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The Economic Review is issued by the Research, Development and Publishing Sector at the Central Bank of Egypt (CBE) on a quarterly basis. It aims to make available to a broad readership of specialists and non-specialists a wide range of information on the performance of the Egyptian economy during the reporting period. The CBE posts the Review on its website: www.cbe.org.eg.

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Major Monetary and Financial Indicators

GDP (LE bn)	July/ December	
	2006-2007	2007-2008
GDP at Market and Current Prices	358.5	423.6
Annual Growth Rate (%)	00	18.2
GDP at Factor Cost	336.9	362.2
Annual Growth Rate (%)	00	7.5
<hr/>		
GDP by Sector at Factor Cost (%)		
<hr/>		
<u>A) Productive Sectors</u>	<u>00</u>	<u>6.0</u>
Of which:		
Construction and Building	00	15.6
Manufacturing (Oil Refining & Others)	00	7.8
Electricity	00	8.3
Water	00	6.1
 <u>B) Service Sectors</u>	 <u>00</u>	 <u>9.1</u>
Of which:		
Suez Canal	00	18.3
Communications	00	15.6
Wholesale and Retail Trade	00	8.5
Financial Intermediaries & Supporting Services	00	7.1
<hr/>		
<u>Price Index</u>		
Change in Consumer Price Index (Urban) (January 2007 = 100)	6.8%	5.1%
Change in Wholesale Price Index (99/2000 = 100)	8.5%	6.4%

⁰⁰ Unavailable due to changing the base year (prices of 2006/2007).

Monetary Survey (LE bn)	July/December	
	2006-2007	2007-2008
	(At End of Period)	
Domestic Liquidity (M2)	601.3	716.3
Growth Rate (%)	7.3	8.1
Reserve Money	126.1	140.8
Growth Rate (%)	8.7	5.0
Money Supply (M1)	121.3	151.8
Growth Rate (%)	11.0	15.6
Currency in Circulation/Money Supply (%)	68.4	63.7
Banking System Foreign Assets, of which:	273.5	321.0
CBE Foreign Assets	146.2	172.7
Banking System Foreign Liabilities, of which:	84.4	88.4
CBE Foreign Liabilities	66.0	65.5
Total Deposits with Banks (Excl. CBE)	591.3	700.8
In Local Currency	410.5	508.1
In Foreign Currencies	180.8	192.7
Foreign Currency Deposits/Total Deposits (%)	30.6	27.5
Total Lending and Discount Balances Extended by Banks, (Excl. CBE) of which:	343.9	381.8
To Government and Public Economic Authorities	23.8	32.0
To Business Sector (Public and Private)	260.5	273.1
Portfolio of Securities and TBs with Banks (Excl. CBE) of which:	195.8	183.2
TBs and Government Securities	115.9	131.4
Loans/Deposits with Banks (%)	58.2	54.5
Investment in Securities, TBs and Equity Participations/Deposits (%)	33.1	26.1

Annual Discount and Interest Rates (%)	July/December	
	2006-2007	2007-2008
	(At End of Period)	
CBE Lending and Discount Rate	9.00	9.00
CBE Overnight Deposit and Lending Rates		
Deposit	8.75	8.75
Lending	10.75	10.75
Interest Rate on:		
Less than 3-Month Deposits	5.90	6.00
One Year or Less Loans	12.60	12.20
Average Interest Rate on 91-Day Treasury Bills	9.5	7.0
Average US Dollar Exchange Rate Announced by the CBE	PT per US Dollar	
	(At End of Period)	
- Market Rates	570.4	550.4
- Weighted Average Interbank Rates	570.8	551.5
Consolidated Fiscal Operations of the General Government (LE bn)	2007-2008	
	Estimates	Actual
	for the FY	July/Dec.
- Total Revenues	217.4	73.7
- Total Expenditures	265.9	106.3
Cash Deficit/Surplus	48.5	32.6
Net Acquisition of Financial Assets	4.3	3.2
Overall Deficit/Surplus	52.8	35.8
Total Financing	52.8	35.8
- Domestic Financing	57.9	25.4
Banking	44.7	13.0
Non-banking	13.2	12.4
- Foreign Borrowing	2.8	9.9

- Arrears	-	-
- Others	-8.9	4.0
- Revaluation Differences	-	-1.2
- Net Privatization Proceeds	1.0	0.1
- Difference between Treasury Bills Face Value and Present Value	-	-1.1
- Discrepancy	-	-1.3
- Cash Deficit (Surplus)/GDP (%)	5.7%	3.8%
- Overall Deficit/GDP (%)	6.2%	4.2%
- Expenditure/GDP (%)	31.4%	12.6%
- Revenues/GDP (%)	25.7%	8.7%

Domestic Public Debt

End of
June 2006 Dec. 2007

- Government Domestic Debt	478.2	502.2
- Public Economic Authorities Debt	44.5	49.2
- NIB Debt	114.5	119.2

Balance of Payments US\$

July/ December
2006-2007 2007-2008

Balance of Current Account & Transfers	1.9	(0.3)
Trade Balance	(6.6)	(11.3)
Merchandise Exports	10.7	13.1
Oil and Its Products %	47.4	46.0
Others %	52.6	54.0
Merchandise Imports	17.3	24.4
Intermediate Goods %	26.3	26.9
Investment Goods %	25.2	23.1
Consumer Goods %	13.6	16.4
Fuel, Raw Materials and Others %	34.9	33.6
Services Balance	5.6	6.8
Receipts	10.0	12.8
Of which:		
Transportation %	30.8	28.4

Travel %	42.9	43.5
Investment Income %	14.1	13.0
Payments	4.4	6.0
Of which:		
Transportation %	12.8	13.8
Travel %	21.9	24.8
Investment Income %	22.1	15.8
Transfers	2.9	4.2
Official %	8.2	4.9
Private %	91.8	95.1
Capital and Financial Account	(0.4)	3.1
Overall Surplus/(Deficit)	2.9	3.1
<hr/>		
Outstanding External Debt		
at End of December	<u>29.0</u>	<u>32.8</u>

Domestic Developments

Overview

The Egyptian economy kept up its strong performance during the first half of FY 2007/2008, (the first year of the sixth five year plan 2007/2008-2011/2012), as the real GDP grew by 7.5 percent during July/Dec. 2007/2008. The main contributors to this upturn were the sectors of manufacturing, wholesale and retail trade, restaurants and hotels, building and construction, Suez Canal, agriculture, extractions and communications. The vigorous pace of economic growth is essentially driven by the strong domestic demand (consumer and investment) and the growth of non-oil exports. Investment continued to pick up on the back of the mounting developmental role played by the private sector. The private sector's share in total investments was significantly high (more than 70 percent of the total), and its contribution to the GDP stepped up to over 61 percent during period. This owes much to the measures taken to create an enabling investment climate, together with the stability of the Egyptian pound, and the associated increase in FDI inflows (to LE 7.8 billion from LE 7.6 billion during the previous corresponding period).

The monetary policy helped avert further heightening of inflation beyond its present level; given the increase in basic food prices on the back of the international price hikes. The CPI (urban) inflation posted 5.1 percent during July/Dec. 2007/2008 against 6.8 percent during the previous corresponding period. Though inflation has decelerated, its level is still high compared with the level of 1.7 percent registered in the first half of FY 2007. This is largely traced to the above-mentioned food price increases, and their propagation to non-food prices. To hold back inflation, the CBE kept its key interest rates at 8.75 percent for deposit and 10.75 percent for lending. Then, in its last two meetings, dated Feb. 7 and March 23 (the period of preparing this Economic Review), the MPC decided to raise the key interest rates by 0.25 percent and 0.50, bringing the lending and deposit rates up to 11.5 percent and 9.5 percent, respectively. In addition, the CBE relied on deposit auctions to absorb the excess liquidity generated by higher foreign inflows.

The weighted average of the interbank overnight interest rate moved very close to the CBE overnight interest rate, ranging between 8.750 percent and 8.765. The stability of interbank overnight interest rates were reflected on market rates, as the weighted average of three month deposits posted 6.5 percent and that of one-year-and-less loans reached 11.3 percent.

Domestic liquidity rose by LE 53.6 billion or 8.1 percent, to LE 716.3 billion at the end of Dec. 2007. The rise resulted from the expansionary effect exercised by net domestic and foreign assets of the banking system. Net domestic assets scaled up by LE 39.6 billion, (because of the pickup in domestic credit by LE 36.2 billion and other items (net) by LE 3.4 billion), whereas net foreign assets with the banking system increased by LE 14.0 billion worth. The pickup in domestic credit from the banking system reflected the rise in its net claims on the government by LE 14.8 billion, on the private business sector by LE 9.6 billion, the household sector by LE 8.6 billion, and the public business sector by LE 3.2 billion.

Reserve money recorded a rise of LE 6.7 billion or 5.0 percent, as an outcome of the rise in net foreign assets by LE 11.8 billion worth and the retreat in net domestic assets by LE 5.1 billion.

The **payments system and IT sector** at the CBE is currently in the process of conducting operational testing of RTGS, with the participation of all Egyptian banks and a set of foreign experts, in preparation for the full operation in the third quarter of 2008. The CBE concluded a contract with the Society of World Interbank Financial Telecommunications (SWIFT), to modify the SWIFT system in line with the RTGS requirements, in order to effect final real time settlement of the transactions processed via SWIFT. Moreover, the newly automated "Cheque Settlement Dept." at the CBE is undergoing operational testing, and a new digital system of accounts was finalized to organize the process of book entry and facilitate the management of government entities' accounts. On the same front, a new electronic system was put in place to facilitate the banking supervision, so as to minimize credit risks.

As concerns the **banking reform plan**, a number of mergers and acquisitions took place during the period to create strong and competitive entities and strengthen their capitals. Consequently, the number of banks was reduced to 41 in Dec. 2007, from 54 in Dec. 2004. In addition, the deal of selling the Bank of Alexandria was highly successful in comparison to privatizations in other emerging economies. The Italian San Paolo IMI bank purchased 80 percent of the BOA stakes for US\$ 1.6 billion. More recently, in May 2007, Banque Misr acquired 100 percent of the stakes of Banque due Caire (BdC). In July 2007, Banque Misr announced the initiation of the pre-sale preparation to offer a portion of its stake in BdC to a strategic investor. Under the reform plan, state-owned banks became obliged to implement a detailed restructure program with a specific timetable, for the development of their respective risk management departments.

On the other hand, efforts to resolve the problem of **non-performing loans (NPLs)** managed to settle 80 percent of the total debts of the private sector, including recovery of 35 percent (30 percent in cash). The CBE - in coordination with the National Bank of Egypt, Banque Misr, Banque du Caire, and the Industrial Development Bank of Egypt - applied a program addressing minor NPLs (up to LE 1 million each). The program was launched in mid March 2007 and finalized at the end of June 2007, resulting in the resolution of nearly 7600 NPLs or 63 percent of the total cases addressed by the program. These involved 4300 cases (57 percent of the total) against which legal actions had been taken, 1200 facing court judgments, and 31 serving imprisonment sentences. Also, a final agreement was reached with Ministry of Investment regarding the value of the irregular debts of the public business sector enterprises to state-owned banks (LE 26 billion). Cash repayments of LE 6.9 billion were made to the Bank of Alexandria in January 2006, and LE 9.1 billion to the other state-owned banks (the National Bank of Egypt, Banque Misr and Banque du Caire) in December 2006. It was agreed that the remaining debt to these banks (LE 10 billion) would be repaid from the privatization proceeds prior to the end of 2008.

In the field of **banking supervision**, the CBE in cooperation with the European Central Bank, finished -in November 2007 as scheduled- the implementation of a program designed to reform the supervision sector. Other programs that are currently under discussion with the ECB will draw upon the lessons learnt from this program.

In the light of the **credit and banking developments**, the aggregate financial position of banks (excluding the CBE) reached LE 1 trillion, with a rise of 8.8 percent during the reporting period, compared with 11.7 percent in the previous corresponding period. Deposits mounted by LE 50.8 billion or 7.8 percent during the period, standing at LE 700.8 billion at the end of Dec. 2007. The household sector's local currency deposits accounted for 47.7 percent of this increase, whereas its foreign currency deposits represented 13.6 percent. This was indicative of the higher propensity to save in the Egyptian pound rather than in other currencies. Loan and discount balances granted by banks to all sectors went up by LE 28 billion or 7.9 percent, amounting to LE 381.1 billion at the end of Dec. 2007.

Developments in the **Forex market** reflected the continued stability of the market, which resulted in the appreciation of the LE relative to the US dollar. Transactions on the market unfolded a surplus of US\$ 2.5 billion during the reporting period, against US\$ 6.1 billion during the previous corresponding period. The LE exchange rate improved vis-à-vis the US dollar, as the weighted average of the US dollar in the interbank market reached LE 5.5145 on 31/12/2007 against LE 5.6967 on 28/6/2007. This denoted a rise of 3.3 percent in the LE value in the period under review.

The **net international reserves** at the CBE have been on the rise, reaching US\$ 31.7 billion at the end of Dec. 2007 (covering 7.8 months of merchandise imports), with a pickup of US\$ 3.1 billion during the period. NIR further edged up to US\$ 32.9 billion at the end of Feb. 2008 (at the time of preparing the review). The CBE adopted a reserve management policy aimed at diversifying NIR components by including other currencies alongside the US dollar. This diversification is governed by certain determinants, mainly Egypt's external debt structure and the currencies of its main trade partners. Thanks to this policy, Egypt has escaped losses that, otherwise, could have been triggered by the depreciation of the US dollar versus other currencies. Furthermore, reserve investments were distributed among several portfolios with terms and targets that are risk/return balanced. At present, the most advanced electronic systems have been put in place to effect on-line dealings on these reserves.

Trading indicators in the CMA manifested the high performance of **the stock market** during July/Dec. 2007/2008 compared with a year earlier. The volume of trading picked up by 70.6 percent, as traded documents reached 9.0 billion, and also their value rose by 61.7 percent to LE 214.6 billion. The value of share tradings (in LE and US\$) mounted by 57.1 percent, to LE 203.7 billion, accounting for the majority of 95 percent of the value of transactions during the period (against 97.8 percent during the period of comparison). Trading in bonds (solely in local currency on the floor), noticeably rallied during the period compared with a year earlier, recording a total value of LE 10.6 billion against LE 2.8 billion. Foreign investors' trading highly rose by LE 107.6 billion or 56.9 percent above the previous corresponding period.

The **fiscal policy** continued its role in stepping up economic growth, while cushioning the vulnerable social brackets. This was translated into allocating a large portion of the increase in government expenditure in July/Dec. 2007/2008 for the GASC subsidies, to alleviate the burden of the soaring food prices on the low-income earners. Thus, the allocations of GASC subsidies more than doubled, posting roughly LE 9.1 billion.

The follow-up of the implementation by the budget sector (the administrative system, local administration, and service authorities), showed that revenues and expenditures totaled LE 64.3 billion and LE 96.2 billion, respectively, giving rise to a cash deficit of LE 31.9 billion. When including the net acquisition of financial asset (LE -22 million), the overall deficit posted some LE 31.9 billion or 3.8 percent of GDP. To cover this deficit and make miscellaneous domestic repayments, financing was basically provided by non-banking, banking, and external sources, with respective shares of 34.2 percent, 33.5 percent, and 27.8 percent in order. The remaining finance came from privatization proceeds and other miscellaneous sources.

Against this backdrop, total domestic public debt scaled up by LE 33.4 billion in the reporting period, standing at LE 670.6 billion at the end of Dec. 2007. Government debt constituted 74.9 percent of the total.

External transactions in July/Dec. 2007/2008 unfolded an overall BOP surplus of US\$ 3.1 billion, against US\$ 2.9 billion in the previous corresponding period. This was attributed to the net inflows of US\$ 3.1 billion realized by the capital and financial account (against net outflows of US\$ 0.4 billion), as FDI in Egypt achieved net inflows of US\$ 7.8 billion. The current account deficit amounted to US\$ 245.7 million (against a surplus of US\$ 1.9 billion, because of a higher trade deficit of US\$ 11.3 billion. The trade deficit was an outcome of the increase in imports by 41.2 percent to US\$ 24.4 billion, and in exports by 22.8 percent. The rise in exports was mainly pronounced in non-oil exports (26.2 percent), especially finished goods which represented 39.8 percent of the total. The services balance ran a surplus of US\$ 6.8 billion against US\$ 5.6 billion, due to the pickup in services receipts by 28.5 percent, as the main items of travel (tourism revenues) and Suez Canal dues scaled up by 30.1 percent and 24.6 percent, respectively. Likewise, services payments surged by 36.7 percent, due to the rise in all items. Net unrequited transfers also rolled up, as a result of the higher private transfers, particularly the remittances of Egyptians abroad.

As regards international finance, net inflows reached US\$ 5.7 billion, down by US\$ 2.1 billion in July/Dec. 2007/2008. This stemmed from the reversal of net portfolio investments into outflows of US\$ 1.7 billion, the retreat of Egyptian investments abroad (direct and portfolio) by US\$ 0.4 billion, the pickup of net FDI by US\$ 0.5 billion, and the issuance of LE bonds in the amount of US\$ 1.0 billion worth.

The outstanding balance of external debt (mostly owed by the public sector) denominated in US dollar mounted to some US\$ 32.8 billion at the end of Dec. 2007, with a step-up of US\$ 2.9 billion compared with the end of June 2007. This is ascribed to net disbursements of loans and facilities of US\$ 1.4 billion, on the one hand, and the appreciation of most currencies of borrowing vis-à-vis the US dollar by US\$ 1.5 billion, on the other. Debt indicators have improved, as evidenced by the fall in the ratio of external debt service to current receipts (including private and official transfers) to 4.2 percent from 5.1 percent, despite the rise in debt service burdens (principal and interest payments) by US\$ 45.4 million. Moreover, debt service/total export proceeds of goods and services dropped to 4.9 percent from 5.9 percent, in the light of the growth of the exports of goods and services and transfers at a rate of 27.7 percent.

1- Development and Growth

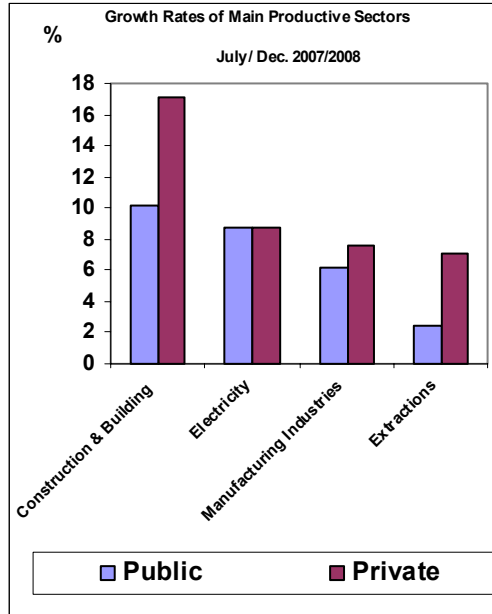
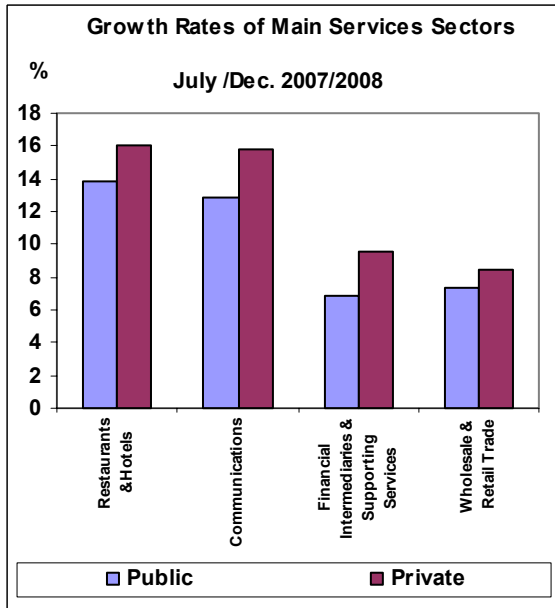
1/1: Gross Domestic Product (GDP)

According to the Ministry of Economic Development, Egypt's economic performance continued to improve during the first half of FY 2007/2008, the first FY of the sixth quinquennial plan of 2007/2008-2011/2012. The improvement was driven by the continued increase in domestic demand and non-oil exports, particularly finished goods; and the upsurge in the Stock Exchange. Added to this was the progress made in the implementation of the banking reform plan that has effectively contributed to raising the efficiency of banks' performance and strengthening their financial positions. This robust economic performance was also attributed to the ongoing efforts made to create a favourable investment climate. This was helped by the stability of the LE exchange rate against the US dollar. Accordingly, real GDP growth rate at factor cost rose to 7.5 percent during July/December 2007/2008 to reach some LE 362.2 billion.

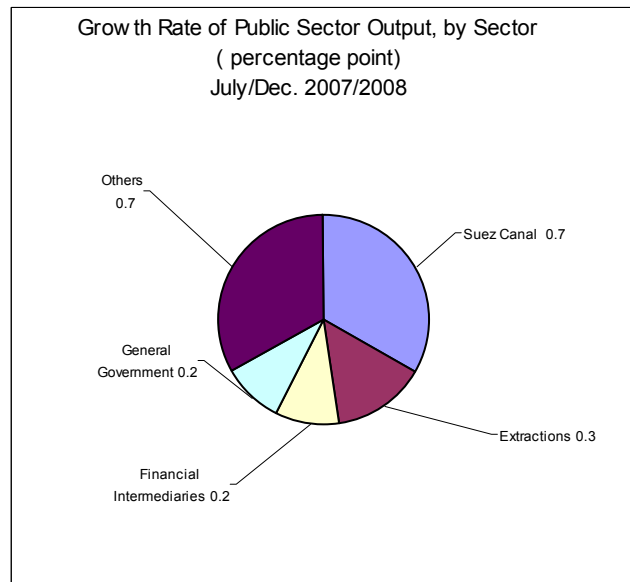
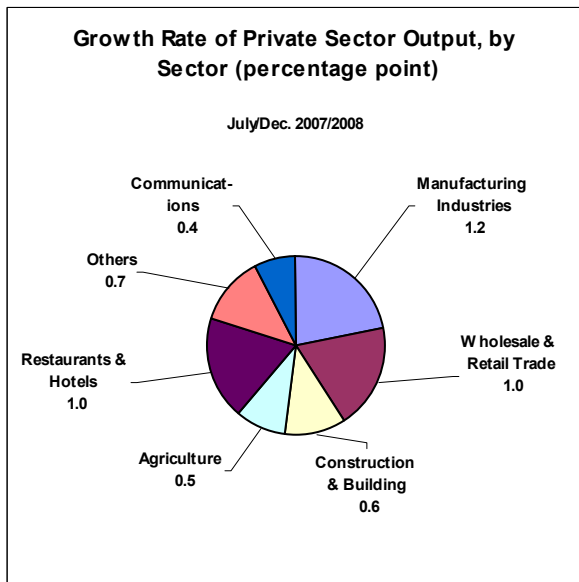
The productive sectors contributed 3.1 percentage points to real GDP growth rate (7.5 percent). Manufacturing (including oil refining) accounted for the highest share (1.3 percentage points), followed by construction and building with 0.7 percentage points, then agriculture and extractions including crude oil and natural gas with 0.5 points each.

The services sectors shared with 3.8 percentage points in GDP growth rate. The main contributors to GDP growth were wholesale & retail trade and restaurants & hotels (1.0 percentage points each), the Suez Canal (0.7 percentage points) and communications (0.5 points).

Meanwhile, social services sectors contributed 0.6 percentage points to GDP growth. The leading contributors were the general government with 0.2 percentage points and education and health with 0.2 points.



With the ongoing favourable investment climate, the private sector continued to play an increasingly important role in economic development. This was reflected in the higher growth rate of the private sector's GDP which reached 8.6 percent in real terms during the first half of FY 2007/2008.



The private sector shared with 5.4 percentage points in the GDP real growth rate (7.5 percent) during the period under review. The sectors of manufacturing; restaurants and hotels; construction & building and wholesale and retail trade continued to be the major contributors to the overall growth.

**Real GDP Growth Rates of Public and Private Sectors
During July/December 2007/2008**

(%)

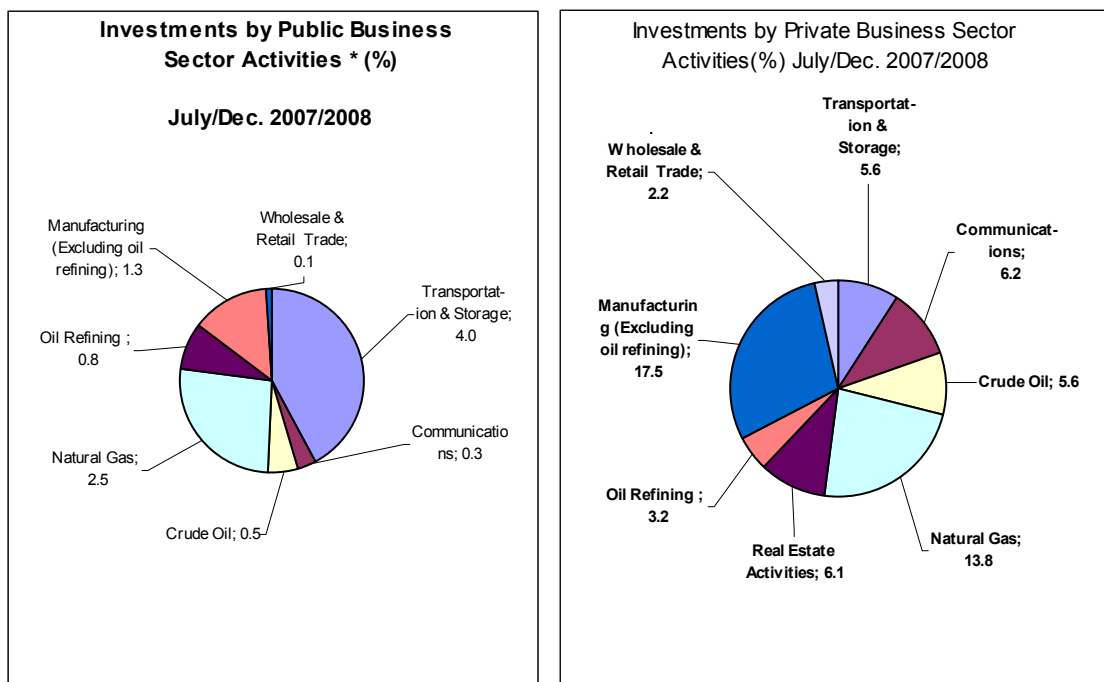
	<u>Growth Rate (%)</u>			<u>Growth Rate by Share (Percentage Point)</u>		
	<u>Public</u>	<u>Private</u>	<u>Total</u>	<u>Public</u>	<u>Private</u>	<u>Total</u>
<u>GDP</u>	<u>5.7</u>	<u>8.6</u>	<u>7.5</u>	<u>2.1</u>	<u>5.4</u>	<u>7.5</u>
<u>Productive Sectors, of which:</u>	<u>3.9</u>	<u>7.0</u>	<u>6.0</u>	<u>0.6</u>	<u>2.4</u>	<u>3.0</u>
Construction & building	10.1	16.4	15.6	0.1	0.6	0.7
Manufacturing (oil refining, others)	6.4	8.0	7.8	0.1	1.2	1.3
Electricity	8.4	7.8	8.3	0.1	-	0.1
Extractions (oil, natural gas, others)	2.8	7.0	3.4	0.3	0.2	0.5
<u>Services Sectors, of which:</u>	<u>7.1</u>	<u>10.6</u>	<u>9.1</u>	<u>1.5</u>	<u>3.0</u>	<u>4.5</u>
Restaurants & hotels	13.8	29.1	28.9	-	1.0	1.0
Communications	12.9	17.0	15.6	0.1	0.4	0.5
Wholesale & retail trade	7.3	8.5	8.5	-	1.0	1.0
Financial intermediaries & supporting services	6.9	7.3	7.1	0.2	0.1	0.3
Transportation & storage	6.9	7.3	7.2	0.1	0.3	0.4
Suez Canal	18.3	0.0	18.3	0.7	-	0.7

Source: Ministry of Economic Development.

1/2: GDP by Expenditure

During July/December 2007/2008, the strong economic growth rate was attributed to the increase in both the domestic and foreign demand. As such, private consumption rose by around 17.8 percent during the period under review to LE 311.9 billion, representing 73.6 percent of GDP at current and market prices. Total investments recorded a noticeable growth of 42.4 percent, to reach LE 90.0 billion or 21.2 percent of GDP. The private sector contributed the largest share in total investments, with 56.5 percent increase, reaching LE 65.5 billion or 72.9 percent of the total during the reporting period. This was the main reason behind the rise in the private sector's contribution to GDP at factor cost (61.3 percent) during the period.

A breakdown of total implemented investments by economic sector reveals that the share of the productive sectors was 57.2 percent of the total. Ahead of these sectors came manufacturing (including oil refining) with a share of 22.8 percent, then natural gas (16.2 percent), crude oil (6.1 percent), electricity (4.4 percent) and agriculture (3.9 percent). In addition, the productive services accounted for 22.1 percent of total investments and other services for 20.7 percent.



The growth in investments was accompanied by a slight decline in unemployment rate from 9.1 percent in FY 2006/2007 to 9.0 percent during the period under review. The sectoral distribution of employment showed that the productive sectors accounted for around 49.2 percent of the total, mainly in agriculture with a share of 27.1 percent, manufacturing (13.2 percent) and construction & building (7.6 percent). Social services accounted for 30.1 percent of the total, and the productive services for 20.7 percent.

The strengthening of economic performance during the period was also spurred by the 22.3 percent rise in the growth rate in exports of goods and services (reaching LE 136 billion). Nonetheless, it was still lagging behind the 30.9 percent increase in the imports of goods and services (reaching LE 161.1 billion). This in turn led to widening the gap of domestic resources.

* Including the government sector, economic authorities and public companies.

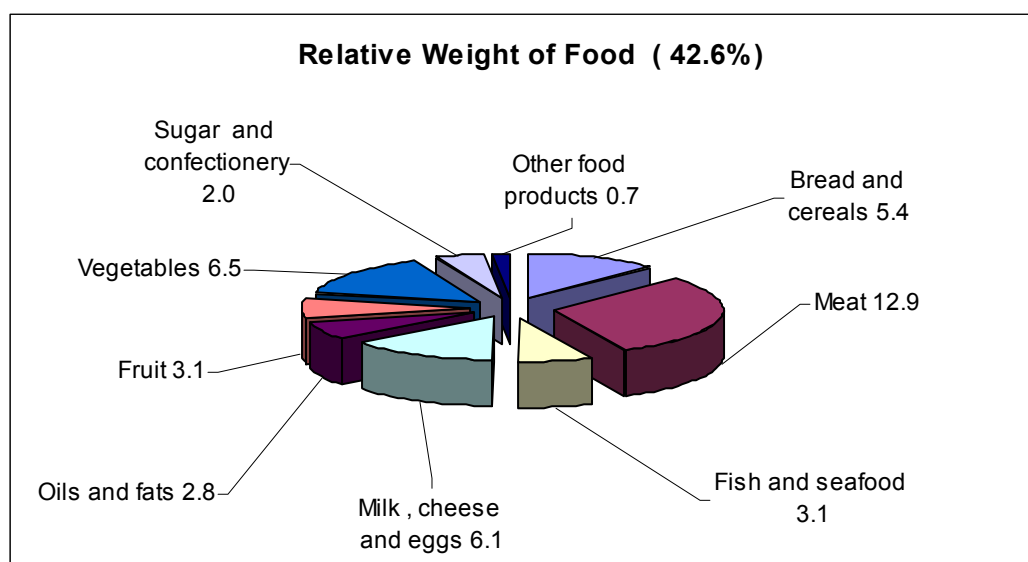
GDP by Expenditure During July/December (At Current Prices)

	<u>Value in LE Billion</u>		<u>Growth Rate</u>
	2006/07	2007/08	(%) 2007/08
1- GDP at Market Price (2+5-6)	358.5	423.6	18.2
2- Gross Domestic Expenditure (3+4)	370.4	448.7	21.1
3- Final Consumption	307.2	358.7	16.8
- Private	264.8	311.9	17.8
- Public	42.4	46.8	10.4
4- Gross Capital Formation	63.2	90.0	42.4
- Executed investments	63.2	90.0	42.4
- Inventory change	0.0	0.0	0.0
5- Exports of Goods and Services	111.2	136.0	22.3
6- Imports of Goods and Services	123.1	161.1	30.9
7- Gross Domestic Saving (1-3)	51.3	64.9	26.5
8- Domestic Resource Gap (5-6)=(7-4)	-11.9	-25.1	0.0

Source: Ministry of Economic Development.

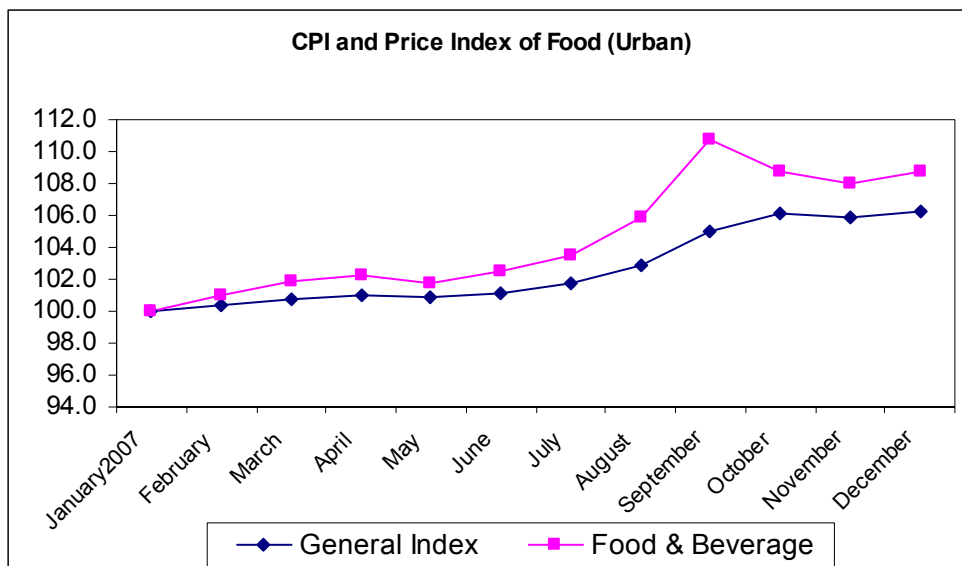
1/3: Inflation

Inflation as measured by the CPI (urban) declined to 5.1 percent during July/December 2007/2008 from 6.8 percent during the corresponding period of the previous FY. Similarly, WPI-based inflation rate went down to 6.4 percent during the period under review from 8.5 percent during the period of comparison.



The downward trend in inflation, according to the CPI (urban), during the period was ascribed to the decline in the following groups: food and beverages; housing, water, electricity, gas and other fuel; transportation; communications; and restaurants, cafes and hotels. On the other hand, education prices stepped up, mainly because of the rise in the fees of university and private education.

In spite of the decline in the inflation rate during the reporting period as compared with the corresponding period of the previous FY, it is still considered very high as compared with January/June 2007 (inflation was only 1.7 percent). This upward trend was fuelled by the surge in domestic food prices on the back of the consecutive increases in international food prices, particularly wheat, maize and edible oil. This rise, in turn, has been propagated to non-food commodities such as cement and iron. The higher inflation was also attributed to the increase in demand pressures resulting from the improvement of economic growth, mainly of building & construction and manufacturing sectors.



It is worthy noting that the CAPMAS introduced a new CPI series in September 2007. The weights involved in the formation of the index were taken from the results of the 2004/2005 survey of income, expenditure and consumption. The series was updated, taking the weights of January 2007.

CPI-Based Inflation Rates (Urban)
(January 2007 = 100)*

(%)

Main CPI Groups	Weights	During		
		July/Dec. 2006/07	Jan./June 2007	July/Dec. 2007/08
<u>General Index</u>	<u>100.0</u>	<u>6.8</u>	<u>1.7</u>	<u>5.1</u>
Food & non-alcoholic beverages	43.9	7.6	2.3	6.1
Tobacco	2.6	0.0	0.0	0.0
Clothing and footwear	7.9	0.7	4.0	1.0
Housing, water, electricity, gas and other fuel	13.5	4.7	1.0	1.4
Furnishings, household equipment and routine maintenance of the house	4.2	2.0	3.2	2.7
Health	3.6	1.0	1.8	0.0
Transportation	5.2	9.8	-	0.5
Communications	3.6	1.2	-	0.0
Recreation and culture	3.4	19.5	-	3.1
Education	4.4	11.1	-	37.8
Restaurants, cafes and hotels	3.5	8.5	-	2.5
Miscellaneous goods and services	4.2	11.0	-	4.2

Source: The CAPMAS.

