Central Bank of Egypt

Monetary Policy Report

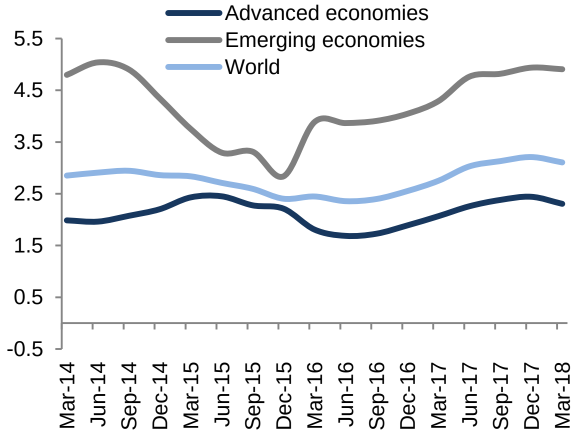
I / 2018

Disclaimer

The cut-off date for the data included in this report is May 17, 2018. Some of the data presented are preliminary or subject to revisions. There has been new incoming data since the cut-off date, including but not limited to the release of the inflation statistics for May, June and July 2018 and the Balance of Payments statistics for 2018 Q1, as well as updated domestic monetary aggregates and various data releases for Egypt's external environment. Furthermore, in its meetings held on June 28, 2018 and August 16, 2018 the Monetary Policy Committee decided to keep the Central Bank of Egypt's key policy rates unchanged. These and all other incoming data will be incorporated in the following Monetary Policy Report.

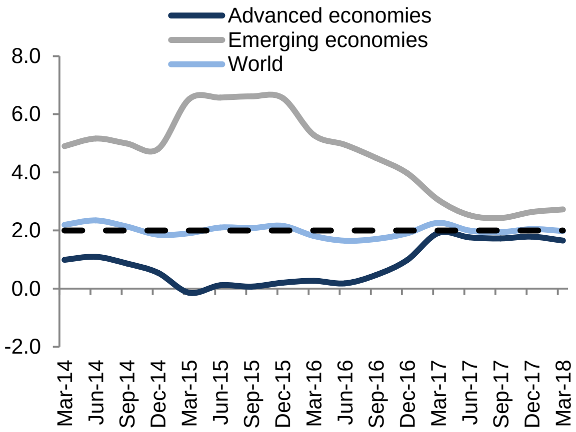
Table of Content

Figure 1
Economic Growth of Egypt's External Environment 1/
(in %, y/y)



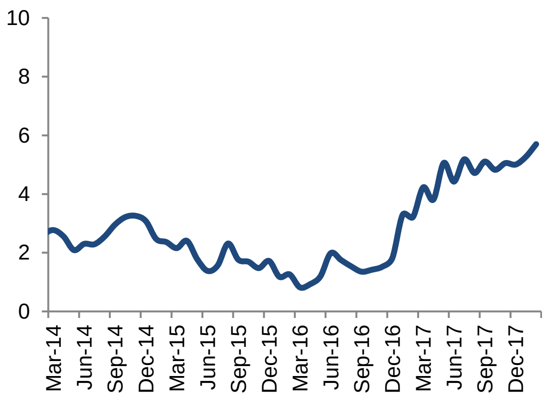
Source: Bloomberg & Central Bank of Egypt calculations.
1/ The series is weighted using Egypt's trade volume in 2015/16.

Figure 2
Headline Inflation of Egypt's External Environment 1/
(in %, y/y)



Source: Bloomberg & Central Bank of Egypt calculations. 1/ The series is weighted using Egypt's trade volume in 2015/16.

Figure 3
World Trade Growth
(in %, y/y, three month moving average)



Source: Netherlands Bureau of Statistics.

The Initial Conditions

a) The growth of global economic activity softened slightly. International oil prices rose and capital flew out from emerging markets.

Economic growth of Egypt's external environment softened slightly to 3.1% in 2018 Q1 after registering in 2017 Q4 the highest pace since 2011 at 3.2%.[1] Economic activity growth in advanced economies eased slightly to 2.3% in 2018 Q1 from 2.4% in 2017 Q4 as the slower growth in the euro area, the UK and Japan offset the stronger growth in the US. In emerging economies, economic growth in 2018 Q1 remained unchanged at 4.9% for the second consecutive quarter, after continuously improving since 2015 Q4. This was mainly due to a slightly slower growth in both Brazil and Russia, which was offset by a slightly higher growth in India, while growth in China remained unchanged in 2018 Q1 compared to the previous quarter.

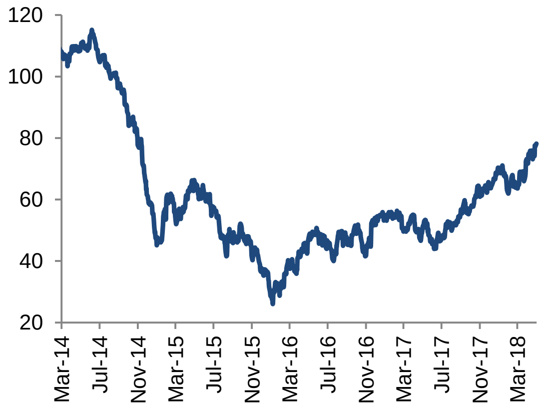
Meanwhile, headline inflation of Egypt's external environment inflation remained stable around 2.0% in 2018 Q1, as higher inflation in emerging economies was offset by lower inflation in advanced economies. Inflation in advanced economies decelerated slightly to 1.7% in 2018 Q1 from 1.8% in 2017 Q4, mainly due to a slight deceleration of the euro area and UK inflation rates despite the marginal increase in the US. Inflation rates in emerging economies continued to increase slightly in 2018 Q1 for the second consecutive quarter to record 2.7% compared to 2.4% in 2017 Q3. This increase came mostly on the back of China's inflation which rose to 2.2% in 2018 Q1 compared to 1.8% in 2017 Q4.

Global trade growth accelerated in January and February 2018, registering the fastest pace since 2011 Q1. Nevertheless, the recent trade policy developments in the US and the pace of monetary policy normalization in advanced economies represent risks to global trade outlook.

Brent crude oil prices continued to rise from an average

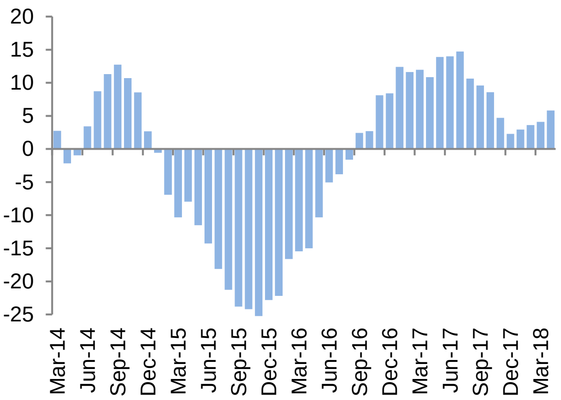
[1] 2018 Q1 data for Brazil and India is based on Bloomberg composite forecasts.

Figure 4
International Oil Prices
(USD per barrel)



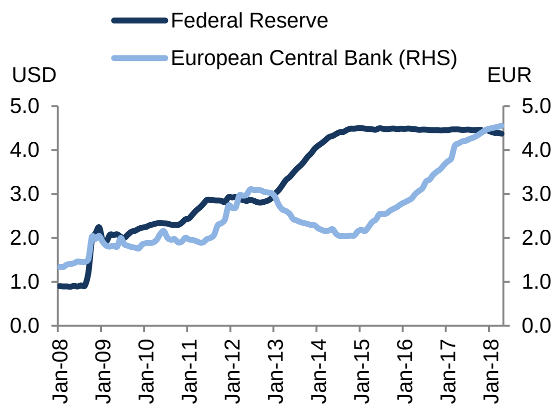
Source: Energy Information Agency.

Figure 5
International Food Prices
(in %, y/y, using domestic CPI basket weights of core food items)



Source: Central Bank of Egypt calulations, World Bank and Food and Agriculture Organization.

Figure 6
Total Assets of the Federal Reserve and the European Central Bank
(Total assets, in Trillions)



Source: Bloomberg and Central Bank of Egypt calculations.

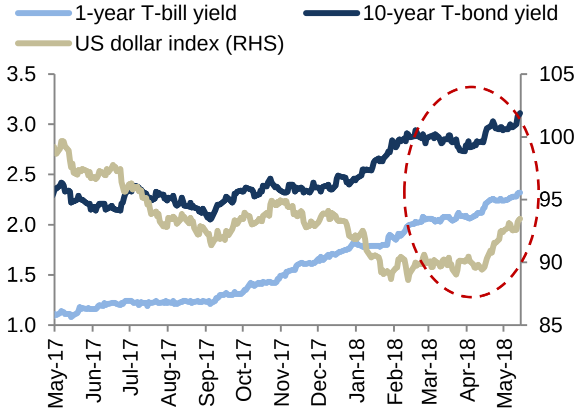
of 61.3 USD/bbl in 2017 Q4 to 66.9 USD/bbl in 2018 Q1 and to an average of 73.2 USD/bbl in April and May 2018[2]. The recent rally was mainly driven by the renewed commitment by the Organization of Petroleum Exporting Countries (OPEC) and the non-OPEC countries following their April 2018 meeting in Jeddah to maintain agreed production levels, and by the re-imposing of US sanctions on Iran in May 2018.

