

Press Release
September 1, 2005

The Central Bank of Egypt decided to reduce its overnight deposit rate by 50 basis points to 9% and its lending rate by 1% to 11.5% per annum.

In its monthly meeting, held on September 1, 2005, the Monetary Policy Committee (MPC) of the Central Bank of Egypt (CBE) decided to narrow the width of the corridor from 3% to 2.5%. Furthermore, the MPC decided to reduce the deposit rate from 9.5% to 9% and the lending rate from 12.5% to 11.5%.

The MPC's decision was based on the declining inflation rates witnessed during the second half of 2004-2005, which reveal lower inflationary expectations.

The MPC will continue to monitor closely all developments in the economy, specially the factors affecting inflation, and will not hesitate to adjust the key CBE rates in either direction if necessary to insure price stability over the medium term.

The Central Bank of Egypt

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