* A new CPI series was introduced in September 2007. The weights involved in the formation of the index were taken from the results of the 2004/2005 survey of income, expenditure and consumption. The series was updated, taking the weights of January 2007.

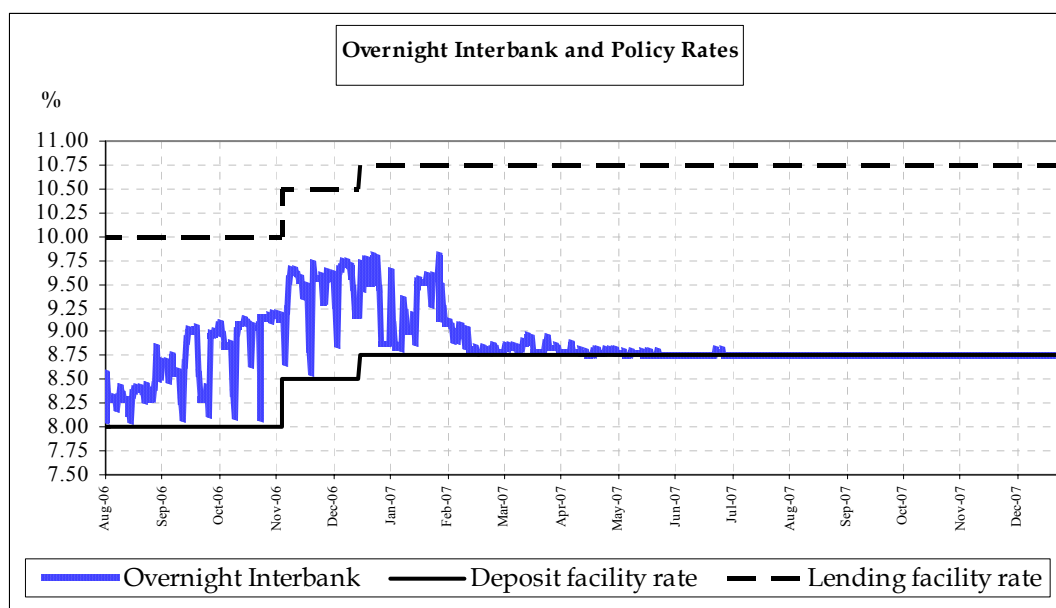
2 - Monetary and Banking Developments

2/1: Monetary Policy and Monetary Aggregates

2/1/1: Monetary Policy

The key CBE interest rates (overnight deposit and lending rates)* remained unchanged at 8.75 percent and 10.75 percent, respectively, during July/December 2007.

Due to the high liquidity excess at the banking system, the weighted average of the overnight inter-bank interest rates became very close to that of the overnight deposit rate at the CBE, ranging between 8.750 percent and 8.765 percent during the period under review (see the following chart).



In the same vein, the average interest rate on 3 month deposits remained almost unchanged posting 6.5 percent during the reporting period against 6.6 percent during the last six months. The average interest rate on one year loans recorded 11.3 percent during the period under review against 11.4 percent during the last six months.

* In its meeting held on February 7, 2008, the Monetary Policy Committee (MPC) decided to raise the overnight deposit and lending rates by 25 bps to 9 percent and 11 percent, respectively.

2/1/2: Reserve Money

Reserve money rose by LE 6.7 billion or 5.0 percent during July/December 2007/2008 against LE 10.1 billion or 8.7 percent during the corresponding period of the previous FY, to reach LE 140.8 billion at the end of December 2007. Such a pickup was an outcome of the rise in currency in circulation outside the CBE by LE 11.5 billion and the decline in banks' local currency deposits at the CBE by LE 4.8 billion.

Reserve Money and Counterpart Assets

(LE mn)

	<u>Balances at</u>	<u>Change during July/December</u>			
	<u>End of</u> <u>Dec. 2007</u>	<u>2006/2007</u>		<u>2007/2008</u>	
		<u>Value</u>	<u>%</u>	<u>Value</u>	<u>%</u>
<u>A- Reserve Money</u>	<u>140826</u>	<u>10061</u>	<u>8.7</u>	<u>6700</u>	<u>5.0</u>
- Currency in circulation outside the CBE	103674	9358	11.9	11500	12.5
- Banks' deposits in local currency	37152	703	1.9	(4800)	(11.4)
<u>B- Counterpart Assets</u>	<u>140826</u>	<u>10061</u>	<u>8.7</u>	<u>6700</u>	<u>5.0</u>
<u>Net Foreign Assets</u>	<u>107207</u>	<u>18806</u>	<u>30.7</u>	<u>11835</u>	<u>12.4</u>
<u>Foreign Assets</u>	<u>172727</u>	<u>16679</u>	<u>12.9</u>	<u>12530</u>	<u>7.8</u>
Gold	6744	-	0.0	0	0.0
Foreign securities	118402	33799	49.2	9796	9.0
Foreign currencies	47581	(7120)	(9.5)	2734	6.1
<u>Foreign Liabilities</u>	<u>65520</u>	<u>(2127)</u>	<u>(3.1)</u>	<u>695</u>	<u>1.1</u>
<u>Net Domestic Assets</u>	<u>33619</u>	<u>(8745)</u>	<u>(16.0)</u>	<u>(5135)</u>	<u>(13.3)</u>
<u>Claims on the Government</u>					
<u>(Net)</u>	<u>114735</u>	<u>(1585)</u>	<u>(1.4)</u>	<u>(2520)</u>	<u>(2.1)</u>
Claims, of which:	191663	7356	4.3	(529)	(0.3)
Government securities	165688	-	0.0	(1036)	(0.6)
Deposits	76928	8941	15.5	1991	2.7
<u>Claims on Banks (Net)</u>	<u>67907</u>	<u>36647</u>	<u>3600.0</u>	<u>8395</u>	<u>14.1</u>
Claims	86539	37737	216.7	9269	12.0
Foreign currency deposits	18632	1090	6.6	874	4.9
<u>Net Balancing Items</u>	<u>-149023</u>	<u>(43807)</u>	<u>72.6</u>	<u>(11011)</u>	<u>8.0</u>

Source: Statistical Section, Table 2/1/1

Net foreign assets at the CBE continued to exert an expansionary effect on reserve money during the period, as it rose by the equivalent of LE 11.8 billion or 12.4 percent (due to higher assets by LE 12.5 billion worth and liabilities by LE 0.7 billion worth). This effect was mitigated by the decline in net local assets by LE 5.1 billion or 13.3 percent. Behind this decline was the drop in net claims on the government by LE 2.5 billion and the rise in the negative balance of other items (net) by LE 11.0 billion, on the one hand, and the increase in net claims on banks by LE 8.4 billion, on the other.

2/1/3: Banknote Issue

Banknote issue (including subsidiary coins) went up by LE 12.4 billion or 13.2 percent during July/December 2007/2008 against LE 9.9 billion or 12.5 percent during the corresponding period of the previous FY, to reach LE 105.9 billion at the end of December 2007.

Banknote Issue and Change Rates^{*}

(LE mn)

At End of	Balance of Banknote Issue	Annual Change		Change During July/Dec.	
		Value	%	Value	%
June 2006	79253	11500	17.0		
Dec. 2006	89173	15208	20.6	9920	12.5
June 2007	93499	14246	18.0		
Dec. 2007	105863	16690	18.7	12364	13.2

^{*} Including subsidiary coins issued by the Ministry of Finance.

The increase in banknote issue led to a rise of LE 11.5 billion or 12.5 percent in the currency in circulation outside the CBE, to reach LE 103.7 billion at the end of December 2007. The relative structure of the denominations of the currency in circulation was changed, following the issuance of the LE 200 note in May 2007. As such, the relative importance of the LE 200 note increased at the expense of other denominations (LE 10, LE 20, LE 50, and LE 100) to post 12 percent at

the end of December 2007. With the rising level of prices and the consequent individuals' preference for dealing in large denominations, the relative importance of the LE 50, LE 100 and LE 200 denominations constituted 87.0 percent of total currency in circulation at the end of December 2007 (against 84.8 percent at the end of June 2007).

As a result of the changes in the relative structure of the denominations of currency in circulation, the average value per note rose by 3.2 percent during the reporting period to LE 26.44 at the end of December 2007 against LE 25.61 at the end of June 2007.

Currency in Circulation outside the CBE*

(LE mn)

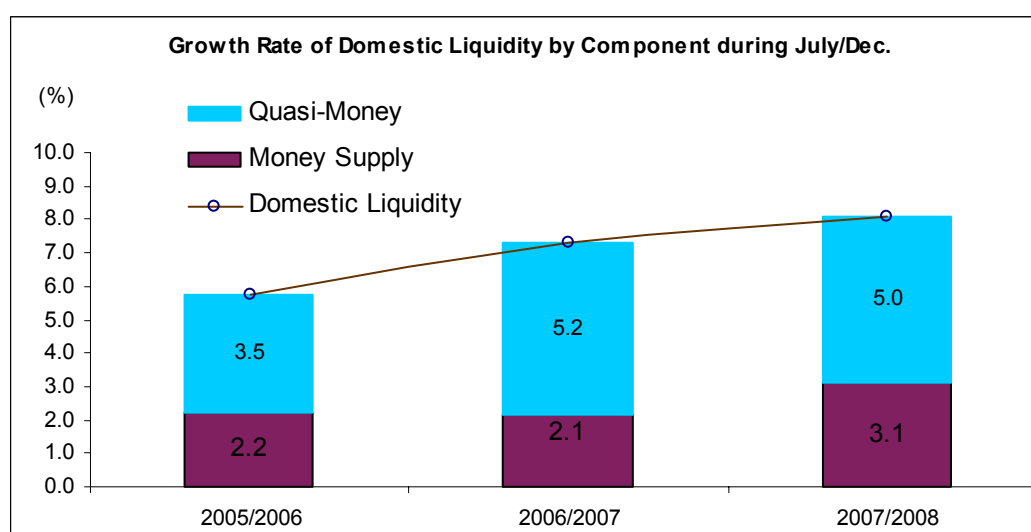
Denominations	June 2007		December 2007		Change Rate During July/Dec.	
	Value	Relative Importance	Value	Relative Importance	2006/07	2007/08
<u>Total</u>	<u>92175</u>	<u>100.0</u>	<u>103675</u>	<u>100.0</u>	<u>11.9</u>	<u>12.5</u>
<u>Subsidiary Currencies (Notes & Coins)</u>	<u>259</u>	<u>0.3</u>	<u>270</u>	<u>0.3</u>	<u>7.2</u>	<u>4.2</u>
<u>Banknote in Circulation</u>	<u>91916</u>	<u>99.7</u>	<u>103405</u>	<u>99.7</u>	<u>11.9</u>	<u>12.5</u>
PT 25	142	0.1	163	0.2	12.6	14.8
PT 50	234	0.3	272	0.3	11.7	16.2
LE 1	550	0.6	656	0.6	17.4	19.3
LE 5	987	1.1	1179	1.1	8.2	19.5
LE 10	3323	3.6	3189	3.1	(3.7)	(4.0)
LE 20	8553	9.3	7985	7.7	1.6	(6.6)
LE 50	27967	30.3	26785	25.8	9.9	(4.2)
LE 100	47136	51.1	50727	48.9	18.1	7.6
LE 200**	3024	3.3	12449	12.0	-	311.7

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

** LE 200 note was issued for circulation as of May 2007.

2/1/4: Domestic Liquidity and Affecting Factors

Domestic liquidity (M2) amounted to LE 716.3 billion at the end of December 2007, up by LE 53.6 billion or 8.1 percent during July/December 2007/2008, against a rise of LE 41.0 billion or 7.3 percent a year earlier.

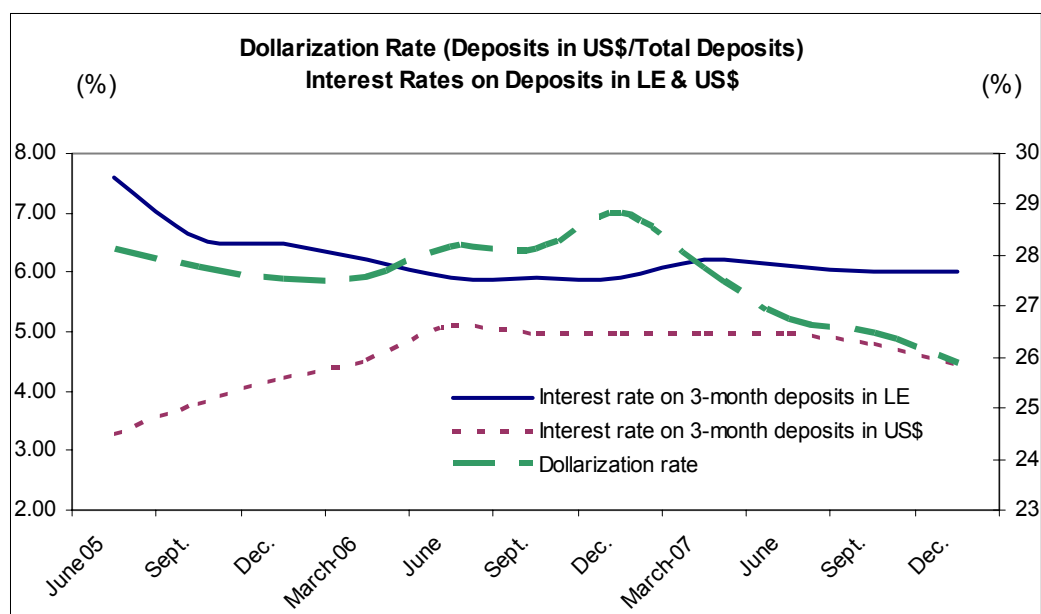


The pickup in domestic liquidity resulted from the growth in both money supply and quasi-money. Money supply went up by LE 20.5 billion or 15.6 percent against LE 12.1 billion or 11.0 percent, to reach LE 151.8 billion at the end of December 2007. This was attributed to an increase in demand deposits in local currency by LE 10.7 billion or 24.1 percent (due to the increase in deposits of the private business and household sectors) and currency in circulation outside the banking system by LE 9.8 billion or 11.3 percent.

Domestic Liquidity Structure

	(LE mn)					
	<u>End of December</u>		<u>Change During July/Dec.</u>			
	<u>2007</u>		<u>2006/2007</u>		<u>2007/2008</u>	
	Balances	Relative Importance	Value	%	Value	%
<u>Domestic Liquidity (M2)</u>	<u>716275</u>	<u>100.0</u>	<u>40953</u>	<u>7.3</u>	<u>53587</u>	<u>8.1</u>
<u>Money Supply (M1)</u>	<u>151800</u>	<u>21.2</u>	<u>12068</u>	<u>11.0</u>	<u>20510</u>	<u>15.6</u>
Currency in circulation outside the banking system	96676	13.5	8815	11.9	9816	11.3
Local currency demand deposits	55124	7.7	3253	9.3	10694	24.1
<u>Quasi-Money</u>	<u>564475</u>	<u>78.8</u>	<u>28885</u>	<u>6.4</u>	<u>33077</u>	<u>6.2</u>
<u>Time & Saving Deposits in</u>						
<u>Local Currency</u>	<u>404236</u>	<u>56.4</u>	<u>16435</u>	<u>5.2</u>	<u>26812</u>	<u>7.1</u>
<u>Foreign Currency Deposits</u>	<u>160239</u>	<u>22.4</u>	<u>12450</u>	<u>9.1</u>	<u>6265</u>	<u>4.1</u>
- Demand	26876	3.8	2726	14.7	(41)	(0.2)
- Time & saving	133363	18.6	9724	8.2	6306	5.0

Likewise, quasi-money augmented by LE 33.1 billion or 6.2 percent to reach LE 564.5 billion at the end of December 2007. About 28.8 percent of the increase in quasi-money was concentrated in the rise in the household sector's LE time and saving deposits that went up by LE 9.5 billion or 3.1 percent to reach LE 312.9 billion or 55.4 percent of the total at the end of December 2007. In the meantime, the foreign currency deposits of the sector retreated by LE 2.9 billion worth or 3.2 percent. This indicated the continued preference for saving in the Egyptian pound, a matter that mainly reflected the higher interest rate on local currency deposits as compared with those in foreign currencies especially following the successive US\$ interest rate cuts by the Federal Reserve. Add to this the continued rise in the LE exchange rate vis-à-vis the US dollar during the period under review, thus feeding the expectations of a continued stability of the LE exchange rate.



The rise in net counterpart assets of domestic liquidity was ascribed to the increase in both net domestic assets by LE 39.6 billion or 8.9 percent (as a result of the growth of LE 36.2 billion in domestic credit and LE 3.4 billion in net balancing items) and net foreign assets at the banking system by the equivalent of LE 14.0 billion or 6.4 percent. The rise in net foreign assets was an outcome of the increase in net foreign assets at the Central Bank and banks by the equivalent of LE 11.8 billion and LE 2.2 billion, respectively.

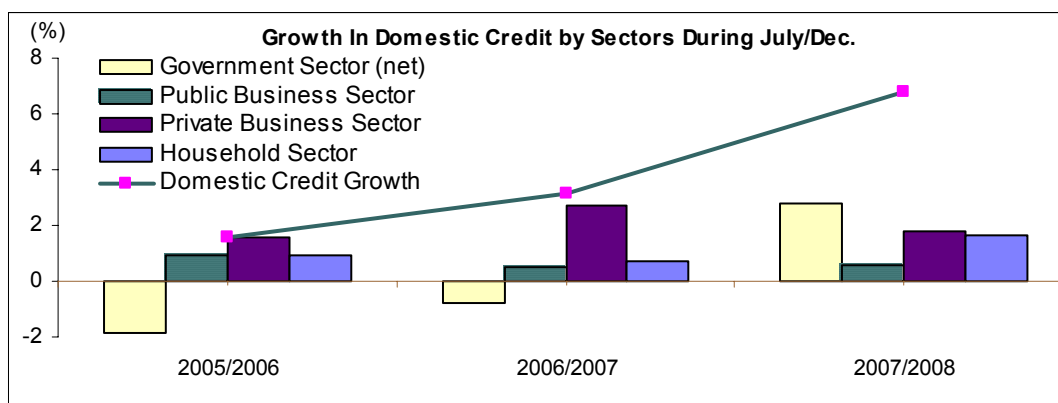
Domestic Liquidity Counterpart Assets

(LE mn)

	<u>End of December 2007</u>		<u>Change During July/Dec.</u>			
	<u>Balances</u>	<u>Relative Importance</u>	<u>2006/2007</u>	<u>2007/2008</u>	<u>Value</u>	<u>%</u>
<u>Domestic Liquidity</u>						
<u>Counterpart Assets</u>	<u>716275</u>	<u>100.0</u>	<u>40953</u>	<u>7.3</u>	<u>53587</u>	<u>8.1</u>
<u>Net Foreign Assets</u>	<u>232658</u>	<u>32.5</u>	<u>55754</u>	<u>41.8</u>	<u>14029</u>	<u>6.4</u>
▫ CBE	107207	15.0	18807	30.7	11835	12.4
▫ Other banks	125451	17.5	36947	51.3	2194	1.8
<u>Domestic Credit</u>	<u>567507</u>	<u>79.2</u>	<u>15861</u>	<u>3.1</u>	<u>36193</u>	<u>6.8</u>
Government (net)	193161	27.0	(4044)	(2.2)	14838	8.3
Public business sector	27643	3.9	2402	7.3	3197	13.1
Private business sector	278201	38.8	13747	5.7	9594	3.6
Household sector	68502	9.6	3756	7.1	8564	14.3
<u>Other Items (Net)</u>	<u>-83890</u>	<u>(11.7)</u>	<u>(30662)</u>	<u>37.1</u>	<u>3365</u>	<u>(3.9)</u>

Credit extended by the banking system totaled LE 567.5 billion at the end of December 2007, up by LE 36.2 billion or 6.8 percent during the period under review (against LE 15.9 billion or 3.1 percent during the corresponding period of the previous FY). This was ascribed to an increase of LE 14.8 billion or 8.3 percent in the banking system's net claims on the government to reach LE 193.2 billion or 34.0 percent of total credit at the end of December 2007. Such a rise was an outcome of the increase in banks' holding of government securities and treasury bills by LE 19.0 billion and the step-up in both loans to the government by LE 5.8 billion and its deposits by LE 10.0 billion.

Credit to the private business sector went up by LE 9.6 billion (almost three quarters in foreign currencies), to reach LE 278.2 billion or almost half of the domestic credit at the end of December 2007. The increase in the loans extended in foreign currency to the private business sector was helped by the decline in exchange rate risks, thanks to the stability of the LE exchange rate vis-à-vis the US dollar and the lower interest rates thereon. Moreover, credit to the household sector mounted by LE 8.6 billion or 14.3 percent (91.4 percent of the increase was in local currency) against LE 3.8 billion or 7.1 percent, to reach LE 68.5 billion or 12.1 percent of total domestic credit at the end of December 2007. The rise was attributed to the fact that some banks increased their retail transactions. In addition, credit to the public business sector edged up by LE 3.2 billion or 13.1 percent, bringing its debt up to LE 27.6 billion or 4.9 percent of the total at the end of December 2007.



Net balancing items had an expansionary effect on domestic liquidity as its negative balance declined by LE 3.4 billion during the period to LE 83.9 billion at the end of December 2007. Such a fall resulted from the rise in unclassified assets and liabilities (net) by LE 11.0 billion, on the one hand, and the rise in capital accounts by LE 7.6 billion, on the other.

2/1/5: Payment Systems and Information Technology (IT)

Payment systems help facilitate the transfer of assets and services among economic units, a matter that minimizes credit and settlement risks, and enhances the reliability and speed of settling payments. Add to this, its positive impact on economic performance and liquidity management. Against this background, the senior management of the CBE pays a great attention to this sector. Hereunder are the main achievements made during July/December 2007/2008.

- Testing of the Real Time Gross Settlement (RTGS) system is currently being done with the participation of all Egyptian banks and a group of foreign experts. The full operation of this system is expected to be in the third quarter of 2008. It is noteworthy that this system helps eliminate credit and settlement risks. Moreover, a contract was made with the Society for Worldwide International Financial Telecommunications (SWIFT) to adjust the applied SWIFT system to the RTGS requirements to ensure effecting final real time settlement of the transactions received via SWIFT. SWIFT has already implemented the RTGS in the Test & Training program of Egyptian banks, which is currently used to test the system.
- A study was conducted on how to connect the RTGS with banks' accounting system at the Central Bank. Detailed work procedures are currently being prepared, in collaboration with the departments concerned in this regard.

- In collaboration with the Society for Worldwide International Financial Telecommunications (SWIFT), the implementation of the first phase of the project aimed at ensuring absolute confidentiality in transferring the messages of financial transactions and transfers was completed. Implementation of the second phase is currently going on.
- The system of government receipts has become operational. The system aims at shortening the duration of settling government receipts through banks from three weeks to two working days at most, besides saving the efforts exerted in the settlement process. Moreover, the trial operation of the project regarding the automation of the works of the Cheque Settlement Department was made. The project aims at settling cheques drawn from government units for the benefit of other government units on the same day on which the CBE receives the cheques, or the next day at most.

In the area of information technology at the CBE and the banking sector, the following developments took place:

- The core account system (CAS) was introduced to organize the accounting entries at the Central Bank of Egypt and facilitate the management of government units and banks' accounts.
- The development and updating of the CBE's new website was completed. Following its trial phase, the website is about to be launched.
- In the field of supervision, the CBE is about to complete the application of a new electronic system that helps eliminate credit risks through the automated data collection and analysis.
- Following up the final stages of relocating the CBE's different departments from old buildings to the new one in Al-Gomhoria Street. The relocation of the Bank's senior management to the new building is currently under way. As such, all the CBE departments will be combined in one building. Actions are also being taken to follow up the establishment of new branches in Tanta and Assuit.

2/1/6: SWIFT Local Services and Clearing Houses Activity

Data of local banking transfers under the Fin-Copy system, conducted via SWIFT, showed an increase in the number and value of LE executed messages during July/December 2007/2008. As such, they amounted in terms of number to 326.5 thousand transactions and value to LE 1551.5 billion during the period (against 244.8 thousand transactions and LE 1008.0 billion during the previous corresponding period). In addition, the number of inter-bank dollar transactions executed according to the Fin-Copy system rose to 6.3 thousand at a value of US\$ 47.9 billion during the reporting period (against 5.4 thousand at a value of US\$ 26.0 billion during the period of comparison).

SWIFT Local Service Activity

During	July/December			Change	
	2005/06	2006/07	2007/08	(2)–(1)	(3)–(2)
	(1)	(2)	(3)		
<u>First: In Local Currency</u>					
Number of messages (unit)	189726	244767	326497	55041	81730
Value of transfers (LE mn)	755756	1007981	1551530	252225	543549
<u>Second: In Foreign Currencies</u>					
Number of transactions (unit)	5531	5416	6284	(115)	868
Value of transactions (US\$ mn)	17057	26021	47872	8964	21851

Concerning the Automated Clearing House activities, the number of exchanged cheques increased to 5.6 million at a value of LE 217.3 billion during the reporting period against 4.9 million at a value of LE 161.8 billion in the previous corresponding period. This led to a rise in the average value per cheque to LE 38.5 thousand against LE 32.8 thousand during the corresponding period of the preceding FY.

CBE Clearing Houses Activity

During	Number of Cheques	Value of Cheques	Change	
	(in thousand)	(in million)	Number	Value
July/December 2006/07	4932	161781	6.7	15.2
July/December 2007/08	5644	217346	14.4	34.3

2/2: Banking Developments

2/2/1: Banking Reform

During the period under review, the Central Bank of Egypt continued the implementation of its banking reform plan, and is expected to finish it soon. So far, progress on this plan has been reported as follows:

1- Privatization and Consolidation Plan:

- In virtue of CBE Board's decision regarding the implementation of Article (41) of the Law No. 88 for 2003 on the Central Bank, the Banking Sector and Money, a number of voluntary mergers were made among banks. There were also some cases of compulsory mergers that were made in accordance with the decision of the CBE Board of Directors on the rules and regulations governing the implementation of Article 79 of the said Law. Such mergers were meant to raise the competitiveness and robustness of banks and augment their capitals.
- At the end of May 2007, it was announced that Banque Misr acquired 100 percent of the shares of Banque du Caire (BdC). In July 2007, the Bank announced also the initiation of the pre-sale preparation to offer a percentage of its stake to a strategic investor.
- The deal of selling the Bank of Alexandria was highly successful. The privatization of BoA started in September 2004; thereafter, on October 17, 2006, it was announced that Italy's Sanpaolo Bank won the bid for the majority stake of 80 percent of the BoA, following a public auction among four final bidders of Arab and European financial institutions. Sanpaolo valued the whole stakes of BoA at US\$ 2.0 billion, offering about US\$ 1.6 billion for the deal (80 percent of the Bank's shares). The ownership of BoA was transferred to the Italian bank on the Stock Exchange. According to the international standards, this deal is considered a landmark in the history of acquisitions in the emerging market economies.

As for divestiture of state-owned banks (SOBs), their holdings in joint venture banks were sold in accordance with the set plan.

2- Restructuring and Risk Management in State-Owned Banks:

- Since early 2005, state-owned banks (SOBs) have been applying a comprehensive restructuring plan according to a timeline of goals and actions. The plan was devised by the Banking Reform Unit (BRU) at the CBE to reform the practices of all departments and technological systems, besides establishing new departments. The BRU follows up the implementation of the plan on a regular basis.
- A finance agreement was forged with the European Commission to conduct diagnostic reviews of, and develop, the current practices of three backbone departments at the NBE and Banque Misr (Risk Management, IT and Human Resources), in line with the best international practices. In October 2005, international consultants were chosen to conduct this process (ABN AMRO for Banque Misr and ING Bearing for the NBE). The project is currently under implementation, and is to be completed by end-2008.
- The CBE's Banking Reform Unit (BRU), in coordination with the World Bank, has embarked on conducting full audit reviews of the four state-owned banks, in accordance with the international accounting standards. To date, audit reviews of the three state-owned banks (after selling Bank of Alexandria) were completed for the years 2004 and 2005, while those for 2006 and 2007 have not been finished yet.
- The state-owned banks have proceeded with the appointment of qualified senior staff and cadres, and obtained the necessary finance through the fund established for developing the performance of the banking sector, mentioned in the Law of the Central Bank, the Banking Sector and Money.

3- Non-Performing Loans (NPLs) in Banks:

- The Unit monitors the “Workout Units” at banks, which managed to settle 80 percent of NPLs (excluding the non-performing public enterprises’ debt), and made collections of 35 percent including cash collections of 30% in the period 1/1/2004 - 31/12/2007.

- A final agreement was reached with the Ministry of Investment on the value of the non-performing debt of public enterprises to the four state-owned banks (LE 26.0 billion). In January 2006, an amount of LE 6.9 billion was repaid in cash to the Bank of Alexandria, while cash repayments of LE 9.1 billion were subsequently made to the National Bank of Egypt, Banque Misr and Banque du Caire in December 2006. In addition, it was agreed that repayments for the remaining debt (LE 10 billion) to the three state-owned banks would be made from the privatization proceeds before end-2008.
- Through coordination among the CBE, the NBE, Banque Misr, Banque du Caire and the Industrial Development Bank of Egypt, a program addressing small non-performing debts (a maximum of LE 1 million each) was initiated in mid-March 2007 and completed at end of June 2007. This program, which covered NPLs in the manufacturing, trade and services sectors, resulted in resolution of about 7600 NPL cases or 63 percent of the total cases listed under the program. The resolved cases included 4300 and 1200 cases, respectively, against whom legal actions were taken and judgments were passed and 31 serving imprisonment sentences.

4- Supervision Sector at the CBE

A program for the reform of the Supervision Sector has been on track to achieve the following: (I) improve the Egyptian banking sector; (II) benefit from the best international practices; (III) recruit highly qualified and professional staff to the senior banking management positions; (IV) improve the efficiency of human resources and recruit the expertise required for the application of the most advanced international supervisory standards; and (V) improve the management information systems (MIS). In this context, a protocol was signed with the European Central Bank (ECB) and four European central banks to introduce a two-year technical assistance program, launched in December 2005. This program aimed at raising the efficiency of the Supervision Sector's staff, in order to develop their capacities and upgrade their skills in various fields. To this end, training courses were arranged in cooperation with a number of other central banks and international organizations and also educational missions were dispatched abroad. During the period, a set of new concepts were adopted in the area of the analysis of bank

performance and financial positions as well as bank examination. In addition, a number of training courses were organized for bank examiners in the area of “report writing”, with focus on modifying and refining such reports.

This program was completed, as planned, at the end of November 2007. The results of this program will be the mainstay of other development programs that are currently under discussion with the European Central Bank (ECB).

With respect to the CBE supervisory role, the bank examination plan for the present year is currently under implementation. In this context, the operation of the Pilot for Inspection System Automation (PISA) was tested in one of these banks. In addition, through such an examination, impact assessment was made of the recent acquisitions in the Egyptian market.

Furthermore, a number of examination tasks were conducted for various banking activities (type-specific), encompassing real estate finance, mutual funds, currency forwards and swaps and others. This was intended to set the ground for regulating the transactions of real estate finance and mutual funds, and to identify the reasons behind developments in currency swaps at some banks.

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

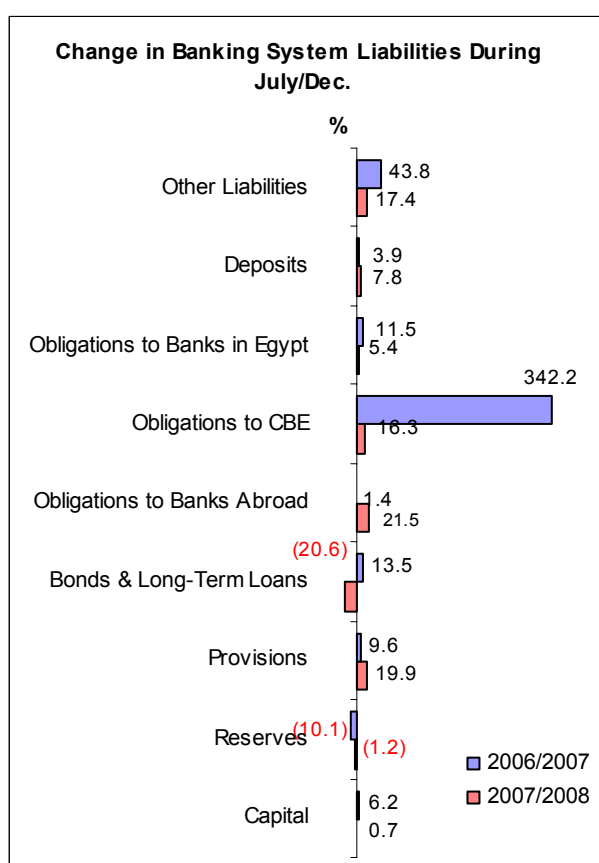
The aggregate financial position of registered banks in Egypt (41 banks) reached LE 1 trillion at the end of December 2007, with a rise of LE 82.1 billion or 8.8 percent during the first half of FY 2007/2008, against LE 89.0 billion or 11.7 percent during the corresponding period of the previous FY.

Banks' Aggregate Financial Position

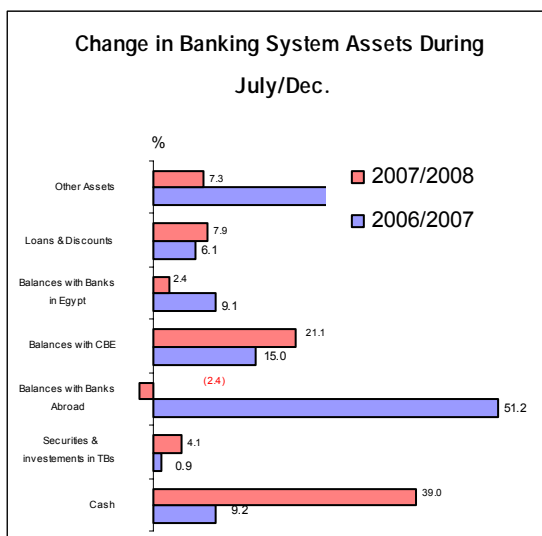
(LE mn)

At End of	June 2007	Relative Importance	Dec. 2007	Relative Importance
Cash	7705	0.8	10713	1.0
Securities and investments	176098	18.8	183236	18.0
Balances at banks abroad	124366	13.3	121426	11.9
Balances at CBE	199542	21.3	241697	23.7
Balances at local banks	17821	1.9	18242	1.8
Loan & discount balances	353746	37.7	381773	37.4
Other assets	58645	6.2	62926	6.2
(Assets = Liabilities)	937923	100.0	1020013	100.0
Capital	33037	3.5	33253	3.3
Reserves	12552	1.3	12396	1.2
Provisions	53469	5.7	64132	6.3
Bonds & long-term loans	26351	2.8	20929	2.0
Obligations to banks abroad	10006	1.1	12161	1.2
Obligations to CBE	66485	7.1	77298	7.6
Obligations to local banks	16134	1.7	17008	1.7
Deposits	649953	69.3	700750	68.7
Other liabilities	69936	7.5	82086	8.0

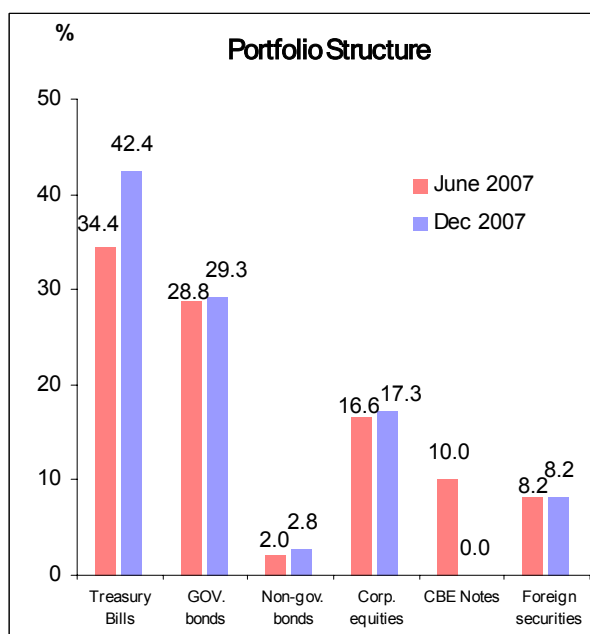
On the liabilities side, the increase was largely attributed to the rise of banks' deposits and obligations to local banks by LE 50.8 billion and LE 11.7 billion, respectively. Another affecting factor was the augmentation of banks' provisions by LE 10.7 billion, to LE 64.1 billion or 16.8 percent of total loan and discount balances at the end of December 2007. On the other hand, bonds and long-term loans declined by LE 5.4 billion.