International food inflation, using domestic CPI basket weights of core food items, continued to accelerate on annual terms since January 2018, recording 5.8% in April 2018 with an average monthly increase of 1.8%. This comes after recording negative monthly changes between August and December 2017. Higher prices since January 2018 were mainly driven by higher prices of poultry, followed by dairy products and red meat. Higher prices of poultry were affected by lower production forecasts, while higher prices of dairy products reflected higher demand in addition to lower expected production in New Zealand. Meanwhile, higher prices of red meat were partly affected by a stronger demand from Asian markets.

In their monetary policy meetings during April and May 2018, the Federal Reserve, the European Central Bank as well as the Bank of England kept their policy stance unchanged. The Federal Reserve maintained its balance sheet unwinding plan which started in October 2017, slowing down the amount of government debt it reinvests. It is expected to raise policy rates three more times during 2018. Meanwhile, the European Central Bank expects interest rates to remain at their present levels for an extended period of time, and beyond the phase out of the asset purchases program, which began by halving the monthly purchases since January 2018. The Bank of England refrained from hiking its policy rate in May mainly due to softer than expected data on growth and inflation in 2018 Q1, meanwhile it maintained its asset purchases pace unchanged.

[2] Average period between April 1st and 14th May, 2018.

Figure 7
US Treasury Yield and the Dollar Index
(in % unless otherwise specified)



Source: Central Bank of Egypt calculations.

US yields continued to increase due to higher supply of US treasuries, the unwinding of the Federal Reserve balance sheet and higher inflation expectations. Meanwhile, the US dollar started to appreciate on average since March 2018 against major currencies. This was supported by weaker growth data for the euro area and UK in 2018 Q1.

Rising US yields combined with a stronger US dollar triggered large capital outflows from emerging economies during April and May 2018, notably from Argentina and Turkey. Furthermore, emerging economies remain at risk of further capital outflows as trade conflict between the US and China could weaken emerging economies' fundamentals as a result of potential disruptions to supply chains.

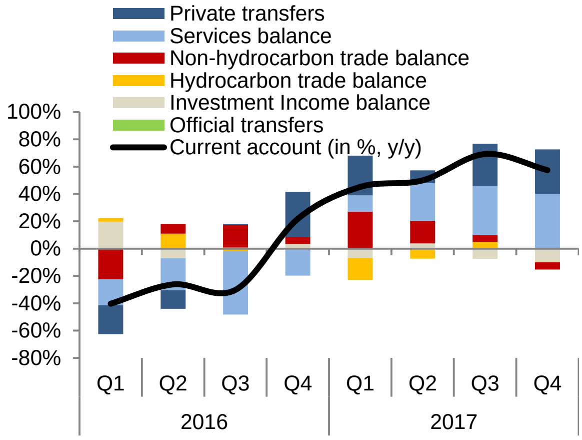
The currencies of Egypt's main trading partners have been continuously depreciating against the US dollar since March 2018, which led Egypt's nominal effective exchange rate to continue appreciating against trading partner currencies, given the relatively weak depreciation of the Egyptian pound against the US dollar.

The nominal effective exchange rate appreciation coincided with the rising inflation differential between Egypt and its main trading partners since March 2018, due to the increase in domestic inflation. As a result, the REER appreciated in March and April 2018. This contributed to the softening of the annual REER depreciation which started since 2017 Q2, turning into an annual appreciation in 2018 Q1.

b) The external balance continued to benefit from increased competitiveness and the liberalized exchange rate system.

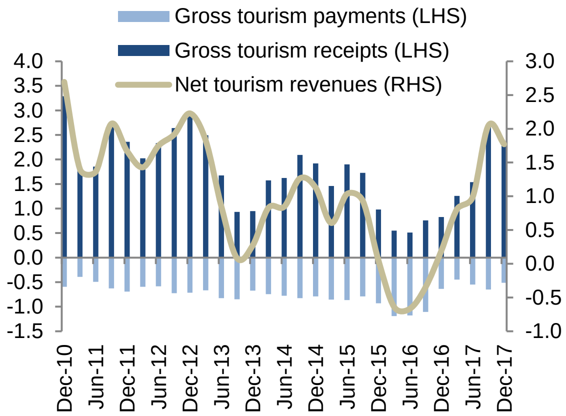
Increased competitiveness as measured by the annual REER depreciation and the recovery of economic activity of Egypt's trading partners supported the reduction of the current account deficit in 2017 by USD 11.0 billion or by 55% compared to the previous year. The net exports of goods and services deficit narrowed, remittances rose,

Figure 8
Contribution to the Current Account
(in p.p., y/y unless otherwise specified)



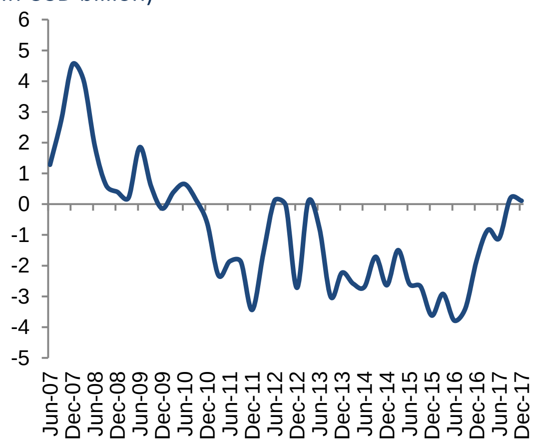
Source: Central Bank of Egypt.

Figure 9
Tourism Receipts and Payments
(in USD billion)



Source: Central Bank of Egypt.

Figure 10
Difference between Foreign Direct Investments (net) and the Current Account Excluding Official Transfers
(In USD billion)



Source: Central Bank of Egypt.

while the net income deficit widened.

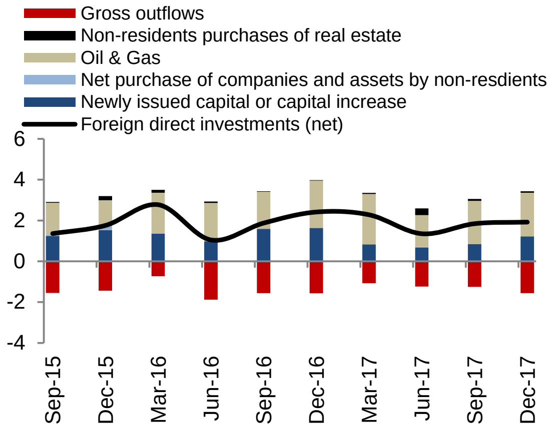
The increase in exports of goods and services was higher than the increase in imports. The non-hydrocarbon trade deficit declined due to higher exports and lower imports by roughly the same magnitude. The services surplus rose on account of higher tourist receipts, while the hydrocarbon trade deficit widened in line with higher oil prices, which led to a higher deficit in petroleum products trade.

Nevertheless, the annual pace of improvement of the current account declined slightly in 2017 Q4 after continuously accelerating for four consecutive quarters. This occurred despite strengthening contribution from net services receipts and remittances due to the weaker contribution from the hydrocarbon and non-hydrocarbon trade deficits, as well as from the net income deficit.

The non-hydrocarbon trade deficit increased compared to the previous year, after witnessing a gradual slowdown in its annual improvement since 2017 Q2 in line with the slower annual REER depreciation. Imports rose mainly of intermediate goods, more than offsetting the continued strengthening of exports. Meanwhile, the hydrocarbon trade deficit stabilized in annual terms during 2017 Q4 after narrowing during the previous quarter, as the annual increase in crude trade surplus and the decline in natural gas imports offset the higher deficit of petroleum products trade in line with international oil price developments.

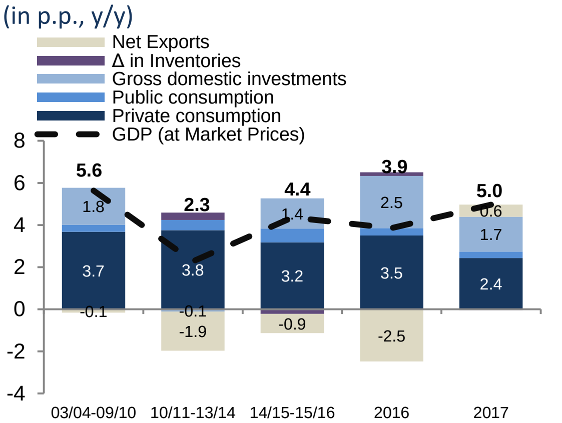
On the other hand, the pace of annual improvement in the services balance continued to increase in 2017 Q4 for the fifth consecutive quarter, despite somewhat weaker momentum in the tourism sector. This was mainly driven by a lower other services deficit and higher net receipts from Suez Canal and other transportation services.
Despite the annual drop in net FDI inflows during 2017 Q4, net FDIs have been increasingly covering the current account deficit excluding grants since 2016 Q3, turning the difference into a surplus for the second consecutive quarter in 2017 Q4, after recording deficits since 2013 Q2. Meanwhile, net portfolio inflows weakened during

Figure 11
Foreign Direct Investments by Sector
(in USD billion)



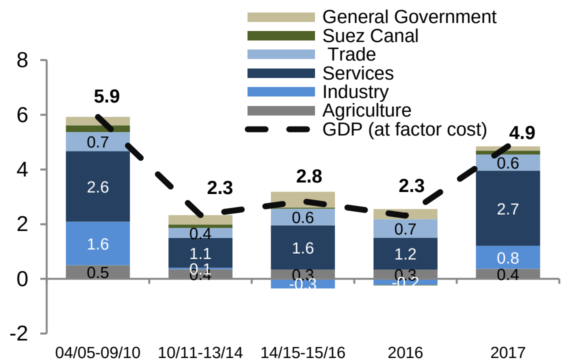
Source: Central Bank of Egypt.

