

Central Bank of Egypt

Annual Report

2019/2020

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Preface

I have the pleasure to present the Annual Report of the Central Bank of Egypt (CBE) for FY 2019/2020. The Report highlights major domestic economic developments, in the areas of economic growth, inflation, state budget, the balance of payments, and foreign trade. It also sheds light on CBE's activities, along with the main monetary, credit, and banking developments.

The following is a highlight of the key economic performance indicators of Egypt in FY 2019/2020:

- **Real GDP growth** (at market prices) declined to 3.6 percent in the reporting year (from 5.6 percent in FY 2018/2019), attributed to the lower contribution of domestic demand. Concurrently, unemployment rose to 9.6 percent in Q4 (April/June) of the reporting year, from 7.5 percent in the corresponding quarter a year earlier. Real GDP growth (at factor cost) reached 2.5 percent in the reporting year (against 5.1 percent in the year of comparison).
- Through its successful management of the **monetary policy**, the CBE has contained the inflationary pressures on the demand side and the secondary effects of supply shocks. Accordingly, the MPC decided in its three consecutive meetings held on (22 August, 26 September, and 14 November 2019) to cut the CBE's key interest rates by 350 bps. In light of the global developments and conditions, the outbreak of COVID-19, and the consequent move to preserve the gains achieved by the Egyptian economy since the launch of the national economic reform program, along with the proactive steps usually taken by the CBE in such exceptional circumstances, the MPC decided in its **unscheduled meeting held on Monday 16 March 2020**, to cut the interest rates by 300 bps. This brought the overnight deposit rate, the overnight lending rate, the rate of the main operation and the discount rate to 9.25 percent, 10.25 percent, 9.75 percent, and 9.75 percent, in order. In its meetings held on 2 April, 14 May, and 25 June 2020, the MPC decided to keep the key policy rates unchanged as they were deemed appropriate and consistent with achieving the inflation target.
- **Net international reserves (NIRs) achieved a record increase**, exceeding US\$ 45.5 billion at the end of February 2020, for the first time in the history of Egypt, thereby managing to absorb the shock of global markets and to withstand the most severe global crisis represented in COVID-19 pandemic. However, NIRs retreated by US\$ 6.3 billion or 14.2 percent in the reporting year, reaching US\$ 38.2 billion at the end of June 2020 and covering 7.3 months of merchandise imports.

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- **Transactions of the Egyptian economy with the external world** unfolded an overall BOP deficit of US\$ 8.6 billion in FY 2019/2020, as the current account deficit was almost stable in the reporting year (the second half of which witnessed the negative repercussions of COVID-19 pandemic). Accordingly, the current account deficit slightly rose to US\$ 11.2 billion (from US\$ 10.9 billion a year earlier). This result outperformed all the expectations that a strong shock would hit the current account of most countries, including Egypt. However, the noticeable improvement in the non-oil trade balance and the rise in unrequited current transfers contributed to alleviating the effect of this shock on the Egyptian economy.

As for financial transactions, the impact of the COVID-19 crisis was strongly reflected on capital movements worldwide, which led to the exit of huge financial flows from the global financial markets. Nevertheless, the capital and financial account of Egypt's BOP unfolded a net inflow of US\$ 5.4 billion, which helped alleviate the overall BOP deficit.

- According to **the state budget figures** for FY 2019/2020, the overall deficit as a percentage of GDP declined to 7.9 percent (from 8.2 percent in the preceding FY). Additionally, a primary surplus of LE 105.6 billion (1.8 percent of GDP) was registered in the reporting year, against a primary surplus of about LE 103.1 billion (2.0 percent of GDP) in the previous FY. This reflects the positive impact of the structural reforms and measures taken under the economic reform program launched three years ago, and the proactive policies adopted to face the repercussions of the novel COVID-19 pandemic.
- **The domestic public debt/GDP** increased to 81.5 percent at end of June 2020, from 80.5 percent at end of June 2019. Likewise, the gross domestic debt of the government/GDP hiked to 71.5 percent, from 70.1 percent.
- **Standard & Poor's**, in two successive reports (April and November 2020), kept Egypt's credit rating at B with a stable outlook (maintaining as such the same level of May 2018); despite the repercussions of the global outbreak of the COVID-19, and the S&P's expectations of a sharp decline in the Egyptian economy. This reflects the continuous confidence of international institutions especially the credit ratings institutions in the stability and solidity of the Egyptian economy, as well as its ability to positively handle the repercussions of COVID-19 and to overcome all external and internal subsequent shocks.