On the assets side, the increase emanated chiefly from a rise of LE 42.6 billion in deposits at local banks (mostly deposits accepted at the CBE under open market operations) and in loan and discount balances by LE 28.0 billion. This is in addition to the rise in banks' investments in securities and Treasury bills by LE 7.1 billion.



It is noteworthy that the LE 7.1 billion increase in banks' investments (securities and treasury bills) was curbed by the decline in banks' investments in CBE notes by LE 17.6 billion. This was owed to the pickup in banks' investments in Treasury bills by LE 17.1 billion; government bonds by LE 2.9 billion; non-government bonds by LE 1.5 billion; corporate equity participations by LE 2.6 billion; and foreign securities by LE 0.6 billion worth.



As for local banks' transactions with their correspondents abroad, their net credit balances with banks abroad fell by the equivalent of LE 5.1 billion or 4.5 percent, posting LE 109.3 billion worth at the end of December 2007. This decline was the outcome of the drop in the balances with banks abroad by LE 2.9 billion worth on the one hand, and a rise in their obligations thereto by the equivalent of LE 2.2 billion, on the other.

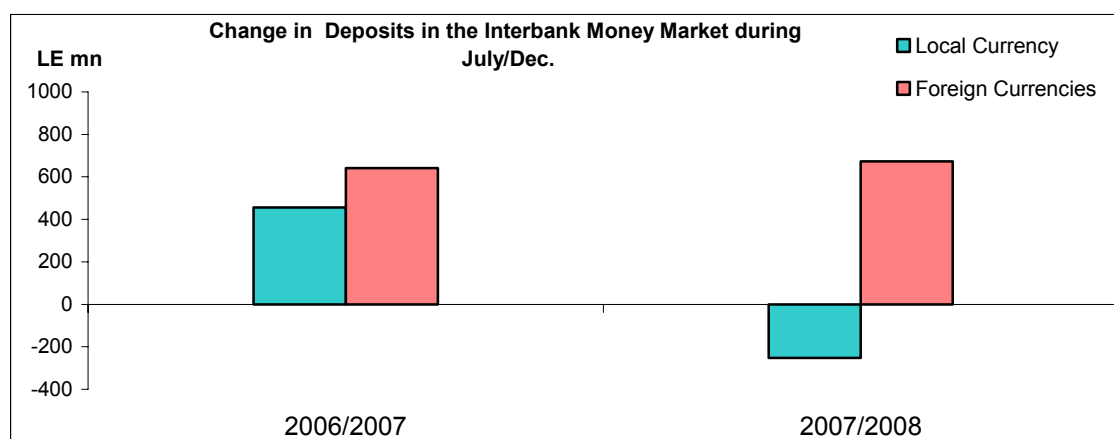
Transactions with Banks Abroad

(LE mn)

End of	<u>Change During July/Dec.</u>					
	<u>June</u> <u>2007</u>	<u>Dec.</u> <u>2007</u>	<u>2006/2007</u>		<u>2007/2008</u>	
			Value	%	Value	%
Net Position	114360	109265	37008	58.0	(5095)	(4.5)
Balances with banks abroad	124366	121426	37130	51.2	(2940)	(2.4)
Obligations to banks abroad	10006	12161	122	1.4	2155	21.5

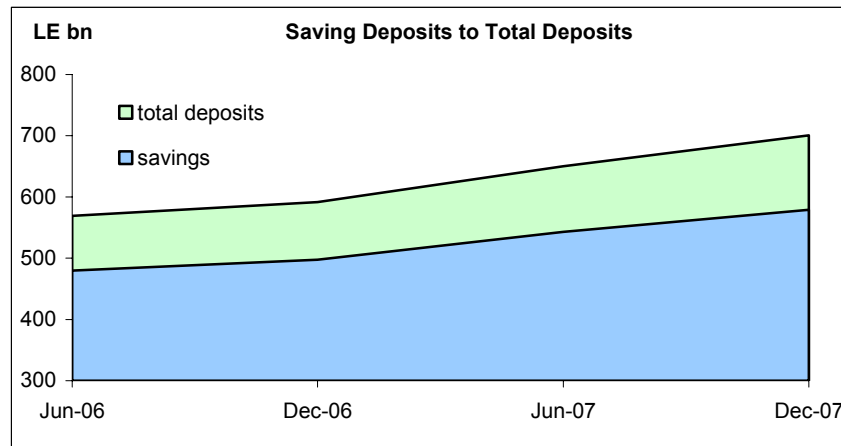
2/2/3: Interbank Money Market in Egypt

The volume of transactions in the interbank money market (in terms of deposits) increased by LE 0.4 billion, as deposits totaled LE 18.2 billion at the end of December 2007. The increase was an outcome of the rise in foreign currency deposits by LE 0.7 billion worth and the decline in local currency deposits by LE 0.3 billion.

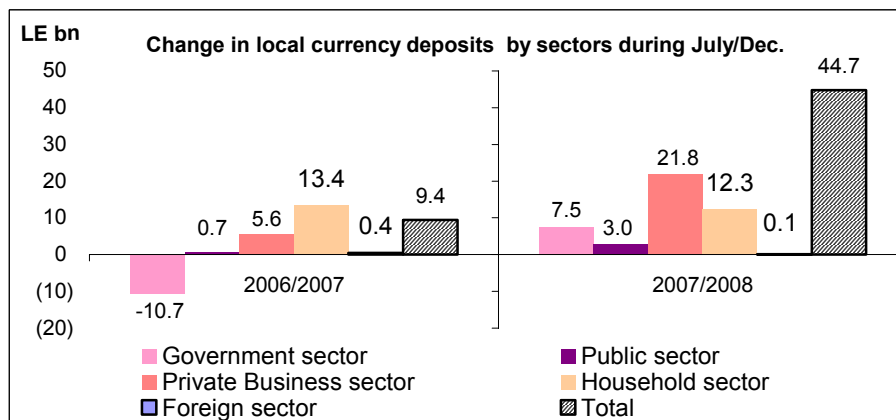


2/2/4: Deposits

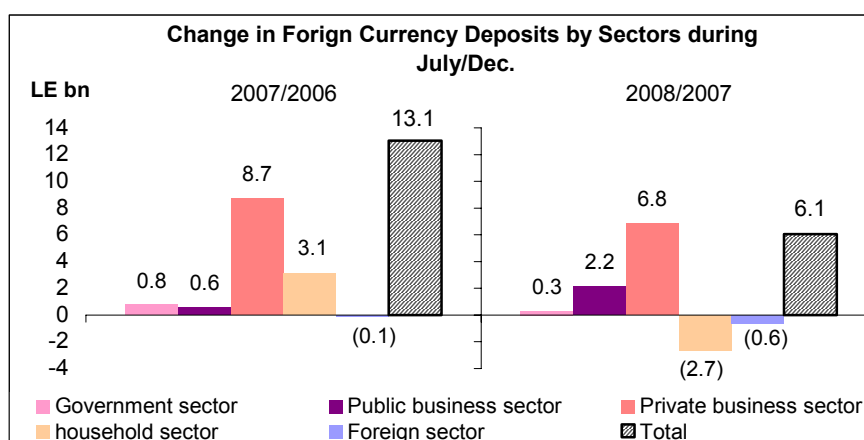
During the period under review, deposits at banks (including government deposits) realized more than twofold the increase of the previous corresponding period. In other words, the volume of these deposits scaled up by LE 50.8 billion or 7.8 percent against LE 22.5 billion or 3.9 percent. Reaching LE 700.8 billion at the end of December 2007, banks' deposits constituted 68.7 percent of the aggregate financial position of banks. Local and foreign currency time and saving deposits accounted for the bulk of deposits (82.6 percent).



The propensity to save in the Egyptian pound continued its dominance, as LE deposits contributed about 88.1 percent of the total increase in deposits during the period. Realizing a growth of LE 44.7 billion or 9.7 percent, local currency deposits reached LE 508.1 billion, or 72.5 percent of total deposits at banks at the end of December 2007. This was attributed to the pickup in the deposits of all sectors, particularly the holdings of the private business sector and the household sector which escalated by LE 21.8 billion and LE 12.3 billion, respectively.



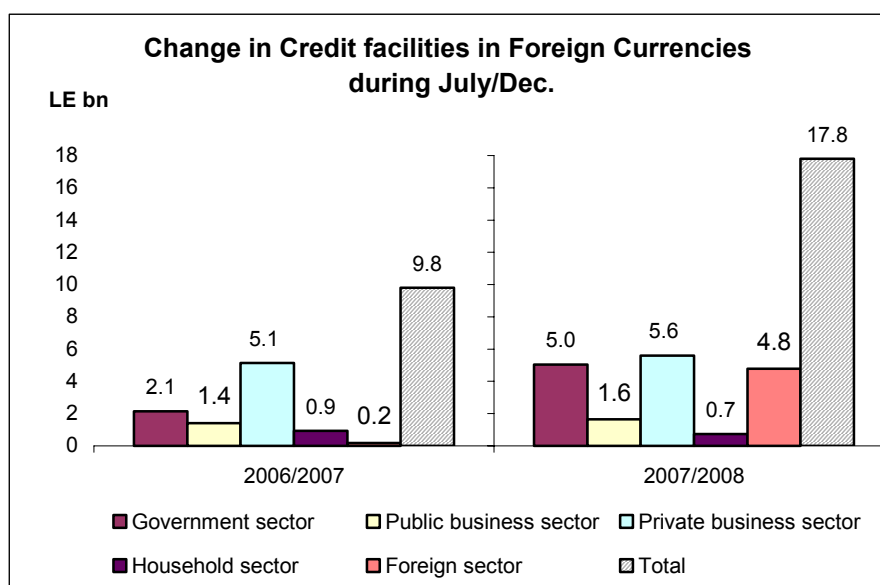
The foreign currency deposits showed a tiny increase of LE 6.1 billion worth or 3.2 percent, against LE 13.1 billion worth or 7.8 percent, reaching the equivalent of LE 192.7 billion at the end of December 2007. The increase in foreign currency deposits during the period stemmed from the pickup in the deposits of the private and public business sectors by LE 6.8 billion and LE 2.2 billion worth, respectively. In addition, government deposits modestly rose by LE 0.3 billion worth, while deposits of the household sector and the foreign sector declined by LE 2.6 billion and LE 0.6 billion worth in order.



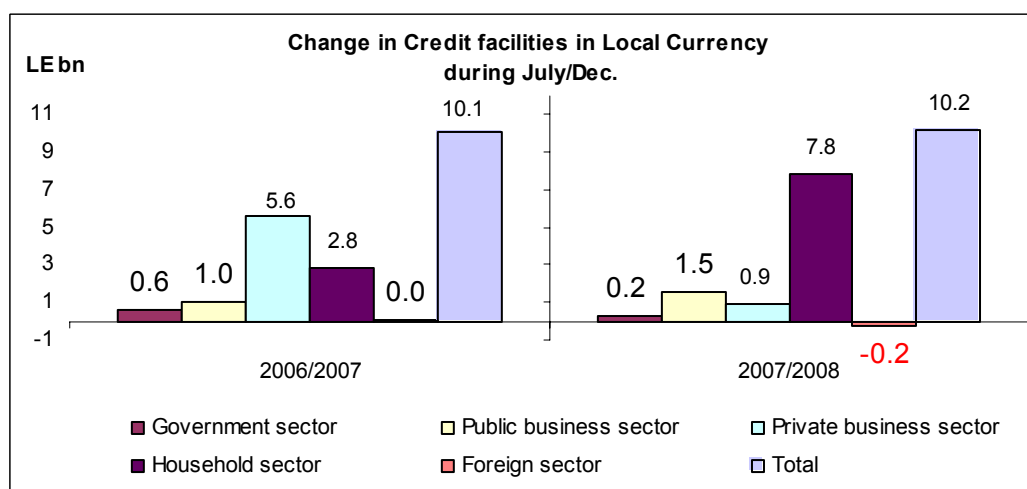
2/2/5: Lending Activity

Banks expanded their lending activity during the period relative to the previous corresponding period. Banks' loan and discount balances rose by LE 28.0 billion or 7.9 percent (against LE 19.9 billion and 6.1 percent), totaling LE 381.8 billion or 37.4 percent of banks' total assets and 54.5 percent of total deposits at the end of December 2007.

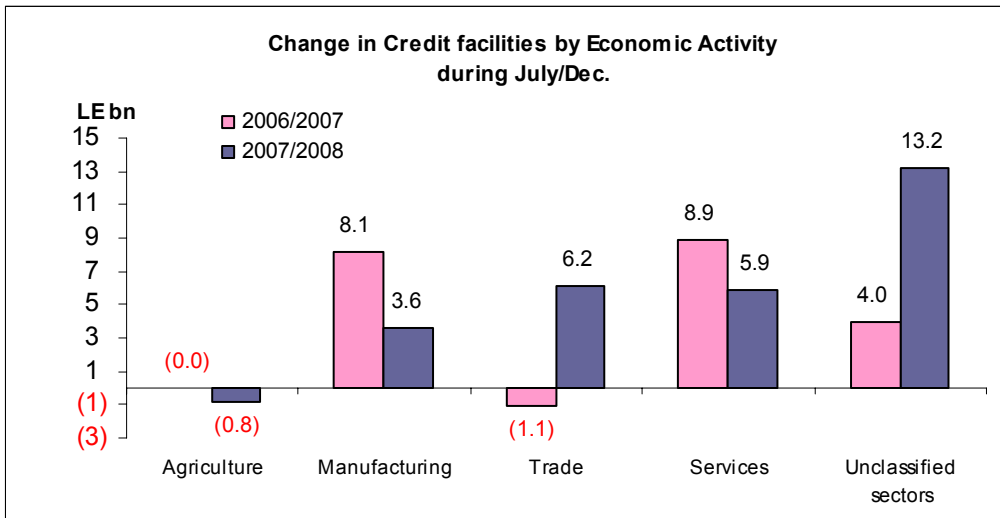
Around two thirds of the increase in loan and discount balances (63.5 percent) during the period was concentrated in foreign currency balances. This was attributed to the increase in banks' foreign currency resources, driven by the appreciation of the Egyptian pound vis-à-vis the US dollar and the expectation of its continued stability. Foreign currency loan and discount balances went up by LE 17.8 billion worth or 16.9 percent, standing at LE 123.0 billion worth at the end of December 2007. All sectors benefited from this increase with varied shares. The private business sector was the major recipient, with LE 5.6 billion worth or 7.4 percent, running up debt of LE 81.6 billion worth or 21.4 percent of total loan and discount balances at the end of December 2007. The government sector came next, with a share of LE 5.0 billion worth or 31.7 percent; followed by the public business sector with the equivalent of LE 1.7 billion or 26.9 percent; and the household sector with LE 0.7 billion worth or 16.5 percent.



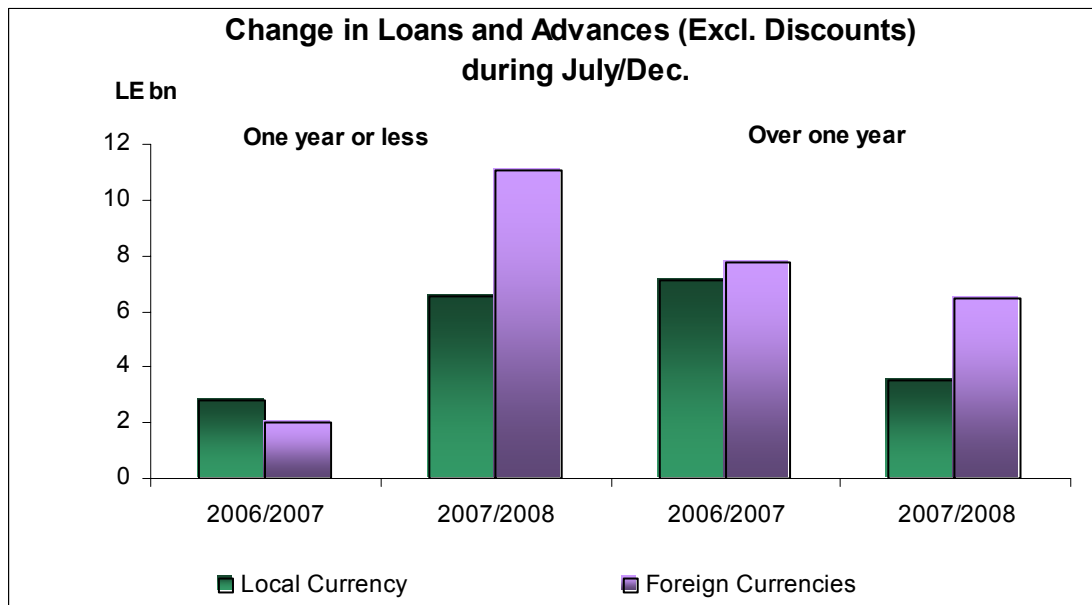
Likewise, local currency loan and discount balances increased by LE 10.2 billion or 4.1 percent, reaching LE 258.8 billion at the end of December 2007. The household sector accounted for the bulk of this increase (LE 7.8 billion or 14.1 percent), receiving LE 63.3 billion or 24.5 percent of total loan and discount balances in local currency. Loans to the public and private business sectors amounted to LE 1.5 billion and LE 0.9 billion, respectively.



A breakdown of loans by economic activity shows that the manufacturing sector accounted for 35.5 percent of the total loans extended by banks in local and foreign currencies, at the end of December 2007. The services sector came next with 28.0 percent of the total, followed by the trade with 14.5 percent and agriculture with 1.9 percent.



Loans and advances (excluding discounts) offered by banks increased by LE 27.6 billion or 7.8 percent during the period, posting LE 380.0 billion at the end of December 2007. The increase was an outcome of the rise in short-term loans (loans of one-year-and-less) by LE 17.6 billion or 9.0 percent (mostly in foreign currencies), and the pickup in more-than-one-year loans by LE 10.0 billion (mainly in foreign currencies).



3- Stock Exchange

To press forward with the development of the stock exchange and its trading base, the Nile Stock Exchange (NILEX) was launched in October/December 2007/2008, to be the first market for medium and small enterprises in the MENA region. This exchange was established to provide the said enterprises with access to long-term capital, to help them expand their businesses, enhance their competitiveness, and raise their contribution to economic growth. Listing on the said exchange is done according to more flexible rules that attune with the nature of such enterprises and do not compromise the strict market regulations.

Furthermore, CASE and the Egyptian National Postal Organization (ENPO) launched a new postal saving account that can be opened with at least LE 100; without a maximum ceiling. This new account was devised to open new investment opportunities for a large segment of citizens, particularly those who lack the adequate experience in securities investment. To minimize the risk for investors, the saving account is to be run by expert fund managers.

On the other hand, CASE announced its intention to receive proposals for the formation of a consortium, from the funds willing to launch ETFs on CASE 30 index. The ETFs are a basket of securities based on the stocks of the top 30 companies in the benchmark index of CASE. They are traded on the stock exchange in the same manner as shares.

To deepen the market, through providing more liquidity, the Minister of Investment issued a decree adding the market maker activity to the activities of securities companies. The market maker activity means that a securities company, licensed by the CMA, shall provide permanent liquidity for certain securities and meet the orders of selling and purchasing these securities continuously during the trading session. The market maker shall select securities for which it will make a market, from a list announced by the stock exchange.

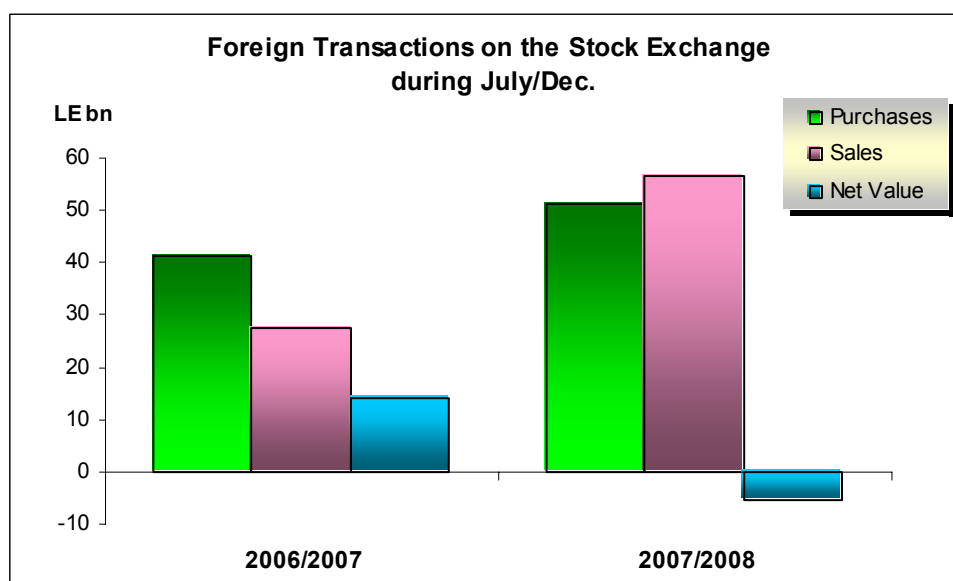
On the regional level, the chairman of CASE was re-elected for a second consecutive term as the president of the African Securities Exchanges Association (ASEA). CASE had a significant contribution in promoting and reinforcing the role of ASEA as a central reference point

for the African countries, according to international standards, besides activating cooperation among African exchanges in the areas of market development and the exchange of experience.

In the light of the aforementioned developments in the stock market, CASE30 moved up 35.2 percent in July/Dec. 2007/2008, posting 10549.7 points at the end of Dec. 2007. The CMA index followed the same trend, rising 24.8 percent to record 3412.3 points at the same date.

The total volume of trading surged by 70.6 percent in the period July/Dec., bringing the number of traded documents to 9 billion and driving up their value by 61.7 percent or LE 81.8 billion, to LE 214.6 billion. Shares accounted for 95 percent of the total value of traded securities. Transactions by retail investors edged up, representing 61.0 percent of the total value of trading at the end of Dec. 2007, compared with 39.7 percent at the end of June 2007. By contrast, trades by institutional investors decreased to 39 percent of the total value of trading, from 60.3 percent.

The value of foreign investors' transactions scaled up by 56.9 percent, standing at LE 107.6 billion during the period, against LE 68.6 billion in the previous corresponding period. Foreign investors recorded net sales of LE 5.4 billion, against net purchases of LE 14 billion.



3/1: Shares Market

3/1/1: Primary (Issue) Market

A- New Issues

In July/Dec. 2007/2008, the CMA approved 1581 new share issues, with a total value of LE 66.9 billion. The new issues included 1071 issues for new incorporations at a value of LE 11 billion or 16.5 percent of the total, and 510 issues for capital increases with a total value of LE 55.9 billion.

New Share Issues on the Stock Exchange

During July/Dec.	2006/2007	2007/2008
<u>Total No. of Issues (Unit)</u>	<u>1330</u>	<u>1581</u>
New incorporations	902	1071
Capital increases	428	510
<u>Total No. of Shares (mn)</u>	<u>2417</u>	<u>6786</u>
New incorporations	1050	1577
Capital increases	1367	5209
<u>Total Value of Shares (LE mn)</u>	<u>56649</u>	<u>66908</u>
New incorporations	21615	11017
Capital increases	35034	55891

Source: CMA.

B- Companies Listed on the Stock Exchange

In July/Dec. of FY 2007/2008, the number of listed companies decreased to 435 companies at the end of Dec. 2007, against 544 at the end of June 2007. In parallel, their nominal capital declined to LE 119.8 billion at the end of Dec. 2007, from LE 121.1 billion at the end of June 2007. Nonetheless, the boom on the stock market was reflected on the market capitalizations of these companies which augmented by 27.7 percent, posting LE 768.3 billion at the end of Dec. 2007.

Number of Companies Listed on CASE

(LE mn)

At End of	June 2007			Dec. 2007		
	No. of Companies (Unit)	Nominal Capital	Market Capital	No. of Companies (Unit)	Nominal Capital	Market Capital
Total	544	121072	601826	435	119815	768276
Official tables	147	73403	497319	138	67001	603257
Unofficial tables	394	47387	104055	296	52764	164969
Temporary table	3	282	452	1	50	50

Source: CASE.

The breakdown of market capitalization by sector indicated that the most investment-attractive sectors were finance, insurance and real estate as well as manufacturing, with considerably high contributions of 42.8 percent and 26.1 percent of the total, respectively. Ranking third, the services sector accounted for 18.5 percent, followed by utilities (transportation - communications - electricity - gas - healthcare and pharmaceuticals), with a share of 10.8 percent at the end of Dec. 2007.

Market Capitalization by Sector

(LE mn)

End of	June 2007	%	Dec. 2007	%
Total	601826	100.0	768276	100.0
Agriculture, forestry and fishing	1686	0.3	2566	0.3
Mining	4262	0.7	5568	0.7
Construction	3090	0.5	3174	0.4
Manufacturing	187459	31.1	200317	26.1
Utilities (transportation - communications - electricity -gas-healthcare & pharmaceuticals)	80648	13.4	82628	10.8
Wholesale and retail trade	2824	0.5	2712	0.4
Finance, insurance and real estate	210144	34.9	328869	42.8
Services	111713	18.6	142442	18.5

Source: CMA Monthly Report.

3/1/2: Secondary (Trading) Market

As a result of the boom on the share trading, the value of share transactions (on the floor and OTC) totaled LE 203.7 billion, with a pickup of LE 74.1 billion or 57.1 percent compared with the previous corresponding period.

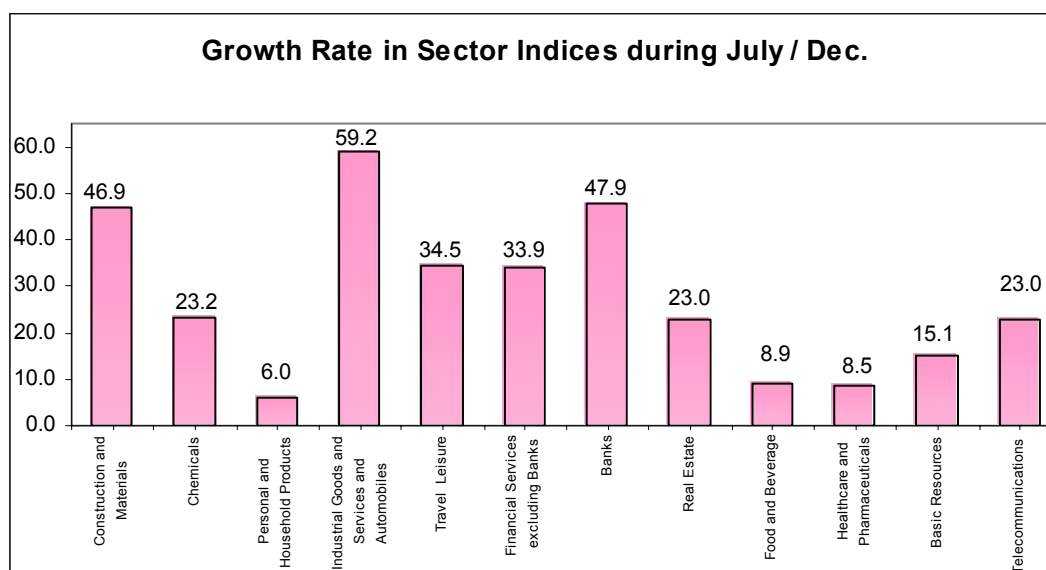
Share Trading on CASE

	<u>July/Dec.</u>					
	<u>2006/2007</u>		<u>2007/2008</u>			
	No. of Transactions (Unit)	Volume (000)	Market Value (LE mn)	No. of Transactions (Unit)	Volume (000)	Market Value (LE mn)
<u>Total Trading</u>						
<u>on the Floor</u>	<u>3456328</u>	<u>4556651</u>	<u>121835</u>	<u>4629516</u>	<u>6384580</u>	<u>172850</u>
LE shares	3301422	4240982	117296	4509507	5991022	167584
US\$ shares	154906	315669	791	120009	393558	943
<u>Total OTC</u>						
<u>Trading</u>	<u>123436</u>	<u>711040</u>	<u>7819</u>	<u>197790</u>	<u>2598011</u>	<u>30898</u>
LE shares	118970	594306	6445	195243	2074920	24613
US\$ shares	4466	116734	239	2547	523091	1134

Source: CMA.

The total value of trades on the floor amounted to LE 172.8 billion or 84.8 percent of the total, mostly in LE (97 percent), whereas OTC trading in shares, accounted for LE 30.9 billion, mainly in LE shares, which represented 79.7 percent.

The follow-up of the sector indices denoted a positive trend involving all sectors. The sector of industrial goods, services and automobiles came in the lead, registering a marked rise of 59.2 percent, followed by banks with 47.9 percent and construction and materials with 46.9 percent.



3/2: Bonds Market

3/2/1: Primary (Issue) Market

The total value of listed bond issues on CASE climbed by LE 9.4 billion or 15.2 percent in July/Dec. 2007/2008. This uptrend was largely ascribed to the increase in the value of government bonds by LE 7.7 billion, in corporate and bank bonds by LE 1.0 billion and securitization bonds by LE 0.7 billion.

The higher value of government bonds was an outcome of the increase of LE 8.0 billion in the outstanding balance of Treasury bonds (under the system of primary dealers), and the fall of LE 0.3 billion in US dollar development bonds.

Against this backdrop, the relative structure of bonds tilted in favor of government bonds which stood for 91.3 percent of the total value of bonds listed at the end of Dec. 2007. Corporate and bank bonds contributed a modest share of 6.8 percent, while securitization bonds constituted the remaining 1.9 percent.

Bonds Listed on CASE

End of	(LE mn)			
	<u>June 2007</u>		<u>Dec. 2007</u>	
	Value	%	Value	%
<u>Total</u>	<u>62130</u>	<u>100.0</u>	<u>71545</u>	<u>100.0</u>
<u>Government Bonds</u>	<u>57598</u>	<u>80.5</u>	<u>65280</u>	<u>91.3</u>
Treasury bonds	4000	5.6	4000	5.6
Treasury bonds (primary dealers)	53000	74.1	61000	85.3
Housing bonds	118	0.2	117	0.2
US dollar development bonds	480	0.7	163	0.2
<u>Corporate and Bank Bonds</u>	<u>3843</u>	<u>5.4</u>	<u>4877</u>	<u>6.8</u>
<u>Securitization Bonds</u>	<u>689</u>	<u>1.0</u>	<u>1388</u>	<u>1.9</u>

Source: CASE.

3/2/2: Secondary Market

Trading in bonds was evidently active during the period July/Dec. of FY 2007/2008, manifesting a higher trading value of LE 10.6 billion, up from LE 2.8 billion. Trading was confined to LE bonds on the floor.

The pickup in bonds trading was chiefly the result of the higher value of transactions in Treasury bonds under the primary dealers system, which represented the bulk of 99.4 percent of total trading in bonds. Treasury bonds and corporate and bank bonds accounted for the remainder.

Trading in Listed Bonds on the Floor

	<u>2006/2007</u>		<u>July/Dec.</u>	<u>2007/2008</u>		
	No. of Transactions (Unit)	Volume (000)	Value (mn)	No. of Transactions (Unit)	Volume (000)	Value (mn)
<u>Total Bonds (LE)</u>	<u>226</u>	<u>3750.5</u>	<u>2824.3</u>	<u>578</u>	<u>10223.2</u>	<u>10630.0</u>
Treasury bonds	6	429.6	21.1	5	40.1	44.0
Treasury bonds (primary dealers)	174	2659.6	2733.8	545	9959.4	10562.2
Housing bonds	15	1.2	0.0	4	0.0	0.0
Corporate and bank bonds	31	660	69	24	224	24
<u>Total Bonds (US\$)</u>	<u>9</u>	<u>207.3</u>	<u>21.3</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
Development bonds	9	207.3	21.3	0	0.0	0.0
Corporate bonds	-	0.0	0.0	0	0	0.0

Source: CMA.

3/3: Mutual Funds

The number of mutual funds amounted to 37 (34 open- and 3 close-end) at the end of Dec. 2007, with a nominal value of LE 7.5 billion at the time of incorporation.

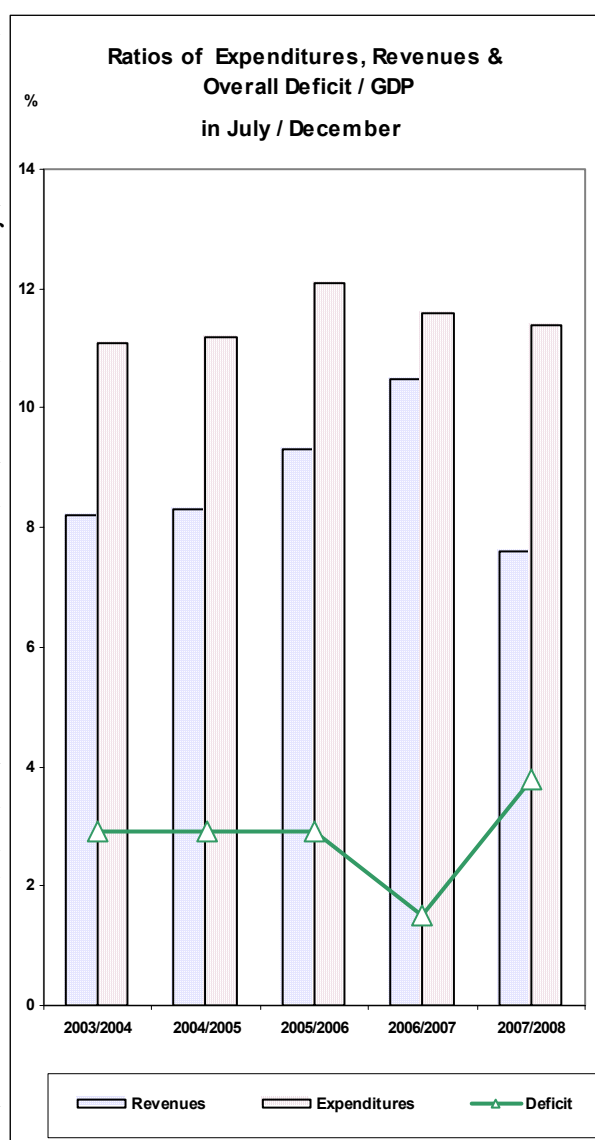
4: Public Finance and Domestic Public Debt

4/1: Consolidated Fiscal Operations of the General Government

The following are the Ministry of Finance data on the execution of the consolidated fiscal operations of the general government in the first half of FY 2007-2008, in comparison to the previous corresponding period:

Budget Sector

The follow-up of the execution of the consolidated fiscal operations of the general government during July/December 2007-2008 indicates that total collected revenues reached LE 64.3 billion or 34.5 percent of total budgeted revenues for the whole FY. This was 16.0 percent below the level of the previous FY, essentially because of the LE 13.1 billion decline in exceptional revenues (the third mobile license and licenses to iron and cement companies), in comparison with the corresponding period. On the other hand, total expenditures edged up by LE 11.7 billion or 13.9 percent, reaching LE 96.2 billion. The increase resulted mainly from the sizeable rise in GASC subsidies, which more than doubled to LE 9.1 billion. The notably higher commodity subsidies were aimed to alleviate the burdens of basic food prices on the low-income earners, in view of the sharp increases that associated the soaring world food prices.

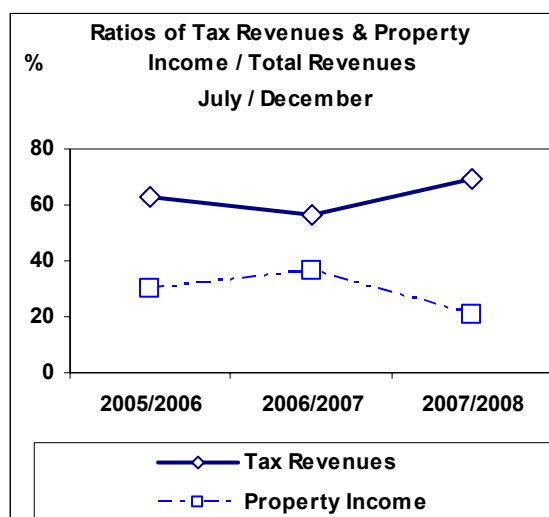


Against this background, the overall budget deficit amounted to LE 31.9 billion or 3.8 percent of GDP during the period under review, against 1.5 percent during the period of comparison.