Figure 12
Contribution to Real GDP Growth by Expenditure
(in p.p., y/y)



Source: Ministry of Planning, Follow-up and Administrative Reform.

Figure 13
Contribution to Real GDP Growth by Sector
(in p.p., y/y)



Source: Ministry of Planning, Follow-up and Administrative Reform.

2017 Q4 before regaining momentum in 2018 Q1, supported by net portfolio inflows excluding bonds as well as the issuance of USD 4.0 billion Eurobonds in February 2018.

The policy of no intervention in the foreign exchange market preserved the CBE's foreign assets, leading gross international reserves to record USD44.0 billion in April 2018, the highest on record. As a result, the ratio of gross international reserves to total external debt in 2018 Q1 continued to improve and is estimated to record the highest in six years.

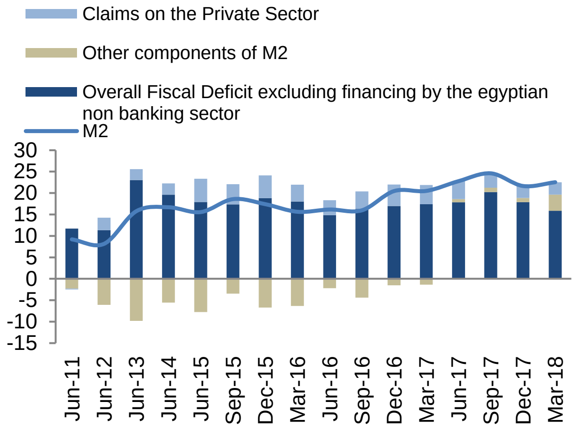
c) Economic activity continued to strengthen.

Real GDP growth at market prices continued to increase for the fifth consecutive quarter during 2017 Q4 to record 5.3% and an average of 5.0% during 2017, the fastest pace since 2010. Real GDP growth further increased during 2018 Q1, registering a preliminary estimate of 5.4%. Strengthening economic activity coincided with the drop in the unemployment rate to 10.6% in 2018 Q1, the lowest rate since 2010 Q4.

The pick-up of net external demand due to more competitive exchange rates followed by higher public domestic demand, primarily arising from public investments, were the main drivers of the strengthening economic activity in 2017 compared to 2016. This improvement has more than offset the weaker private domestic demand.

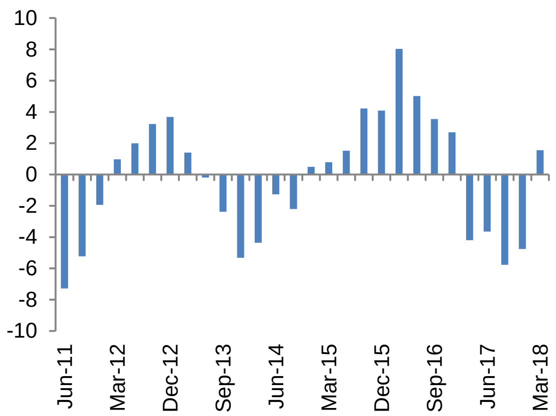
Key sectors that contributed to the strengthening economic activity are tourism and natural gas extractions. In 2017, tourism and natural gas extractions grew by 66.0% and 12.0%, compared to negative 36.8% and negative 5.3% in 2016, respectively. The improvement in the petroleum manufacturing sector as well as Suez Canal further supported real GDP growth in 2017. However, the contribution to real GDP growth remained relatively diversified across all sectors and the private sector accounted for 79% of real GDP growth at factor cost during 2017.

Figure 14
Contribution to M2 Growth
(in p.p., y/y)



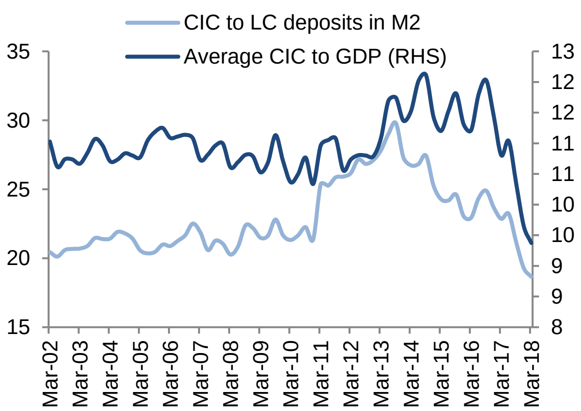
Source: Central Bank of Egypt.

Figure 15
Inflation Adjusted L/C Claims on the Private Sector
(in %, y/y, average of period)



Source: Central Bank of Egypt.

Figure 16
CIC Outside the Banking System[1/]
(in %)



Source: Central Bank of Egypt.
1/ Average CIC to four quarters rolling sum of GDP.

d) Broad money growth continued to ease supported by fiscal consolidation.[3]

Annual M2 growth continued to decline in 2018 Q1 for the second consecutive quarter to average 22.6% or 22.5% excluding revaluation, supported by fiscal consolidation. The contribution of foreign non-bank and external financing increased in 2018 Q1 in line with higher net portfolio inflows and the Eurobond issuance, after declining in the previous quarter, partially offsetting the drop in the contribution of bank financing. Declining M2 growth also favorably coincided with annual changes of broad money velocity, which had turned positive since 2017 Q3 after contracting between 2013 Q2 and 2017 Q2, suggesting lower room for noninflationary money growth.

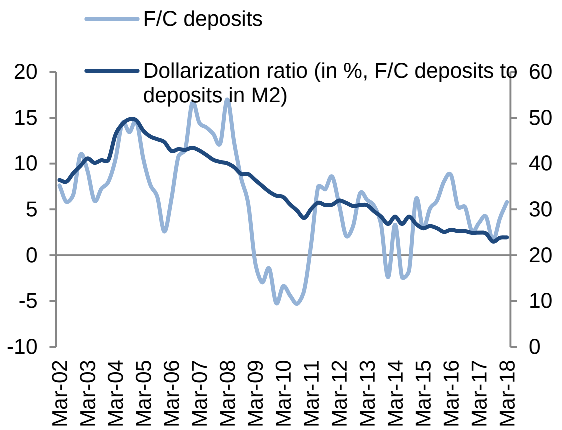
Meanwhile, the contribution of claims on the private sector to M2 growth has been generally declining since 2017 Q2. However, inflation adjusted L/C claims on the private sector began to witness annual increases during 2018 Q1, after recording annual contractions in 2017. This recovery was especially evident for claims on the private business sector, while claims on the household sector recovered by a relatively weaker magnitude. Moreover, the contribution from net claims on public economic authorities continued to increase in 2018 Q1 while the contribution from claims on public sector companies continued to decline.

Within the components of M2, CIC declined as a percent of GDP since the liberalization of the foreign exchange market and is expected to record 9.4% in 2018 Q1, the lowest on record. Similarly, the decline of CIC as a share of L/C deposits in M2 accelerated post the liberalization of the foreign exchange market to record in March 2018 the lowest on record. This suggests continued normalization of currency holding behavior.

While the annual growth of F/C deposits in USD has been relatively stable, the composition of private sector deposits continued to be increasingly leaning towards L/C. Moreover, the structure of private sector L/C deposits,

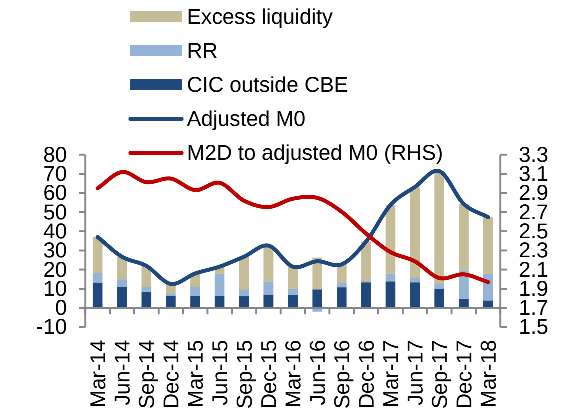
[3] All F/C components were recalculated excluding foreign exchange rate revaluation.

Figure 17
Developments of F/C Deposits
(in %, y/y, unless otherwise stated)



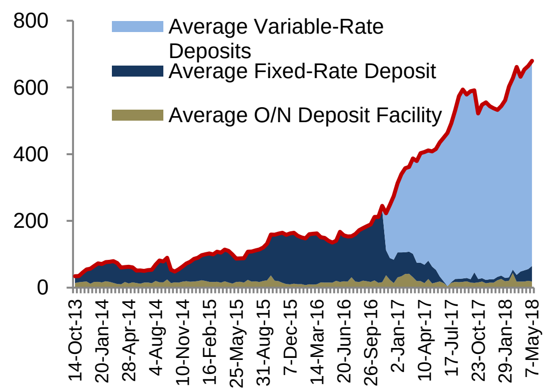
Source: Central Bank of Egypt.

