u></b>	<b><u>340898</u></b>	<b><u>349957</u></b>
- Treasury bonds, of which :	91830	113091	137192	171809	200284	231125
Local currency bonds with public sector banks	-	-	4000	4000	4000	4000
Euro sovereign bonds (US\$) offered abroad *	-	-	4612	5647	5122	5109
- Government notes to compensate the actuarial deficit in social insurance funds	3029	2000	2000	2000	2000	2000
- Housing bonds	139	136	132	128	124	122
- Treasury bills	29334	40007	55318	83774	124907	103144
- Foreign currency bonds with public sector commercial banks	8047	9406	12610	12938	12070	12014
- The equivalent of the retained 5% of corporate profits for purchasing government bonds	1166	1267	1340	1425	1513	1552
<b><u>- Net Government Balances with the Banking System</u></b>	<b><u>-39861</u></b>	<b><u>-58469</u></b>	<b><u>-80346</u></b>	<b><u>-113678</u></b>	<b><u>-135480</u></b>	<b><u>-104860</u></b>
<b><u>- Government Borrowing from NIB</u></b>	<b><u>101126</u></b>	<b><u>113786</u></b>	<b><u>123939</u></b>	<b><u>134325</u></b>	<b><u>143751</u></b>	<b><u>142622</u></b>
<b><u>The Economic Authorities Debt</u></b>	<b><u>41654</u></b>	<b><u>41141</u></b>	<b><u>39195</u></b>	<b><u>40064</u></b>	<b><u>47176</u></b>	<b><u>47387</u></b>
- Net balances of economic authorities with the banking system	-3313	-5983	-10899	-13707	-11089	-2809
- Borrowing of economic authorities from NIB	44967	47124	50094	53771	58265	50196

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).

**(4/5 ) National Investment Bank  
(Resources & Uses)**

	(LE mn)					
End of June	2001	2002	2003	2004	2005	2006
<b><u>Resources</u></b>	<b><u>200406</u></b>	<b><u>228345</u></b>	<b><u>253272</u></b>	<b><u>290157</u></b>	<b><u>316476</u></b>	<b><u>351205</u></b>
. Social Insurance Fund for Gov. Employees	72487	83779	95886	108991	122913	135735
. Social Insurance Fund for Pub. & Priv. Sector Employees	63853	70879	78947	87166	96093	105703
. Proceeds of the Investment Certificates	43966	49008	55218	60178	58485	64038
. Accumulated Returns of the Investment Certificates (category A)	7097	7417	6560	6737	6852	7028
. Proceeds of US dollar Development Bonds	1138	1303	1736	1738	1418	824
. Post Office Savings	13305	17109	22300	27776	33902	39097
. The NIB Balances at the Banking System (Net)	-3179	-2800	-9082	-4393	-4917	-3757
. Other *	1739	1650	1707	1964	1730	2537
<b><u>Uses</u></b>	<b><u>200406</u></b>	<b><u>228345</u></b>	<b><u>253272</u></b>	<b><u>290157</u></b>	<b><u>316476</u></b>	<b><u>351205</u></b>
. Government	101126	113786	123939	134325	143751	142622
. Economic Authorities	44967	47124	50094	53771	58265	50196
. Other (Holding Comp., Entities & Concessional loans ).	54313	67435	79239	102061	114460	158387