Tax revenues accounted for the bulk of total revenues (69.0 percent or LE 44.4 billion), with a rise of LE 0.9 billion or 2.2 percent. Revenues from taxes on goods and services stepped up by LE 4.1 billion or 25.4 percent to LE 20.1 billion, representing the major part of tax revenues (45.4 percent). Taxes on income and business profits registered LE 17.3 billion or 39.0 percent of the total, down by LE 4.4 billion or 19.0 percent. This chiefly reflected the fall in tax revenues from the EGPC (by 73.1 percent), and joint stock companies (7.2 percent). Meanwhile, revenues from individual income taxes (income generated from employment and activities other than employment) rose by 43.5 percent and from the Suez Canal Authority (SCA) by 9.3 percent.

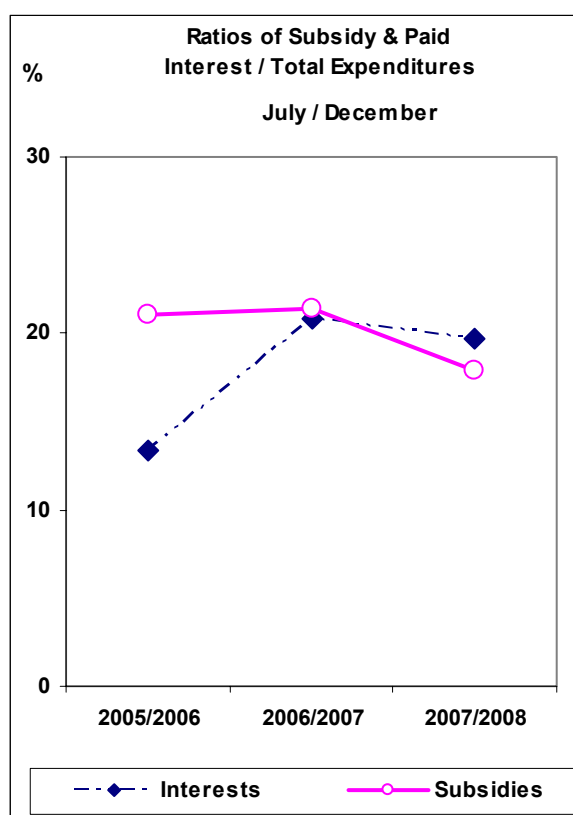
Customs receipts accounted for LE 5.7 billion or 12.7 percent of total tax revenues, up by 15.8 percent over the period of comparison. This rise mainly resulted from the continued increase in the value of commodity imports during the period under review.

In addition, tax revenues from property income amounted to LE 13.3 billion. More than half of these revenues came from the SCA (58.4 percent); while the international telephone license and the third mobile license constituted together 20.2 percent. The remainder was partly collected from the economic authorities, in addition to other miscellaneous revenues.



Total expenditures reached LE 96.2 billion, consisting mostly of compensations of employees (including salaries and wages), which represented LE 28.2 billion or 29.3 percent of total expenditures, up by 12.9 percent over the period of comparison.

Moreover, interest payments of the external and domestic public debt went up by LE 1.4 billion or 7.7 percent, to LE 18.9 billion or 19.7 percent of total expenditures. This reflected primarily the rise of LE 1.3 billion in interest payments to the NIB and SIFs and the remaining public debt service. As for foreign interests, they only rose by LE 89 million.



Subsidies, grants and social benefits rose by 11.4 percent, amounting to LE 22.8 billion or 23.7 percent of total expenditures. Subsidies absorbed LE 17.2 billion or 75.6 percent of this amount, as GASC subsidies more than doubled to LE 9.1 billion. The increase in GASC subsidies was motivated, in the first place, by the need to build up commodity stock in anticipation of further world food price hikes. Conversely, subsidies for oil products were sharply cut down by 67.0 percent to LE 3.9 billion during the period under review, after raising the prices of some products, to reduce their burden on the budget. The remaining subsidies were allocated for promoting exports; developing industrial zones and industrial training, supporting farmers; and developing Upper Egypt. Moreover, defense outlays reached LE 9.1 billion, up by LE 0.7 billion over the period of comparison.

Implemented investments reached LE 9.6 billion or 10.0 percent of total expenditures, up by LE 3.5 billion or 58.3 percent over the corresponding period of the previous FY. In spite of the remarkable increase in investment allocations, the government has made endeavors to

rationalize investment spending which still represented 34.8 percent of the total appropriations for the planned investment projects of this FY. For example, the payment of government funds for investment projects is now conditioned upon the timely execution of these investments, otherwise payment will be delayed.

(LE mn)

	<u>July/December</u>		
	2005/2006	2006/2007	2007/2008
Total Revenues	54985	76587	64321
Total Expenditures	71842	84411	96156
Cash Deficit	16857	7824	31835
Net Acquisition of Financial Assets	495	2986	-22
Overall Deficit	17352	10810	31813
Preliminary Deficit (Surplus)	7761	(6766)	12889

Against this background, the cash deficit of the budget sector amounted to LE 31.8 billion during July/December 2007-2008, representing 56.0 percent of the cash deficit estimated for the whole year. Net acquisition of financial assets recorded a negative balance of LE 22 million. Accordingly, the overall fiscal deficit widened to LE 31.8 billion or 54.1 percent of the deficit estimated for the whole year, compared with LE 10.8 billion during the previous corresponding period. This was ascribed to the increase in expenditures and the decrease in revenues as mentioned above.

To cover the overall fiscal deficit of LE 31.8 billion and some miscellaneous domestic repayments of LE 3.6 billion, the government resorted to non-banking and banking domestic sources alongside external sources. These contributed 34.2 percent, 33.5 percent, and 27.8 percent in order, while the remaining 4.5 percent came from net privatization proceeds and some other miscellaneous sources.

Budget Sector, NIB and SIFs

With the addition of the fiscal operations of SIFs and NIB to the budget sector, total revenues reached LE 73.7 billion or 8.7 percent of the GDP.

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

(LE bn)

	July/Dec. 2007-2008					
	Budget Sector	Relative Structure	Execution Ratio to the Total Estimated for the FY	Budget Sector & NIB	Relative Structure	Execution Ratio to the Total Estimated for the FY
Total Revenues	64.3	100.0	34.4	73.7	100.0	33.9
Tax Revenues	44.4	69.0	36.7	44.4	60.3	36.7
Taxes on Income & Profits	17.3	26.9	30.8	17.3	23.4	30.8
EGPC	2.0	3.1	8.7	2.0	2.7	8.7
SCA	4.7	7.3	51.3	4.7	6.4	51.3
CBE	0.0	0.0	0.0	0.0	0.0	0.0
Other units	5.8	9.0	57.0	5.8	7.9	57.0
Payable by individuals	4.8	7.5	35.8	4.8	6.5	35.8
Taxes on Property	0.8	1.2	52.5	0.8	1.1	52.5
Taxes on Goods and Services	20.1	31.3	44.0	20.1	27.3	44.0
Taxes on International Trade	5.7	8.8	42.6	5.7	7.7	42.6
Other Taxes	0.5	0.8	11.5	0.5	0.7	11.5
Grants	0.7	1.1	23.4	0.7	0.9	23.4
Other Revenues	19.2	29.9	30.4	28.6	38.8	30.7
Property Income	13.3	20.7	29.6	14.8	20.1	28.0
Sales of Goods and Services	2.6	4.1	29.4	2.6	3.5	29.4
Financing Investment	0.6	0.9	23.3	0.6	0.8	23.3
Others	2.7	4.2	39.9	10.6	14.4	36.6

Source: Ministry of Finance.

Percentages are calculated in terms of LE million.

Total expenditures increased by 11.8 percent over the corresponding period, posting LE 106.3 billion or 12.6 percent of GDP.

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

(LE bn)

	<u>July/Dec. 2007-2008</u>					
	Budget Sector	Relative Structure	Execution Ratio to the Total Estimated for the FY	Budget Sector & NIB	Relative Structure	Execution Ratio to the Total Estimated for the FY
<u>Total Expenditures</u>	<u>96.1</u>	<u>100.0</u>	<u>39.4</u>	<u>106.3</u>	<u>100.0</u>	<u>40.0</u>
<u>Compensations of</u>						
<u>Employees</u>	<u>28.2</u>	<u>29.3</u>	<u>46.6</u>	<u>28.4</u>	<u>26.7</u>	<u>46.5</u>
<u>Purchases of Goods</u>						
<u>and Services</u>	<u>6.1</u>	<u>6.3</u>	<u>35.9</u>	<u>6.1</u>	<u>5.7</u>	<u>35.9</u>
<u>Interest</u>	<u>18.9</u>	<u>19.7</u>	<u>36.4</u>	<u>13.6</u>	<u>12.8</u>	<u>32.7</u>
<u>Subsidies, Grants and</u>						
<u>Social Benefits</u>	<u>22.8</u>	<u>23.7</u>	<u>35.5</u>	<u>38.0</u>	<u>35.7</u>	<u>39.7</u>
Subsidies	17.3	18.0	31.0	17.2	16.2	31.0
Grants	2.1	2.2	63.3	2.1	2.0	63.3
Social Benefits	3.3	3.4	94.1	18.5	17.4	53.0
Other	0.1	0.1	5.7	0.1	0.1	5.7
<u>Other Expenditures</u>						
<u>(Including Defense)</u>	<u>10.5</u>	<u>11.0</u>	<u>46.2</u>	<u>10.6</u>	<u>10.0</u>	<u>46.2</u>
<u>Purchases of Non-</u>						
<u>Financial Assets</u>						
<u>(Investments)</u>	<u>9.6</u>	<u>10.0</u>	<u>34.8</u>	<u>9.6</u>	<u>9.1</u>	<u>34.7</u>

Source: Ministry of Finance.

Percentages are calculated in terms of LE million.

The cash deficit of the consolidated fiscal operations of the general government reached LE 32.6 billion during the period. After adding the net acquisition of financial assets (LE 3.2 billion) to the cash deficit, the overall deficit amounted to LE 35.8 billion or 4.2 percent of the GDP, representing 67.8 percent of the overall deficit estimated for the whole FY.

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

(LE bn)

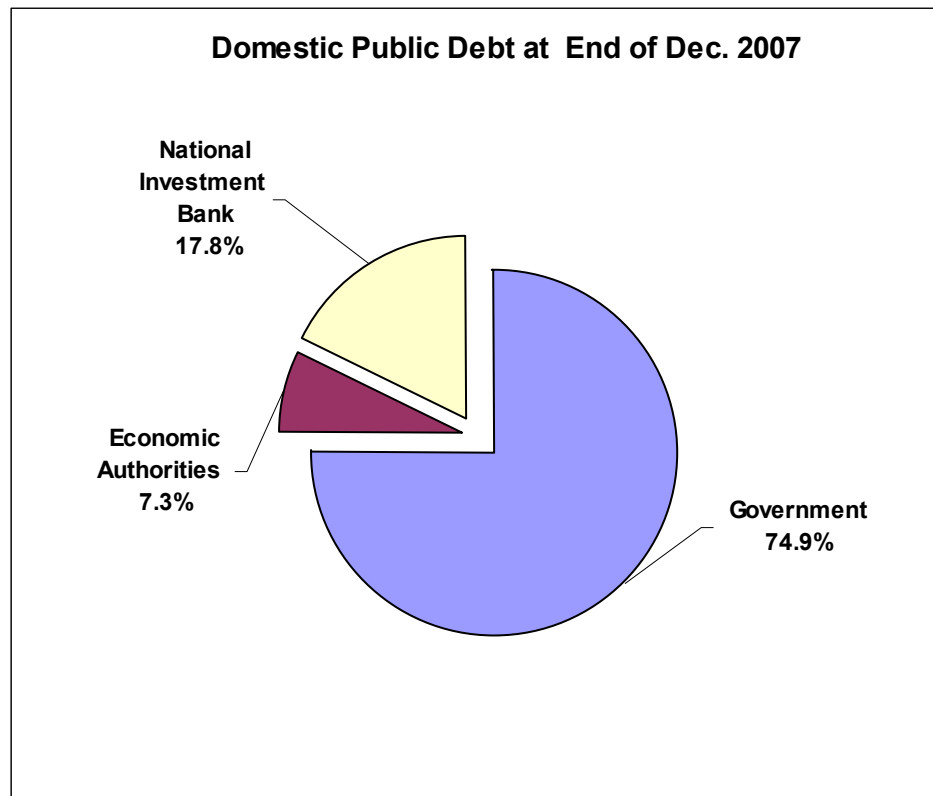
	<u>July/Dec. 2007-2008</u>					
	Budget Sector	Relative Structure	Execution Ratio to the Total Estimated for the FY	Budget Sector & NIB	Relative Structure	Execution Ratio to the Total Estimated for the FY
<u>Total Revenues</u>	<u>64.3</u>		<u>34.4</u>	<u>73.7</u>		<u>33.9</u>
<u>Total Expenditures</u>	<u>96.1</u>		<u>39.4</u>	<u>106.3</u>		<u>40.0</u>
<u>Cash Deficit</u>	<u>31.8</u>		<u>56.0</u>	<u>32.6</u>		<u>67.1</u>
Net Acquisition of Financial Assets	0.0		-1.1	3.2		75.5
<u>Overall Deficit</u>	<u>31.8</u>		<u>54.1</u>	<u>35.8</u>		<u>67.8</u>
<u>Financing Sources</u>	<u>31.8</u>	<u>100.0</u>	<u>54.1</u>	<u>35.8</u>	<u>100.0</u>	<u>67.8</u>
<u>Domestic Financing</u>	<u>24.0</u>	<u>75.4</u>	<u>42.7</u>	<u>25.4</u>	<u>71.0</u>	<u>43.9</u>
Banking	11.9	37.2	27.8	13.0	36.3	29.1
Non-Banking	12.1	38.1	90.2	12.4	34.7	93.8
<u>Foreign Borrowing</u>	<u>9.8</u>	<u>31.0</u>	<u>349.9</u>	<u>9.9</u>	<u>27.5</u>	<u>349.9</u>
<u>Arrears</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>Other</u>	<u>1.5</u>	<u>4.7</u>	<u>-129.1</u>	<u>4.0</u>	<u>11.2</u>	<u>-45.3</u>
<u>Financing Effects of</u>						
<u>Eliminations</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>Exchange Rate</u>						
<u>Revaluation</u>	<u>-1.2</u>	<u>-3.9</u>	<u>0.0</u>	<u>-1.2</u>	<u>-3.4</u>	<u>0.0</u>
<u>Net Privatization</u>						
<u>Proceeds</u>	<u>0.1</u>	<u>0.3</u>	<u>10.8</u>	<u>0.1</u>	<u>0.3</u>	<u>10.8</u>
<u>The Difference between the TBs Face and</u>						
<u>Present value</u>	<u>-1.1</u>	<u>-3.4</u>	<u>0.0</u>	<u>-1.1</u>	<u>-3.0</u>	<u>0.0</u>
<u>Discrepancy</u>	<u>-1.3</u>	<u>-4.1</u>	<u>0.0</u>	<u>-1.3</u>	<u>-3.6</u>	<u>0.0</u>

Source: Ministry of Finance.

Percentages are calculated in terms of LE million.

4/2: Domestic Public Debt

During July/December 2007/2008, the domestic public debt remained on the rise, as it mounted by LE 33.4 billion or 5.2 percent to LE 670.6 billion or 79.2 percent of GDP at the end of December 2007.



4/2/1: Domestic Government Debt (Net)

At the end of December 2007, net domestic government debt reached LE 502.2 billion or 59.3 percent of GDP, up by LE 24.0 billion or 5.0 percent during July/December 2007/2008. The rise was an outcome of the LE 33.9 billion pickup in the balances of government bonds and bills and rise of the LE 9.1 billion in the net credit position of government balances with the banking system (as deposits rose by LE 6.7 billion, while loans fell by LE 2.4 billion). Another contributor was the LE 0.8 billion drop in the SIFs' deposits at the Public Treasury.

Net Domestic Government Debt

Balances at End of	June 2007		Dec. 2007		Change
	Value	%	Value	%	+ (-)
Net Domestic Government Debt	478.2	100.0	502.2	100.0	24.0
-Balances of Bonds & Bills	562.9	117.7	596.8	118.8	33.9
• Notes and bonds*	444.2	92.9	450.8	89.7	6.6
Of which, tradable on exchanges	61.0	12.8	68.9	13.7	7.9
• Treasury bills	118.7	24.8	146.0	29.1	27.3
-Net Balances at the Banking System	-89.2	-18.7	-98.3	-19.6	(9.1)
• Facilities	23.6	4.9	21.2	4.2	-2.4
• Deposits	-112.8	-23.6	-119.5	-23.8	-6.7
-Deposits of the SIFs at the Treasury	4.5	1.0	3.7	0.7	(0.8)
Net domestic government debt/GDP (%)	65.4		59.3		

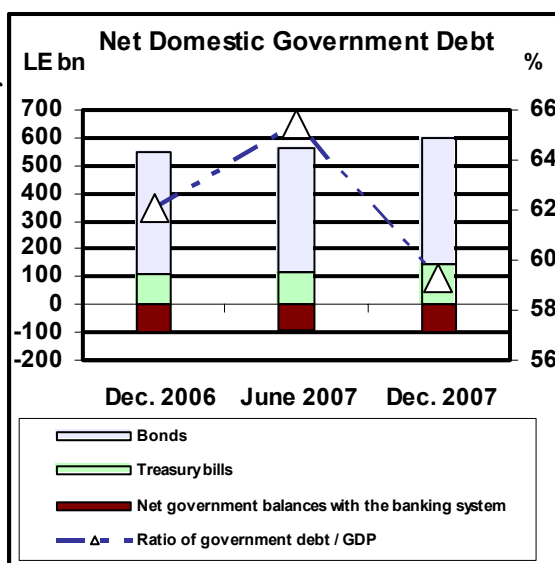
Source: Ministry of Finance, CBE and NIB.
Ratios are calculated in terms of LE million.

The rise in the balance of bonds and bills (LE 33.9 billion) was an outcome of the following:

- The LE 27.3 billion rise in the outstanding balance of treasury bills to LE 146.0 billion at the end of December 2007.
- The LE 8 billion rise in the balance of treasury bonds as a result of the following:
 - The issuance of 7-year Treasury bonds on 25/9/2007 at a value of LE 2.0 billion, and an annual interest rate of 8.45 percent.
 - The issuance of 8-year Treasury bonds on 23/10/2007 at a value of LE 2.0 billion, and an annual interest rate of 8.60 percent.
 - The issuance of 6-year Treasury bonds on 13/11/2007 at a value of LE 2.0 billion, and an annual interest rate of 8.55 percent.
 - The increase, on 11/12/2007, of LE 2.0 billion worth in the value of the aforementioned bonds issued on 28/2/2006, on the same conditions.

* Including treasury bonds; housing bonds; bonds denominated in foreign currencies with public commercial banks; the 5 percent ratio retained from profits of corporations subject to Law No. 97 of 1983 for the purchase of government bonds; and the holdings of resident financial institutions (banking system and insurance sector) of dollar-denominated sovereign bonds tradable on world exchanges.

- The redemption of Treasury bonds issued during FY 1986/1987 to repay the debt of GASC at a value of LE 1.0 billion, as they fell due on 20/8/2007.
- The decline of LE 0.4 billion worth in the value of Treasury bonds issued to repay the deficit of the foreign currency position at public sector commercial banks due to revaluation differences.



4/2/2: Debt of Public Economic Authorities

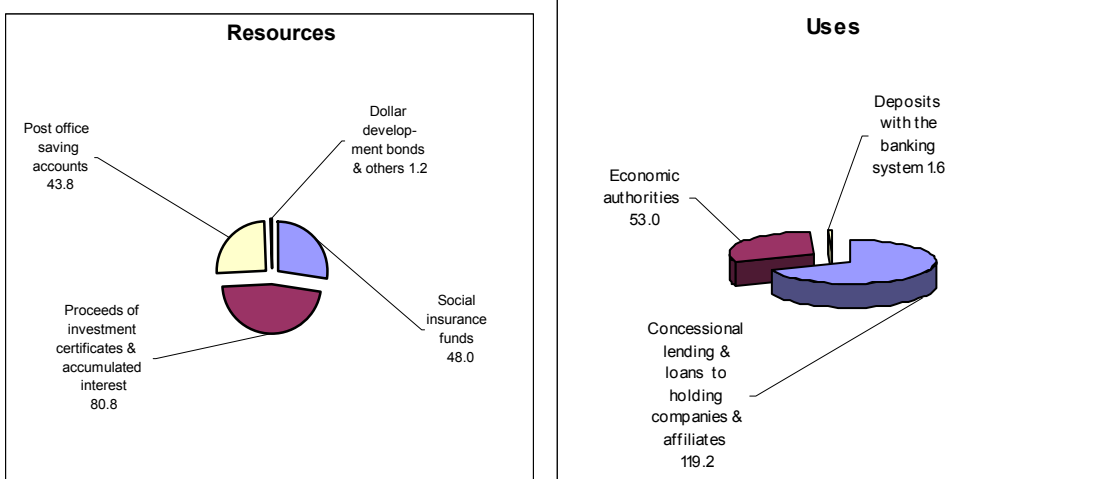
Debt of public economic authorities stepped up by LE 4.7 billion during the period, to LE 49.2 billion at the end of December 2007. The rise resulted from the decline in the net credit position of these accounts at the banking system by LE 3.5 billion (due to their higher loans by LE 8.2 billion and deposits by LE 4.7 billion) on the one hand, and the increase in their borrowing from the NIB by LE 1.2 billion, on the other.

4/2/3: Resources and Uses of the National Investment Bank (NIB)

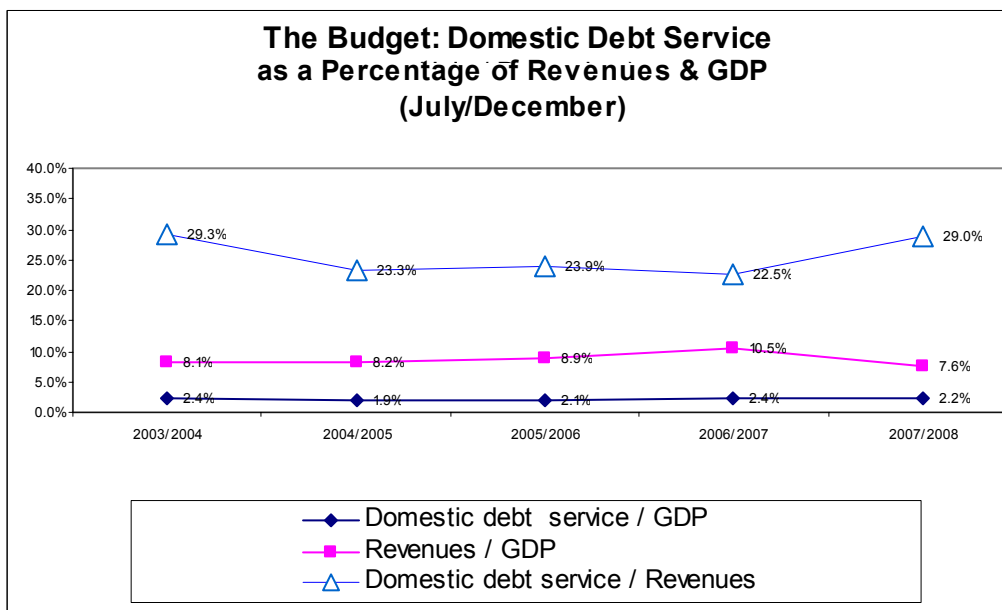
NIB resources mounted by LE 4.7 billion during July/December 2007/2008, to LE 173.8 billion at the end of December 2007. The increase was largely ascribed to a pickup in the proceeds of investment certificates and the accumulated interest on investment certificates (group A) by LE 4.7 billion; and post office saving accounts by LE 0.3 billion. It was also an outcome of the LE 0.3 billion decline in US dollar development bonds.

The Bank used the bulk of its resources (LE 119.2 billion or 68.6 percent) in lending to holding companies and their affiliate units; in equity participations and also in concessional lending to different projects. In addition, LE 53.0 billion or 30.5 percent of the Bank's total resources were used to finance the investments of public economic authorities. As for the remainder (0.9 percent of the total), it was deposited with the banking system.

Resources and Uses of NIB At the End of December 2007



During the first half of FY 2007/2008, domestic public debt service posted LE 18.7 billion (including interest payments of LE 17.3 billion and principal repayments of LE 1.4 billion) representing 2.2 percent of GDP, and 29.0 percent of total public revenues. This indicated that the domestic public debt service constituted a heavy burden on the state budget. However, this debt is expected to decline under the fiscal policy adopted to reduce the overall budget deficit/GDP ratio to range between 3 percent and 4 percent during FY 2010/2011.



5 - External Transactions

5/1: Foreign Exchange Market

Transactions on the forex market unfolded a surplus of US\$ 2.5 billion during July/Dec. 2007/2008, against US\$ 6.1 billion during the corresponding period of the preceding FY. The decline in the surplus during the period was an outcome of the increase in utilizations by US\$ 8.5 billion to US\$ 24.2 billion, which exceeded the increase in resources by US\$ 4.8 billion to US\$ 26.7 billion. The banking system (including the CBE) realized most of the surplus (93.2 percent) and the exchange dealer companies contributed the remaining share.

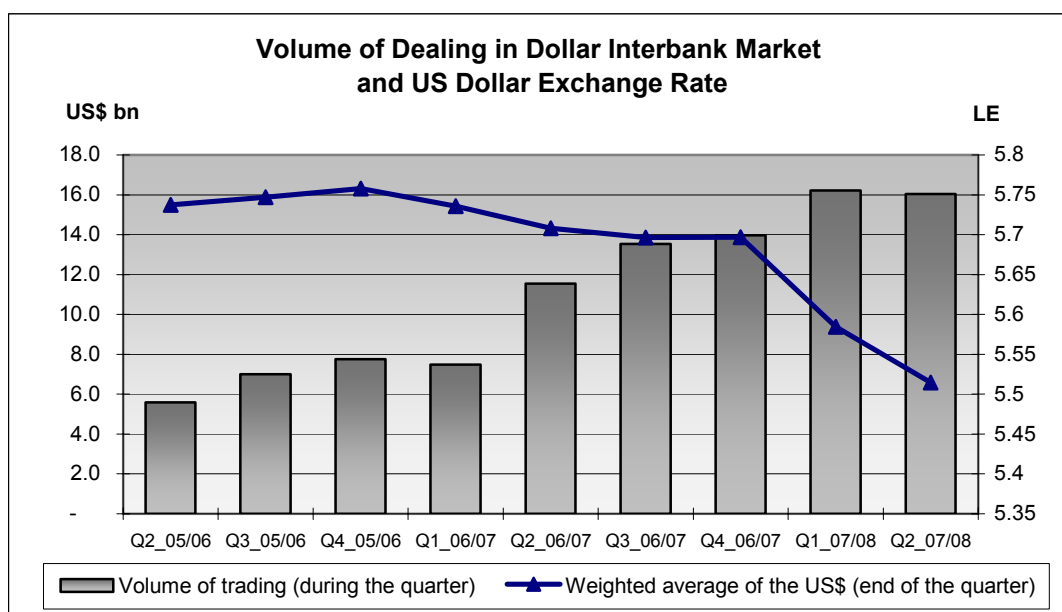
Resources and Utilizations of the Foreign Exchange Market

During July/Dec.	(US\$ mn)	
	2006/2007	2007/2008
<u>Surplus/Deficit (-)</u>	<u>6146</u>	<u>2463</u>
The banking system	6292	2296
Exchange dealer companies	-146	167
<u>Resources</u>	<u>21878</u>	<u>26700</u>
The banking system	19437	23511
Exchange dealer companies	2441	3189
<u>Utilizations</u>	<u>15732</u>	<u>24237</u>
The banking system	13145	21215
Exchange dealer companies	2587	3022

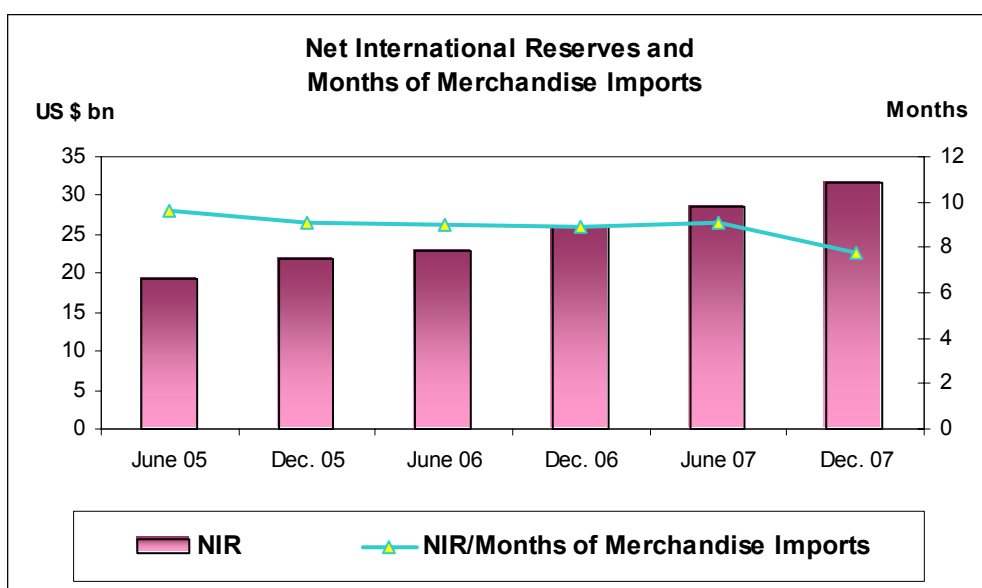
Net foreign currency assets of banks - excluding the CBE - rose by US\$ 237.0 million to US\$ 4.6 billion at end of Dec. 2007. The ratio of banks' assets to their obligations in foreign currencies reached 108.9 percent at end of Dec. 2007 (against 109.4 percent at end of June 2007). This was owed to the increase of banks' obligations in foreign currencies at a higher rate than their foreign currency assets.

The dollar inter-bank market continued to satisfy the major part of banks' demand for foreign currencies. This contributed to the stability of the forex market. The volume of dealing in the inter-bank market reached US\$ 32.2 billion during the period (against US\$ 19.0 billion during the period of comparison) with an increase of 69.5 percent. Of the total volume of dealings, sales of public banks in the market posted 13.5 percent during the period and their purchases registered 3.9 percent. Sales of private banks recorded 86.5 percent while their purchases reached 96.1 percent.

During the period under review, the exchange rate of the Egyptian pound continued to improve against the US dollar. As such, the market rate of the US dollar (buy) declined by 3.3 percent, to post LE 5.5038 at the end of Dec. 2007, against LE 5.6892 at the end of June 2007. The weighted average of the US dollar in the inter-bank market decreased in value by almost the same amount, to register LE 5.5145 on 31/12/2007 against LE 5.6967 on 28/6/2007.



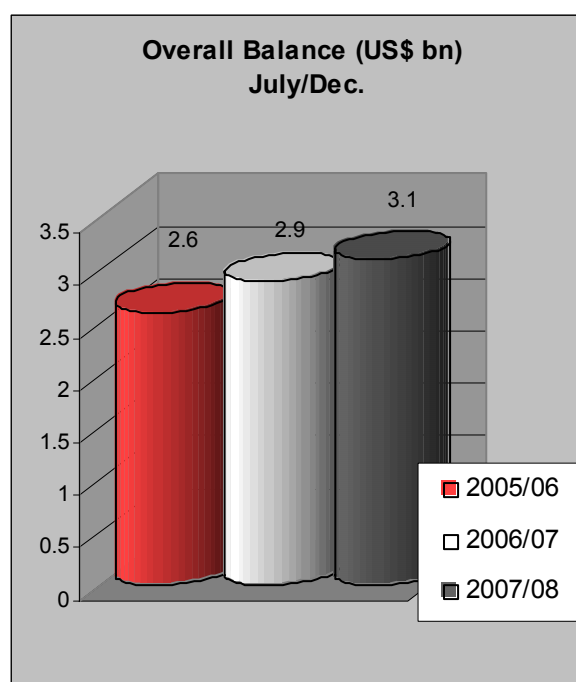
Net international reserves at the CBE remained on the rise during the period. They grew by US\$ 3.1 billion or 10.9 percent to US\$ 31.7 billion, thereby covering 7.8 months of merchandise imports at end of Dec. 2007. The NIR balance further increased to post US\$ 32.9 billion at end of Feb. 2008.



The CBE's investment policy aims at diversifying investment in reserves to be in other currencies besides the US dollar. Several factors were taken into account such as the structure of Egypt's external debt; the currencies of Egypt's main trade partners; and the distribution of reserve investments among several portfolios with varying maturities and goals that strike a balance between risks and return. Moreover, reserve transactions are currently conducted in real-time using the latest automated systems of reserve management. This led to escaping losses that could have resulted from the depreciation of the US dollar against other currencies.

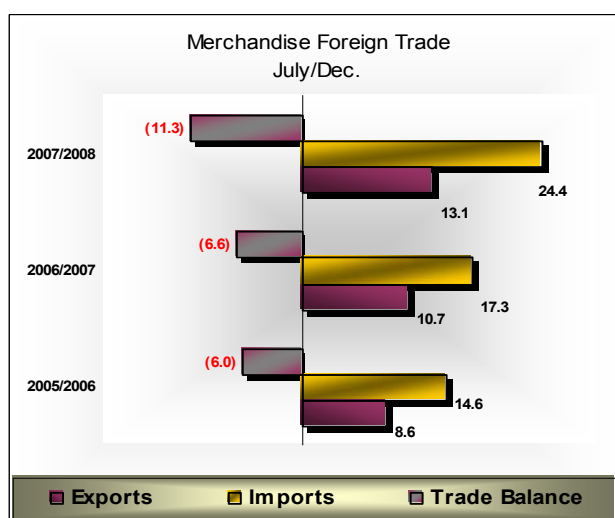
5/2: Balance of Payments*

During the first half of FY 2007/2008, Egypt's transactions with the external world realized an overall BOP surplus of US\$ 3.1 billion, or 2.0 percent of GDP. This resulted mainly from the net inflows on the capital and financial account of US\$ 3.1 billion (against outflows of US\$ 0.4 billion during the corresponding period of the previous fiscal year). On the other hand, the current account registered a deficit of US\$ 245.7 million, against a surplus of US\$ 1.9 billion.



5/2/1: Trade Balance

During the first half of FY 2007/2008, the total value of Egypt's external trade increased by 34.2 percent compared with the corresponding period of the previous FY. This drove the ratio of the total value of foreign trade/GDP up to 24.7 percent (against 21.9 percent in the previous corresponding period). This clearly indicates the growing openness of the Egyptian economy to the external world as exports stepped up by 22.8 percent to US\$ 13.1 billion, and imports by 41.2 percent to US\$ 24.4 billion.



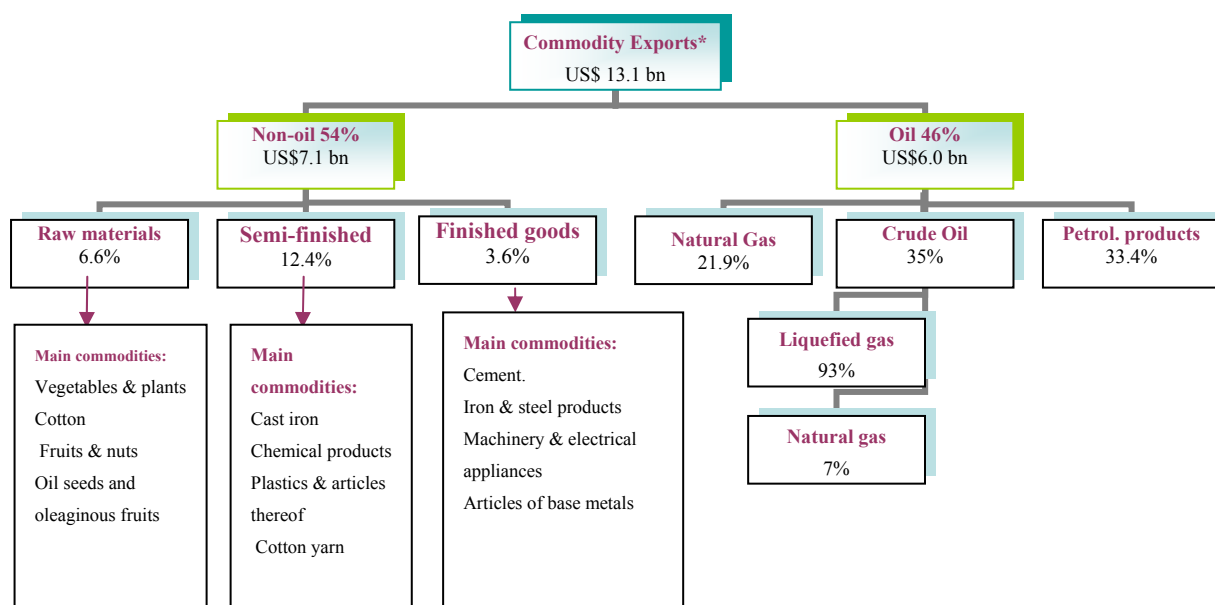
The trade deficit widened to US\$ 11.3 billion or 7.4 percent of GDP. As imports grew faster than exports, the ratio of merchandise export proceeds to merchandise import payments dropped from 61.8 percent to 53.8 percent.