Figure 18
Contribution to Adjusted M0 and the Money Multiplier [1/]
(in p.p., y/y unless otherwise stated)



Source: Central Bank of Egypt.
1/ M0 adjusted by total excess liquidity.

Figure 19
Excess Liquidity [1/]
(in EGP billion)



Source: Central Bank of Egypt.
1/ Excess liquidity is adjusted by O/N lending facility.

specifically household deposits, continued to be dominated by deposits less than three years since November 2016, after being dominated by deposits more than three years mainly due to the introduction of 1.5 year saving certificates at a higher rate compared to longer term certificates. In March 2018, however, monthly growth of deposits in longer term certificates began to outpace growth of deposits in certificates less than three years, given the relatively higher drop in the rates of short term certificates compared to the rates of longer term certificates following the CBE policy rate cut.

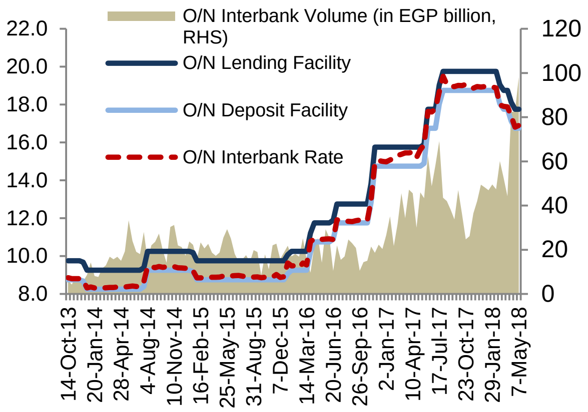
Annual growth of M0, adjusted by total excess liquidity, has been declining since 2017 Q4. This was supported by lower excess liquidity growth as defined above, driven by a drop in L/C government securities along with other CBE balance sheet items. Higher reserve requirements effective October 10th, 2017 due to the 400 bps increase of the required reserve ratio had a neutral effect on M0 as defined above.

The money multiplier, measured as the ratio between local currency component of broad money and M0 as defined above, remained broadly stable for the second consecutive quarter in 2018 Q1, following its decline between 2016 Q3 and 2017 Q3, as the narrowing of CIC as well as excess liquidity as a share of L/C deposits offset the effect of the higher required reserve ratio.

e) Real monetary conditions remained tight.

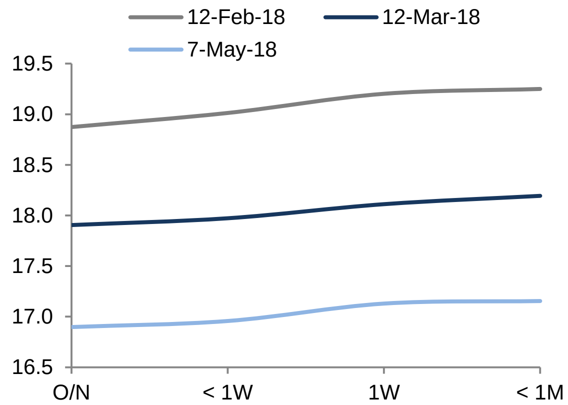
Real monetary conditions remained tight despite being impacted by potential future inflationary pressures from fiscal consolidation measures. This was backed by the previous policy rate increases, notwithstanding the cumulative 200 bps policy rate cuts since the beginning of 2018. Receding underlying inflationary pressures and the appreciation of the REER on average further supported tightening monetary conditions. Meanwhile, the transmission of the nominal policy rate cuts continued to be strong to nominal interest rates in the economy, except for rates of L/C government securities which were further impacted by weaker demand.

Figure 20
O/N Interbank and CBE Policy Rates
(in %, unless otherwise stated)



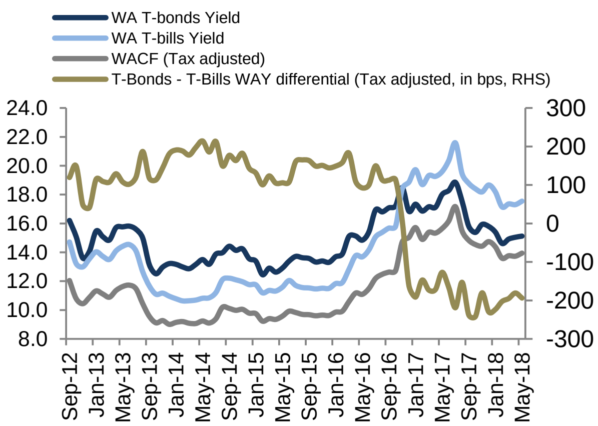
Source: Central Bank of Egypt.

Figure 21
Short-term Interbank Market Yield Curve
(in %, y/y)



Source: Central Bank of Egypt calculations.

Figure 22
Rates of the Treasury's L/C Marketable Securities[1/]
(in %, unless otherwise stated)



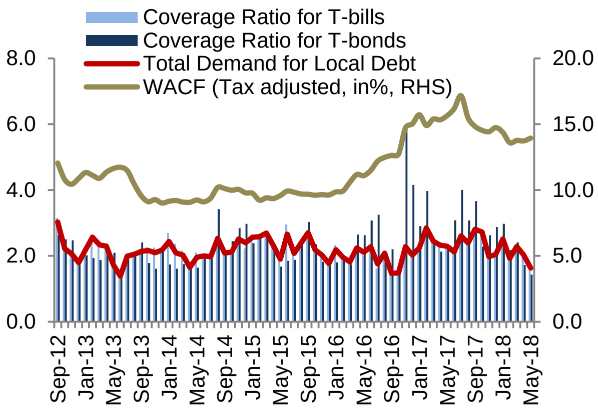
Source: Central Bank of Egypt calculations.
1/ Up to May 15, 2018.

After declining in December 2017, excess liquidity continued to increase since January 2018 to record on average EGP 679.3 billion (15.4% of GDP) during the maintenance period ending May 7, 2018. The absorption of excess liquidity over the short term rose mainly due to higher volumes in seven-day deposit auctions to record on average EGP 52.1 billion (1.2% of GDP and 8.0% of excess liquidity) since mid-February 2018, compared to EGP 27.5 billion (0.6% of GDP and 4.9% of excess liquidity) on average between July 2017 and mid-February 2018. Meanwhile, the effective maturity of liquidity-withdrawing operations greater than seven days continued to increase since March 2018 to average 49 days at the end of the first maintenance period in May, after stabilizing at around 18 days between October 2017 and February 2018.

Meanwhile, the interbank market yield curve shifted downwards, reflecting 100% transmission of the 200 bps policy rate cuts on February 15, 2018 and March 29, 2018. The effect of higher short term excess liquidity offset the effect of higher liquidity absorption tenors, leading to the stability of interbank rates spreads against the policy rate at around 30 bps, thereby maintain the spread since mid-August 2017. Nevertheless, activity in the interbank market rose significantly since April 2018.

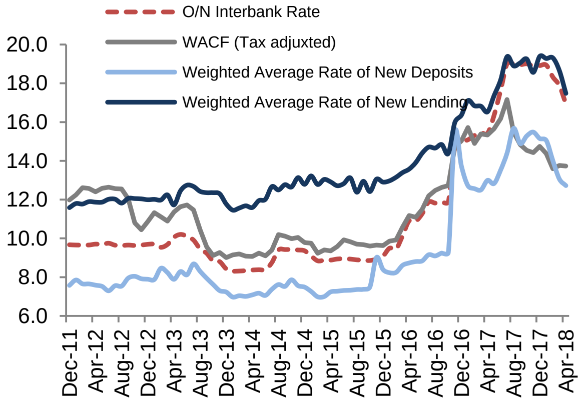
During the first three issuances in May 2018, yields for L/C government securities recorded 13.9% net of tax, relatively unchanged since February 2018, after being affected by the CBE's 100 bps policy rate cut in February 15, 2018. Lower demand for L/C government securities roughly offset the impact of the CBE's 100 bps policy rate cut in March 30, 2018. The coverage ratio declined to 1.8x on average during the issuances in April and the first three issuances in May 2018, compared to 2.3x on average during 2018 Q1 and 2017 Q4. Moreover, the increase in net external financing of the fiscal deficit contained the need for domestic financing, further supporting the stability of the weighted average rate of L/C government securities.

Figure 23
Local Debt Coverage Ratios[1/]
(in (x), unless otherwise stated)



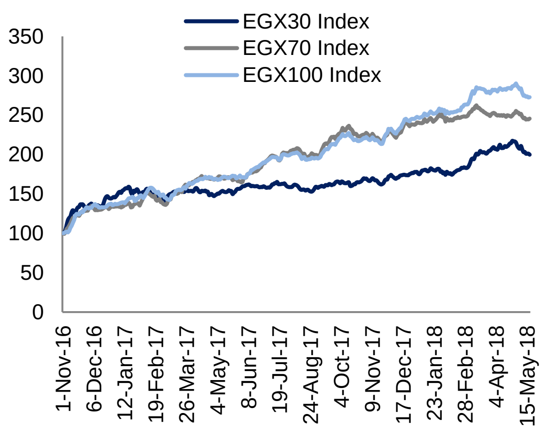
Source: Central Bank of Egypt calculations.
1/ Up to May 15, 2018.