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

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

(5/1) Balance of Payments

	(LEmn)				
	2004/2005		2005/2006*		Change
	Value	%	Value	%	(-)
<b>Balance of Current Account</b>	<b><u>17556.2</u></b>		<b><u>10116.4</u></b>		<b><u>(7439.8)</u></b>
<b>Balance of Current Account (Excluding Transfers)</b>	<b><u>(15035.0)</u></b>		<b><u>(21836.2)</u></b>		<b><u>(6801.2)</u></b>
<b>Receipts</b>	<b><u>173363.8</u></b>	<b><u>100.0</u></b>	<b><u>206491.3</u></b>	<b><u>100.0</u></b>	<b><u>33127.5</u></b>
Export proceeds**	83016.2	47.9	106160.8	51.4	23144.6
Transportation, of which	25605.2	14.8	28463.2	13.8	2858.0
Suez Canal dues	(19884.9)	(11.5)	(20475.0)	(9.9)	(590.1)
Travel	38805.0	22.3	41631.1	20.1	2826.1
Investment income	5433.2	3.2	11515.0	5.6	6081.8
Government services	942.6	0.5	2061.4	1.0	1118.8
Other receipts	19561.6	11.3	16659.8	8.1	(2901.8)
<b>Payments</b>	<b><u>188398.8</u></b>	<b><u>100.0</u></b>	<b><u>228327.5</u></b>	<b><u>100.0</u></b>	<b><u>39928.7</u></b>
Import payments**	145285.0	77.1	175149.7	76.7	29864.7
Transportation	5427.2	2.9	6989.9	3.1	1562.7
Travel	8619.7	4.6	9318.4	4.1	698.7
Investment income, of which	6999.8	3.7	8467.6	3.7	1467.8
Interest paid	(3517.6)	(1.9)	(3305.2)	(1.4)	(212.4)
Government expenditures	3905.3	2.1	7567.4	3.3	3662.1
Other payments	18161.8	9.6	20834.5	9.1	2672.7
<b>Transfers</b>	<b><u>32591.2</u></b>	<b><u>100.0</u></b>	<b><u>31952.6</u></b>	<b><u>100.0</u></b>	<b><u>(638.6)</u></b>
Private (net)	26162.3	80.3	28624.9	89.6	2462.6
Official (net)	6428.9	19.7	3327.7	10.4	(3101.2)

\* Preliminary figures.

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

(5/1) Balance of Payments (Contd.)

	(LE mn)	
	2004/2005	2005/2006*
	Value	Value
<b><u>Capital &amp; Financial Account</u></b>	<b><u>19527.2</u></b>	<b><u>-20045.2</u></b>
<b><u>Capital Account</u></b>	<b><u>0.0</u></b>	<b><u>-216.3</u></b>
<b><u>Financial Account</u></b>	<b><u>19527.2</u></b>	<b><u>-19828.9</u></b>
<b><u>Direct Investment Abroad</u></b>	<b><u>-231.3</u></b>	<b><u>-835.9</u></b>
<b><u>Direct Investment in Egypt (Net) **</u></b>	<b><u>23453.1</u></b>	<b><u>35169.0</u></b>
<b><u>Portfolio Investments Abroad</u></b>	<b><u>3251.2</u></b>	<b><u>-4186.7</u></b>
<b><u>Portfolio Investments in Egypt ( Net), of which :</u></b>	<b><u>4890.3</u></b>	<b><u>15938.9</u></b>
Bonds	148.4	15518.8
<b><u>Other Investments</u></b>	<b><u>-11836.1</u></b>	<b><u>-65914.2</u></b>
<b><u>Net Borrowing</u></b>	<b><u>6135.3</u></b>	<b><u>8208.3</u></b>
<b><u>Medium-and Long-Term Loans</u></b>	<b><u>-4662.0</u></b>	<b><u>-5332.3</u></b>
Drawings	4440.6	4579.0
Repayments	-9102.6	-9911.3
<b><u>Medium-Term Suppliers' and Buyers' Credit</u></b>	<b><u>-3083.4</u></b>	<b><u>-580.5</u></b>
Drawings	529.4	3597.8
Repayments	-3612.8	-4178.3
<b><u>Short-Term Suppliers' and Buyers' Credit (Net)</u></b>	<b><u>13880.7</u></b>	<b><u>14121.1</u></b>
<b><u>Other Assets</u></b>	<b><u>-19802.4</u></b>	<b><u>-29362.2</u></b>
CBE	125.4	17.6
Banks	-13376.8	-24141.0
Other	-6551.0	-5238.8
<b><u>Other Liabilities</u></b>	<b><u>1831.0</u></b>	<b><u>-44760.3</u></b>
CBE	0.0	12.7
Banks	1831.0	-44773.0
<b><u>Net Errors &amp; Omissions</u></b>	<b><u>-10339.1</u></b>	<b><u>28659.1</u></b>
<b><u>Overall Balance</u></b>	<b><u>26744.3</u></b>	<b><u>18730.3</u></b>
<b><u>Change in Reserve Assets, Increase (-)</u></b>	<b><u>-26744.3</u></b>	<b><u>-18730.3</u></b>

Source: CBE.

\* Preliminary figures.

\*\* Includes foreign direct investment in petroleum sector and receipts from selling some local companies to foreign investors.

