



Central Bank of Egypt

**Press Release
November 1, 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 November 1, 2007, the Monetary Policy Committee (MPC) decided to maintain the overnight deposit and lending rates at 8.75 percent and 10.75 percent, respectively.

Based on the old CPI series, the annual headline CPI inflation inched-up to 8.8 percent (y/y) in September compared to 8.45 percent in August. The increase during the past two months was chiefly driven by the rise in domestic food prices on the back of accelerating international prices, particularly wheat, maize, and edible oil. Food inflation rose from 12.8 percent (y/y) in August to 13.3 percent in September.

The propagation of the recent inflationary shocks to other non-food prices and the inflationary demand pressures from higher economic growth exert upward pressure on inflation. Over the medium-term, this has the potential to drive inflation above the upper level of the CBE's comfort zone.

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

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