Figure 24
Select Market Interest Rates[1/]
(in %)



Source: Central Bank of Egypt.
1/ Up to April 2018.

Figure 25
Stock Market Indices[1,2/]
(Index, November 1, 2016 = 100)



Source: Egyptian Stock Exchange and Central Bank of Egypt calculations.
1/ Equity performance calculated on EGP basis.
2/ Up to May 15, 2018.

Meanwhile, the yield curve remained inverted, slightly steepening in May after gradually flattening since November 2017. The recent minor widening of the negative spread between T-bond and T-bill yields was driven by lower demand for T-Bills, while the demand for T-Bonds remained broadly unchanged.

Eurobond yields continued to increase since March 2018, in line with increasing risk premium of emerging market economies and higher CDS spreads. Nevertheless, Egypt's CDS spreads remained relatively low compared to the majority of peers with similar sovereign credit rating. Furthermore, Egypt's credit rating was upgraded by S&P in May 2018.

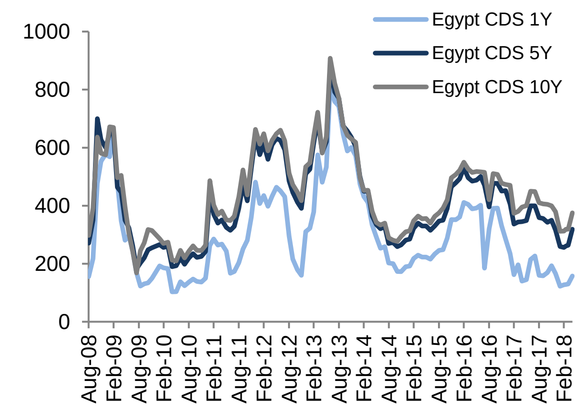
In the banking sector, both the rates for new deposits and new loans declined to record 12.3% and 18.0% in April 2018, respectively. Compared to the cumulative 200 bps policy rate cut in February and March 2018, the pricing of new deposit declined by 1.5x, while the pricing of new loans declined by 0.6x, leading interest margins to widen to 5.8 p.p., compared to 3.7 p.p. in 2017 Q4.

The strong response of deposit rates was mainly driven by public banks due to the shift of new deposits towards deposit schemes that are at a lower rate compared to the canceled saving certificates less than three years in mid-April 2018, mainly saving certificates greater than three years. On the other hand, private banks' pricing of new deposits declined by 2.0 p.p. (1.0x of the policy rate cuts).

Meanwhile, the weak response to new lending rates was also due to the weak reaction by public banks (0.2x the cumulative 200 bps policy rate cuts), whereas the pricing of private banks declined by 1.6 p.p. (0.8x the cumulative 200 bps policy rate cuts). The decline in new lending rates was mainly due to the drop in short-term business lending rates, followed by long-term business lending rates, while the transmission to the pricing of retail lending was weak.

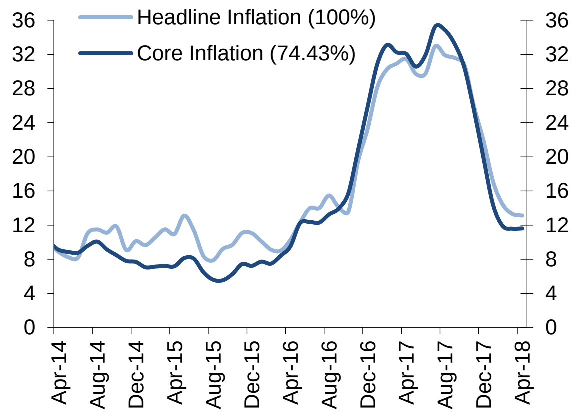
In equity markets, real prices were supported by the CBE's policy rate cut before being affected by the global

Figure 26
Egypt's CDS Spreads[1/]
(in bps, end of period)



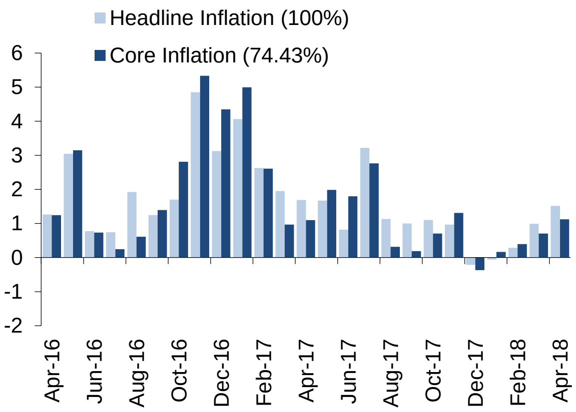
Source: Bloomberg.
1/ Up to May 15, 2018.

Figure 27
Headline and Core Inflation[1/]
(in %, y/y, weights in parenthesis)



Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt.
1/Core inflation is headline inflation excluding regulated and volatile food items.

Figure 28
Headline and Core Inflation
(in %, m/m, weights in parenthesis)



Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt.

emerging market sell-off in May 2018. In USD terms, the Egyptian stock exchange benchmark index rose by a cumulative 17.3% during March and April 2018 and declined by 2.9 percent during the first two weeks of May 2018. Meanwhile, unit prices in the real estate sector continued to increase in real terms during 2018 Q1, however, at a slower pace due to the increase in competition, while numerous developers continued to offer more flexible payment plans.

f) Annual inflation continued to decline.

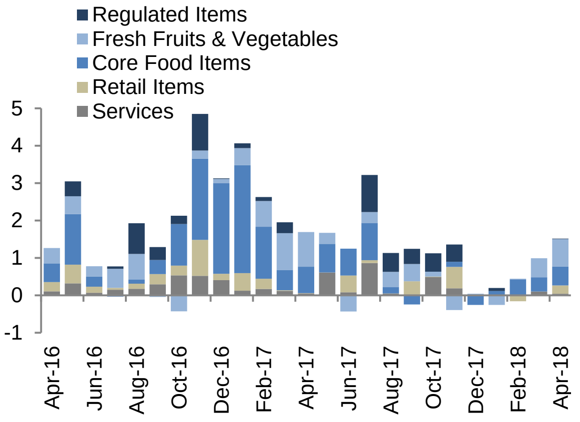
Annual headline inflation continued to decline, recording 13.1% in April 2018, after peaking in July 2017 at 33.0%. Core inflation continued to decline until March 2018 and remained broadly unchanged in April at 11.6%, after peaking in July 2017 at 35.3%. The headline and core annual rates thereby registered the lowest rates since May and April 2016, respectively.

The decline of annual rates came despite the pickup of monthly inflation during the first four months of 2018 in line with historical seasonal pattern. Monthly inflation mainly reflected higher food inflation, while non-food inflation has been largely tame since December 2017 with few exceptions reflecting seasonality. Specifically, retail prices experienced volatility in February and April 2018 due to seasonal effects on clothing, and prices of services rose in March 2018 because of higher prices of Omra trips.

Meanwhile, prices of regulated items didn’t contribute to monthly headline inflation since December 2017, except marginally in January and April 2018. Regulated items had contributed notably to headline inflation between July and November 2017, mainly due to subsidy reform measures as well as upward adjustments of other regulated items.

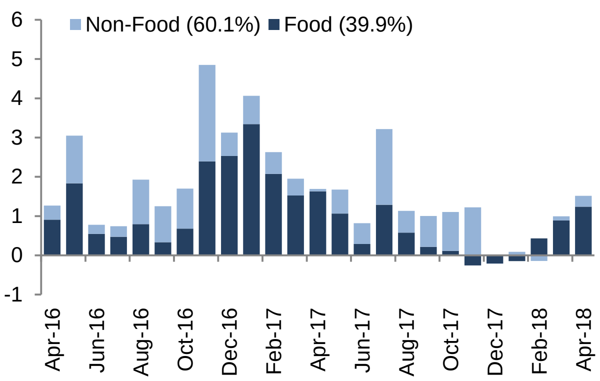
Food inflation was the main driver of monthly headline inflation since February 2018. This comes after resuming its downward path between August 2017 and October 2017 and recording consecutive negative rates between November 2017 and January 2018 for the first time since

Figure 29
Contribution to Headline Inflation
(in p.p., m/m)



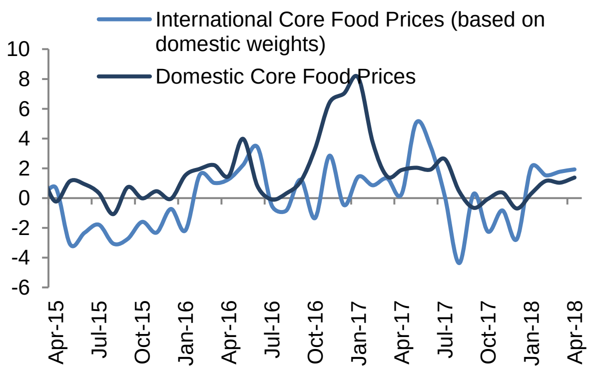
Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt.

Figure 30
Contribution to Headline Inflation
(in p.p., m/m)



Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt.

Figure 31
International vs. Domestic Core Food Prices
(in %, m/m, using domestic CPI basket weights)



Source: Central Agency for Public Mobilization and Statistics, Central Bank of Egypt, World Bank and Food and Agriculture Organization.

January 2016.