* Compiled in accordance with the fifth edition of the IMF's Balance of Payments Manual, September 1993.

5/2/1/1: Commodity Distribution of Exports and Imports

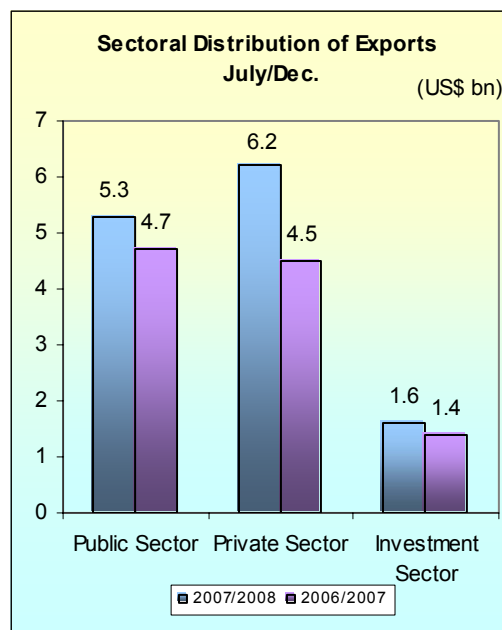
A- Exports by Degree of Processing

During the first half of FY 2007/2008, merchandise export proceeds reached some US\$ 13.1 billion (against US\$ 10.7 billion during the previous corresponding period) representing 8.7 percent of GDP. The increase in export proceeds was mainly fuelled by non-oil exports particularly finished goods and raw materials that had a combined share of 80.2 percent of total non-oil export proceeds. The growth in oil exports contributed also to the increase. The following chart shows the distribution of merchandise exports by their relative importance during the period under review.



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

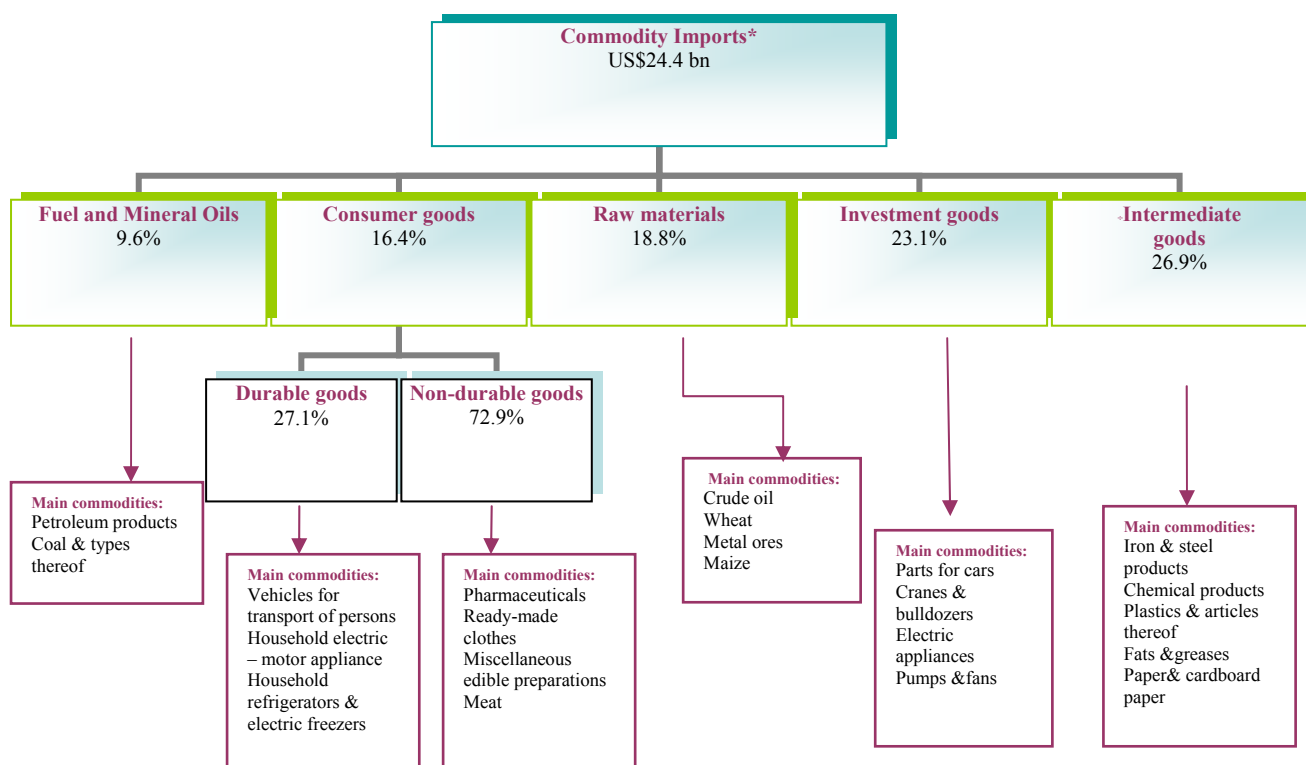
Concerning the relative importance of different sectors to foreign trade, the private sector came on top, accounting for 47.0 percent of the total export proceeds. Its key exports were finished goods representing 74.6 percent of the total. The public sector came second contributing 40.6 percent of the total. The most important exports of this sector were crude oil and products. The investment sector came next with a share of 12.4 percent of the total, with oil exports constituting more than half of its total exports.



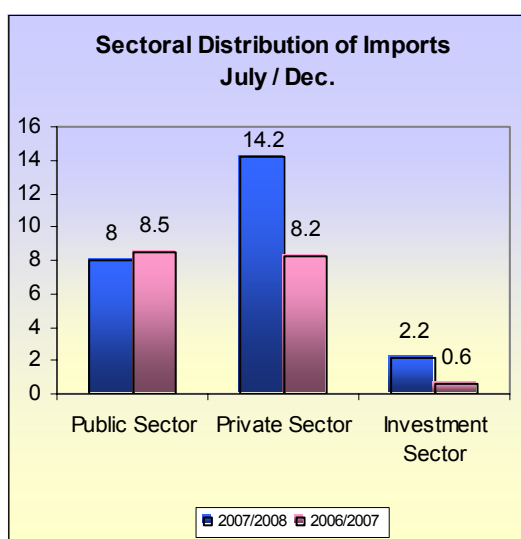
B- Imports by Degree of Use

During the period under review, import payments grew by 41.2 percent to reach some US\$ 24.4 billion (against US\$ 17.3 billion during the previous corresponding period) representing 16.1% percent of GDP. The rise reflected higher import payments for all commodity groups, particularly of intermediate and investment goods that accounted for 28.2 percent and 17.9 percent of the total increase respectively. It is worth mentioning that the higher imports of these two groups have largely contributed to stimulating production and accordingly enhanced the exports' role in strengthening economic growth. In addition, raw materials contributed 23.3 percent of the total increase.

The following chart illustrates the distribution of merchandise imports by their relative importance during the period.



The public and private sectors were, as seen in the chart, the main importers, with a share of 91.0 percent of the total. In the meantime, the relative importance of the private sector's imports moved up from 47.3 percent to 58.2 percent. The main imports of this sector were iron and steel products, organic and inorganic chemicals, plastics and articles thereof, pharmaceuticals and spare parts & accessories for cars.



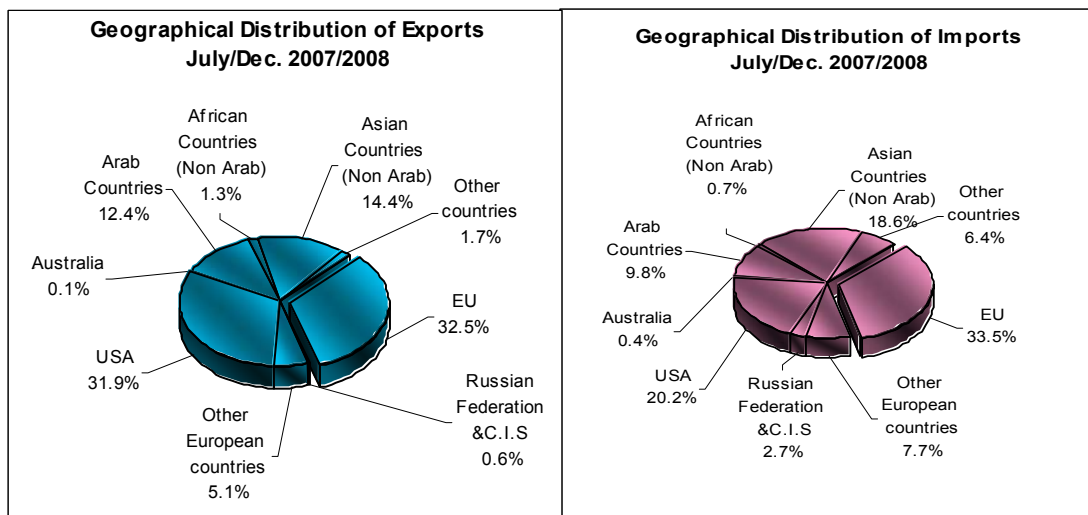
By contrast, the relative importance of the public sector's imports fell from 49.3 percent to 32.8 percent. Its key imports were crude oil and products, wheat, and animal & vegetable fats, greases & oils and products.

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

The main imports of the investment sector were crude oil, oil products, organic and inorganic chemicals, iron and steel products, spare parts & accessories for cars and pharmaceuticals.

5/2/1/2: Geographical Distribution of Export Proceeds and Import Payments

The volume of Egypt’s external trade went up by 34.2 percent to reach US\$ 37.5 billion during July/Dec. 2007/2008. The following two charts display the geographical distribution of merchandise exports and imports.



As shown in the following table, the trade deficit with the EU countries widened by US\$ 1.3 billion, non- Arab Asian countries by US\$ 1.2 billion, Arab countries by US\$ 0.7 billion and other European countries by US\$ 0.4 billion. Likewise, increases were noticed in the deficits with the Russian Federation & the CIS by US\$ 0.3 billion, the USA by US\$ 0.1 billion and Australia by US\$ 0.1 billion. Conversely, the trade deficit with the non-Arab African countries shifted into a surplus.

Geographical Distribution of Merchandise Transactions

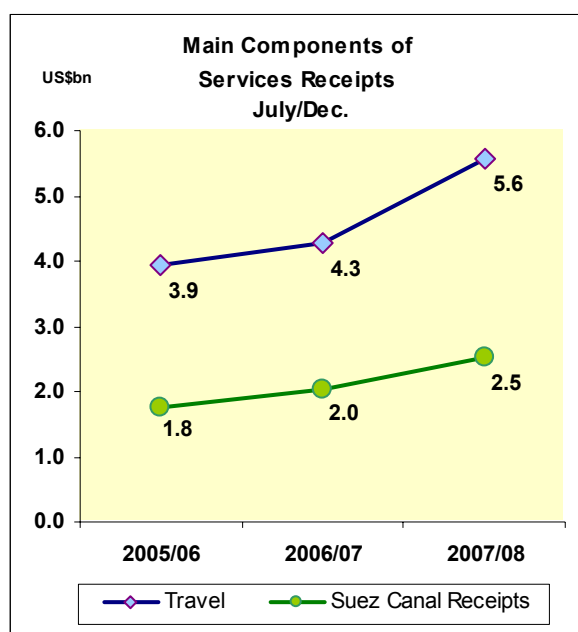
(US\$ mn)

	<u>Export Proceeds</u>		<u>Import Payments</u>		<u>Trade Balance</u>	
	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
Grand Total	10666.0	13103.1	17257.6	24372.0	(6591.6)	(11268.9)
EU	3795.1	4254.0	6368.7	8155.7	(2573.6)	(3901.7)
Other European countries	494.0	665.8	1337.6	1879.5	(843.6)	(1213.7)
Russian Federation and CIS	57.7	81.4	337.5	657.7	(279.8)	(576.3)
USA	3108.8	4180.3	3732.7	4936.7	(623.9)	(756.4)
Arab countries	1442.0	1622.2	1509.3	2383.2	(67.3)	(761.0)
Non-Arab Asian countries	1352.2	1895.0	2802.8	4547.8	(1450.6)	(2652.8)
Non-Arab African countries	140.0	176.8	148.7	172.1	(8.7)	4.7
Australia	16.6	9.5	62.8	86.4	(46.2)	(76.9)
Other countries and regions	259.6	218.1	957.5	1552.9	(697.9)	(1334.8)

5/2/2: Services Balance and Transfers

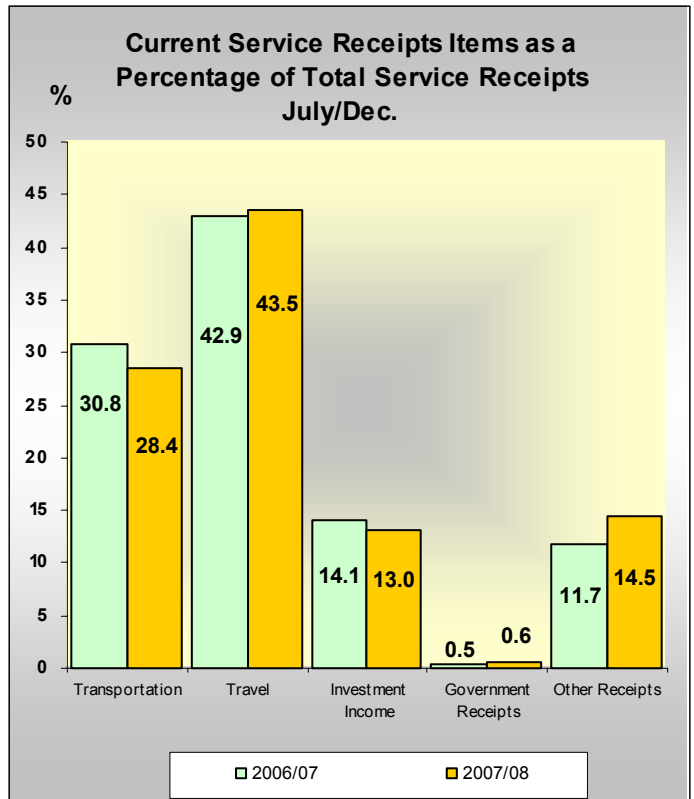
The services balance ran a surplus of US\$ 6.8 billion or 4.5 percent of GDP, with a growth rate of 21.9 percent over the previous corresponding period. This surplus was an outcome of the rise in invisible receipts by 28.5 percent to register US\$ 12.8 billion, which outpaced the rise in invisible payments by 36.7 percent to US\$ 6.0 billion.

All components of service payments showed an increase. The rise was ascribed mainly to an increase in travel receipts* (tourism revenues) by 30.1 percent to US\$ 5.6 billion (representing 3.7 percent of GDP). The pickup in tourism revenues stemmed from the rise in the number of tourist nights from 50.5 million during the period of comparison, to 65.7 million during the reporting period, given that the average tourist spending remained unchanged at US\$ 85 per night.

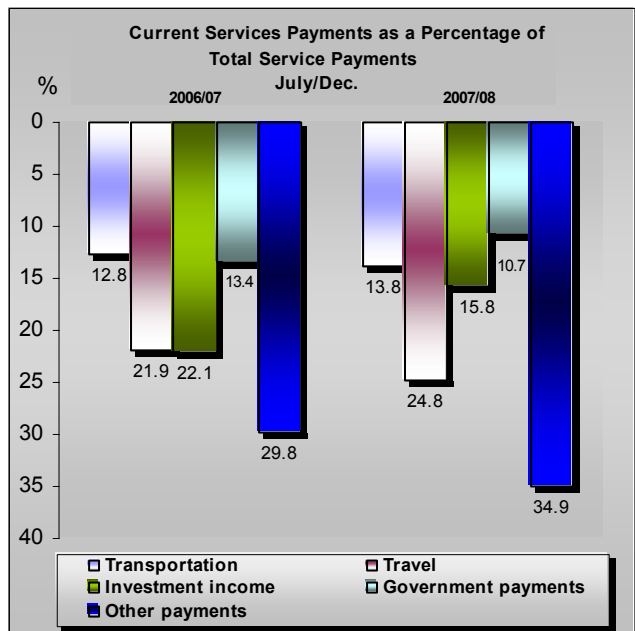


* Calculated on the basis of the number of tourist nights multiplied by the average tourist spending per night.

Transportation receipts grew by 18.8 percent to US\$ 3.7 billion, representing 2.4 percent of GDP. This was mainly ascribed to a 24.6 percent rise in Suez Canal earnings, because of the increase in the number of transiting ships and net tonnage. Investment income picked up by 18.7 percent to US\$ 1.7 billion, as a result of the rise in the income receipts of portfolio investment. “Other payments” also mounted by 57.9 percent due to the higher receipts of construction & contracting and communication services, Egyptian companies, computer services, magazine and journal subscriptions and insurance services.



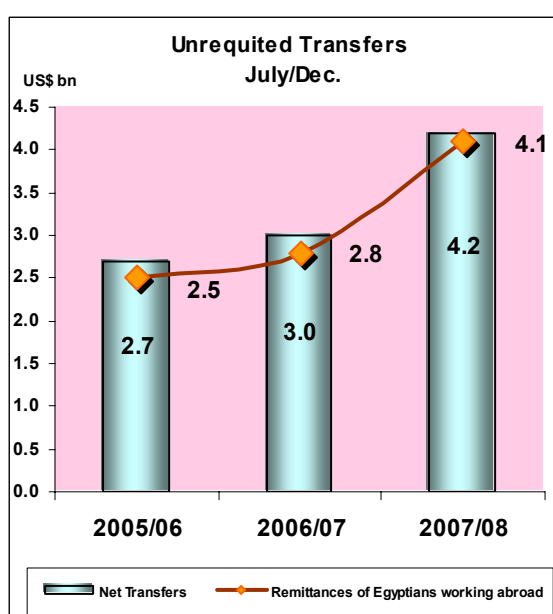
Service payments went up by US\$ 1.6 billion mainly due to the increase in most of its components. Travel payments moved up by 54.5 percent, owing to the rise in the expenses of tourism and medical treatment abroad and payments of tourism companies and hotels. Transportation payments also surged by 47.6 percent due to the increase in the amounts transferred abroad for aircraft repairing and hiring, and the amounts transferred abroad by foreign aviation and navigation companies.



Likewise, government expenditure rose by 9.9 percent and “other payments” by 60.0 percent. The surge in “other payments” was a result of the rise in the amounts transferred abroad by Egyptian oil companies, payments for communication, construction and contracting services and legal and consultation fees.

During July/Dec. 2007/2008, the coverage ratio of the services surplus to the trade deficit declined to post 60.3 percent against 84.6 percent during the corresponding period of the previous fiscal year.

During the period under review, net unrequited transfers rose by US\$ 1.3 billion or 42.5 percent, representing 14.0 percent of current receipts and 2.8 percent of GDP (against 12.6 percent and 2.3 percent, respectively, during the corresponding period). This was an outcome of the rise in private transfers by 47.6 percent (mainly due to the significant increase in workers’ remittances) and the decline in private transfers by 15.0 percent (owing to the decline in grants & commodity grants to the government).

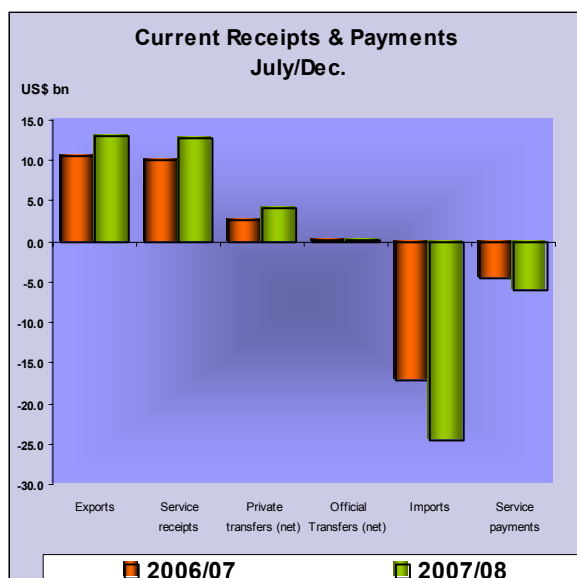


Unrequited Transfers

(US\$ mn)

	July/December		Change	
	2006/2007	2007/2008	(-)	%
Net Current Transfers	2967.3	4228.1	1260.8	42.5
1- Official Transfers (Net)	242.0	205.7	(36.3)	(15.0)
- Inward cash grants	42.5	66.7	24.2	56.9
- Other inward grants	212.4	176.0	(36.4)	(17.1)
- Outward grants (-)	-12.9	-37.0	(24.1)	186.8
2- Private Transfers (Net)	2725.3	4022.4	1297.1	47.6
- Workers' remittances	2766.6	4101.2	1334.6	48.2
- Other transfers	33.2	23.2	(10.0)	(30.1)
- Foreigners' transfers abroad (-)	-74.5	-102.0	(27.5)	36.9

Against this background, the current account unfolded a deficit of US\$ 245.7 million during July/Dec. 2007/2008. This was a result of the increase in current payments by US\$ 8.7 billion (mostly in merchandise import payments) or 40.3 percent to US\$ 30.4 billion, exceeding the rise in current receipts by 27.7 percent to US\$ 30.2 billion.



The main indicators of current external transactions are shown in the following table:

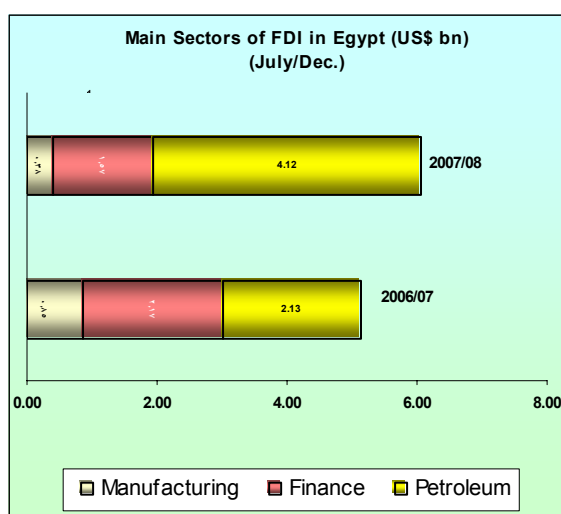
	<u>July/December</u>	
	2006/07	2007/08
	%	%
Merchandise exports/merchandise imports	61.8	53.8
Service receipts/service payments	226.0	212.4
Current receipts (excluding official transfers)/current payments	107.9	98.5
Current receipts/current payments	109.0	99.2
Current Account/GDP	1.5	-0.2

5/2/3: Capital and Financial Account

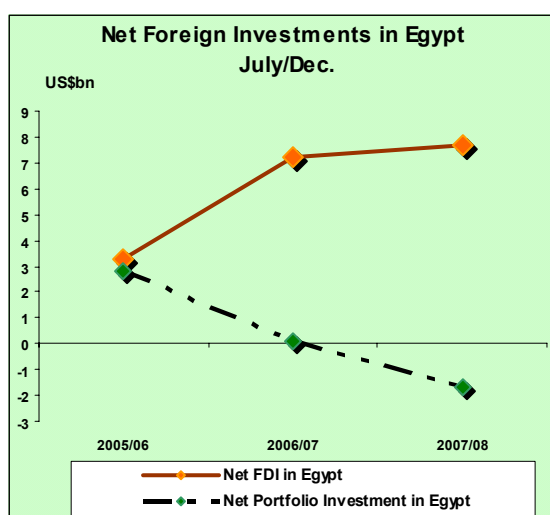
The capital and financial account revealed a net inflow of US\$ 3.1 billion during the first half of FY 2007/2008 (against an outflow of US\$ 0.4 billion during the previous corresponding period). This was mainly attributed to the following factors:

- Foreign investment in Egypt (direct and portfolio) achieved a total inflow of US\$ 18.4 billion including FDI of US\$ 9.2 billion, and a total outflow of US\$ 12.4 billion including FDI of US\$ 1.5 billion (against US\$ 13.6 billion & US\$ 8.3 billion and US\$ 6.3 billion & US\$ 1.1 billion in the previous corresponding period respectively).

A sectoral distribution of investments (excluding the oil sector investments that accounted for 44.7 percent of total flows of FDI in Egypt) showed that the finance sector came first with a share of 17.0 percent. Manufacturing came next with 4.1 percent, then construction with 3.2 percent, services with 2.1 percent and then agriculture came last.



- Net FDI in Egypt* (US\$ 7.8 billion) included net inflows of US\$ 3.5 billion for establishing new incorporations or their capital increase; net investments of US\$ 2.9 billion in the oil sector; and privatization proceeds of US\$ 1.4 billion (against US\$ 3.5 billion, US\$ 1.2 billion and US\$ 2.6 billion, respectively).



- Portfolio investment in Egypt** unfolded a net outflow of US\$ 1.7 billion, including LE bonds (subscribed in abroad) of US\$ 1.1 billion (inflows); foreigners' net dealings in Egyptian TBs of US\$ 0.3 billion (outflows); and foreigners' net transactions on Egyptian CDs of US\$ 0.7 billion (outflows).
- 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 included in the current account) achieved a net outflow of US\$ 2.3 billion against US\$ 7.8 billion during the previous corresponding period.

* FDI represents the investments in which the foreign investor owns 10 percent or more of the capital of a resident entity in one economy, or has an effective voice in its management. In Egypt, the foreign investor owns 10 percent or more of the capital.

** Portfolio investment represents foreigners' net portfolio (according to the CMA statement), and dealings in Egyptian bonds and notes.

- Medium- and long-term loans and facilities achieved a net repayment of US\$ 0.6 billion (against US\$ 0.7 billion), as an outcome of the following:
 - A- An increase in total repayments to US\$ 909.3 million (against US\$ 839.8 million), as a main result of the rise in the repayments of international organizations' loans by 38.2 percent and bilateral loans by 11.6 percent.
 - B- A rise in disbursements to some US\$ 288.7 million (against US\$ 167.1 million), as a chief outcome of the rise in disbursements of international organizations' loans by 138.7 percent to US\$ 208.4 million.

5/3: International Finance

Net resource inflows, as shown by international finance data, declined to US\$ 5.7 billion during July/December 2007-2008, against US\$ 7.7 billion during the previous corresponding period. The decline was partly the result of a fall in most components of the net resource inflows. As such, net portfolio investments in Egypt recorded an outflow of US\$ 1.7 billion* against an inflow of US\$ 56.9 million. Other factors at work were the decline in net official grants by 15.0 percent and the rise in Egyptian investments abroad (direct and portfolio) by US\$ 0.4 billion. In addition, transactions on medium- and long-term borrowing revealed net repayments of US\$ 0.6 billion during the reporting period (due to a fall in disbursements by US\$ 62.8 million and an increase in principal repayments by US\$ 18.6 million). Meanwhile, net FDI in Egypt** rose by 7.2 percent, to US\$ 7.8 billion during the first half of FY 2007-2008.

Net Resource Flows

	(US\$ mn)		
	<u>July/Dec.</u>		
	2006/07	2007/08 ⁺	Change
<u>Total Net Flows</u>	<u>7741.8</u>	<u>5674.5</u>	<u>(2067.3)</u>
<u>- External Debt</u>	<u>588.1</u>	<u>241.1</u>	<u>(347.0)</u>
• Bilateral loans	-402.5	-464.8	(62.3)
Disbursements	105.3	74.1	(31.2)
Principal repayments	-507.8	-538.9	(31.1)
• International Organizations' Loans	11.9	-52.3	(64.2)
Disbursements	226.3	208.4	(17.9)
Principal repayments	-214.4	-260.7	(46.3)
• Medium- and Long-Term Suppliers' and Buyers' Credit	-148.6	-103.5	45.1
Disbursements	19.9	6.2	(13.7)
Principal repayments	-168.5	-109.7	58.8
• Short-Term Suppliers' and Buyers' Credit (Net)	1127.3	861.7	(265.6)
<u>- Official Grants (Net)</u>	<u>242.0</u>	<u>205.7</u>	<u>(36.3)</u>
<u>- Direct Investment in Egypt (Net)</u>	<u>7244.6</u>	<u>7769.5</u>	<u>524.9</u>
<u>- Direct Investment Abroad</u>	<u>-68.0</u>	<u>-197.2</u>	<u>(129.2)</u>
<u>- Portfolio Investment in Egypt (Net), of which:</u>	<u>56.9</u>	<u>-1733.9</u>	<u>(1790.8)</u>
Bonds	-420.5	918.8	1339.3
<u>- Portfolio Investment Abroad</u>	<u>-321.8</u>	<u>-610.7</u>	<u>(288.9)</u>

⁺ Provisional.

* Including US\$ 1.1 billion of LE bonds floated abroad (inflow), US\$ 0.3 billion of foreigners' net transactions on TBs (inflow), and US\$ 0.7 billion of foreigners' net transactions on Egyptian certificates of deposits (outflow).

** Including net FDI of US\$ 2.9 billion in the petroleum sector, and the proceeds of selling some domestic companies to foreigners (US\$ 1.4 billion).

Net resource transfers (net inflows less interest payments and profit transfers) declined by 30.1 percent, to US\$ 4.7 billion during July/December 2007-2008, against US\$ 6.8 billion during the corresponding period. This was mainly attributed to the drop in net resource inflows by US\$ 2.1 billion, to US\$ 5.7 billion as mentioned above. Meanwhile, total outflows during the period under review and the period of comparison remained almost unchanged at a level less than US\$ 1.0 billion.

Net Resource Transfers from Abroad

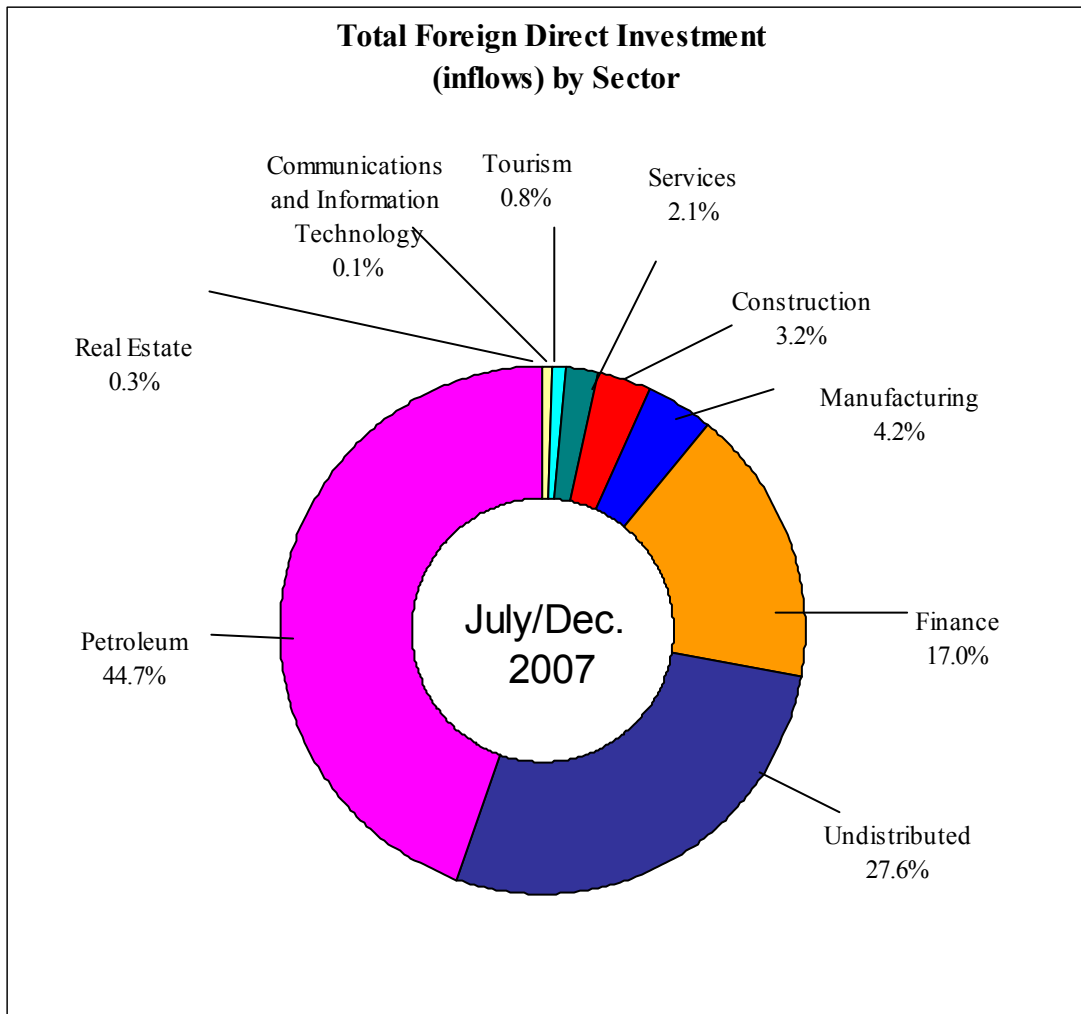
	(US\$ mn)	
	<u>July/Dec.</u>	
	2006/07	2007/08*
<u>Net Resources from Abroad</u>	<u>6752.7</u>	<u>4720.7</u>
<u>- Net Inflows</u>	<u>7741.8</u>	<u>5674.5</u>
<u>- Outflows (Interest Payments and Profit Transfers):</u>	<u>-989.1</u>	<u>-953.8</u>
1- External Loans and Facilities	-271.1	-307.9
• Bilateral loans	-164.3	-177.7
• International organizations' loans	-81.7	-108.3
• Suppliers' and buyers' credit	-25.1	-21.9
2- Deposits at Egyptian Banks	-38.9	-31.7
3- Profit Transfers of Foreign Direct Investment	-596.1	-536.2
4- Profit Transfers of Portfolio Investment	-83.0	-78.0

* Provisional.

5/3/1: Foreign Direct Investment (FDI) in Egypt

As a reflection of the stability in the investment climate, net FDI inflows to Egypt increased by US\$ 0.5 billion during July/December 2007-2008, standing at US\$ 7.8 billion, against US\$ 7.2 billion during the corresponding period. This was attributed to the pickup in total investment inflows by US\$ 0.9 billion or 11.0 percent to US\$ 9.2 billion, against US\$ 8.3 billion. However, capital repatriation rose by US\$ 0.4 billion, to US\$ 1.5 billion during the period under review.

The following chart shows the distribution of total FDI in Egypt by sector during the first half of FY 2007-2008.



The increase in net flows of FDI was ascribed to the rise in inflows from the USA by US\$ 2.0 billion to US\$ 3.7 billion, and from other countries by US\$ 0.9 billion to US\$ 1.7 billion. On the other hand, flows from the EU countries retreated by US\$ 0.5 billion to US\$ 2.5 billion, and from Arab countries by US\$ 1.5 billion to US\$ 1.4 billion.

FDI in Egypt

(US\$ mn)

	<u>July/Dec.</u>		Change
	2006/2007	2007/2008*	
<u>Flows of FDI in Egypt (Net)</u>	<u>7244.6</u>	<u>7769.5</u>	<u>524.9</u>
<u>Inflows</u>	<u>8319.8</u>	<u>9232.3</u>	<u>912.5</u>
USA	1681.5	3700.6	2019.1
EU Countries	2961.2	2466.7	(494.5)
Germany	42.1	180.7	138.6
France	19.8	311.4	291.6
UK	1252.7	1837.2	584.5
Italy	1625.4	6.6	(1618.8)
Greece	2.4	64.4	62.0
Spain	3.5	0.0	(3.5)
The Netherlands	10.4	11.4	1.0
Portugal	0.0	0.4	0.4
Bulgaria	0.0	0.1	0.1
Belgium	0.5	0.0	(0.5)
Luxemburg	1.0	50.8	49.8
Denmark	1.7	0.1	(1.6)
Sweden	0.1	2.6	2.5
Austria	1.0	0.1	(0.9)
Cyprus	0.6	0.7	0.1
Latvia	0.0	0.2	0.2
Arab Countries	2889.8	1413.0	(1476.8)
Saudi Arabia	156.8	74.1	(82.7)
UAE	2699.0	170.3	(2528.7)
Kuwait	11.5	1048.5	1037.0
Lebanon	6.7	102.9	96.2
Libya	1.5	1.3	(0.2)
Jordan	2.7	3.3	0.6
Bahrain	2.4	5.3	2.9
Qatar	2.4	1.8	(0.6)
Oman	0.0	0.3	0.3
Yemen	0.0	0.3	0.3
The Sudan	0.0	0.3	0.3
Others	6.8	4.6	(2.2)
Other Countries	787.3	1652.0	864.7
Switzerland	27.6	99.4	71.8
Japan	0.0	2.4	2.4
Canada	4.8	1.8	(3.0)
China	8.1	12.0	3.9
Australia	0.1	0.4	0.3
India	0.2	0.1	(0.1)
Turkey	1.9	10.3	8.4
Bermuda	0.0	3.1	3.1
Norway	0.1	0.2	0.1
Others	744.5	1522.3	777.8
<u>Capital Repatriation</u>	<u>-1075.2</u>	<u>-1462.8</u>	<u>(387.6)</u>

* Provisional.