During the preparation of this Report, **Fitch** also affirmed Egypt's rating at B+ in July 2020, with a stable outlook. The rating is supported by Egypt's recent track record of fiscal and economic reforms, the improvement in macroeconomic stability and external finances, as well as policy commitment to furthering the reform program, and ready availability of fiscal and external financing in the face of COVID-19 pandemic. Fitch also noted that the economic reforms in recent years have provided Egypt with a degree of flexibility to weather the shock and repercussions of this pandemic.

Likewise, **Moody's** kept Egypt's rating unchanged at B2 with a stable outlook in September 2020, adding that the indicators that measure Egypt's creditworthiness have proven "broadly resilient" to external financing shocks despite high exposure. Moody's noted that the resilience of the Egyptian economy, which kept Egypt's rating unchanged, puts it on track for an upgrade by the ratings agency pending "a marked improvement in debt affordability and reduction in gross financing needs".

In the end, I would like to thank all the staff of the CBE and the banking system as a whole, for their efforts and commitment to the advancement and progress of the Egyptian economy. May God guide us to achieve prosperity and welfare for our dear country.

Governor

Tarek Hassan Amer

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Statistical Section

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Main Indicators of the Performance of Egyptian Economic Sectors

	Fiscal Year	
	2018/2019	2019/2020
<u>Real Sector</u>		
Real GDP growth rate at factor cost (%), of which:	5.1	2.5
Share of the private sector (percentage point)	3.5	1.3
Real GDP growth rate at market prices (%), of which:	5.6	3.6
Share of private consumption (percentage point)	0.8	5.9
Share of public consumption (percentage point)	0.3	0.6
Share of capital formation (percentage point)	2.2	-3.7
Share of net external demand (exports of goods and services less imports of goods and services) (percentage point)	2.3	0.8
CPI inflation (urban) (%)	9.4	5.6
PPI inflation (%)	3.0	-7.1
<u>Financial & Monetary Sector</u>		
Domestic liquidity growth rate (M_2) (%)	11.8	17.5
Growth rate of time and saving deposits in local currency (%)	16.1	25.3
Growth rate of foreign currency deposits (%)	-0.3	-6.7
Foreign currency deposits/ Total deposits (dollarization rate) (%)	21.2	16.9
Net claims on the government /Total credit (%)	63.8	66.8
Private business sector credit/ Total credit (%)	22.8	20.8
Household sector credit/ Total credit (%)	9.1	9.2
Public business sector credit/ Total credit (%)	4.3	3.2
Change in net claims on the government/Change in total credit (%)	60.6	77.7
Change in private business sector credit/Change in total credit (%)	19.7	13.4
Change in household sector credit/ Change in total credit (%)	19.1	9.5
Change in public business sector credit/ Change in total credit (%)	0.6	-0.6
Net international reserves (US\$ mn) at end of the period	44481	38176
NIR in months of merchandise imports	8.0	7.3

Main Indicators of the Performance of Egyptian Economic Sectors
(contd.)

	Fiscal Year	
	2018/2019	2019/2020
<u>Banks' Financial Soundness Indicators (FSIs), of which:</u>		
Capital adequacy ratio (including the capital conservation buffer) (%)	17.7	20.1 ^X
Non-performing loans/Total loans (%)	4.2	3.9 ^X
Loan provisions/ Non-performing loans (%)	97.6	97.2 ^X
Return on average assets* (%)	1.8	1.8
Return on average equities* (%)	23.4	23.4
<u>External Sector</u>		
Trade Balance/GDP (%)	(12.6)	(10.1)
Services Balance/ GDP (%)	4.3	2.5
FDI in Egypt (net)/GDP (%)	2.7	2.1
Net transfers/ GDP (%)	8.3	7.7
<u>External Debt</u>		
External debt/ GDP (end of June) (%)	36.0	34.1
Short-term external debt/Total external debt (end of June) (%)	10.2	8.8
External debt service/Exports of goods and services (%)	25.5	36.1
External debt service/Current receipts (%)	17.0	22.5
<u>Public Finance</u>		
Revenues/GDP ⁺ (%)	17.9	16.7
Expenditures/GDP ⁺ (%)	26.1	24.6
Total wages/Total public revenues ⁺ (%)	28.2	29.6
Primary balance ⁺⁺ /GDP ⁺ (%)	2.0	1.8
Overall balance/GDP ⁺ (%)	-8.2	-7.9
Gross domestic public debt/GDP (%)	80.5	81.5

* According to the position in the last approved FY 2019. The fiscal year ends on June 30 for public sector banks and on December 31 for other banks - Audited financial statements (including the bank's branches abroad).