(5/2) Balance of Payments

	(US\$mn)				
	2004/2005		2005/2006*		Change
	Value	%	Value	%	(-)
<b>Balance of Current Account</b>	<b><u>2910.6</u></b>		<b><u>1751.9</u></b>		<b><u>(1158.7)</u></b>
<b>Balance of Current Account (Excluding Transfers)</b>	<b><u>(2517.2)</u></b>		<b><u>(3795.2)</u></b>		<b><u>(1278.0)</u></b>
<b>Receipts</b>	<b><u>28863.0</u></b>	<b><u>100.0</u></b>	<b><u>35893.0</u></b>	<b><u>100.0</u></b>	<b><u>7030.0</u></b>
Export proceeds**	13833.4	47.9	18455.1	51.4	4621.7
Transportation, of which	4259.6	14.8	4947.1	13.8	687.5
Suez Canal dues	(3306.8)	(11.5)	(3558.8)	(9.9)	(252.0)
Travel	6429.8	22.3	7234.6	20.1	804.8
Investment income	910.6	3.2	2001.8	5.6	1091.2
Government receipts	157.2	0.5	358.2	1.0	201.0
Other receipts	3272.4	11.3	2896.2	8.1	(376.2)
<b>Payments</b>	<b><u>31380.2</u></b>	<b><u>100.0</u></b>	<b><u>39688.2</u></b>	<b><u>100.0</u></b>	<b><u>8308.0</u></b>
Import payments**	24192.8	77.1	30441.0	76.7	6248.2
Transportation	902.4	2.9	1214.9	3.1	312.5
Travel	1438.3	4.6	1619.6	4.1	181.3
Investment income, of which	1164.4	3.7	1471.1	3.7	306.7
Interest paid	(583.7)	(1.9)	(586.5)	(1.5)	2.8
Government expenditures	656.6	2.1	1319.9	3.3	663.3
Other payments	3025.7	9.6	3621.7	9.1	596.0
<b>Transfers</b>	<b><u>5427.8</u></b>	<b><u>100.0</u></b>	<b><u>5547.1</u></b>	<b><u>100.0</u></b>	<b><u>119.3</u></b>
Private (net)	4371.7	80.5	4975.4	89.7	603.7
Official (net)	1056.1	19.5	571.7	10.3	(484.4)

\*Preliminary figures.

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



(5/2) Balance of Payments (Contd.)

	(US\$mn)	
	2004/2005	2005/2006*
	Value	Value
<b><u>Capital &amp; Financial Account</u></b>	<b><u>3377.7</u></b>	<b><u>3511.3</u></b>
<b><u>Capital Account</u></b>	<b><u>0.0</u></b>	<b><u>-37.6</u></b>
<b><u>Financial Account</u></b>	<b><u>3377.7</u></b>	<b><u>3548.9</u></b>
<b><u>Direct Investment Abroad</u></b>	<b><u>-39.0</u></b>	<b><u>-145.3</u></b>
<b><u>Direct Investment in Egypt (Net)</u></b> **	<b><u>3901.8</u></b>	<b><u>6111.4</u></b>
<b><u>Portfolio Investments Abroad</u></b>	<b><u>540.6</u></b>	<b><u>-729.1</u></b>
<b><u>Portfolio Investments in Egypt (Net), of Which :</u></b>	<b><u>831.1</u></b>	<b><u>2764.0</u></b>
Bonds	25.9	2690.2
<b><u>Other Investments</u></b>	<b><u>-1856.8</u></b>	<b><u>-4452.1</u></b>
<b><u>Net Borrowing</u></b>	<b><u>1000.6</u></b>	<b><u>1425.8</u></b>
<b><u>Medium- and Long-Term Loans</u></b>	<b><u>-783.8</u></b>	<b><u>-927.5</u></b>
Drawings	727.9	795.6
Repayments	-1511.7	-1723.1
<b><u>Medium-Term Suppliers' and Buyers' Credit</u></b>	<b><u>-525.8</u></b>	<b><u>-101.2</u></b>
Drawings	86.2	625.4
Repayments	-612.0	-726.6
<b><u>Short-Term Suppliers' and Buyers' Credit (Net)</u></b>	<b><u>2310.2</u></b>	<b><u>2454.5</u></b>
<b><u>Other Assets</u></b>	<b><u>-3180.0</u></b>	<b><u>-5102.8</u></b>
CBE	23.0	3.3
Banks	-2171.6	-4197.7
Other	-1031.4	-908.4
<b><u>Other Liabilities</u></b>	<b><u>322.6</u></b>	<b><u>-775.1</u></b>
CBE	0.0	2.2
Banks	322.6	-777.3
<b><u>Net Errors &amp; Omissions</u></b>	<b><u>-1810.6</u></b>	<b><u>-2009.8</u></b>
<b><u>Overall Balance</u></b>	<b><u>4477.7</u></b>	<b><u>3253.4</u></b>
<b><u>Change in Reserve Assets, Increase (-)</u></b>	<b><u>-4477.7</u></b>	<b><u>-3253.4</u></b>