5/3/2: External Official Grants

Net transfers of official grants (cash and in-kind) amounted to US\$ 205.7 million during July/December 2007-2008, against US\$ 242.0 million during the previous corresponding period, down by US\$ 36.3 million or 15.0 percent. In-kind grants accounted for most of this decline.

Transfers of Official Grants

	July/Dec.		(US\$ mn)
	2006/2007	2007/2008	Change
Official Grant Transfers (Net)	242.0	205.7	(36.3)
Inward grants	254.9	242.7	(12.2)
- Cash grants	42.5	66.7	24.2
- Other grants	212.4	176.0	(36.4)
Outward grants	-12.9	-37.0	(24.1)

According to the Ministry of International Cooperation, total grant commitments during the period under review scaled down by US\$ 133.7 million to US\$ 429.6 million. The decline was concentrated in the commitments with the USA and the EU. On the other hand, commitments with the World Bank increased.

A breakdown of actual inflows of official grants indicated a drop especially in grants from the USA and Belgium, while actual inflows from Germany picked up. On the other hand, outflows of official grants rose by US\$ 24.1 million to US\$ 37.0 million during the period under review.

Official Grants: New Commitments and Net Actual Flows

	(US\$ mn)			
July/Dec.	New Commitments		Actual Flows	
	2006/2007	2007/2008	2006/2007	2007/2008
Net Inflows			242.0	205.7
Inflows	563.3	429.6	254.9	242.7
USA	414.4	319.4	188.9	164.1
Japan	4.6	12.9	4.2	4.7
Germany	21.6	13.5	18.2	48.0
Italy			2.0	0.2
UK			0.1	0.7
Denmark	4.2			
Belgium			39.6	23.1
Austria				0.1
Turkey				0.1
Canada		5.0	1.6	1.7
Saudi Arabia			0.3	
Kuwait		1.0		
EU	116.1	27.3		
African Development Bank	0.9			
Global Environmental Facility	0.3			
The Islamic Development Bank		0.3		
World Bank	1.2	50.2		
Outflows			-12.9	-37.0

As for the sectoral distribution of grant commitments, the decline was pronounced in the services sectors by US\$ 147.8 million. As for wholesale and retail trade, no grant commitments were made for this sector during the relevant period (against US\$ 197.3 million during the corresponding period). On the other hand, grant commitments increased for the general government and insurance and social solidarity. Moreover, grant commitments for the productive sectors rose by US\$ 14.1 million to US\$ 83.6 million (mainly for agriculture and irrigation, and energy and electricity).

Official Grant Commitments by Beneficiary

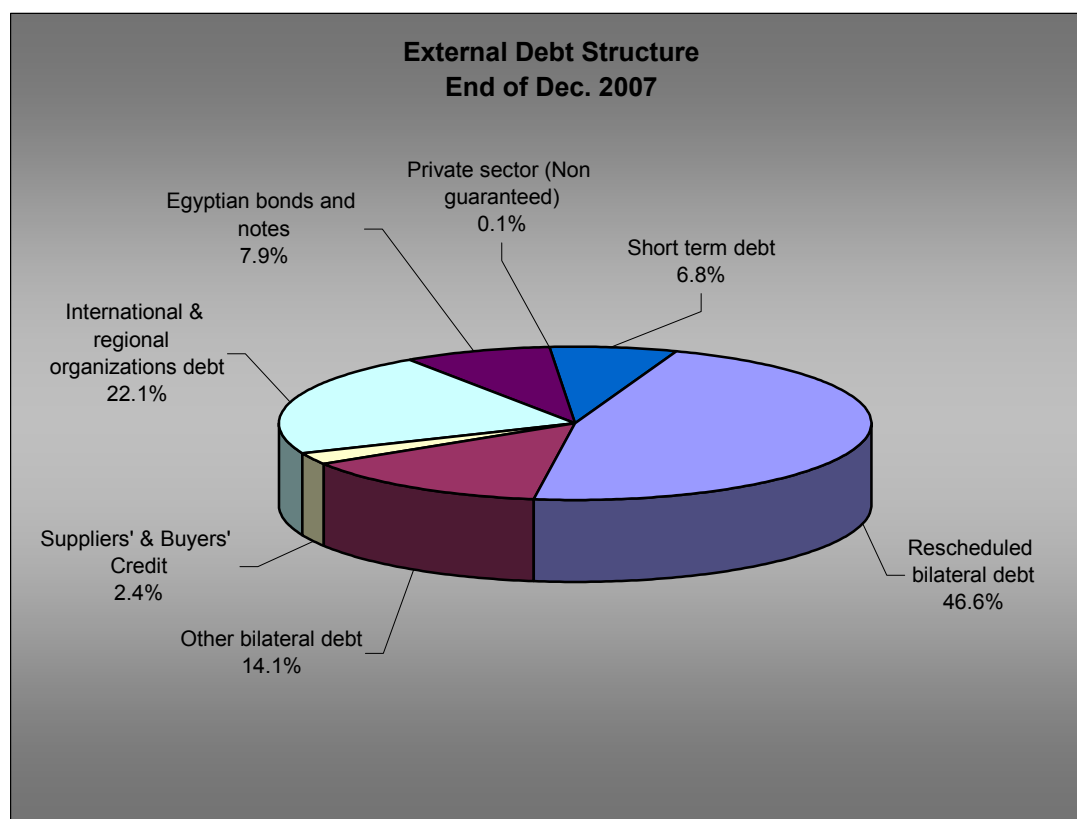
(US\$ mn)

	2006/2007		July/Dec. 2007/2008		Change
		%		%	
Total	<u>563.3</u>	<u>100.0</u>	<u>429.6</u>	<u>100.0</u>	<u>(133.7)</u>
Productive Sectors	<u>69.5</u>	<u>12.2</u>	<u>83.6</u>	<u>19.5</u>	<u>14.1</u>
Agriculture and irrigation	3.9	0.7	20.0	4.7	16.1
Electricity & energy			63.3	14.7	63.3
Potable water & sanitary sewage	5.1	0.9	0.3	0.1	(4.8)
Construction and building	60.5	10.7			(60.5)
Service Sectors	<u>493.8</u>	<u>87.8</u>	<u>346.0</u>	<u>80.5</u>	<u>(147.8)</u>
Transportation, communications and information	4.4	0.8			(4.4)
Financial intermediaries			31.6	7.4	31.6
Wholesale and retail trade	197.3	35.0			(197.3)
Insurance & social solidarity			27.3	6.3	27.3
General government	167.8	29.9	197.4	45.9	29.6
Education and health	120.8	21.5	89.7	20.9	(31.1)
Others	3.5	0.6			(3.5)

5/3/3: External Debt

At end of December 2007, the balance of external debt (public and private) with all maturities, denominated in US dollar, posted US\$ 32.8 billion (or 21.4 percent of GDP), up by US\$ 2.9 billion as compared with the end of June 2007. This was an outcome of a net disbursement of loans and facilities of US\$ 1.4 billion (due to disbursements of US\$ 2.4 billion and principal repayments of only US\$ 1.0 billion), and the appreciation in most currencies of borrowing versus the US dollar by US\$ 1.5 billion during the period.

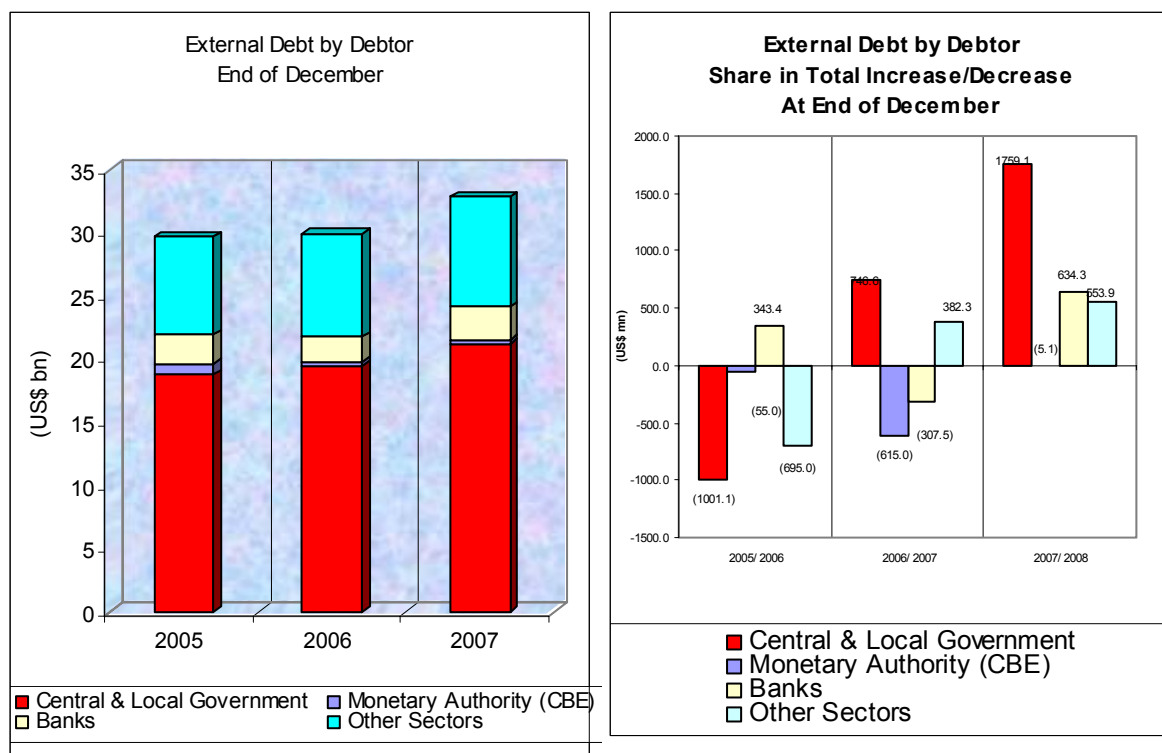
Medium- and long-term external debt amounted to US\$ 30.6 billion or 93.2 percent of total debt at end of December 2007. This included US\$ 19.9 billion (60.7 percent of total debt) owed to Paris Club members, in the form of bilateral loans (rescheduled and non-rescheduled) and suppliers' and buyers' credit. Debt to countries other than Paris Club members amounted to US\$ 0.8 billion or 2.4 percent of the total. Debts to international and regional organizations reached US\$ 7.2 billion or 22.1 percent of the total (the public sector owed 95.4 percent). The balance of Egyptian bonds and notes (holdings of non-residents) registered US\$ 2.6 billion or 7.9 percent of total external debt (including guaranteed government securities of US\$ 1.3 billion, dollar-denominated sovereign bonds of US\$ 0.3 billion, and LE bonds of US\$ 1.0 billion worth). In addition, non-guaranteed debt of the private sector reached US\$ 23.5 million or 0.1 percent.



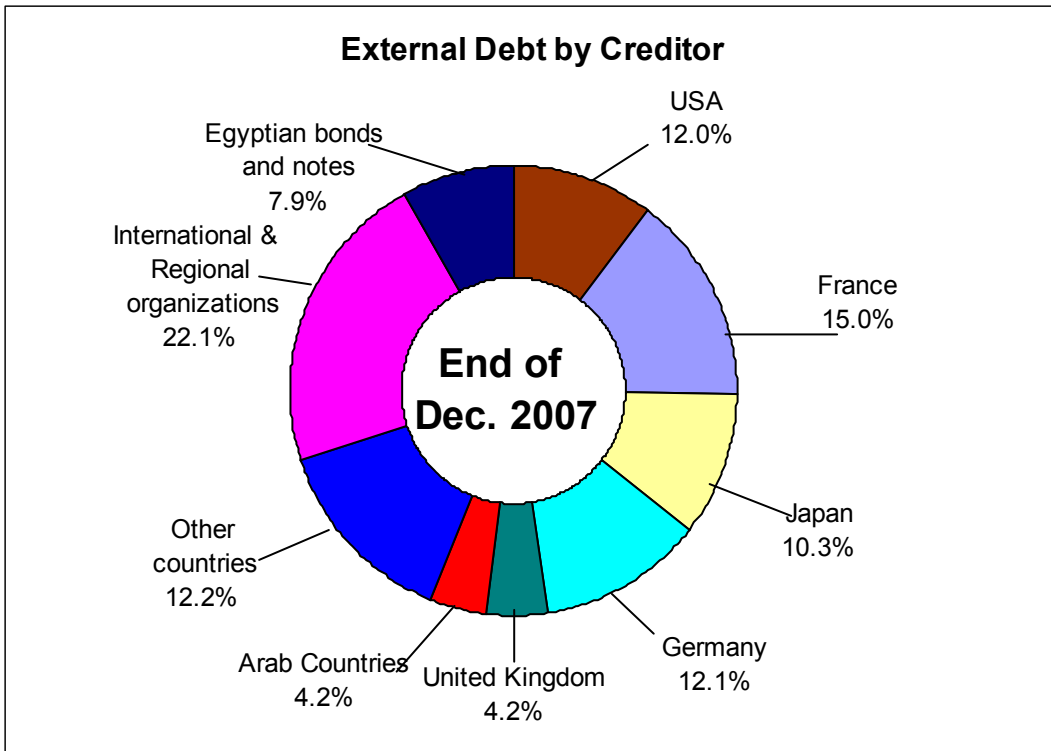
The balance of short-term debt slightly rose to US\$ 2.2 billion or 6.8 percent (64.6 percent of this debt was owed by the private sector).

At end of December 2007, the external debt of the public sector (official), accounted for US\$ 31.0 billion or the bulk of 94.5 percent of the total. The private sector's debt remained almost stable at the level of 5.5 percent, with a share of US\$ 1.8 billion.

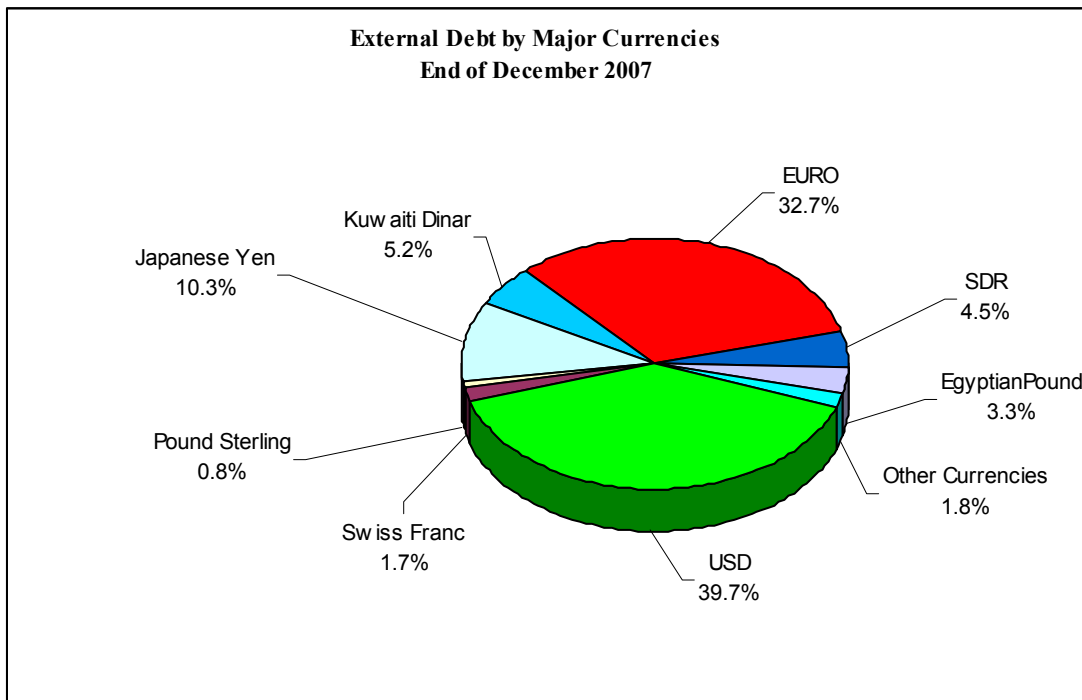
A breakdown of external debt by debtor showed that the debt owed by the central government increased by US\$ 1.7 billion to US\$ 21.3 billion, banks by US\$ 0.6 billion to US\$ 2.6 billion, other sectors by US\$ 0.6 billion to US\$ 9.0 billion. In the meantime, the balance of external debt owed by the monetary authority (CBE) fell by US\$ 5.1 million to US\$ 0.3 billion. Nevertheless, these developments did not affect the structure of external debt by debtor. Thus, the central government continued to be the main obligor with a share of 64.7 percent of the total, followed by other sectors (26.5 percent), banks (8.0 percent), and the monetary authority (0.9 percent) at end of December 2007.



A breakdown of external debt by creditor showed that 49.4 percent of the total was due to the four main Paris Club members; namely France (15.0 percent), the USA (12.0 percent), Germany (12.1 percent), and Japan (10.3 percent). Debt to the Arab countries combined posted 4.2 percent, mostly owed to Kuwait (1.9 percent), Saudi Arabia (1.1 percent), and the UAE (0.3 percent). Moreover, the debt to international and regional organizations registered 22.1 percent, mainly owed to the European Investment Bank (5.9 percent) and the International Development Association IDA (4.6 percent).



Distribution of external debt by main component currencies indicated that the US dollar accounted for 39.7 percent of the total, due to outstanding obligations in US dollar to creditors other than the USA. The euro came next with 32.7 percent, the Japanese yen with 10.3 percent, the Kuwaiti dinar with 5.2 percent, and the Egyptian pound with 3.3 percent. (see the following chart).



During July/December 2007-2008, new commitments on loans and facilities reached US\$ 524.7 million. Most of these commitments (67.5 percent) were obtained from international and regional organizations (mainly the European Investment Bank with US\$ 265.1 million); bilateral loans with a share of US\$ 155.6 million; and suppliers' and buyers' credit with US\$ 14.7 million.

As for external debt service, total payments of debt service (interest and principal repayments) went up by US\$ 45.4 million to US\$ 1.3 billion during July/December 2007-2008. Such a rise was an outcome of the increase in principal repayments (medium- and long-term) by US\$ 18.6 million to US\$ 909.3 million, and the rise in interest payments by US\$ 26.8 million to US\$ 349.7 million.

As exports of goods & services, and transfers substantially rose by 27.7 percent during July/December 2007-2008, the ratio of external debt service to current receipts (including transfers) improved to 4.2 percent against 5.1 percent. Likewise, the ratio of external debt to exports of goods and services ameliorated to 4.9 percent against 5.9 percent.

Furthermore, external debt service as a percentage of GDP improved to 21.4 percent at end of December 2007, against 22.6 percent. Meanwhile, the ratio of short-term external debt to total debt reached 6.8 percent against 5.9 percent, and to net international reserves 7.1 percent against 6.6 percent.

Main Indicators of External Debt

		(%)	
		<u>July/Dec.</u>	
	2005/06	2006/07	2007/08
Debt balance/GDP	27.6	22.6	21.4
Debt balance/exports of goods and services	171.5	140.1	126.6
Debt service/exports of goods and services	9.1	5.9	4.9
Debt service/current receipts (including transfers)	7.9	5.1	4.2
Interest payments [*] /exports of goods and services	1.6	1.6	1.3
Interest payments [*] / current receipts (including transfers)	1.4	1.4	1.2
Short-term debt/total debt	5.6	5.9	6.8
Short-term debt/net international reserves	7.6	6.6	7.1
External debt per capita (US\$)	403.0	386.0	437.8

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

Annex

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

At 2006/2007 prices

(LE mn)

Sectors	July /December								
	2006/2007			2007/2008			Growth Rate % 2007/2008		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
<u>Total GDP</u>	<u>127287.3</u>	<u>209589.7</u>	<u>336877.0</u>	<u>134556.4</u>	<u>227642.6</u>	<u>362199.0</u>	<u>5.7</u>	<u>8.6</u>	<u>7.5</u>
Agriculture, Irrigation & Fishing	8.0	47517.6	47525.6	8.3	49133.9	49142.2	3.8	3.4	3.4
<u>Extractions</u>	<u>42267.1</u>	<u>7195.0</u>	<u>49462.1</u>	<u>43443.9</u>	<u>7698.9</u>	<u>51142.8</u>	<u>2.8</u>	<u>7.0</u>	<u>3.4</u>
Oil	18727.0	2778.0	21505.0	19241.0	3154.0	22395.0	2.7	13.5	4.1
Natural gas	23350.0	4184.0	27534.0	24007.0	4304.0	28311.0	2.8	2.9	2.8
Others	190.1	233.0	423.1	195.9	240.9	436.8	3.1	3.4	3.2
<u>Manufacturing Industries</u>	<u>7231.6</u>	<u>47556.4</u>	<u>54788.0</u>	<u>7693.6</u>	<u>51376.1</u>	<u>59069.7</u>	<u>6.4</u>	<u>8.0</u>	<u>7.8</u>
Oil refining	1720.0	1169.0	2889.0	1788.0	1392.0	3180.0	4.0	19.1	10.1
Others	5511.6	46387.4	51899.0	5905.6	49984.1	55889.7	7.1	7.8	7.7
Electricity	3974.4	451.7	4426.1	4306.5	486.9	4793.4	8.4	7.8	8.3
Water	1171.5	0.0	1171.5	1242.8	0.0	1242.8	6.1	-	6.1
Construction & Building	1681.0	12942.0	14623.0	1850.0	15059.6	16909.6	10.1	16.4	15.6
Transportation & Storage	2450.7	12344.4	14795.1	2620.0	13241.0	15861.0	6.9	7.3	7.2
Communications	3764.3	6980.1	10744.4	4248.7	8167.4	12416.1	12.9	17.0	15.6
Suez Canal	13431.1	0.0	13431.1	15895.7	0.0	15895.7	18.3	-	18.3
Wholesale & Retail Trade	1318.3	39303.5	40621.8	1414.5	42652.4	44066.9	7.3	8.5	8.5
Financial Intermediaries & Supporting Services	10041.1	4678.2	14719.3	10738.0	5021.0	15759.0	6.9	7.3	7.1
Insurance	368.6	236.0	604.6	395.2	252.5	647.7	7.2	7.0	7.1
Social Solidarity	6585.8	0.0	6585.8	7012.0	0.0	7012.0	6.5	0.0	6.5
Restaurants & Hotels	101.6	11566.1	11667.7	115.6	14926.4	15042.0	13.8	29.1	28.9
<u>Real Estate</u>	<u>260.9</u>	<u>9524.2</u>	<u>9785.1</u>	<u>270.3</u>	<u>9849.7</u>	<u>10120.0</u>	<u>3.6</u>	<u>3.4</u>	<u>3.4</u>
Real Estate Ownership	170.5	5009.9	5180.4	176.7	5176.3	5353.0	3.6	3.3	3.3
Business Services	90.4	4514.3	4604.7	93.6	4673.4	4767.0	3.5	3.5	3.5
General Government	32048.9	0.0	32048.9	32695.8	0.0	32695.8	2.0	-	2.0
<u>Education, Health & Personal Services</u>	<u>582.4</u>	<u>9294.5</u>	<u>9876.9</u>	<u>605.5</u>	<u>9776.8</u>	<u>10382.3</u>	<u>4.0</u>	<u>5.2</u>	<u>5.1</u>
Education	0.0	2099.0	2099.0	0.0	2185.0	2185.0	0.0	4.1	4.1
Health	582.4	3162.5	3744.9	605.5	3283.9	3889.4	4.0	3.8	3.9
Others	0.0	4033.0	4033.0	0.0	4307.9	4307.9	0.0	6.8	6.8

(1/2) Consumer Price Index (Urban Population) (Jan. 2007=100)*

End of	Relative Weights	<u>2006</u>		<u>2007</u>		<u>Inflation Rate %</u>	
		June	Dec.	June	Dec.	July/Dec. 2006/2007	July/Dec. 2007/2008
<u>General Index</u>	<u>100.0</u>	<u>93.1</u>	<u>99.4</u>	<u>101.1</u>	<u>106.3</u>	<u>6.8</u>	<u>5.1</u>
Food & non-alcoholic beverages	43.9	93.1	100.2	102.5	108.8	7.6	6.1
Tobacco	2.6	100.0	100.0	100.0	100.0	0.0	0.0
Clothing & footwear	7.9	95.6	96.3	100.2	101.2	0.7	1.0
Housing, water, electricity., gas & fuel	13.5	94.6	99.0	100.0	101.4	4.7	1.4
Furnishings, household equipment & routine maintenance of the house	4.2	95.4	97.3	100.4	103.1	2.0	2.7
Health	3.6	97.2	98.2	100.0	100.0	1.0	0.0
Transportation	5.2	91.1	100.0	100.0	100.5	9.8	0.5
Communications	3.6	98.8	100.0	100.0	100.0	1.2	0.0
Recreation & Culture	3.4	83.7	100.0	100.0	103.1	19.5	3.1
Education	4.4	90.0	100.0	100.0	137.8	11.1	37.8
Hotels & Restaurants	3.5	92.2	100.0	100.0	102.5	8.5	2.5
Miscellaneous	4.2	90.1	100.0	100.2	104.4	11.0	4.2

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

* A new series of CPI was introduced in September 2007. The weights involved in the formation of the Index were taken from the results of the 2004/2005 survey of income, expenditure and consumption. The series was updated on the basis of the weights of January 2007.

(1/3) Wholesale Price Index (1999/2000=100)*

Groups	Relative Weights	2006		2007		Inflation Rate %	
		June	Dec.	June	Dec.	July/Dec. 2006/2007	July/Dec. 2007/2008
<u>All Items</u>	<u>100.0</u>	<u>177.1</u>	<u>192.2</u>	<u>192.3</u>	<u>204.6</u>	<u>8.5</u>	<u>6.4</u>
Farm Products	34.4	207.2	233.7	224.8	248.3	12.8	10.5
Foodstuffs	18.2	172.5	176.6	181.6	194.7	2.4	7.2
Beverages & Tobacco	2.7	169.0	196.1	196.1	197.4	16.0	0.7
Yarn & Textiles	3.9	173.2	173.6	174.3	174.3	0.2	0.0
Wearing Apparel	1.4	124.5	124.5	124.5	124.5	0.0	0.0
Leather & Footwear	0.2	174.9	180.2	182.5	182.5	3.0	0.0
Wood & its Products	1.5	167.1	190.2	191.9	209.0	13.8	8.9
Paper & Printing	1.7	154.3	156.3	157.3	159.8	1.3	1.6
Chemicals & its products	7.4	126.4	126.8	127.4	132.3	0.3	3.8
Fuel & Related Products	10.5	125.1	142.2	142.9	143.8	13.7	0.6
Rubber & Plastic Products	0.6	142.7	142.7	146.7	146.7	0.0	0.0
Non-metallic Mineral Products	3.5	132.3	143.3	146.1	151.3	8.3	3.6
Metals	5.2	248.2	275.7	302.4	308.3	11.1	2.0
Metallic Prods., Machinery & Equipment	5.4	164.2	169.8	173.2	179.7	3.4	3.8
Transportation Equipment	2.8	175.4	176.6	189.5	193.1	0.7	1.9
Other Manufacturing Products	0.6	205.7	219.8	223.9	243.7	6.9	8.8

Source : Central Agency for Public Mobilization and Statistics (CAPMAS) (Monthly WPI Bulletin, released every two months).

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

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

(LE mn)

End of	2004	2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>Reserve Money</u>	<u>99007</u>	<u>101080</u>	<u>114168</u>	<u>116050</u>	<u>126111</u>	<u>134126</u>	<u>140826</u>
Currency in circulation outside CBE	63363	67241	73173	78604	87962	92174	103674
Banks' deposits in local currency	35644	33839	40995	37446	38149	41952	37152
<u>Counterpart Assets</u>	<u>99007</u>	<u>101080</u>	<u>114168</u>	<u>116050</u>	<u>126111</u>	<u>134126</u>	<u>140826</u>
<u>Net Foreign Assets</u>	<u>8815</u>	<u>37295</u>	<u>54018</u>	<u>61302</u>	<u>80108</u>	<u>95372</u>	<u>107207</u>
<u>Foreign Assets</u>	<u>91471</u>	<u>108738</u>	<u>122956</u>	<u>129477</u>	<u>146156</u>	<u>160197</u>	<u>172727</u>
Gold	4437	4500	4500	6429	6429	6744	6744
Foreign securities	19084	16665	21000	48353	72152	108606	118402
Foreign currencies	67950	87573	97456	74695	67575	44847	47581
<u>Foreign liabilities</u>	<u>82656</u>	<u>71443</u>	<u>68938</u>	<u>68175</u>	<u>66048</u>	<u>64825</u>	<u>65520</u>
<u>Net Domestic Assets</u>	<u>90192</u>	<u>63785</u>	<u>60150</u>	<u>54748</u>	<u>46003</u>	<u>38754</u>	<u>33619</u>
<u>Net claims on Government</u>	<u>108121</u>	<u>122264</u>	<u>106683</u>	<u>114055</u>	<u>112470</u>	<u>117255</u>	<u>114735</u>
Claims; of which:	221237	227367	178714	171808	179164	192192	191663
Government securities	207961	208021	169008	164761	164761	166724	165688
Deposits	113116	105103	72031	57753	66694	74937	76928
<u>Net Claims on Banks</u>	<u>-34583</u>	<u>-21983</u>	<u>-2057</u>	<u>1018</u>	<u>37665</u>	<u>59512</u>	<u>67907</u>
Claims	10480	11572	22663	17412	55149	77270	86539
Deposits in foreign currencies	45063	33555	24720	16394	17484	17758	18632
<u>Other Items (Net)</u>	<u>16654</u>	<u>-36496</u>	<u>-44476</u>	<u>-60325</u>	<u>-104132</u>	<u>-138012</u>	<u>-149023</u>
Assets	65936	49071	49997	41743	48681	39141	46232
Liabilities	49282	85567	94473	102068	152813	177153	195255

Source : Central Bank of Egypt .

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

(LE mn)

End of	2004	2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>1- Domestic Liquidity</u>	<u>468261</u>	<u>493884</u>	<u>522296</u>	<u>560356</u>	<u>601309</u>	<u>662688</u>	<u>716275</u>
<u>A- Money Supply</u>	<u>83449</u>	<u>89685</u>	<u>100712</u>	<u>109274</u>	<u>121342</u>	<u>131290</u>	<u>151800</u>
Currency in circulation outside the banking system	59425	63029	68960	74239	83054	86860	96676
Demand deposits in local currency	24024	26656	31752	35035	38288	44430	55124
<u>B- Quasi-Money</u>	<u>384812</u>	<u>404199</u>	<u>421584</u>	<u>451082</u>	<u>479967</u>	<u>531398</u>	<u>564475</u>
Time & saving deposits in local currency	253468	283020	296756	314188	330623	377424	404236
Demand and time & saving deposits in foreign currencies	131344	121179	124828	136894	149344	153974	160239
<u>2- Counterpart Assets</u>							
Net foreign assets	55328	80913	112777	133385	189139	218629	232658
Domestic credit	445338	466771	473948	509532	525393	531314	567507
Other items (net)	-32405	-53800	-64429	-82561	-113223	-87255	-83890

Source : Central Bank of Egypt

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

(LE mn)

End of	2004	2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>Total Deposits in local Currency</u>	<u>277492</u>	<u>309676</u>	<u>328508</u>	<u>349223</u>	<u>368911</u>	<u>421854</u>	<u>459360</u>
<u>1- Demand Deposits</u>	<u>24024</u>	<u>26656</u>	<u>31752</u>	<u>35035</u>	<u>38288</u>	<u>44430</u>	<u>55124</u>
Public business sector *	2483	3027	3315	4934	4670	6278	6120
Private business sector	10320	12228	14897	15863	17930	20681	28007
Household sector	11761	11985	13964	14831	16258	18378	21696
Minus: Purchased cheques & drafts	540	584	424	593	570	907	699
<u>2- Time and Saving Deposits</u>	<u>253468</u>	<u>283020</u>	<u>296756</u>	<u>314188</u>	<u>330623</u>	<u>377424</u>	<u>404236</u>
Public business sector *	12648	13700	14450	15465	16395	17186	20263
Private business sector	26533	27439	27422	25580	29083	56823	71026
Household sector	214287	241881	254884	273143	285145	303415	312947

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	2004	2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>Total Deposits in Foreign Currencies</u>	<u>131344</u>	<u>121179</u>	<u>124828</u>	<u>136894</u>	<u>149344</u>	<u>153974</u>	<u>160239</u>
<u>1- Demand Deposits</u>	<u>18396</u>	<u>18140</u>	<u>19195</u>	<u>18533</u>	<u>21259</u>	<u>26917</u>	<u>26876</u>
Public business sector *	975	1249	889	935	943	947	1833
Private business sector	10398	10234	11616	10417	12518	18453	17284
Household sector	7181	6823	6827	7392	7959	7689	8009
Minus: Purchased cheques & drafts	158	166	137	211	161	172	250
<u>2- Time and Saving Deposits</u>	<u>112948</u>	<u>103039</u>	<u>105633</u>	<u>118361</u>	<u>128085</u>	<u>127057</u>	<u>133363</u>
Public business sector *	2874	2946	3984	4734	5303	5774	7050
Private business sector	24691	21103	23838	28845	35478	30641	38607
Household sector	85383	78990	77811	84782	87304	90642	87706

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	2004	2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>Net Foreign Assets</u>	<u>55328</u>	<u>80913</u>	<u>112777</u>	<u>133385</u>	<u>189139</u>	<u>218629</u>	<u>232658</u>
<u>Foreign Assets</u>	<u>158673</u>	<u>174328</u>	<u>201863</u>	<u>218982</u>	<u>273527</u>	<u>304968</u>	<u>321012</u>
Central Bank of Egypt	91471	108737	122956	129477	146156	160197	172727
Banks	67202	65591	78907	89505	127371	144771	148285
<u>Foreign Liabilities</u>	<u>103345</u>	<u>93415</u>	<u>89086</u>	<u>85597</u>	<u>84388</u>	<u>86339</u>	<u>88354</u>
Central Bank of Egypt	82656	71443	68938	68176	66048	64825	65520
Banks	20689	21972	20148	17421	18340	21514	22834

Source : Central Bank of Egypt

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

(LE mn)

End of	2004		2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.	
<u>Domestic Credit</u>	<u>445338</u>	<u>466771</u>	<u>473948</u>	<u>509532</u>	<u>525393</u>	<u>531314</u>	<u>567507</u>	
Net claims on the Government (A + B - C)	142631	159889	151176	184131	180087	178323	193161	
A - Securities	311725	311375	278866	295974	280695	278011	297067	
B - Credit facilities	31104	41364	30705	28044	38170	52151	57932	
C - Government deposits	200198	192850	158395	139887	138778	151839	161838	
Claims on public business sector *	38266	37420	41756	32888	35290	24446	27643	
Claims on private business sector	225523	228195	235426	239338	253085	268607	278202	
Claims on household sector	38918	41267	45590	53175	56931	59938	68501	
<u>Other Items (Net)</u>	<u>-32405</u>	<u>-53800</u>	<u>-64429</u>	<u>-82561</u>	<u>-113223</u>	<u>-87255</u>	<u>-83890</u>	
Capital accounts	-90069	-94179	-99453	-102139	-106217	-114534	-122199	
Net unclassified assets and liabilities	57664	40379	35024	19578	-7006	27279	38309	

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	2004	2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>Total Saving Vessels</u>	<u>473944</u>	<u>498190</u>	<u>518792</u>	<u>560229</u>	<u>594050</u>	<u>655376</u>	<u>696176</u>
<u>Savings at the Banking System</u>	<u>384812</u>	<u>404199</u>	<u>421584</u>	<u>451082</u>	<u>479967</u>	<u>531398</u>	<u>564475</u>
Time & saving deposits in local currency	253468	283020	296756	314188	330623	377424	404236
Demand and time & saving deposits in foreign currencies	131344	121179	124828	136894	149344	153974	160239
<u>Net Sales of Investment Certificates</u>	<u>59065</u>	<u>58485</u>	<u>59780</u>	<u>63697</u>	<u>66238</u>	<u>68311</u>	<u>73400</u>
<u>Post Office Saving Deposits</u>	<u>30067</u>	<u>35506</u>	<u>37428</u>	<u>45450</u>	<u>47845</u>	<u>55667</u>	<u>58301</u>