Despite relatively higher inflation of core food prices, food inflation was mainly driven by higher volatile food prices since August 2017 with the exception of November 2017, January and February 2018 where core food inflation took the lead. Seasonally higher prices of fresh vegetables were the main driver, while prices of fresh fruits have generally been stable since July 2017.

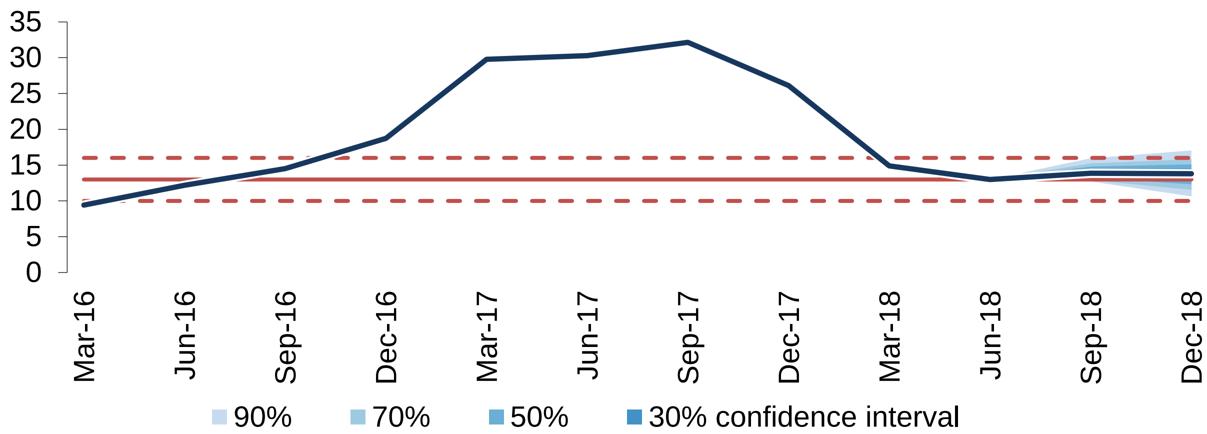
Relatively higher core food inflation was due to higher prices of poultry, rice, fish and seafood, while prices of other core food items largely stabilized.

Since January 2018, higher core food inflation domestically has coincided with higher international food prices. This comes after core food inflation registered negative rates on average both domestically and internationally between August and December 2017.

The Outlook

The MPC decided in its recent meetings that current policy rates are appropriate to align the inflation outlook with the targeted disinflation path of 13 percent (±3 percent) on average in 2018 Q4 and single digits after the temporary effect of the anticipated supply shocks related to fiscal consolidation measures dissipates, and thus decided to keep key policy rates unchanged. This comes after the MPC decided to cut key policy rates by a cumulative 200 bps in its February and March 2018 meetings.

Figure 32
Inflation Forecast[1/]
(in %, y/y)



Source: Central Bank of Egypt.
1/ The chart captures uncertainty regarding the inflation forecast with its most likely evolution, given the risks. The band around the center of the forecast shows the range of inflation outcomes that can occur with 30% probability, while the widening bands represent a gradually increasing probability of 50%, 70% and 90%.

Real GDP growth is expected to continue benefiting from structural reform measures, while potential fiscal consolidation measures may briefly slowdown the recovery of private consumption. Net exports and investments are expected to continue complementing consumption as growth engines.

The government is targeting to continue pursuing its comprehensive economic reform program with the aim of achieving higher, more sustainable and inclusive growth. The overall fiscal deficit is budgeted to decline to 8.4% of GDP in 2018/19, compared to an expected 9.8% in 2017/18 and 10.9% in 2016/17, and is targeted to continue declining thereafter. Meanwhile, the primary balance is budgeted to record a surplus of 2.0% of GDP in 2018/19, compared to an expected surplus of 0.2% of GDP in 2017/18 and a deficit of 1.8% of GDP in 2016/17, with the aim of maintaining this surplus thereafter.

The inflation outlook includes upward revisions to international commodity prices. Brent price projection was revised upward to USD 76.7 per barrel in fiscal year 2018/19[4], compared to USD 67.0 per barrel previously. This comes after its spot prices increased significantly in April and May 2018, leading to the materialization of an upside risk to the domestic

[4] As of late May, 2018.

inflation outlook. In response to international oil price developments, international food price forecasts, relevant to Egypt's consumption basket, were also revised upwards.

In addition to international commodity price developments, risks from the external economy continue to include the pace of tightening financial conditions. Meanwhile, domestic risks surrounding the inflation outlook continue to include the timing and magnitude of potential fiscal reform measures, the evolution of inflation expectations, as well as demand-side pressures.

Appendix: Tables and Abbreviations

Table A1: CPI Contribution														
	Weights	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18
Monthly Contributions to Headline CPI Inflation *(in p.p.)*														
Headline	**100.0**	**1.7**	**1.7**	**0.8**	**3.2**	**1.1**	**1.0**	**1.1**	**1.0**	**-0.2**	**-0.1**	**0.3**	**1.0**	**1.5**
Regulated Items	18.7	0.0	0.0	0.0	1.0	0.5	0.4	0.5	0.5	0.0	0.1	0.0	0.0	0.0
Fresh Fruits & Vegetables	6.9	0.9	0.3	-0.4	0.3	0.4	0.5	0.1	-0.4	0.0	-0.3	0.0	0.5	0.7
Core CPI	74.4	0.8	1.4	1.2	1.9	0.2	0.1	0.5	0.9	-0.3	0.1	0.3	0.5	0.8
Food Prices	31.1	0.7	0.8	0.7	1.0	0.2	-0.2	0.0	0.1	-0.3	0.1	0.4	0.4	0.5
of which														
Poultry & Red Meat	10.0	0.3	0.5	0.2	0.3	0.1	-0.1	-0.2	-0.1	-0.2	0.0	0.2	0.2	0.4
Food excl. Poultry & Red Meat	21.1	0.4	0.3	0.6	0.7	0.1	-0.1	0.2	0.3	0.0	0.1	0.3	0.2	0.1
Retail Prices	14.5	0.0	0.0	0.4	0.1	0.0	0.4	0.0	0.6	0.0	0.0	-0.2	0.0	0.2
Services	28.9	0.1	0.6	0.1	0.9	0.0	0.0	0.5	0.2	0.0	0.0	0.0	0.1	0.0
Annual Contributions to Headline CPI Inflation *(in p.p.)*														
Headline	**100.0**	**31.5**	**29.7**	**29.8**	**33.0**	**31.9**	**31.6**	**30.8**	**26.0**	**21.9**	**17.1**	**14.4**	**13.3**	**13.1**
Regulated Items	18.7	3.7	3.2	3.2	4.4	4.1	4.3	4.6	4.0	3.9	3.7	3.5	3.2	3.1
Fresh Fruits & Vegetables	6.9	5.7	5.4	4.6	4.4	4.2	4.8	5.3	4.4	4.2	3.3	2.5	2.1	2.0
Core CPI	74.4	22.1	21.1	22.0	24.2	23.6	22.5	20.9	17.6	13.8	10.1	8.3	8.1	8.0
Food Prices	31.1	15.2	14.4	15.0	16.2	16.0	15.1	13.7	11.2	8.2	5.2	4.2	4.0	3.8
of which														
Poultry & Red Meat	10.0	4.9	4.9	4.9	5.6	5.6	5.2	4.6	3.7	2.7	1.8	1.2	1.1	1.1
Food excl. Poultry & Red Meat	21.1	10.3	9.5	10.1	10.6	10.4	10.0	9.1	7.5	5.5	3.5	3.0	3.0	2.7
Retail Prices	14.5	3.6	3.0	3.4	3.4	3.2	3.4	3.1	2.8	2.5	2.0	1.5	1.5	1.7
Services	28.9	3.3	3.6	3.6	4.6	4.4	4.0	4.1	3.6	3.1	2.9	2.6	2.6	2.5

Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt calculations.