Source: CBE.

\* Preliminary figures.

\*\* Includes foreign direct investment in petroleum sector and receipts from selling some local companies to foreign investors.

(5/3) Exports by Degree of Processing \*

(US\$ mn)

	<u>Fiscal Year</u>				Change (-)
	2004/2005		2005/2006 **		
	Value	%	Value	%	
<b><u>Total ***</u></b>	<b><u>13833.4</u></b>	<b><u>100.0</u></b>	<b><u>18455.1</u></b>	<b><u>100.0</u></b>	<b><u>4621.7</u></b>
<b><u>Fuels, Mineral Oils &amp; Products</u></b>	<b><u>5478.0</u></b>	<b><u>39.6</u></b>	<b><u>10429.5</u></b>	<b><u>56.5</u></b>	<b><u>4951.5</u></b>
Crude petroleum	1937.7	14.0	3213.8	17.4	1276.1
Petroleum products ****	3361.3	24.3	7008.6	38.0	3647.3
Coal & types thereof	36.6	0.3	22.3	0.1	(14.3)
Other fuels	142.4	1.0	184.8	1.0	42.4
<b><u>Raw Materials</u></b>	<b><u>731.4</u></b>	<b><u>5.3</u></b>	<b><u>668.5</u></b>	<b><u>3.6</u></b>	<b><u>(62.9)</u></b>
Cotton	137.8	1.0	146.3	0.8	8.5
Potatoes	1.3	0.0	2.3	0.0	1.0
Iron, ore	8.7	0.1	45.2	0.2	36.5
Citrus fruits	24.2	0.2	38.3	0.2	14.1
Spices & vanilla	0.4	0.0	0.2	0.0	(0.2)
Groundnuts	2.0	0.0	1.0	0.0	(1.0)
Medicinal plants	7.7	0.1	3.9	0.0	(3.8)
Raw hides & tanned leather	2.5	0.0	49.5	0.3	47.0
Flax , raw	5.7	0.0	3.2	0.0	(2.5)
Edible vegetable roots & tubers	202.1	1.5	128.5	0.7	(73.6)
Other	339.0	2.4	250.1	1.4	(88.9)
<b><u>Semi-finished Commodities</u></b>	<b><u>776.3</u></b>	<b><u>5.6</u></b>	<b><u>1188.4</u></b>	<b><u>6.5</u></b>	<b><u>412.1</u></b>
Carbon	9.6	0.1	24.5	0.1	14.9

(5/3) Exports by Degree of Processing \* (Contd.)

(US\$ mn)

	Fiscal Year				Change (-)
	2004/2005		2005/2006 **		
	Value	%	Value	%	
Essential oils & resins	15.5	0.1	5.4	0.0	(10.1)
Cotton yarn	117.2	0.9	104.7	0.6	(12.5)
Aluminium, unalloyed	72.0	0.5	196.9	1.1	124.9
Animal & vegetable fats, greases & oils & products	75.0	0.5	11.9	0.1	(63.1)
Molasses	16.2	0.1	21.1	0.1	4.9
Organic & inorganic chemicals	164.6	1.2	280.1	1.5	115.5
Cast iron & semi-finished products & rolled iron	199.4	1.4	364.4	2.0	165.0
Leather , tanned	38.2	0.3	86.9	0.5	48.7
Plastic & articles thereof	36.0	0.3	51.5	0.3	15.5
Other	32.6	0.2	41.0	0.2	8.4
<b><u>Finished Commodities</u></b>	<b><u>5347.7</u></b>	<b><u>38.7</u></b>	<b><u>5171.8</u></b>	<b><u>28.0</u></b>	<b><u>(175.9)</u></b>
Milk and condensed cream	12.0	0.1	8.3	0.0	(3.7)
Preserved & dried vegetables	5.9	0.0	3.9	0.0	(2.0)
Dried onion	5.5	0.0	3.7	0.0	(1.8)
Rice	140.6	1.0	136.0	0.7	(4.6)
Vegetable & fruit preparations	6.6	0.1	14.1	0.1	7.5
Sugar and its products	38.6	0.3	31.8	0.2	(6.8)
Pharmaceuticals	215.2	1.6	124.5	0.7	(90.7)
Fertilizers	149.6	1.1	138.5	0.8	(11.1)
Cement	225.3	1.6	243.2	1.3	17.9
Extracts of essential oils & resins	75.8	0.6	73.9	0.4	(1.9)