Source : Central Bank of Egypt

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

	(LE mn)						
	2004	2005		2006		2007	
End of	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>Total</u>	<u>38108</u>	<u>37242</u>	<u>41568</u>	<u>32636</u>	<u>35040</u>	<u>24163</u>	<u>27275</u>
<u>In Local Currency</u>	<u>30457</u>	<u>30165</u>	<u>34632</u>	<u>26269</u>	<u>27265</u>	<u>18072</u>	<u>19588</u>
Agriculture	44	16	0	59	39	7	7
Manufacturing	18499	18318	20327	16215	16660	9071	8825
Trade	6418	5936	7408	4318	4799	3986	4300
Services	5496	5895	6897	5677	5767	5008	6456
<u>In Foreign Currencies</u>	<u>7651</u>	<u>7077</u>	<u>6936</u>	<u>6367</u>	<u>7775</u>	<u>6091</u>	<u>7687</u>
Agriculture	-	-	-	-	-	-	-
Manufacturing	5760	5260	5210	3752	3993	2611	3903
Trade	526	511	524	1555	863	880	716
Services	1365	1306	1202	1060	2919	2600	3068

Source : Central Bank of Egypt

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

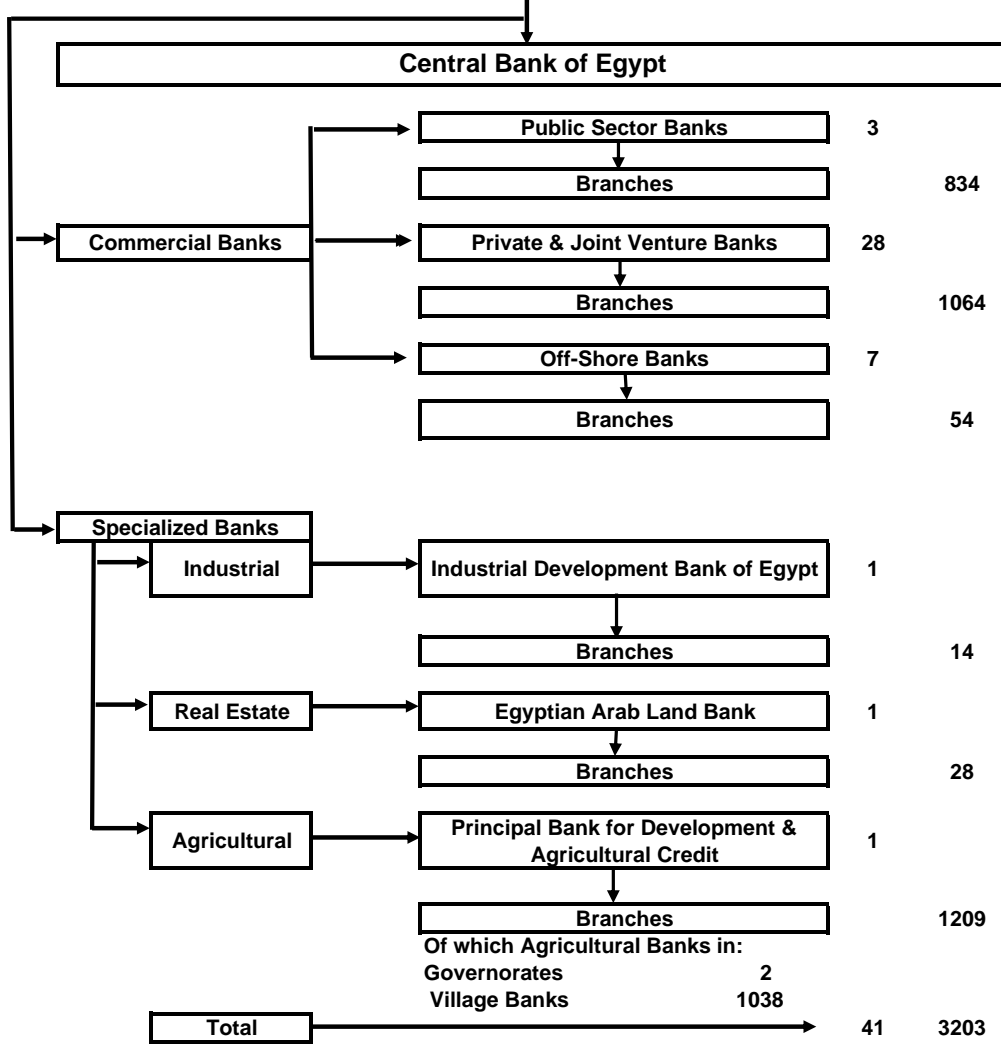
(2/1/8) Bank Lending and Discount Balances to Business Sector (Contd.)
Private Business Sector

	(LE mn)							
	2004		2005		2006		2007	
End of	Dec.	June	Dec.	June	Dec.	June	Dec.	
<u>Total</u>	<u>206590</u>	<u>205693</u>	<u>205760</u>	<u>214665</u>	<u>225461</u>	<u>239312</u>	<u>245793</u>	
<u>In Local Currency</u>	<u>155264</u>	<u>152191</u>	<u>148104</u>	<u>150485</u>	<u>156130</u>	<u>163292</u>	<u>164170</u>	
Agriculture	4642	5756	5765	4794	5083	6922	5557	
Manufacturing	60925	59099	57596	55827	56461	65453	61025	
Trade	40941	39712	38413	39110	38608	33487	37917	
Services	48756	47624	46330	50754	55978	57430	59671	
<u>In Foreign Currencies</u>	<u>51326</u>	<u>53502</u>	<u>57656</u>	<u>64180</u>	<u>69331</u>	<u>76020</u>	<u>81623</u>	
Agriculture	527	619	804	829	533	929	1106	
Manufacturing	19683	20388	22467	26072	29639	34199	36248	
Trade	11909	11369	11635	12337	12148	10944	12536	
Services	19207	21126	22750	24942	27011	29948	31733	

Source : Central Bank of Egypt

(2/2/1) Structure of the Egyptian Banking System

As at 31/12/ 2007*



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

(2/2/2) Local Mutual Funds Authorized and Operating as at 31/12/2007

Fund Name	Fund Manager	Inception Date	Par Value (LE)	Size (LE Million)	Net Asset Value (LE) at end of June 2007	Net Asset Value (LE) at end of Dec. 2007	Cash Distribution since Date of Inception (LE)	Total Return since Inception (%)
Open End - Balance Funds								
National Bank of Egypt I	El Ahly Fund Management	Sep-94	500	200	2079	49.69	3.60	-89.34
Banque Misr I	Concord International Investments	Feb-95	100	500	113.65	115.76	94.30	110.06
National Bank of Egypt II	El Ahly Fund Management	Oct-95	100	300	92.65	105.77	112.50	118.27
Export Development Bank I (Al-Khabeer)	Cairo Fund Management	Oct-96	100	100	107.39	124.63	33.00	57.63
Suez Canal Bank	HC Securities	Dec-96	500	100	382.47	471.4	20.00	-1.72
National Bank of Egypt III	HC Securities	Aug-05	100	200	123.32	140.28	12.00	52.28
El Watany Bank of Egypt	Hermes Fund Management	Aug-06	100	135	108.77	123.87	7.00	30.87
National Bank of Egypt V	El Ahly Fund Management	May-07	10	100	10.19	11.23	0.00	12.3
Open End - Equity Funds								
Credit Agricole Egypt I *	Hermes Fund Management	Oct-94	100	300	323.21	401.22	170.25	471.47
Bank of Alexandria I	Hermes Fund Management	Nov-94	100	200	491.89	555.46	211.00	666.46
Banque Misr II	Concord International Investment	Sep-95	66.67	300	89.57	96.91	46.65	115.33
Banque de Caire *	Hermes Fund Management	Nov-95	10	200	109.53	138.45	0.00	1284.5
Credit Agricole Egypt II *	Hermes Fund Management	Nov-95	100	300	179.53	201.28	72.50	173.78
Egyptian Gulf Bank	Hermes Fund Management	Apr-97	100	100	382.36	480.65	197.00	577.65
Banque Misr III **	Hermes Fund Management	May-97	100	138.97	541.35	698.89	50.00	648.89
Shield Fund ***	HC Securities	Dec-97	50	280	123.42	143.95	31.50	250.9
Misr Iran Development Bank I	Concord International Investment	Feb-98	100	100	512.41	660.44	110.00	670.44
Commercial International Bank II (Istethmar)	HC Securities	Aug-98	100	600	122.02	139.87	0.00	39.87
	C I Asset Management	Apr-06	100	600	122.02	139.87	0.00	39.87
Open End - Fixed Income Funds								
Al Rabeh Fund ****	Prime Investment Fund Management	Feb-99	100	50	100.27	102.36	77.30	79.66
Credit Agricole Egypt III *	Egyptian Fund Management Group	Jun-99	1000	150	1045.91	1087.48	782.05	86.95
Commercial International Bank I (Osoul)	C I Asset Management	Apr-05	100	1000	121.62	126.17	0.00	26.17
Misr Iran Development Bank II	HC Securities	Jul-05	1000	500	1000	1039.06	167.86	20.69
Bank of Alexandria II	Egyptian Fund Management Group	May-06	10	200	11.04	11.47	0.00	14.7
National Bank of Egypt IV	El Ahly Fund Management	Jun-06	100	145	109.92	113.87	0.00	13.87
National Societe Generale Bank (Themar)	Egyptian Fund Management Group	Oct-06	100	100	106.88	110.9	0.00	10.9
Export Development Bank II	ABN-Amro-Delta Fund Management	Nov-06	100	100	105.79	109.89	0.00	9.89
Open End - Islamic Funds								
Faisal Islamic Bank	Hermes Fund Management	Dec-04	100	50	154.37	179.38	37.00	116.38
Egyptian Saudi Finance Bank	Hermes Fund Management	May-06	100	50	118.41	133.13	22.79	55.92
Faisal Islamic Bank - CIB (Al Amman)	CI Asset Management	Oct-06	100	100	111.78	126.42	0.00	26.42
Banque Misr IV	HC Securities	Oct-06	100	200	119.6	143.07	3.00	46.07
Sanabel Fund	Prime Investment Fund Management	Feb-07	100	100	102.53	124.93	10.00	34.93
Close End Funds								
Orient Trust	Egyptian Investment & Finance Co.	Feb-97	1000	50	1256.5	1328.81	200.00	52.88
Misr Direct Investment Fund	Al Ahly Development & Investment	Jul-99	1000	35	1057.3	1111.6	0.00	11.16
Arab Land Direct	Prime Investment Fund Management	Feb-00	1000	70	894.22	903.62	113.75	1.74
Asset Allocator Funds								
Arab Misr Insurance Group	Prime Investment Fund Management	Aug-95	500	100	944.57	1167.05	237.00	180.81
Societe Arab Int'l Banque I *	Prime Investment Fund Management	Jun-96	100	100	510.51	636.83	88.00	624.83
Societe Arab Int'l Banque II	Prime Investment Fund Management	Oct-97	100	200	319.46	396.76	90.00	386.76

Source: Cairo and Alexandria Stock Exchanges.

+ The name of the Egyptian American Bank Mutual Fund number 1,2 and 3 was changed to Credit Agricole Egypt Mutual Fund number 1,2 and 3 as of 3/9/2006.

* The document price was changed from LE 100 to LE 10 as of 3/6/2007.

** The name of Misr Exterior Fund was changed to Banque Misr III Fund starting from 16/9/2004 after the merger of Misr Exterior Bank with Bank Misr . The price of issuing the document was decreased from LE1000 to LE 100 after the amendment of Article 5 of the prospectus on 27/8/2006.

*** The name of of Misr International Bank Mutual Fund was changed to Shield Mutual Fund as of 2/4/2006. The document was split into a ratio of 1:2 on the same date and the price of issuing the document was cut from LE 100 to LE 50.

**** The name of the Societe Arab International Bank Fund /third was changed to Al Rabeh Fund.

x The fund's document was split into a ratio of 1:5 and the document's par value was changed from LE 500 to LE100 as of 29/3/2007.

(2/3/1) Note Issued, Including Cash in CBE Vaults, by Denomination

	(LE mn)							
	2004		2005		2006		2007	
End of	Dec.	June	Dec.	June	Dec.	June	Dec.	
<u>Currency By Denomination</u>	<u>63927</u>	<u>67527</u>	<u>73735</u>	<u>79017</u>	<u>88920</u>	<u>93240</u>	<u>105593</u>	
PT 25	124	120	138	136	155	144	166	
PT 50	231	220	270	241	275	240	278	
LE 1	552	517	603	545	654	565	670	
LE 5	1342	1279	1276	1121	1261	1071	1240	
LE 10	5380	5074	4740	4274	4210	3470	3309	
LE 20	11087	10329	9952	9226	9544	8796	8251	
LE 50	23419	24517	26614	27959	30830	28152	27094	
LE 100	21792	25471	30142	35515	41991	47552	51439	
LE 200*	-	-	-	-	-	3250	13146	

Source : Central Bank of Egypt

* The LE 200 note has been in circulation as of May 2007.

(2/3/2) Currency in Circulation Outside CBE by Denomination

End of	(LE mn)						
	2004	2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>Total</u>	<u>63363</u>	<u>67236</u>	<u>73172</u>	<u>78604</u>	<u>87963</u>	<u>92175</u>	<u>103675</u>
Auxiliary Coins & Notes*	223	226	230	236	253	259	270
PT 25	122	118	135	135	152	142	163
PT 50	224	217	261	239	267	234	272
LE 1	540	512	592	540	634	550	656
LE 5	1314	1251	1225	1095	1185	987	1179
LE 10	5300	4999	4626	4215	4060	3323	3189
LE 20	10939	10246	9702	9128	9271	8553	7985
LE 50	23158	24348	26454	27737	30485	27967	26785
LE 100	21543	25319	29947	35279	41656	47136	50727
LE 200**	-	-	-	-	-	3024	12449

Source : Central Bank of Egypt

* Issued by the Ministry of Finance

** The LE 200 note has been in circulation as of May 2007.

(2/3/3) Central Bank of Egypt: Activity of Clearing Houses

During	July / Dec.						
	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2006/2007	2007/2008
<u>Cairo Branch</u>							
Number of cheques (thousands)	9250	8856	8618				
Value of cheques (LE mn)	215703	215091	231943				
<u>Alexandria Branch</u>							
Number of cheques (thousands)	663	626	593				
Value of cheques (LE mn)	26383	30652	27874				
<u>Port - Said Branch</u>							
Number of cheques (thousands)	112	109	110				
Value of cheques (LE mn)	2495	2481	2606				
<u>All Branches*</u>							
Number of cheques (thousands)	10025	9591	9321	9508	10481	4932	5644
Value of cheques (LE mn)	244581	248224	262423	288715	356900	161781	217346

Source : Central Bank of Egypt

* 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.

(2/4/1) Banks : Aggregate Financial Position

(LE mn)

End of	2004	2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>Assets</u>							
Cash	6151	6594	6184	6813	7437	7705	10713
Securities & investments in TBs; of which:	170469	170659	180826	193965	195807	176098	183236
CBE notes	-	-	23907	21563	38053	17617	0
Balances with banks in Egypt	106102	124986	128286	121695	139241	217363	259939
Balances with banks abroad	53639	51204	63999	72554	109684	124366	121426
Loan and discount balances	303123	308195	316373	324041	343935	353746	381773
Other assets	43371	41990	54482	42494	54460	58645	62926
Assets =Liabilities	682855	703628	750150	761562	850564	937923	1020013
<u>Liabilities</u>							
Capital	21133	22949	24513	27112	28787	33037	33253
Reserves	10779	12419	12127	13418	12059	12552	12396
Provisions	46677	49541	49990	54950	60246	53469	64132
Bonds & long-term loans	16253	14254	18808	17526	19891	26351	20929
Obligations to banks in Egypt	27561	22671	31406	21488	58292	82619	94306
Obligations to banks abroad	10292	12262	9898	8770	8892	10006	12161
Total deposits	494925	519649	540151	568841	591292	649953	700750
Other liabilities	55235	49883	63257	49457	71105	69936	82086

Source : Central Bank of Egypt

(2/4/2) Banks : Deposits by Maturity

(LE mn)

End of	2004	2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>Total Deposits</u>	<u>494925</u>	<u>519649</u>	<u>540151</u>	<u>568841</u>	<u>591292</u>	<u>649953</u>	<u>700750</u>
Demand deposits	48855	51557	58766	62431	66382	78759	89773
Time & saving deposits and saving accounts	420972	445132	459540	479805	497683	542982	579108
Blocked or retained deposits	25098	22960	21845	26605	27227	28212	31869
<u>Local Currency Deposits</u>	<u>335117</u>	<u>369067</u>	<u>386896</u>	<u>401143</u>	<u>410543</u>	<u>463320</u>	<u>508063</u>
Demand deposits	28395	31606	37873	41793	43267	50366	61264
Time & saving deposits and saving accounts	293535	324664	336834	345953	353206	396351	427953
Blocked or retained deposits	13187	12797	12189	13397	14070	16603	18846
<u>Foreign Currency Deposits</u>	<u>159808</u>	<u>150582</u>	<u>153255</u>	<u>167698</u>	<u>180749</u>	<u>186633</u>	<u>192687</u>
Demand deposits	20460	19951	20893	20638	23115	28393	28509
Time & saving deposits and saving accounts	127437	120468	122706	133852	144477	146631	151155
Blocked or retained deposits	11911	10163	9656	13208	13157	11609	13023

Source : Central Bank of Egypt

(2/4/3) Banks : Deposits by Sector

(LE mn)

End of	2004	2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>Total Deposits</u>	<u>494925</u>	<u>519649</u>	<u>540151</u>	<u>568841</u>	<u>591292</u>	<u>649953</u>	<u>700750</u>
<u>Local Currency Deposits</u>	<u>335117</u>	<u>369067</u>	<u>386896</u>	<u>401143</u>	<u>410543</u>	<u>463320</u>	<u>508063</u>
Government sector	56701	57649	56314	49422	38733	37233	44780
Public business sector *	15131	16727	17766	20399	21066	23464	26493
Private business sector	36853	39668	42319	41444	47013	77504	99295
Household sector	226048	253865	268848	287973	301403	321793	334097
Foreign sector **	384	1158	1649	1905	2328	3326	3398
<u>Foreign Currency Deposits</u>	<u>159808</u>	<u>150582</u>	<u>153255</u>	<u>167698</u>	<u>180749</u>	<u>186633</u>	<u>192687</u>
Government sector	27655	27252	27072	29290	30063	30329	30644
Public business sector *	3849	4195	4873	5668	6247	6721	8884
Private business sector	35090	31337	35454	39263	47996	49093	55927
Household sector	92563	85813	84638	92174	95262	98331	95678
Foreign sector**	651	1985	1218	1303	1181	2159	1554

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.

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

(LE mn)

End of	2004	2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>Total Deposits</u>	<u>494925</u>	<u>519649</u>	<u>540151</u>	<u>568841</u>	<u>591292</u>	<u>649953</u>	<u>700750</u>
<u>Local Currency Deposits</u>	<u>335117</u>	<u>369067</u>	<u>386896</u>	<u>401143</u>	<u>410543</u>	<u>463320</u>	<u>508063</u>
Agriculture	2462	2548	2172	2215	2264	2531	4465
Manufacturing	17323	19239	19651	19903	19365	23819	28722
Trade	11148	11740	12470	12793	15633	18354	19477
Services	29904	31915	37575	38245	35939	40530	48608
Unclassified sectors	274280	303625	315028	327987	337342	378086	406791
<u>Foreign Currency Deposits</u>	<u>159808</u>	<u>150582</u>	<u>153255</u>	<u>167698</u>	<u>180749</u>	<u>186633</u>	<u>192687</u>
Agriculture	570	831	689	855	503	467	979
Manufacturing	16336	15274	17034	18159	21683	21208	27149
Trade	7805	6583	6521	8250	11519	11824	9466
Services	18692	17499	20125	21602	23745	23216	28096
Unclassified sectors	116405	110395	108886	118832	123299	129918	126997

Source : Central Bank of Egypt

(2/4/5) Banks : Portfolio Investment by Sector ⁺

(LE mn)

End of	2004		2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.	
<u>Total</u>	<u>170469</u>	<u>170659</u>	<u>156919</u>	<u>172402</u>	<u>157754</u>	<u>158481</u>	<u>183236</u>	
<u>In Local Currency</u>	<u>139204</u>	<u>139322</u>	<u>125353</u>	<u>140840</u>	<u>126874</u>	<u>125981</u>	<u>149267</u>	
Government sector	120954	118358	98017	115146	101209	96652	117419	
Public business sector *	629	666	538	859	755	761	1513	
Private business sector	17621	20298	26798	24835	24910	28568	30335	
Household sector	-	-	-	-	-	-	-	
Foreign sector	-	-	-	-	-	-	-	
<u>In Foreign Currencies</u>	<u>31265</u>	<u>31337</u>	<u>31566</u>	<u>31562</u>	<u>30880</u>	<u>32500</u>	<u>33969</u>	
Government sector	17925	16594	16413	16067	14725	14636	13959	
Public business sector *	-	-	-	-	-	-	-	
Private business sector	3657	4711	4668	3545	3733	3474	5042	
Household sector	-	-	-	-	-	-	-	
Foreign sector	9683	10032	10485	11950	12422	14390	14968	
	-	-	-	-	-	-	-	

Source : Central Bank of Egypt

+ Excluding CBE notes

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

(2/4/6) Banks : Lending and Discount Balances by Sector

(LE mn)

End of	2004	2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>Total</u>	<u>303123</u>	<u>308195</u>	<u>316373</u>	<u>324041</u>	<u>343935</u>	<u>353746</u>	<u>381773</u>
<u>In Local Currency</u>	<u>233809</u>	<u>233141</u>	<u>237446</u>	<u>238926</u>	<u>249017</u>	<u>248544</u>	<u>258780</u>
Government sector	10017	10938	10683	11285	11911	10788	11024
Public business sector *	30457	30164	34632	26269	27265	18097	19613
Private business sector	155276	152193	148108	150491	156130	163292	164172
Household sector	37648	39354	43360	50158	52973	55453	63278
Foreign sector	411	492	663	723	738	914	693
<u>In Foreign Currencies</u>	<u>69314</u>	<u>75054</u>	<u>78927</u>	<u>85115</u>	<u>94918</u>	<u>105202</u>	<u>122993</u>
Government sector	7811	11080	10315	9712	11857	15896	20933
Public business sector *	7651	7078	6936	6373	7775	6091	7731
Private business sector	51326	53502	57657	64184	69331	76020	81623
Household sector	1270	1913	2230	3017	3957	4485	5223
Foreign sector	1256	1481	1789	1829	1998	2710	7483

Source : Central Bank of Egypt

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

(2/4/7) Banks : Credit by Sector

(LE mn)

End of	2004		2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.	
<u>Total</u>	<u>473592</u>	<u>478854</u>	<u>473292</u>	<u>496443</u>	<u>501689</u>	<u>512227</u>	<u>565009</u>	
<u>In Local Currency</u>	<u>373013</u>	<u>372463</u>	<u>362799</u>	<u>379766</u>	<u>375891</u>	<u>374525</u>	<u>408047</u>	
Government sector	130971	129296	108700	126431	113120	107440	128443	
Public business sector *	31086	30830	35170	27128	28020	18858	21126	
Private business sector	172897	172491	174906	175326	181040	191860	194507	
Household sector	37648	39354	43360	50158	52973	55453	63278	
Foreign sector	411	492	663	723	738	914	693	
<u>In Foreign Currency</u>	<u>100579</u>	<u>106391</u>	<u>110493</u>	<u>116677</u>	<u>125798</u>	<u>137702</u>	<u>156962</u>	
Government sector	25736	27674	26728	25779	26582	30532	34892	
Public business sector *	7651	7078	6936	6373	7775	6091	7731	
Private business sector	54983	58213	62325	67729	73064	79494	86665	
Household sector	1270	1913	2230	3017	3957	4485	5223	
Foreign sector	10939	11513	12274	13779	14420	17100	22451	

Source : Central Bank of Egypt

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

(2/4/8) Banks : Lending and Discount Balances by Economic Activity

(LE mn)

End of	2004	2005		2006		2007	
	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>Total</u>	<u>303123</u>	<u>308195</u>	<u>316373</u>	<u>324041</u>	<u>343935</u>	<u>353746</u>	<u>381773</u>
<u>In Local Currency</u>	<u>233809</u>	<u>233141</u>	<u>237446</u>	<u>238926</u>	<u>249017</u>	<u>248544</u>	<u>258780</u>
Agriculture	4744	5822	5821	4902	5188	6986	5996
Manufacturing	82577	81844	82770	77734	79603	80497	75873
Trade	47359	45648	45820	43564	43408	37477	42217
Services	60954	59870	58839	61679	66939	67035	70536
Unclassified sectors	38175	39957	44196	51047	53879	56549	64158
<u>In Foreign Currency</u>	<u>69314</u>	<u>75054</u>	<u>78927</u>	<u>85115</u>	<u>94918</u>	<u>105202</u>	<u>122993</u>
Agriculture	527	619	804	829	532	929	1125
Manufacturing	30464	34957	36687	38517	44793	51399	59627
Trade	12435	11893	12172	13930	13025	11837	13263
Services	23351	24188	25244	26983	30592	33842	36227
Unclassified sectors	2537	3397	4020	4856	5976	7195	12751

Source : Central Bank of Egypt

**(2/5/1) 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*
		Less than three-month deposits	Less than six-month deposits	Less than one year deposits	Loans less than one year	Simple Return	Of increasing certificate value	
January 2005	10.00	7.63	7.78	7.87	13.36	10.50	10.00	10.50
February	..	7.62	7.78	7.81	13.44	..	..	..
March	..	7.60	7.85	7.83	13.41	..	..	..
April	..	7.60	7.76	7.84	13.39	..	..	..
May	..	7.60	7.75	7.80	13.35	..	..	..
June	..	7.61	7.67	7.70	13.35	..	..	..
July	..	7.46	7.56	7.62	13.31	..	..	..
August	..	7.42	7.52	7.53	13.28	..	..	..
September	..	6.60	7.70	7.90	12.80	..	..	..
October	..	6.60	7.60	7.90	12.60	..	..	..
November	..	6.50	7.50	7.70	12.60	..	..	..
December	..	6.50	7.50	7.70	12.70	..	..	..
January 2006	9.00	6.40	7.40	7.60	12.60	..	..	..
February	..	6.10	7.20	7.40	12.60	..	..	..
March	..	6.20	7.20	7.50	12.60	9.50	9.00	9.50
April	..	6.20	7.00	7.30	12.60	..	..	..
May	..	5.90	7.00	7.20	12.60	..	..	..
June	..	5.90	6.90	7.10	12.50	..	..	..
July	..	5.90	6.80	7.10	12.60	..	..	..
August	..	5.90	6.80	7.00	12.70	..	..	..
September	..	5.90	6.80	7.00	12.60	..	..	..
October	..	5.90	6.80	7.00	12.60	..	..	..
November	..	6.00	6.80	7.10	12.60	..	..	..
December	..	5.90	6.80	6.90	12.60	..	..	..
January 2007	..	6.10	6.80	6.90	12.60	..	..	..
February	..	6.20	6.90	6.90	12.70	10.00	9.50	..
March	..	6.20	6.90	6.90	12.70	..	..	..
April	..	6.20	6.90	6.90	12.70	..	..	..
May	..	6.20	6.90	6.90	12.70	..	..	..
June	..	6.10	6.90	6.90	12.60	..	..	..
July	..	6.10	6.90	6.90	12.60	..	..	..
August	..	6.10	6.80	6.90	12.60	..	..	..
September	..	6.00	6.80	6.90	12.30	..	..	..
October	..	6.00	6.70	6.90	12.20	..	..	..
November	..	6.00	6.70	7.00	12.20	..	..	..
December	..	6.00	6.60	6.90	12.20	..	..	..

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

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

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

(% Annually)

END OF	U.S. Dollar		Sterling Pound		EURO	
	Min.	Max.	Min.	Max.	Min.	Max.
January-05	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
January-06	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
July	5.00	5.19	3.63	4.38	2.38	2.63
August	4.88	5.06	3.88	4.63	2.50	2.75
September	4.88	5.06	3.94	4.69	2.63	2.88
October	4.88	5.06	4.00	4.75	2.75	3.00
November	4.88	5.06	4.13	4.88	2.88	3.13
December	4.88	5.06	4.19	4.94	2.94	3.19
January-07	4.88	5.06	4.50	5.25	3.00	3.25
February	4.88	5.06	4.44	5.19	3.06	3.31
March	4.88	5.06	4.44	5.19	3.19	3.44
April	4.88	5.06	4.56	5.31	3.25	3.50
May	4.88	5.06	4.69	5.44	3.38	3.63
June	4.88	5.06	4.81	5.56	3.44	3.69
July	4.88	5.06	4.94	5.69	3.50	3.75
August	5.06	5.25	5.44	6.19	4.00	4.25
September	4.69	4.88	5.19	5.94	4.00	4.25
October	4.56	4.75	5.13	5.88	3.88	4.13
November	4.56	4.75	5.44	6.19	4.00	4.25
December	4.38	4.56	5.00	5.75	4.00	4.25

Source: National Bank of Egypt

(2/5/3) Interest Rates on Treasury Bills (Weekly Weighted Averages)

(%)

		91 days	182 days	364 days
<u>October 2007</u>				
The:				
First week	(2/10)	7.207	7.440	7.460
Second week	(9/10)	7.294	7.628	7.742
Third week	(16/10)	..	7.578	7.767
Fourth week	(23/10)	7.301	7.476	7.760
	(30/10)	6.924	7.020	7.631
Monthly Average		7.182	7.428	7.672
<u>November 2007</u>				
The:				
First week	(6/11)	6.008	6.209	6.824
Second week	(13/11)	6.709	7.092	6.925
Third week	(20/11)	7.149	7.384	7.667
Fourth week	(27/11)	7.124	7.362	7.691
Monthly Average		6.748	7.012	7.277
<u>December 2007</u>				
The:				
First week	(4/12)	7.132	7.325	7.731
Second week	(11/12)	..	7.205	7.570
Third week	(18/12)	6.983	7.082	7.438
Fourth week	(25/12)	6.852	7.091	7.388
Monthly Average		6.989	7.176	7.532

Source: Central Bank of Egypt.

.. No issuance during the week.

(3/1) Companies Listed on the Stock Exchange

End of	<u>2004</u>	<u>2005</u>		<u>2006</u>		<u>2007</u>	
	Dec.	June	Dec.	June	Dec.	June	Dec.
<u>First: Companies Listed on the Official Schedules</u>							
- Number of companies (in unit)	129	132	138	141	141	147	138
- Number of shares (mn)	3822	4236	6701	7881	8939	11450	12086
- Nominal value of capital (LE mn)	45748	49274	53046	58432	65096	73403	67001
- Market value of capital (LE mn)	139893	250136	373964	298478	438719	497319	603257
<u>Second: Companies Listed on the Unofficial Schedules</u>							
- Number of companies (in unit)	591	612	585	503	449	394	296
- Number of shares (mn)	2637	2646	2551	2560	3145	3534	5742
- Nominal value of capital (LE mn)	54497	57368	51909	50354	53258	47387	52764
- Market value of capital (LE mn)	89278	84407	80427	78013	94657	104055	164969
<u>Third: Companies Listed on the Temporary Schedule*</u>							
- Number of companies (in unit)	75	26	21	12	5	3	1
- Number of shares (mn)	143	103	64	16	11	9	5
- Nominal value of capital (LE mn)	2992	1567	1187	379	289	282	50
- Market value of capital (LE mn)	4725	2516	1887	579	609	452	50
<u>Fourth : All Companies</u>							
- Number of companies (in unit)	795	770	744	656	595	544	435
- Number of shares (mn)	6602	6985	9316	10457	12095	14993	17833
- Nominal value of capital (LE mn)	103237	108209	106142	109165	118643	121072	119815
- Market value of capital (LE mn)	233896	337059	456278	377070	533985	601826	768276

Source: Monthly Bulletin of Cairo and 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	<u>July/ Dec.</u>					
	<u>2006/2007</u>			<u>2007/2008</u>		
	Number of Transactions (unit)	Amount (thousand)	Market Value (mn)	Number of Transactions (unit)	Amount (thousand)	Market Value (mn)
<u>In Egyptian Pound</u>	<u>3420392</u>	<u>4835288</u>	<u>123741</u>	<u>4704750</u>	<u>8065942</u>	<u>192197</u>
Floor transactions	3301422	4240982	117296	4509507	5991022	167584
Over the counter trading	118970	594306	6445	195243	2074920	24613
<u>In US Dollar</u>	<u>159372</u>	<u>432403</u>	<u>1031</u>	<u>122556</u>	<u>916649</u>	<u>2077</u>
Floor transactions	154906	315669	792	120009	393558	943
Over the counter trading	4466	116734	239	2547	523091	1134

Source: Capital Market Authority (CMA)

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

During	July/ Dec.					
	<u>2006/2007</u>			<u>2007/2008</u>		
	Number of Transactions (Unit)	Amount	Market Value (Thousand)	Number of Transactions (Unit)	Amount	Market Value (Thousand)
<u>In Egyptian Pounds</u>	<u>226</u>	<u>3750491</u>	<u>2824256</u>	<u>578</u>	<u>10223191</u>	<u>10629995</u>
Floor transactions	226	3750491	2824256	578	10223191	10629995
Over the counter trading	0	0	0	0	0	0
<u>In US Dollar</u>	<u>10</u>	<u>209527</u>	<u>23492</u>	<u>0</u>	<u>0</u>	<u>0</u>
Floor transactions	9	207327	21292	0	0	0
Over the counter trading	1	2200	2200	0	0	0

Source: Capital Market Authority (CMA)

(3/4) Foreign Transactions on the Stock Exchange

During	July/ Dec.			
	2006/2007		2007/2008	
	Egyptian Pound	US Dollar	Egyptian Pound	US Dollar
<u>Net Number of Transactions (unit)</u>	<u>58601</u>	<u>-610</u>	<u>105112</u>	<u>6791</u>
Purchases	339783	18081	532972	23819
Sales	281182	18691	427860	17028
<u>Net Volume of Securities (mn)</u>	<u>333</u>	<u>37</u>	<u>174</u>	<u>-72</u>
Purchases	942	103	1253	135
Sales	609	66	1079	207
<u>Net Value of Securities (mn)</u>	<u>13163</u>	<u>139</u>	<u>-4602</u>	<u>-132</u>
Purchases	39677	276	49056	368
Sales	26514	137	53658	500

Source: Monthly Report of the Capital Market Authority (CMA)

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(3/5) Global Depository Receipts (GDRs)

GDRs Listed on Global Exchanges							Corporate Stocks Issued on the Egyptian Exchange		
Order and Date of Offering	Depository Bank	Sub Custodian Bank	Conversion Ratio	Volume on Offering Date (000s)	Price (\$) at end of		Price (LE) at end of		
					June.07	Dec.-07	June.07	Dec.-07	
1 st	July-96	Bank of New York	CIB	1.00	9999	10.90	16.70	60.05	91.77
2 nd	July-96	Bank of New York	CIB	1.00	7310	10.33	11.50	57.79	58.17
			NBE						
3 rd	Oct.-97	Bank of New York	CIB	3.00	6297	2.70	2.80	56.20	55.46
4 th	Aug.-98	Bank of New York	HSBC	0.50	4324	15.75	23.25	45.92	65.97
5 th	June.-99	Bank of New York	CIB	0.33	573	28.00	31.00	54.62	66.40
6 ^{th*}	July -99	Bank of New York	CIB	0.33	35000	0.44	0.44	-	-
7 ^{th**}	July-00	Bank of New York	CIB	0.20	11713	64.00	83.00	72.67	91.36
8 th	Aug.-02	Bank of New York	CIB	0.50	50	132.00	210.00	372.49	572.20
9 th	Nov.-04	Bank of New York	CIB	1.00	8796	10.15	10.38	63.30	73.36
10 th	Dec.-05	Bank of New York	CIB	0.20	8522	15.50	19.40	17.34	21.09

Source : Monthly Bulletin of Cairo and Alexandria Stock Exchanges

* The closing price of 3 March 2005.

