



## *Central Bank of Egypt*

**Press Release  
July 5, 2007**

***The Central Bank of Egypt decided to keep its overnight deposit rate unchanged at 8.75 percent per annum.***

In its meeting held on July 5, 2007, the Monetary Policy Committee (MPC) decided to maintain the overnight deposit and overnight lending rates at 8.75 percent and 10.75 percent, respectively.

The annual headline CPI inflation eased further in May 2007, recording 10 percent (y/y) compared to 12.8 percent (y/y) in March 2007. This trend underpins the MPC's view that the annual headline CPI may have reached its peak. This has come about as the base effect from last year's administered price adjustments and part of the avian flu shock continued to level off.

The annual headline inflation rates are expected to maintain this downward trend as the base effect from the previous price increases related to the supply shocks completely dissipate. On the other hand, inflationary demand pressures from the current economic growth remain a concern.

The MPC will continue to closely monitor all economic developments, especially the factors underlying inflation, and will not hesitate to adjust the key CBE rates to ensure price stability over the medium-term.

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