(5/3) Exports by Degree of Processing \* (Contd.)

(US\$ mn)

	Fiscal Year				Change (-)
	2004/2005		2005/2006 **		
	Value	%	Value	%	
Leather products	17.2	0.1	4.1	0.0	(13.1)
Rubber & articles	12.7	0.1	9.6	0.1	(3.1)
Paper , cardboard paper & articles thereof	85.1	0.6	111.5	0.6	26.4
Ceramic products	165.2	1.2	99.1	0.5	(66.1)
Cars , bicycles & tractors	289.8	2.1	135.9	0.7	(153.9)
Cotton textiles	305.8	2.2	226.3	1.2	(79.5)
Carpets & other floor coverings	110.8	0.8	107.7	0.6	(3.1)
Shoes & accessories	10.8	0.1	9.2	0.0	(1.6)
Ready-made clothes	296.9	2.1	350.5	1.9	53.6
Glass & glassware	209.3	1.5	258.7	1.4	49.4
Copper & articles	31.8	0.2	20.9	0.1	(10.9)
Aluminium articles	220.5	1.6	131.7	0.7	(88.8)
Articles of iron and steel	622.8	4.5	471.3	2.6	(151.5)
Wooden furniture	8.3	0.1	15.1	0.1	6.8
Marble & granite	49.6	0.4	51.6	0.3	2.0
Electric machines & appliances, recorders &TV sets and their accessories	282.7	2.0	323.9	1.8	41.2
Other	1753.3	12.7	2066.8	11.2	313.5
<b>Miscellaneous Commodities(Undistributed)</b>	<b>1500.0</b>	<b>10.8</b>	<b>996.9</b>	<b>5.4</b>	<b>(503.1)</b>

Source: Central Bank of Egypt.

\* Commodities are classified according to the Harmonized System.

\*\* Provisional.

\*\*\* Include exports of free zones.

\*\*\*\* Include natural gas, and bunker & jet fuel.

(5/4) Imports by Degree of Use \*

(US\$ mn)

	Fiscal Year				Change (-)
	2004/2005		2005/2006 **		
	Value	%	Value	%	
<b>Total ***</b>	<b>24192.8</b>	<b>100.0</b>	<b>30441.0</b>	<b>100.0</b>	<b>6248.2</b>
<b>Fuels, Mineral Oils &amp; Products</b>	<b>2448.4</b>	<b>10.1</b>	<b>2598.5</b>	<b>8.5</b>	<b>150.1</b>
Petroleum products ****	2336.4	9.7	2515.0	8.2	178.6
Coal & types thereof	105.8	0.4	58.8	0.2	(47.0)
Other fuels	6.2	0.0	24.7	0.1	18.5
<b>Raw Materials</b>	<b>4326.9</b>	<b>17.9</b>	<b>5175.9</b>	<b>17.0</b>	<b>849.0</b>
Crude petroleum	1638.9	6.8	2844.2	9.3	1205.3
Wheat	1107.1	4.6	887.8	2.9	(219.3)
Maize	433.4	1.8	362.8	1.2	(70.6)
Tobacco	222.9	0.9	183.0	0.6	(39.9)
Iron, ore	84.1	0.3	171.4	0.6	87.3
Seeds & oleaginous seeds	143.3	0.6	86.3	0.3	(57.0)
Cotton	69.3	0.3	96.2	0.3	26.9
Other	627.9	2.6	544.2	1.8	(83.7)
<b>Intermediate Goods</b>	<b>6803.1</b>	<b>28.1</b>	<b>8415.6</b>	<b>27.7</b>	<b>1612.5</b>
Sugar , raw	125.7	0.5	102.0	0.3	(23.7)
Animal and vegetable fats, greases & oils and products	590.7	2.4	531.7	1.8	(59.0)
Cement	11.8	0.0	53.6	0.2	41.8
Organic & inorganic chemicals	727.1	3.0	745.0	2.5	17.9
Fertilizers	316.8	1.3	125.4	0.4	(191.4)
Tanning & dyeing extracts	112.6	0.5	122.4	0.4	9.8
Plastic & articles thereof	677.7	2.8	651.4	2.1	(26.3)
Wood & articles thereof	432.5	1.8	534.0	1.8	101.5
Paper, cardboard paper & articles thereof	482.3	2.0	482.8	1.6	0.5