** The conversion ratio has changed to be 5 local shares : 1 GDR , effective 12 April 2007.

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

	(LE mn)				
End of	91 days	182 days	89 days	364 days	Total
<u>2000</u>					
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
<u>2001</u>					
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
<u>2002</u>					
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
<u>2003</u>					
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
<u>2004</u>					
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
<u>2005</u>					
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
<u>2006</u>					
March	6000.0	24100.0	..	69015.6	99115.6
June	7100.0	26500.0	..	69543.6	103143.6
Sept.	9900.0	27500.0	..	69957.4	107357.4
Dec.	8200.0	27000.0	..	71157.4	106357.4
<u>2007</u>					
March	11000.0	26000.0	..	73657.4	110657.4
June	9000.0	27500.0	..	82157.4	118657.4
Sept.	8500.0	31500.0	-	90657.4	130657.4
Dec.	12000.0	33000.0	-	100957.4	145957.4

Source: Central Bank of Egypt.

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

(LE mn)

		91 days	182 days	364 days	Total
<u>October 2007</u>					
The:					
First week	(2/10)	10000.0	31000.0	92157.4	133157.4
Second week	(9/10)	11000.0	31500.0	92657.4	135157.4
Third week	(16/10)	10500.0	32000.0	92157.4	134657.4
Fourth week	(23/10)	12000.0	32000.0	92657.4	136657.4
End of month		13000.0	31500.0	93157.4	137657.4
<u>November 2007</u>					
The:					
First week	(6/11)	13500.0	31500.0	93657.4	138657.4
Second week	(13/11)	13500.0	31000.0	93657.4	138157.4
Third week	(20/11)	13000.0	32500.0	94157.4	139657.4
Fourth week	(27/11)	13000.0	33500.0	95157.4	141657.4
End of month		13000.0	33500.0	95157.4	141657.4
<u>December 2007</u>					
The:					
First week	(4/12)	12000.0	34500.0	97157.4	143657.4
Second week	(11/12)	11500.0	34000.0	97457.4	142957.4
Third week	(18/12)	11500.0	33500.0	99457.4	144457.4
Fourth week	(25/12)	12000.0	33000.0	100957.4	145957.4
End of month		12000.0	33000.0	100957.4	145957.4

Source: Central Bank of Egypt.

(3/8) Outstanding Balance of Treasury Bonds*
End of Dec. 2007

	Date of Issue	Value (LE mn)	Interest Rate	Maturity & Due Date
Seventh Tranche	1/3/1999	2000	9.500%	10 years, 01/03/2009
Eighth Tranche	16/4/1999	2000	10.000%	10 years, 16/04/2009
<u>Bonds under the Primary Dealers System**</u>				
Eleventh Tranche	26/10/2004	5000	11.500%	7 years, 26/10/2011
Twelveth Tranche	16/11/2004	5000	11.625%	10 years, 16/11/2014
Thirteenth Tranche	7/12/2004	3000	10.938%	4 years, 07/12/2008
Fourteenth Tranche	18/1/2005	1000	11.400%	20 years, 18/01/2025
Fifteenth Tranche	12/7/2005	2000	9.100%	5 years, 12/07/2010
Sixteenth Tranche ⁽¹⁾	2/8/2005	4000	9.250%	4 years, 02/08/2009
Seventeenth Tranche	16/8/2005	2000	9.350%	5 years, 16/08/2010
Eighteenth Tranche ⁽²⁾	20/9/2005	6000	9.100%	7 years, 20/09/2012
Nineteenth Tranche	4/10/2005	2000	9.063%	3 years, 04/10/2008
Twentieth Tranche	18/10/2005	2000	9.100%	5 years, 18/10/2010
Twenty First Tranche ⁽³⁾	15/11/2005	5000	9.300%	10 years, 15/11/2015
Twenty Second Tranche	3/1/2006	2000	9.050%	4 years, 03/01/2010
Twenty Third Tranche ⁽⁴⁾	24/1/2006	6000	8.850%	7 years, 24/01/2013
Twenty Fourth Tranche	14/2/2006	2000	8.500%	2 years, 14/02/2008
Twenty Fifth Tranche ⁽⁵⁾	28/2/2006	4000	8.600%	5 years, 28/02/2011
Twenty Sixth Tranche	2/5/2006	2000	8.950%	4 years, 02/05/2010
Twenty Seventh Tranche	29/5/2007	2000	9.4500%	7 years, 29/05/2014
Twenty Eighth Tranche	25/9/2007	2000	8.4500%	7 years, 29/09/2014
Twenty Ninth Tranche	23/10/2007	2000	8.6000%	8 years, 25/10/2015
Thirtieth Tranche	13/11/2007	2000	8.5500%	6 years, 13/11/2013
Total		65000		

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.

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

(²) Increased by LE 2.0 billion, due to their re-opening on 13/12/2005 on the same conditions, and by LE 2.0 billion due to their re-opening on 27/3/2007 on the same conditions.

(³) Increased by LE 2.0 billion, due to their re-opening on 13/03/2006 on the same conditions, and by LE 1.0 billion due to their re-opening on 13/6/2006 on the same conditions.

(⁴) Increased by LE 2.0 billion, due to their re-opening on 17/04/2006 on the same conditions, and by LE 2.0 billion due to their re-opening on 17/4/2007 on the same conditions.

(⁵) Increased by LE 2.0 billion, due to their re-opening on 11/12/2007 .

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

(LE mn)

	2007/2008			
	Pre. Estimates		6 Months (Actual)	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB & SIFs
Total Expenditures	244061	265890	96156	106300
Compensation of Employees	60344	61039	28135	28413
Salaries and wages	45120	45732	23624	23874
Social contributions	6538	6617	2959	2984
Other	8686	8690	1552	1555
Purchases of Goods and Services	16944	17040	6081	6111
Goods	7326	7343	2877	2882
Services	6769	6825	2755	2770
Other	2849	2872	449	459
Interests	51979	41544	18924	13565
Foreign interests	3893	3893	1642	1642
Domestic interests	48086	37651	17282	11923
To NIB	17673	0	8762	0
To others	30413	37651	8520	11923
Subsidies, Grants and Social Benefits	64280	95640	22819	37996
Subsidies	55703	55703	17248	17248
To GASC	9482	9482	9080	9080
To petroleum	36579	36579	3932	3932
To others	9642	9642	4236	4236
Grants	3376	3376	2136	2136
Social Benefits	3551	34911	3341	18518
Contribution to SIFs	2000	0	2000	0
Other	1551	34911	1341	18518
Other	1650	1650	94	94
Other Expenditures	22864	22886	10571	10581
Defense	19050	19050	9076	9076
Other	3814	3836	1495	1505
Purchases of Non-financial Assets (Investments)	27650	27741	9626	9634
Fixed assets	23926	24017	8683	8691
Others	3724	3724	943	943

Source : The Ministry of Finance .

(4/2) Consolidated Fiscal Operations of the General Government
(The Budget Sector , NIB and SIFs)
(Total Revenues)

(LE mn)

	2007/2008			
	Pre. Estimates		6 Months (Actual)	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB & SIFs
<u>Total Revenues</u>	<u>187239</u>	<u>217344</u>	<u>64321</u>	<u>73713</u>
<u>Tax Revenues</u>	<u>120824</u>	<u>120824</u>	<u>44350</u>	<u>44350</u>
<u>Tax on income, Profits</u>	<u>56138</u>	<u>56138</u>	<u>17303</u>	<u>17303</u>
From EGPC	23274	23274	2016	2016
From SCA	9119	9119	4678	4678
From CBE	135	135	0	0
From other units	10184	10184	5809	5809
Payable by individuals	13426	13426	4800	4800
<u>Taxes on Property</u>	<u>1494</u>	<u>1494</u>	<u>784</u>	<u>784</u>
<u>Taxes on Goods and Services</u>	<u>45725</u>	<u>45725</u>	<u>20127</u>	<u>20127</u>
<u>Taxes on International Trade</u>	<u>13284</u>	<u>13284</u>	<u>5653</u>	<u>5653</u>
<u>Other Taxes</u>	<u>4183</u>	<u>4183</u>	<u>483</u>	<u>483</u>
<u>Grants</u>	<u>3166</u>	<u>3166</u>	<u>740</u>	<u>740</u>
Current	1727	1727	641	641
Capital	1439	1439	99	99
<u>Other Revenues</u>	<u>63249</u>	<u>93354</u>	<u>19231</u>	<u>28623</u>
<u>Property Income</u>	<u>45049</u>	<u>52871</u>	<u>13326</u>	<u>14792</u>
From EGPC	17293	17293	1971	1971
From SCA	13178	13178	7785	7785
From CBE	50	50	0	0
From economic authorities	1399	1399	365	365
From companies	4412	4489	-19	54
Other (from EGPC)	5240	5240	2698	2698
Other	3477	11222	526	1919
<u>Sales of Goods and Services</u>	<u>8894</u>	<u>8894</u>	<u>2619</u>	<u>2619</u>
<u>Financing Investment</u>	<u>2588</u>	<u>2588</u>	<u>604</u>	<u>604</u>
<u>Other</u>	<u>6718</u>	<u>29001</u>	<u>2682</u>	<u>10608</u>

Source : The Ministry of Finance .

(4/3) Summary of Consolidated Fiscal Operations of the General Government
(The Budget Sector , NIB and SIFs)

	(LE mn)			
	2007/2008			
	Pre. Estimates		6 Months (Actual)	
	The Budget Sector	The Budget Sector, NIB & SIFs	The Budget Sector	The Budget Sector, NIB, & SIFs
Total Revenues	187239	217344	64321	73713
Total Expenditures	244061	265890	96156	106300
Cash Deficit	56822	48546	31835	32587
Net Acquisition of Financial Assets	1947	4296	-22	3243
Overall Fiscal Balance Finance	58769	52842	31813	35830
<u>Financing Sources</u>	<u>58769</u>	<u>52842</u>	<u>31813</u>	<u>35830</u>
<u>Domestic Financing</u>	<u>56102</u>	<u>57950</u>	<u>23983</u>	<u>25443</u>
<u>Banking Financing</u>	<u>42660</u>	<u>44681</u>	<u>11862</u>	<u>12993</u>
Central Bank	-2000	-2000	-2841	-2369
Other Banks	44660	46681	14703	15362
<u>Non-Banking Financing</u>	<u>13442</u>	<u>13269</u>	<u>12121</u>	<u>12450</u>
NIB	1000	0	1326	0
SIFs	2740	0	856	0
Other	7702	7702	11765	11765
NIB Borrowing	0	3567	0	2511
Special Accounts for Economic Authorities	2000	2000	-1826	-1826
<u>Foreign Borrowing</u>	<u>2814</u>	<u>2814</u>	<u>9845</u>	<u>9845</u>
<u>Arrears</u>	<u>0</u>	<u>0</u>	<u>-9</u>	<u>-9</u>
<u>Others, of which:</u>	<u>-1147</u>	<u>-8922</u>	<u>1481</u>	<u>4038</u>
Special Accounts for Budget Entities	1000	1000	1145	1145
<u>Financing Effects for Eliminations</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Exchange Rate Revaluation</u>	<u>0</u>	<u>0</u>	<u>-1227</u>	<u>-1227</u>
<u>Net Privatization Proceeds</u>	<u>1000</u>	<u>1000</u>	<u>108</u>	<u>108</u>
Privatization Proceeds	10000	10000	108	108
Treasury Contribution to the Fund	9000	9000	0	0
<u>Difference between Treasury bills face value & present value</u>	<u>0</u>	<u>0</u>	<u>-1072</u>	<u>-1072</u>
<u>Discrepancy</u>	<u>0</u>	<u>0</u>	<u>-1296</u>	<u>-1296</u>
Cash Deficit (Surplus) as a percentage of GDP	6.7%	5.7%	3.8%	3.8%
Overall fiscal balance as a percentage of GDP	6.9%	6.2%	3.8%	4.2%
Revenues as a percentage of GDP	22.1%	25.7%	7.6%	8.7%
Expenditures as a percentage of GDP	28.8%	31.4%	11.4%	12.6%

Source : The Ministry of Finance .

(4/4) Government Domestic Debt & Economic Authorities Debt

(LE mn)

End of	<u>June 2007</u>		<u>Dec. 2007</u>		<u>Change +(-)</u>
	Value	%	Value	%	2007/2008
<u>Total Domestic Debt</u>	<u>637197</u>		<u>670643</u>		<u>33446</u>
<u>Government Domestic Debt</u>	<u>478173</u>	<u>100.0</u>	<u>502155</u>	<u>100.0</u>	<u>23982</u>
<u>- Balances of Bonds & Bills</u>	<u>562897</u>	<u>117.7</u>	<u>596772</u>	<u>118.8</u>	<u>33875</u>
- Treasury bonds , of which :	230848	48.3	237764	47.3	6916
Local currency bonds with public sector banks	4000	0.8	4000	0.8	-
Euro sovereign bonds (US\$) offered abroad *	3868	0.8	3820	0.8	(48)
- Government notes to compensate for the actuarial deficit in social insurance funds	2000	0.4	2000	0.4	-
- Housing bonds	119	0.0	117	0.0	(2)
- Treasury bills	118657	24.8	145957	29.1	27300
- Foreign currency bonds with public sector commercial banks	11886	2.5	11547	2.3	(339)
- The equivalent of the retained 5% of corporate profits to purchase government bonds	1588		1588	0.3	0
- Bonds of the Insurance Funds (against the transfer of NIB debt to the Treasury)	197799	41.4	197799	39.4	0
<u>- Net Government Balances with the Banking System</u>	<u>-89241</u>	<u>-18.7</u>	<u>-98294</u>	<u>-19.5</u>	<u>(9053)</u>
<u>Amounts paid against Insurance Funds' deposits with the Treasury</u>	<u>4517</u>	<u>1.0</u>	<u>3677</u>	<u>0.7</u>	<u>(840)</u>
<u>Economic Authorities Debt</u>	<u>44557</u>	<u>100.0</u>	<u>49241</u>	<u>100.0</u>	<u>(4684)</u>
- Net balance of economic authorities with the banking system	-7177	-16.1	-3729	-7.6	(3448)
- Borrowing of economic authorities from NIB	51734	116.1	52970	107.6	1236

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

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

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

(LE mn)

End of	<u>June 2007</u>		<u>Dec. 2007</u>		<u>Change +(-)</u>
	Value	%	Value	%	2007/2008
<u>Resources:</u>	<u>169162</u>	<u>100.0</u>	<u>173826</u>	<u>100.0</u>	<u>4664</u>
. Social Insurance Fund for Gov. Employees	27428	16.2	27435	15.8	7
. Social Insurance Fund for Pub. & Priv. Business Sectors Employees	20574	12.2	20574	11.8	0
. Proceeds from investment certificates	68485	40.5	73060	42.0	4575
. Accumulated interest on investment certificates (category A)	7579	4.5	7714	4.5	135
. Proceeds from US dollar development bonds	483	0.3	158	0.1	(325)
. Post office savings	43518	25.7	43818	25.2	300
. Others *	1095	0.8	1067	0.6	-28
<u>Uses:</u>	<u>169162</u>	<u>100.0</u>	<u>173826</u>	<u>100.0</u>	<u>4664</u>
. Government	0	0.0	0	0.0	0
. Economic authorities	51734	30.6	52970	30.5	1236
. Holding companies, entities & concessional loans, and others	114467	67.7	119247	68.6	4780
. NIB balances held at the banking system	2961	1.7	1609	0.9	(1352)

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

(5/1) Balance of Payments

(US\$ mn)

	July/December				Change (-)
	2006/2007*		2007/2008*		
	Value	%	Value	%	
Balance of Current Account	1949.0		(245.7)		(2194.7)
Balance of Current Account (Excluding Transfers)	(1018.3)		(4473.8)		(3455.5)
Receipts	20663.0	100.0	25944.3	100.0	5281.3
Export proceeds**	10666.0	51.6	13103.1	50.5	2437.1
Transportation, of which	3074.7	14.9	3652.5	14.1	577.8
Suez Canal dues	(2015.5)	(9.8)	(2511.3)	(9.7)	(495.8)
Travel	4288.8	20.8	5580.4	21.5	1291.6
Investment income	1410.9	6.8	1675.2	6.5	264.3
Government receipts	47.2	0.2	77.5	0.3	30.3
Others	1175.4	5.7	1855.6	7.1	680.2
Payments	21681.3	100.0	30418.1	100.0	8736.8
Import payments**	17257.6	79.6	24372.0	80.1	7114.4
Transportation	565.5	2.6	834.5	2.8	269.0
Travel	968.9	4.5	1497.2	4.9	528.3
Investment income, of which	979.2	4.5	953.8	3.1	(25.4)
Interest paid	(300.1)	(1.4)	(339.6)	(1.1)	(39.5)
Government expenditures	591.3	2.7	650.1	2.1	58.8
Others	1318.8	6.1	2110.5	7.0	791.7
Transfers	2967.3	100.0	4228.1	100.0	1260.8
Private (net)	2725.3	91.8	4022.4	95.1	1297.1
Official (net)	242.0	8.2	205.7	4.9	(36.3)

* Provisional

** Including exports & imports of free zones.

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

(US\$ mn)

	July/December	
	2006/2007*	2007/2008*
	Value	Value
<u>Capital & Financial Account</u>	<u>-439.6</u>	<u>3150.2</u>
<u>Capital Account</u>	<u>-38.3</u>	<u>2.6</u>
<u>Financial Account</u>	<u>-401.3</u>	<u>3147.6</u>
Direct investment abroad	-68.0	-197.2
Direct investment in Egypt (Net) **	7244.6	7769.5
Portfolio investments abroad (Net)	-321.8	-610.7
Portfolio investments in Egypt (Net), of which :	56.9	-1733.9
Bonds	-420.5	918.8
Other investments (Net)	-7313.0	-2080.1
<u>Net Borrowing</u>	<u>454.6</u>	<u>241.1</u>
Medium- and Long-Term Loans	-519.0	-517.1
Drawings	152.7	282.5
Repayments	-671.7	-799.6
Medium-Term Suppliers' Credit	-153.7	-103.5
Drawings	14.4	6.2
Repayments	-168.1	-109.7
Short-Term Suppliers' Credit (Net)	1127.3	861.7
<u>Other Assets</u>	<u>-7964.4</u>	<u>-2692.2</u>
CBE	-146.5	-31.8
Banks	-6796.3	-1481.0
Others	-1021.6	-1179.4
<u>Other Liabilities</u>	<u>196.8</u>	<u>371.0</u>
CBE	6.2	5.9
Banks	190.6	365.1
<u>Net Errors & Omissions</u>	<u>1396.4</u>	<u>182.0</u>
<u>Overall Balance</u>	<u>2905.8</u>	<u>3086.5</u>
<u>Change in Reserve Assets, Increase (-)</u>	<u>-2905.8</u>	<u>-3086.5</u>

Source: CBE.

* Provisional.

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

(5/2) Exports by Degree of Processing *

(US\$ mn)

	July/ Dec				Change(-)
	2006/2007		2007/2008 **		
	value	%	value	%	
Total ***	<u>10666.0</u>	<u>100.0</u>	<u>13103.1</u>	<u>100.0</u>	<u>2437.1</u>
<u>Fuels, Mineral Oils & Products</u>	<u>5127.3</u>	<u>48.1</u>	<u>6166.4</u>	<u>47.1</u>	<u>1039.1</u>
Crude oil	1712.8	16.1	2104.9	16.1	392.1
Petroleum products ****	3343.7	31.3	3916.6	29.9	572.9
Coal & types thereof	20.2	0.2	68.4	0.5	48.2
Other	50.6	0.5	76.5	0.6	25.9
<u>Raw Materials</u>	<u>278.6</u>	<u>2.6</u>	<u>469.7</u>	<u>3.6</u>	<u>191.1</u>
Cotton	36.9	0.4	71.9	0.5	35.0
Potatoes	2.3	0.0	22.5	0.2	20.2
Edible fruits & nuts	15.1	0.2	32.8	0.3	17.7
Oil seeds & oleaginous fruits, medicinal plants & plants for manufacturing	56.9	0.5	32.5	0.2	(24.4)
Iron, ore	34.8	0.3	8.6	0.1	(26.2)
Citrus fruits	7.3	0.1	12.2	0.1	4.9
Raw hides & tanned leather	12.7	0.1	18.2	0.1	5.5
Flax, raw	1.5	0.0	1.8	0.0	0.3
Edible vegetables, roots & tubers	44.7	0.4	112.6	0.9	67.9
Other	66.4	0.6	156.6	1.2	90.2
<u>Semi-finished Goods</u>	<u>837.2</u>	<u>7.9</u>	<u>880.2</u>	<u>6.7</u>	<u>43.0</u>
Carbon	13.1	0.1	38.4	0.3	25.3
Essential oils & resins	5.5	0.1	2.2	0.0	(3.3)

(5/2) Exports by Degree of Processing * (Contd.)

	(US\$ mn)				
	July/Dec				Change(-)
	2006/2007		2007/2008 **		
	value	%	value	%	
Cotton yarn	49.7	0.5	52.9	0.4	3.2
Aluminium, unalloyed	145.6	1.4	43.6	0.3	(102.0)
Animal & vegetable fats, greases & oils & products	42.6	0.4	26.8	0.2	(15.8)
Molasses	6.4	0.1	6.2	0.0	(0.2)
Organic & inorganic chemicals	124.1	1.1	218.2	1.7	94.1
Cast iron & semi-finished products & rolled iron	350.9	3.3	347.3	2.7	(3.6)
Leather, tanned	29.9	0.3	25.6	0.2	(4.3)
Tanning or dyeing extracts	13.4	0.1	48.4	0.4	35.0
Plastic & articles thereof	51.1	0.5	65.9	0.5	14.8
Other	4.9	0.0	4.7	0.0	(0.2)
Finished Goods	3565.8	33.4	5213.1	39.8	1647.3
Milk & condensed cream	15.9	0.1	11.0	0.1	(4.9)
Dried onion	1.7	0.0	3.3	0.0	1.6
Rice	57.2	0.5	79.6	0.6	22.4
Vegetable & fruit preparations	13.3	0.1	16.8	0.1	3.5
Miscellaneous edible preparations	185.0	1.7	250.8	1.9	65.8
Manufactured tobacco and tobacco substitutes	21.6	0.2	22.7	0.2	1.1
Sugar and its products	10.1	0.1	9.8	0.1	(0.3)
Pharmaceuticals	104.4	1.0	283.2	2.2	178.8
Fertilizers	183.0	1.7	137.5	1.0	(45.5)
Cement	78.4	0.7	405.6	3.1	327.2

(5/2) Exports by Degree of Processing * (Contd.)

(US\$ mn)

	July/Dec				Change(-)
	2006/2007		2007/2008 **		
	value	%	value	%	
Extracts of essential oils & resins	49.6	0.5	49.0	0.4	(0.6)
Leather products	9.7	0.1	12.3	0.1	2.6
Rubber & articles	7.4	0.1	32.3	0.2	24.9
Paper, cardboard paper & articles thereof	41.2	0.4	97.1	0.7	55.9
Ceramic products	51.8	0.5	87.3	0.7	35.5
Cars, bicycles & tractors	87.3	0.8	196.1	1.5	108.8
Cotton textiles	103.0	1.0	157.3	1.2	54.3
Carpets & other floor coverings	69.6	0.7	73.8	0.6	4.2
Shoes & accessories	1.5	0.0	0.3	0.0	(1.2)
Ready-made clothes	204.9	1.9	222.5	1.7	17.6
Glass & glassware	96.2	0.9	109.6	0.8	13.4
Copper & articles	2.4	0.0	37.1	0.3	34.7
Aluminium & articles	41.3	0.4	242.3	1.8	201.0
Articles of iron and steel	435.5	4.1	329.5	2.5	(106.0)
Wood & articles thereof and charcoal	36.7	0.3	7.6	0.1	(29.1)
Marble & granite	29.6	0.3	34.3	0.3	4.7
Articles of base metals	212.3	2.0	288.1	2.2	75.8
Optical appliances	39.1	0.4	12.0	0.1	(27.1)
Electric machines & appliances, recorders & T.V sets and their accessories	311.8	2.9	324.3	2.5	12.5
Other	1064.3	10.0	1680.0	12.8	615.7
Miscellaneous Goods (Undistributed)	857.1	8.0	373.7	2.8	(483.4)

Source: Central Bank of Egypt.

* According to the Harmonized System.

** Provisional.

*** Including exports of free zones.

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

(5/3) Imports by Degree of Use *

(US\$ mn)

	July /Dec				Change(-)
	2006/2007		2007/2008 **		
	Value	%	Value	%	
<u>Total ***</u>	<u>17257.6</u>	<u>100.0</u>	<u>24372.0</u>	<u>100.0</u>	<u>7114.4</u>
<u>Fuels, Mineral Oils & Products</u>	<u>1125.6</u>	<u>6.5</u>	<u>2333.7</u>	<u>9.6</u>	<u>1208.1</u>
Petroleum products ****	1067.3	6.2	2023.8	8.3	956.5
Coal & types thereof	42.4	0.2	34.2	0.2	(8.2)
Other	15.9	0.1	275.7	1.1	259.8
<u>Raw Materials</u>	<u>2917.2</u>	<u>16.9</u>	<u>4571.4</u>	<u>18.7</u>	<u>1654.2</u>
Crude oil	996.2	5.8	2284.4	9.4	1288.2
Wheat	598.3	3.4	844.5	3.5	246.2
Maize	220.3	1.3	346.4	1.4	126.1
Tobacco	104.1	0.6	122.4	0.5	18.3
Metal ores	158.2	0.9	371.0	1.5	212.8
Iron, ore	132.5	0.8	76.7	0.3	(55.8)
Seeds & oleaginous seeds	30.3	0.2	112.1	0.5	81.8
Cotton	66.8	0.4	33.6	0.1	(33.2)
Other	610.5	3.5	380.3	1.5	(230.2)
<u>Intermediate Goods</u>	<u>4540.0</u>	<u>26.3</u>	<u>6547.1</u>	<u>26.9</u>	<u>2007.1</u>
Sugar, raw	52.4	0.3	93.8	0.4	41.4
Animal and vegetable fats, greases & oils and products	335.6	1.9	461.0	1.9	125.4
Cement	3.6	0.0	219.9	0.9	216.3
Organic & inorganic chemicals	515.5	2.9	1076.3	4.4	560.8
Fertilizers	28.1	0.2	36.4	0.2	8.3
Tanning & dyeing extracts	56.1	0.3	104.0	0.4	47.9
Essential oils & resins	30.6	0.2	18.9	0.1	(11.7)
Plastic & articles thereof	416.5	2.4	613.2	2.5	196.7

(5/3) Imports by Degree of Use* (Contd.)

(US\$ mn)

	July/ Dec				Change(-)
	2006/2007		2007/2008 **		
	Value	%	Value	%	
Wood & articles thereof	272.2	1.6	403.8	1.7	131.6
Paper, cardboard paper & articles thereof	253.7	1.5	449.7	1.8	196.0
Cotton textiles	71.5	0.4	84.0	0.4	12.5
Synthetic fibers	148.4	0.9	154.0	0.6	5.6
Ceramic products	66.1	0.4	148.5	0.6	82.4
Glass & articles	32.3	0.2	63.0	0.3	30.7
Iron & steel products	792.4	4.6	1429.9	5.9	637.5
Copper & articles	55.1	0.3	126.9	0.5	71.8
Rubber & articles	115.2	0.7	130.9	0.5	15.7
Aluminium & articles	178.1	1.0	213.9	0.9	35.8
Articles of base metals	72.2	0.4	100.6	0.4	28.4
Other	1044.4	6.1	618.4	2.5	(426.0)
<u>Investment Goods</u>	<u>4348.0</u>	<u>25.2</u>	<u>5621.2</u>	<u>23.0</u>	<u>1273.2</u>
Pumps, fans & parts thereof	76.9	0.5	281.3	1.1	204.4
Machines and apparatus for ginning and spinning & parts thereof	42.0	0.2	31.9	0.1	(10.1)
Computers	104.3	0.6	278.2	1.1	173.9
Motors, generators, transformers & parts thereof	136.5	0.8	208.2	0.8	71.7
Parts of railway and tramway locomotives or rolling stock equipment	15.5	0.1	30.9	0.1	15.4
Tractors	17.2	0.1	28.3	0.1	11.1
Vehicles for transport of passengers	9.5	0.1	14.6	0.1	5.1
Vehicles for transport of goods	16.5	0.1	24.4	0.1	7.9
Parts & accessories of motor vehicles	376.4	2.2	649.6	2.7	273.2

(5/3) Imports by Degree of Use* (Contd.)

(US\$ mn)

	July/ Dec				Change(-)
	2006/2007		2007/2008 **		
	Value	%	Value	%	
Tools, implements, cutlery & spoons	72.8	0.4	94.1	0.4	21.3
Air conditioners	46.0	0.3	86.2	0.4	40.2
Cranes and bulldozers & parts thereof	67.7	0.4	490.7	2.0	423.0
Agricultural machinery	34.1	0.2	38.8	0.2	4.7
Printing machinery & parts	29.3	0.2	30.2	0.1	0.9
Electric appliances for telephones & telegraph	129.4	0.7	430.7	1.8	301.3
Optical appliances	129.1	0.7	187.0	0.8	57.9
Other	3044.8	17.6	2716.1	11.1	(328.7)
<u>Consumer Goods</u>	<u>2354.7</u>	<u>13.7</u>	<u>3989.6</u>	<u>16.4</u>	<u>1634.9</u>
<u>A - Durable Goods</u>	<u>632.5</u>	<u>3.7</u>	<u>1082.4</u>	<u>4.5</u>	<u>449.9</u>
Household refrigerators & electric freezers	36.0	0.2	66.8	0.3	30.8
Televisions & parts thereof	19.6	0.1	31.7	0.1	12.1
Vehicles for transport of persons	237.0	1.4	505.8	2.1	268.8
Household electric-motor appliances	79.5	0.5	144.1	0.6	64.6
Other	260.4	1.5	334.0	1.4	73.6
<u>B - Non-durable Goods</u>	<u>1722.2</u>	<u>10.0</u>	<u>2907.2</u>	<u>11.9</u>	<u>1185.0</u>
Meat and edible offals	255.2	1.5	268.2	1.1	13.0
Fish, crustaceans, molluscs and others	51.9	0.3	71.7	0.3	19.8
Dairy products, eggs, poultry and honey	56.2	0.3	129.9	0.5	73.7
Edible vegetables, roots & tubers	50.8	0.3	71.0	0.3	20.2
Tea	44.3	0.3	95.3	0.4	51.0

(5/3) Imports by Degree of Use* (Contd.)

(US\$ mn)

	July/ Dec				Change(-)
	2006/2007		2007/2008 **		
	Value	%	Value	%	
Miscellaneous edible preparations	109.6	0.6	320.2	1.3	210.6
Pharmaceuticals	368.9	2.1	664.4	2.7	295.5
Insecticides	14.6	0.1	11.0	0.0	(3.6)
Residues of foodstuff industries & animal fodder	73.7	0.4	114.5	0.5	40.8
Live animals	11.0	0.1	16.7	0.1	5.7
Ready-made clothes	158.4	0.9	356.5	1.5	198.1
Cotton textiles	51.9	0.3	76.3	0.3	24.4
Refined sugar and products	34.6	0.2	29.6	0.1	(5.0)
Lentils	11.7	0.1	22.6	0.1	10.9
Soap, detergents & artificial wax	27.9	0.2	76.6	0.3	48.7
Other	401.5	2.3	582.7	2.4	181.2
Miscellaneous Goods (Undistributed)	1972.1	11.4	1309.0	5.4	(663.1)

Source: Central Bank of Egypt.

* According to the Harmonized System.

** Provisional.

*** Including imports of free zones, and commodity grants & loans.

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

(5/4) Regional Distribution of Exports and Imports

(US\$ mn)

	July/ Dec.					
	Export Proceeds		Import Payments *		Trade Balance	
	2006/2007	2007/2008 **	2006/2007	2007/2008 **	2006/2007	2007/2008 **
Total ***	<u>10666.0</u>	<u>13103.1</u>	<u>17257.6</u>	<u>24372.0</u>	<u>(6591.6)</u>	<u>(11268.9)</u>
European Union	3795.1	4254.0	6368.7	8155.7	(2573.6)	(3901.7)
Other European countries	494.0	665.8	1337.6	1879.5	(843.6)	(1213.7)
Russian Federation & C.I.S	57.7	81.4	337.5	657.7	(279.8)	(576.3)
United States of America	3108.8	4180.3	3732.7	4936.7	(623.9)	(756.4)
Arab countries	1442.0	1622.2	1509.3	2383.2	(67.3)	(761.0)
Asian countries (Non Arab)	1352.2	1895.0	2802.8	4547.8	(1450.6)	(2652.8)
African countries (Non Arab)	140.0	176.8	148.7	172.1	(8.7)	4.7
Australia	16.6	9.5	62.8	86.4	(46.2)	(76.9)
Other countries & regions	259.6	218.1	957.5	1552.9	(697.9)	(1334.8)

Source: Central Bank of Egypt

* Including commodity grants and loans.

** Provisional.

*** Including exports & imports of free zones.

(5/5) Average Foreign Exchange Rates against Currencies

(In piasters per foreign currency unit)

End of	June 2007		December 2007	
First: Interbank US\$ Rates				
Minimum	569.64		551.00	
Maximum	569.68		552.01	
Weighted average	569.67		551.45	
Second: Market Rates	Buy	Sell	Buy	Sell
US Dollar	568.92	570.73	550.38	553.12
Euro	766.17	768.72	810.55	814.69
Pound Sterling	1139.09	1142.78	1103.24	1109.01
Swiss Franc	463.18	464.77	489.53	492.19
100 Japanese Yens	462.69	464.28	491.06	493.68
Saudi Riyal	151.66	152.19	146.69	147.53
Kuwaiti Dinar	1974.32	1981.30	2014.57	2026.08
UAE Dirham	154.89	155.40	149.84	150.63
Chinese Yuan			75.35	75.73

Source : Central Bank of Egypt

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

(5/6) External Debt

End of	(US\$ mn)					
	June 2007*		Dec. 2007 *		Change (-)	
	Value	%	Value	%	Value	%
<u>Total External Debt</u> **	<u>29898.0</u>	<u>100.0</u>	<u>32840.2</u>	<u>100.0</u>	<u>2942.2</u>	<u>9.8</u>
1- Medium- and long-term debt :	28448.5	95.1	30605.2	93.2	2156.7	7.6
Rescheduled bilateral debt ⁺	14846.5	49.6	15299.6	46.6	453.1	3.1
ODA	7396.5	24.7	7637.9	23.3	241.4	3.3
Non-ODA	7450.0	24.9	7661.7	23.3	211.7	2.8
Other bilateral debt	4346.0	14.5	4607.7	14.1	261.7	6.0
Paris club countries	3630.1	12.1	3833.5	11.7	203.4	5.6
Other countries	715.9	2.4	774.2	2.4	58.3	8.1
Suppliers' & buyers' credit	6815.2	22.8	7244.9	22.1	429.7	6.3
International Institutions	791.6	2.6	783.5	2.4	(8.1)	(1.0)
Egyptian bonds and notes	1570.3	5.3	2646.0	7.9	1075.7	68.5
Private sector debt (Non-guaranteed)	78.9	0.3	23.5	0.1	(55.4)	(70.2)
2- Short-term debt :	1449.5	4.9	2235.0	6.8	785.5	54.2
Deposits	536.0	1.8	1008.5	3.1	472.5	88.2
Other facilities	913.5	3.1	1226.5	3.7	313.0	34.3

Source: Loans & External Debt Department- CBE

* Provisional.

** The difference from World Bank data is in short-term debt.

+ According to the agreement signed with Paris Club countries on 25/5/1991.

(5/7) Distribution of External Debt by Main Currencies

End of	(US\$ mn)				
	June 2007 *		December 2007 *		Change (-)
	Value	%	Value	%	
Total	<u>29898.0</u>	<u>100.0</u>	<u>32840.2</u>	<u>100.0</u>	<u>2942.2</u>
US dollar **	12453.0	41.6	13051.2	39.7	598.2
Canadian dollar	167.0	0.5	177.0	0.6	10.0
Australian dollar	139.0	0.5	140.0	0.4	1.0
Swiss franc	526.0	1.8	556.0	1.7	30.0
Sterling pound	260.0	0.9	254.0	0.8	(6.0)
Japanese yen	3200.0	10.7	3383.0	10.3	183.0
Danish krone	146.0	0.5	155.0	0.5	9.0
Norwegian krone	1.0	0.0	1.0	0.0	0.0
Swedish krona	37.0	0.1	38.0	0.1	1.0
Kuwaiti dinar	1601.0	5.4	1724.0	5.2	123.0
Saudi riyal	31.0	0.1	31.0	0.1	0.0
UAE dirham	41.0	0.1	39.0	0.1	(2.0)
Euro	9793.0	32.8	10719.0	32.7	926.0
Egyptian Pound	0.0	0.0	1090.0	3.3	1090.0
SDRs	1503.0	5.0	1482.0	4.5	(21.0)

Source: Loans & External Debt Department- CBE

* Provisional.

** Including other liabilities in US dollar.