Table A2: Egypt's Balance of Payments (USD billion)														
					2015/2016*(1)				2016/2017*				2017/18*	
Date	**2013/14**	**2014/15**	**2015/16*(1)**	**2016/17*(1)**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Trade Balance	-34.2	-39.1	-38.7	-35.4	-10.0	-9.9	-10.0	-8.8	-9.4	-9.6	-9.2	-8.4	-8.9	-9.8
Export proceeds **	38.4	31.1	24.4	28.2	4.7	4.4	4.3	5.3	5.3	5.2	5.5	5.7	5.8	6.2
Petroleum exports	26.0	22.2	18.7	21.7	1.7	1.5	1.1	1.5	1.5	1.4	1.7	1.9	1.8	2.0
Other exports	12.4	8.9	5.7	6.5	3.1	2.9	3.2	3.8	3.7	3.8	3.8	3.8	4.1	4.2
Import payments**	-60.2	-61.3	-57.4	-57.1	-14.7	-14.3	-14.2	-14.1	-14.7	-14.8	-14.7	-14.1	-14.8	-16.0
Petroleum imports	-13.2	-12.4	-9.3	-11.2	-2.8	-2.6	-1.6	-2.2	-2.7	-2.6	-3.1	-3.0	-2.8	-3.2
Other imports	-46.9	-48.9	-48.1	-45.9	-11.9	-11.6	-12.6	-11.9	-11.9	-12.2	-11.6	-11.1	-12.0	-12.8
Services Balance	8.3	10.7	6.5	6.8	2.8	1.8	0.9	1.0	1.0	0.8	2.0	2.3	2.8	2.5
Receipts	17.4	21.8	16.1	16.6	5.0	4.0	3.4	3.6	3.3	3.3	4.2	5.1	5.7	5.1
Transportation	9.5	9.9	9.5	9.1	2.6	2.4	2.2	2.3	1.9	1.8	2.3	2.4	2.3	2.1
Of which: Suez Canal dues	5.4	5.4	5.1	4.9	1.4	1.3	1.2	1.2	1.3	1.2	1.2	1.2	1.4	1.4
Travel (tourism revenues)	5.1	7.4	3.8	4.4	1.7	1.0	0.6	0.5	0.8	0.8	1.3	1.5	2.7	2.3
Payments	9.2	11.1	9.5	9.8	2.2	2.2	2.6	2.6	2.4	2.5	2.2	2.8	2.8	2.6
Travel	3.0	3.3	4.1	2.7	0.8	0.9	1.2	1.2	1.1	0.6	0.4	0.6	0.6	0.5
Investment Income Balance	-7.3	-5.7	-4.5	-4.4	-1.1	-1.3	-0.7	-1.4	-1.1	-1.1	-1.0	-1.2	-1.5	-1.5
Receipts	0.2	0.2	0.4	0.5	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Payments	7.5	5.9	4.9	4.9	1.2	1.4	0.8	1.5	1.2	1.2	1.1	1.4	1.7	1.7
Of which: Interest paid	0.7	0.6	0.8	1.1	0.2	0.2	0.1	0.2	0.3	0.3	0.3	0.3	0.4	0.4
Current Transfers	30.4	21.9	16.8	17.5	4.3	4.0	4.1	4.4	4.4	5.8	4.6	4.9	6.0	7.1
Private (net),	18.4	19.2	16.7	17.3	4.3	3.9	4.1	4.3	4.3	5.7	4.6	4.8	5.9	7.1
Official (net)	11.9	2.7	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Balance of Current Account	-2.8	-12.1	-19.8	-15.6	-4.0	-5.4	-5.7	-4.8	-5.2	-4.2	-3.5	-2.4	-1.6	-1.8
Capital & Financial Account	5.2	17.9	21.2	29.0	1.6	4.5	8.4	6.6	8.0	10.7	7.0	4.4	6.2	4.2
Capital Account	0.2	-0.1	-0.1	-0.1	0.0	0.0	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Financial Account	5.0	18.1	21.3	29.1	1.7	4.6	8.4	6.6	8.0	10.7	7.1	4.4	6.3	4.2
Direct investment abroad	-0.3	-0.2	-0.2	-0.2	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	-0.1	-0.1
Direct investment in Egypt (net)	4.2	6.4	6.9	7.9	1.4	1.8	2.8	1.0	1.9	2.4	2.3	1.4	1.8	1.9
Portfolio investment abroad	0.1	0.0	0.2	0.2	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Portfolio investment in Egypt (Net)#	1.2	-0.6	-1.3	16.0	-1.4	-0.2	0.1	0.2	-0.8	1.1	7.6	8.2	7.5	0.5
Of which: Bonds	0.9	-1.1	-1.4	5.5	-1.4	0.0	0.0	0.0	-0.8	0.0	4.0	2.3	0.0	-0.1
Other Investments (Net)	-0.2	12.5	15.6	5.2	1.7	3.0	5.6	5.4	7.0	7.2	-2.8	-5.1	-3.0	1.8
Net Borrowing	0.2	5.0	7.1	7.7	0.8	3.0	1.5	1.8	2.2	4.8	1.2	0.5	0.7	3.9
Medium- and Long-Term Loans (net)	-1.0	-0.5	-0.2	4.1	-0.6	0.2	0.2	0.0	1.0	2.9	1.2	0.0	1.0	2.1
Medium- and Long-Term Suppliers' Credit	-0.1	0.3	1.5	1.5	0.1	0.1	0.5	0.8	0.7	0.5	0.0	0.6	0.2	0.2
Short term Suppliers' Credit (net)	1.2	5.3	5.8	2.1	1.4	2.6	0.8	1.0	0.6	1.5	0.0	0.0	-0.6	1.6
Other Assets	-2.3	-1.2	-3.5	-12.1	0.2	-3.2	-1.3	0.8	-0.2	-2.1	-3.2	-6.5	-3.6	0.3
Other Liabilities	1.9	8.7	12.0	9.6	0.7	3.2	5.4	2.8	5.0	4.5	-0.8	0.8	0.0	-2.4
Net Errors & Omissions	-0.9	-2.1	-4.2	0.3	-1.3	1.1	-3.0	-1.0	-0.9	-1.4	0.5	0.7	0.4	-1.9
Overall Balance	**1.5**	**3.7**	**-2.8**	**13.7**	**-3.7**	**0.3**	**-0.2**	**0.8**	**1.9**	**5.1**	**4.0**	**2.7**	**5.0**	**0.5**
Change in CBE Reserve Assets (Increase -)	**-1.5**	**-3.7**	**2.8**	**-13.7**	**3.7**	**-0.3**	**0.2**	**-0.8**	**-1.9**	**-5.1**	**-4.0**	**-2.7**	**-5.0**	**-0.5**

* Provisional.

** Including exports and imports of free zones.

\# Including net transactions on Egyptian TBs, as well as Egyptian government bonds issued for the Saudi Fund for Development in the amount of US$ 500 million in 2011/2012, Q4. It also includes foreigners' net transactions on medium- term dollar bonds issued by the Egyptian government in the amount of US$ 2.5 billion in the fourth quarter of 2012/2013, and of US$ 1.0 billion in the first quarter of 2013/2014, in addition to dollar bonds issued in the amount of US$ 1350.0 million in the fourth quarter of 2014/2015.

(1) The data were adjusted according to the latest update.

Table A3: GDP contribution												
	2013/14	2014/15	2015/16	2016/17	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
GDP (at Market Prices)	**2.9**	**4.4**	**4.3**	**4.2**	**3.6**	**4.5**	**3.4**	**3.9**	**4.4**	**5.0**	**5.2**	**5.3**
GDP (at Factor cost)	**2.9**	**3.4**	**2.3**	**3.5**	**1.6**	**2.3**	**1.7**	**3.6**	**4.3**	**4.8**	**5.2**	**5.2**
Public GDP (at Factor Cost)	0.5	0.6	0.4	0.4	0.2	0.2	0.1	0.5	0.9	0.4	1.2	1.6
PrivateGDP (at Factor Cost)	2.4	2.8	1.9	3.1	1.4	2.1	1.6	3.2	3.4	4.4	3.9	3.6
Agriculture, forestry, fishing and hunting	**0.3**	**0.3**	**0.3**	**0.4**	**0.3**	**0.3**	**0.4**	**0.4**	**0.3**	**0.4**	**0.4**	**0.3**
Industry	**0.2**	**-0.1**	**-0.6**	**0.1**	**-0.4**	**-0.7**	**-0.7**	**0.9**	**0.7**	**-0.5**	**1.5**	**1.6**
Extractions	-0.6	-0.6	-0.7	-0.2	-0.9	-0.9	-0.4	-0.1	0.2	-0.5	0.6	0.7
Oil	0.1	0.1	-0.1	-0.4	-0.1	-0.4	-0.3	-0.4	-0.5	-0.3	-0.1	0.0
Natural gas	-0.7	-0.7	-0.7	0.1	-0.8	-0.6	-0.1	0.3	0.6	-0.3	0.6	0.7
Other	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0
Manufacturing	**0.8**	**0.5**	**0.1**	**0.3**	**0.4**	**0.2**	**-0.3**	**1.0**	**0.5**	**0.0**	**1.0**	**0.9**
Petroleum	0.1	-0.1	0.1	-0.1	0.2	0.1	-0.5	0.0	0.1	0.0	0.0	0.3
Non-Petroleum	0.7	0.6	0.0	0.4	0.2	0.2	0.3	1.1	0.4	0.0	0.9	0.6
Services	**1.2**	**1.9**	**1.4**	**2.1**	**0.8**	**1.5**	**0.8**	**1.5**	**2.7**	**3.5**	**2.4**	**2.4**
Construction	0.3	0.4	0.5	0.5	0.5	0.6	0.3	0.5	0.4	0.7	0.4	0.6
Real Estate Rental and Services	0.6	0.3	0.4	0.5	0.3	0.7	0.4	0.4	0.3	0.8	0.4	0.3
Transportation and Warehousing	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.1
Finance	0.2	0.1	0.2	0.2	0.1	0.2	0.2	0.1	0.1	0.2	0.2	0.1
Insurance 1/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Communication	0.2	0.2	0.3	0.3	0.2	0.3	0.3	0.3	0.5	0.5	0.2	0.2
Tourism	-0.7	0.4	-0.7	0.1	-0.7	-0.9	-0.9	-0.3	0.9	0.6	0.8	0.8
Educational, Health Care, & Other Services	0.2	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.3	0.2	0.2
Utilities 2/	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.0	0.1	0.0
Information	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade	**0.7**	**0.5**	**0.7**	**0.7**	**0.5**	**0.8**	**0.7**	**0.8**	**0.5**	**0.9**	**0.5**	**0.5**
Suez Canal	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.2**	**0.1**	**0.3**
General Government	**0.5**	**0.7**	**0.5**	**0.3**	**0.4**	**0.4**	**0.5**	**0.2**	**0.1**	**0.3**	**0.2**	**0.0**

Source: Ministry of Planning.