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## (5/4) Imports by Degree of Use\* (Contd.)

(US\$ mn)

	Fiscal Year				Change (-)
	2004/2005		2005/2006 **		
	Value	%	Value	%	
Cotton textiles	112.9	0.5	130.5	0.4	17.6
Synthetic fibers	329.4	1.4	272.5	0.9	(56.9)
Ceramic products	111.0	0.5	127.7	0.4	16.7
Glass & articles	48.2	0.2	51.6	0.2	3.4
Iron & steel products	965.9	4.0	1454.4	4.8	488.5
Copper & articles	72.7	0.3	96.7	0.3	24.0
Rubber & articles	191.3	0.8	213.2	0.7	21.9
Aluminium & articles	150.2	0.6	135.0	0.4	(15.2)
Other	1344.3	5.5	2585.7	8.5	1241.4
<b><u>Investment Goods</u></b>	<b><u>4894.5</u></b>	<b><u>20.2</u></b>	<b><u>7887.6</u></b>	<b><u>25.9</u></b>	<b><u>2993.1</u></b>
Pumps, fans & parts thereof	241.8	1.0	208.0	0.7	(33.8)
Machines and apparatus for ginning and spinning & parts thereof	55.3	0.2	59.7	0.2	4.4
Computers	154.2	0.6	203.7	0.7	49.5
Motors, generators, transformers & parts thereof	96.1	0.4	166.2	0.5	70.1
Parts of railway and tramway locomotives or rolling stock equipment	81.5	0.3	33.8	0.1	(47.7)
Tractors	15.0	0.1	23.4	0.1	8.4
Vehicles for transport of passengers	25.2	0.1	34.3	0.1	9.1
Vehicles for transport of goods	9.4	0.0	25.2	0.1	15.8
Parts & accessories of motor vehicles	411.5	1.7	827.2	2.7	415.7
Air conditioners	90.6	0.4	101.3	0.3	10.7
Lifts and bulldozers & parts thereof	86.6	0.4	108.3	0.4	21.7
Agricultural machinery	45.1	0.2	64.7	0.2	19.6

(5/4) Imports by Degree of Use\* (Contd.)

(US\$ mn)

	Fiscal Year				Change (-)
	2004/2005		2005/2006 **		
	Value	%	Value	%	
Printing machinery & parts	35.1	0.1	42.7	0.1	7.6
Electric appliances for telephones & telegraph	234.3	1.0	263.0	0.9	28.7
Optical appliances	183.9	0.8	281.1	0.9	97.2
Other	3128.9	12.9	5445.0	17.9	2316.1
<b>Consumer Goods</b>	<b>3201.9</b>	<b>13.3</b>	<b>3530.9</b>	<b>11.6</b>	<b>329.0</b>
<b>A - Durable Goods</b>	<b>1052.5</b>	<b>4.4</b>	<b>983.6</b>	<b>3.2</b>	<b>(68.9)</b>
Household refrigerators & electric freezers	57.9	0.3	85.3	0.3	27.4
Televisions & parts thereof	49.3	0.2	43.4	0.1	(5.9)
Vehicles for transport of passengers	239.9	1.0	388.3	1.3	148.4
Household electric-motor appliances	247.3	1.0	127.2	0.4	(120.1)
Other	458.1	1.9	339.4	1.1	(118.7)
<b>B - Non-durable Goods</b>	<b>2149.4</b>	<b>8.9</b>	<b>2547.3</b>	<b>8.4</b>	<b>397.9</b>
Meat and edible offals	194.3	0.8	235.0	0.8	40.7
Fish, crustaceans, molluses and others	56.5	0.2	74.9	0.2	18.4
Dairy products, eggs, poultry and honey	111.4	0.5	106.0	0.3	(5.4)
Tea	96.3	0.4	88.1	0.3	(8.2)
Pharmaceuticals	524.6	2.2	627.4	2.1	102.8
Insecticides	14.5	0.1	18.0	0.1	3.5
Residues of foodstuff industries & animal fodder	145.7	0.6	112.6	0.4	(33.1)
Live animals	16.3	0.1	17.0	0.0	0.7
Ready-made clothes	137.0	0.6	177.3	0.6	40.3

(5/4) Imports by Degree of Use\* (Contd.)

(US\$ mn)

	Fiscal Year				Change (-)
	2004/2005		2005/2006 **		
	Value	%	Value	%	
Cotton textiles	21.9	0.1	62.5	0.2	40.6
Sugar, refined and products	14.2	0.0	33.0	0.1	18.8
Lentils	31.2	0.1	31.3	0.1	0.1
Soap, detergents & artificial wax	58.1	0.2	50.5	0.2	(7.6)
Other	727.4	3.0	913.7	3.0	186.3
<b>Miscellaneous Goods (Undistributed)</b>	<b>2518.0</b>	<b>10.4</b>	<b>2832.5</b>	<b>9.3</b>	<b>314.5</b>

Source: Central Bank of Egypt.

\* Commodities are classified according to the Harmonized System.

\*\* Provisional.

\*\*\* Including imports of free zones, and in-kind grants & loans.

\*\*\*\* Including gas, and bunker & jet fuel.



### (5/5) Regional Distribution of Exports and Imports

(US\$ mn)

	Fiscal Year					
	Proceeds of Exports		Payments for Imports*		Trade Balance	
	2004/2005	2005/2006 **	2004/2005	2005/2006 **	2004/2005	2005/2006 **
<b>Total ***</b>	<b><u>13833.4</u></b>	<b><u>18455.1</u></b>	<b><u>24192.8</u></b>	<b><u>30441.0</u></b>	<b><u>(10359.4)</u></b>	<b><u>(11985.9)</u></b>
European Union	5144.1	6948.0	7849.0	11289.4	(2704.9)	(4341.4)
Other European countries	752.9	964.5	1972.7	2340.1	(1219.8)	(1375.6)
Russian Federation & C.I.S	57.6	68.7	548.2	744.8	(490.6)	(676.1)
United States of America	4625.1	5644.3	5220.2	5737.1	(595.1)	(92.8)
Arab countries	1557.7	2125.2	2133.6	2735.7	(575.9)	(610.5)
Asian countries	1379.7	2094.0	3603.6	4444.8	(2223.9)	(2350.8)
African countries	182.4	251.3	148.0	176.5	34.4	74.8
Australia	11.7	16.9	127.2	277.1	(115.5)	(260.2)
Other countries & regions	122.2	342.2	2590.3	2695.5	(2468.1)	(2353.3)

Source: Central Bank of Egypt

\* Including in-kind grants.

\*\* Provisional.

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

**(5/6) Average LE Exchange Rates against Currencies**

(In piasters per foreign currency unit)

<b>End of</b>	<b>June 2005</b>		<b>June 2006</b>	
<b>First: Interbank US\$ Rates</b>				
Minimum	578.00		575.76	
Maximum	578.34		575.80	
Weighted average	578.24		575.79	
<b>Second: Market Rates</b>	<b>Buy</b>	<b>Sell</b>	<b>Buy</b>	<b>Sell</b>
US Dollar	577.89	580.53	575.23	577.20
Euro	696.53	700.06	720.53	723.06
Pound Sterling	1036.39	1041.18	1041.97	1045.66
Swiss Franc	449.72	451.84	460.33	462.06
100 Japanese Yen	522.03	524.56	493.76	495.67
Saudi Riyal	154.08	154.79	153.37	153.91
Kuwaiti Dinar	1978.33	1988.05	1988.97	1996.48
UAE Dirham	157.33	158.08	156.61	157.16

Source : CBE.

The interbank system started as of 23/12/2004.