1/ Includes Social Insurance.

2/ Includes Electricity, Water, and Sewage.

Table A4: Monetary Survey and Central Bank Balance sheet (end of period, in EGP billion)									
	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Sep-17	Dec-17	Mar-18
Monetary Survey									
Net Foreign Assets	**157.6**	**123.2**	**119.2**	**51.5**	**-87.4**	**61.1**	**188.6**	**214.1**	**327.9**
Central Bank	76.1	38.2	37.4	25.3	-44.9	3.7	102.3	157.4	255.1
Commercial Banks	81.6	85.0	81.8	26.2	-42.5	57.4	86.3	56.8	72.8
Net Domestic Assets	**936.8**	**1172.9**	**1397.4**	**1714.0**	**2181.9**	**2857.1**	**2861.8**	**2988.5**	**3015.6**
Net Claims on Government	568.2	790.6	1038.9	1333.0	1602.7	1808.9	1815.7	1917.9	1866.8
Net Claims on Public Economic Authorities	10.5	11.9	6.3	-41.5	52.2	170.7	185.3	208.3	217.6
Claims on Public Sector Companies	40.6	42.9	45.4	63.2	93.1	148.7	149.8	155.2	162.4
Claims on Private Sector	453.3	497.7	534.5	623.6	712.1	982.9	977.0	998.0	1030.3
Net Other Items	-135.8	-170.3	-227.7	-264.2	-278.2	-254.1	-266.1	-290.8	-261.4
Broad Money (M2)	**1094.4**	**1296.1**	**1516.6**	**1765.5**	**2094.5**	**2918.2**	**3050.4**	**3202.7**	**3343.5**
Local Currency Component	908.4	1071.9	1280.5	1502.5	1770.7	2223.9	2385.1	2523.6	2649.8
Currency Outside Banks	194.0	241.0	270.9	292.7	346.9	419.1	416.1	407.8	416.5
Local Currency Deposits	714.3	830.9	1009.7	1209.8	1423.8	1804.8	1969.0	2115.8	2233.3
Foreign Currency Deposits	186.0	224.2	236.1	263.0	323.8	694.3	665.2	679.0	693.7
Central Bank Balance sheet									
Net foreign assets	**76.1**	**38.2**	**37.4**	**25.3**	**-44.9**	**3.7**	**102.3**	**157.4**	**255.1**
Foreign assets	92.2	101.7	115.8	148.1	149.9	551.5	630.5	643.0	732.5
Foreign liabilities	-16.1	-63.4	-78.4	-122.8	-194.8	-547.8	-528.2	-485.6	-477.4
Net domestic assets	**187.6**	**279.7**	**327.1**	**460.6**	**522.9**	**573.9**	**484.4**	**489.0**	**422.6**
Net claims on government	176.0	310.4	433.6	585.4	658.3	740.5	742.3	682.4	652.8
Net claims on public economic authorities	-10.6	-10.6	-14.4	-61.5	-38.9	-31.8	-23.0	-15.0	-15.9
Claims on Banks	22.3	27.3	25.3	25.0	120.4	286.9	294.9	291.1	332.1
Bank's Deposits in Foreign Currency	-25.0	-33.1	-34.3	-51.4	-60.8	-129.7	-129.8	-122.5	-119.3
Open Market Operations /1	33.0	-4.8	-44.3	0.0	-150.0	-467.9	-595.5	-560.5	-668.3
Other items net	-8.1	-9.5	-38.8	-37.0	-6.1	176.0	195.4	213.4	241.2
Reserve money (M0) /2	**263.7**	**317.9**	**364.5**	**485.9**	**478.1**	**577.6**	**586.6**	**646.4**	**677.7**
Currency Outside Banks	194.0	241.0	270.9	292.7	346.9	419.1	416.1	407.8	416.5
Reserves of banks	69.6	76.9	93.6	193.2	131.2	158.5	170.5	238.6	261.2
Cash at vaults	10.8	19.8	17.8	20.8	21.6	33.0	33.9	31.6	31.5
Deposits in local currency	58.8	57.1	75.8	172.4	109.6	125.5	136.6	207.0	229.7

Source: Central Bank of Egypt

1/ Deposit auctions and deposit facility.

2/ M0 at end of June 2015 was affected by cancellation of deposit renewals at CBE due to unexpected announcment of national holiday on June 30,2015.

Table A5: Market Developments	Oct-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Apr-18	May-18 1/	Latest Vs. Oct. 2016, in bps 2/
Policy Rate									
Mid-Corridor Rate, %	12.25	15.25	17.25	19.25	19.25	18.25	17.25	17.25	705
Money Market									
Interbank WAR,%	11.91	15.60	17.76	19.00	19.00	17.91	16.99	16.92	501
Interbank O/N rate, %	11.89	15.46	17.67	18.98	18.93	17.89	16.94	16.92	503
Interbank O/N average volume, EGP million	1,799	4,016	5,978	4,768	4,830	5,468	9,825	12,863	11,064
Interbank O/N share of total interbank volume, %	62.90	47.64	61.98	84.98	76.74	79.30	81.31	87.56	2466
Banking Sector									
Deposit Rates, %	9.27	12.50	13.52	15.51	15.15	13.06	12.27	n/a	300
Time, %	9.03	10.92	12.85	14.71	14.09	13.01	12.07	n/a	304
Short-term Deposits (<1Y), %	8.98	10.86	12.82	14.73	14.17	13.05	12.09	n/a	311
Other Deposits, %	10.53	12.76	13.82	14.44	13.21	11.88	11.88	n/a	134
Saving, %	12.20	18.54	18.68	18.92	19.13	15.43	14.95	n/a	275
< 3 years, %	11.66	19.86	19.91	19.94	19.97	16.84	16.56	n/a	490
> 3 years, %	12.21	15.18	14.79	15.10	14.97	14.73	14.55	n/a	234
Saving Accounts, %	7.98	10.39	10.61	8.96	8.76	9.85	9.99	n/a	201
Lending Rates, %	14.38	16.82	18.16	19.05	19.39	18.66	18.01	n/a	362
W.A. Business Lending Rates, %	14.96	16.75	18.32	19.00	19.51	18.65	17.95	n/a	299
Short term business, %	14.92	17.03	17.80	18.97	19.65	18.54	17.93	n/a	301
Long term business, %	15.08	16.14	18.88	19.17	19.21	18.91	17.98	n/a	290
Retail, %	13.66	17.21	17.34	19.46	18.70	18.70	18.35	n/a	469
Local Debt Market									
T-Bill yield 1Y, %	16.45	19.15	20.35	18.66	18.22	16.69	16.66	17.15	70
W.a T-bill yield, %	15.79	19.32	20.37	18.78	18.67	17.36	17.30	17.55	175
W.a T-bond yield, %	17.22	17.16	18.29	15.81	15.79	14.92	15.05	15.12	-209
WACF, % 3/	12.72	15.39	16.18	14.83	14.74	13.76	13.73	13.94	122
Spreads 3/									
O/N interbank - Mid Corridor rate, %	-0.36	0.21	0.42	-0.27	-0.32	-0.36	-0.31	-0.33	3
W.a. Lending rate - Mid Corridor rate, %	2.13	1.57	0.91	-0.20	0.14	0.41	0.76	n/a	-138
Mid Corridor - W. A Deposit Rate, %	2.98	2.75	3.73	3.74	4.10	5.19	4.98	n/a	200
WACF - Mid Corridor rate, %	0.47	0.14	-1.07	-4.42	-4.51	-4.49	-3.52	-3.31	-378
W.a. Yield Curve, %	1.14	-1.73	-1.66	-2.38	-2.30	-1.95	-1.81	-1.94	-308
W.a. Lending rate - WACF, %	2.24	1.36	2.14	4.17	4.76	4.88	4.22	n/a	199
W.a. Lending rate - T-bill yield, %	1.75	1.36	1.87	4.03	4.46	4.76	4.11	n/a	178
W.a. Lending rate - W.A. Deposit rate, %	5.12	4.32	4.65	3.55	4.25	5.60	5.74	n/a	62
Long term Business - Short term Business lending, %	0.16	-0.89	1.08	0.20	-0.44	0.37	0.05	n/a	-11

Source: Central Bank of Egypt.

1/ Up to May 15, 2018.

2/ All changes are in basis points with the exception of Interbank O/Nvolume, the changes are in EGP million.

3/ Government securities' yields are adjusted for tax.

Abbreviations

bps	Basis points
bbl	Barrel of oil
CBE	Central Bank of Egypt
CIC	Currency in circulation outside the banking system
CPI	Consumer price index
EGP	Egypt Pound
F/C	Foreign currency
GDP	Gross domestic product
L/C	Local currency
m/m	Month on month
M0	Reserve money
M2	Broad money
O/N	Overnight
p.p.	Percentage points
Q	Quarter
REER	Real effective exchange rate
UK	United Kingdom
US	United States
USD	United States Dollars
w.a.	Weighted average
WACF	Weighted average cost of finance of the Treasury's L/C marketable securities
y/y	Year on year

البنك المركزي المصري

Central Bank of Egypt