### (5/7) Structure of External Debt

	(US\$ mn)					
End of June	2001	2002	2003	2004	2005	2006 <sup>+</sup>
<b><u>Total External Debt*</u></b>	<b><u>26560</u></b>	<b><u>28661</u></b>	<b><u>29395</u></b>	<b><u>29872</u></b>	<b><u>28949</u></b>	<b><u>29593</u></b>
Rescheduled bilateral debt <sup>**</sup>	14779	15337	16192	16385	15734	15229
ODA	7345	7456	7900	8053	7836	7611
Non-ODA	7434	7881	8292	8332	7898	7618
Other bilateral debt	3894	4057	4350	4433	4291	4295
Paris Club countries	3353	3405	3320	3264	3530	3590
Other countries	541	652	1030	1169	761	705
International & regional organizations	4311	4698	4904	5081	5058	5205
Suppliers' & buyers' credits	896	924	1133	1333	782	980
Egyptian bonds & notes	0	953	735	588	614	1862
Long- term deposits <sup>***</sup>	0	0	0	0	500	300
Private sector debt (non-guaranteed)	473	542	217	85	115	89
Short-term debt	2207	2150	1864	1967	1855	1633
Deposits	1311	1338	1305	1267	819	633
Other facilities	896	812	559	700	1036	1000

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 May 25, 1991.

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

**(5/8) Main Indicators of External Debt**

	(%)					
	<b>2000/2001</b>	<b>2001/2002</b>	<b>2002/2003</b>	<b>2003/2004</b>	<b>2004/2005</b>	<b>2005/2006</b>
External Debt / Exports (G & S)	141.5	171.2	157.6	127.5	100.3	82.4
Debt Service (Principal & Interest) (US\$ mn)	1642.4	2038.2	2257.8	2525.5	2701.8	3040.7
Debt Service / Exports (G & S)	8.7	12.2	12.1	10.8	9.4	8.5
Debt Service / Current Receipts (Including Transfers)	7.3	9.7	10.1	9.2	7.9	7.3
Interest / Exports (G & S)	3.3	3.9	3.5	2.6	2.0	1.6
External Debt /GDP	28.5	34.0	42.5	38.1	31.1	27.6
Short-term Debt / Total External Debt	8.3	7.5	6.3	6.6	6.4	5.5
Short-term Debt / Net International Reserves	15.5	15.2	12.6	13.3	9.6	7.1
External Debt per Capita (US\$)	399.5	422.2	424.7	423.4	402.6	401.7

### (5/9) Distribution of External Debt by Main Currency

End of June	2005		2006 *		(US\$ mn)
	Value	%	Value	%	Change (-)
<b>Total</b>	<b>28948.8</b>	<b>100.0</b>	<b>29592.6</b>	<b>100.0</b>	<b>643.8</b>
US dollar **	11678.8	40.3	12456.6	42.1	777.8
Canadian dollar	154.0	0.5	164.0	0.6	10.0
Australian dollar	142.0	0.5	129.0	0.4	(13.0)
Swiss franc	561.0	1.9	550.0	1.9	(11.0)
Sterling pound	254.0	0.9	247.0	0.8	(7.0)
Japanese yen	3842.0	13.3	3531.0	11.9	(311.0)
Danish krone	139.0	0.5	144.0	0.5	5.0
Norwegian krone	28.0	0.1	28.0	0.1	0.0
Swedish krona	38.0	0.1	37.0	0.1	(1.0)
Kuwaiti dinar	1424.0	4.9	1450.0	4.9	26.0
Saudi riyal	38.0	0.1	37.0	0.1	(1.0)
UAE dirham	48.0	0.2	45.0	0.2	(3.0)
Euro	9276.0	32.1	9427.0	31.9	151.0
SDRs	1326.0	4.6	1347.0	4.5	21.0

Source: Loans & External Debt Department- CBE.

\* Provisional.

\*\* Including other obligations in US\$.

## Periodical Publications of the Central Bank of Egypt

Name of Publication	Language	Periodicity
1 -Monthly Statistical Bulletin	Arabic and English	Monthly
2 -Economic Review	Arabic and English	Quarterly
3 -Annual Report	Arabic and English	Every fiscal year
4 -External Position of the Egyptian Economy	English	Quarterly

### Notes:

- All publications of the Central Bank of Egypt are available on the CBE's website : [www.cbe.org.eg](http://www.cbe.org.eg)
- To obtain a hard copy of any publication by mail, please write to the following address: Research, Development and Publishing Sector, the Central Bank of Egypt, 31 Kasr El Nil Street. Cairo, Egypt.