+ Source: Ministry of Finance

++ It represents the overall balance after excluding interest payments from total expenditures.

^X June 2020

Executive Summary

The Annual Report for FY 2019/2020 displays the CBE's activity and the main monetary, credit and banking developments at the domestic level. It also sheds light on major macroeconomic developments, including economic growth, inflation, state budget, balance of payments, and foreign trade.

Real GDP growth at market prices declined to 3.6 percent in FY 2019/2020 (from 5.6 percent a year earlier). On the demand side, the decline in real GDP growth reflects the lower contribution of domestic demand (2.8 percentage points against 3.3 percentage points). On the supply side, real GDP growth at factor cost recorded 2.5 percent. The key sectors which contributed to this growth were wholesale & retail trade, the general government, real-estate activities, communications, and agriculture.

Investments (at current prices) totaled LE 796.4 billion in the reporting year, down by 16.9 percent, compared with LE 957.8 billion in the preceding FY.

As for **the monetary policy and exchange rate**, the CBE continued to pursue price stability, as the ultimate objective of the monetary policy, by working to bring inflation to such an appropriate and stable level, so as to help build confidence, stimulate investment and spur economic growth to targeted levels. The MPC's decisions in its ten meetings during the reporting year were consistent with the inflation developments and the MPC's inflationary pressure forecasts. The tight monetary policy adopted by the CBE managed to contain the inflationary pressures on the demand side and the secondary effects of supply shocks. Accordingly, the MPC decided in its first meeting held on **11 July 2019** to keep the overnight deposit and lending rates unchanged at 15.75 percent and 16.75 percent, respectively. Also, the rate of CBE's main operation and the discount rate were also kept unchanged at 16.25 percent each. As the annual headline and core inflation rate continued to decline to record 8.7 percent and 5.9 percent, in order, in July 2019, the MPC decided in its meetings on **22 August, 26 September, and 14 November 2019** to cut the key interest rates by a total of 350 bps. Later on, in its two meetings on **16 January and 20 February 2020**, the MPC judged that the current policy rates are appropriate and consistent with achieving the inflation target of 9 percent (\pm 3 percent) in Q4 2020. Accordingly, the MPC decided to keep the key policy rates unchanged.

In light of the global developments and conditions, as well as the COVID-19 outbreak and the consequent move to preserve the gains achieved by the Egyptian economy since the launch of the national economic reform program, along with the proactive steps usually taken by the CBE in exceptional circumstances, the MPC decided in **an emergency meeting held on Monday, March 16, 2020** to cut the key interest rates by 300 bps. Later on, the MPC judged in its meetings held on **April 2, May 14, and June 25, 2020** that the current interest rates are appropriate and decided to keep the overnight deposit and lending rates, the rate of the CBE's main operation and the discount rate unchanged at 9.25 percent, 10.25 percent, 9.75 percent and 9.75 percent, respectively.

Turning to **the main monetary and credit developments in FY 2019/2020**, reserve money rose by LE 171.5 billion or 25.1 percent in the reporting year (against a decline of LE 32.3 billion or 4.5 percent in the preceding FY), to stand at LE 855.6 billion at end of June 2020. Domestic liquidity grew by LE 675.2 billion or 17.5 percent in the reporting year (against LE 409.3 billion or 11.8 percent a year earlier) ending the year at LE 4538.8 billion (78.0 percent of GDP for FY 2019/2020).

As regards **banking developments**, and in the context of applying the standards of the Basel Committee on Banking Supervision (BCBS), and the precautionary measures taken by the CBE to alleviate the financial and economic repercussions resulting from COVID-19 crisis and to enable banks to use some financial buffers that were previously created to counter the concentration risks in credit portfolios, the CBE's BoD decided in its meeting on April 12, 2020 to exempt banks from the application of the concentration limits on banks' credit portfolios calculated for the top 50 clients and their related parties for one year from the date of issuing the decision. In the meantime, banks shall continue to apply the requirements of the individual and sectoral credit concentrations set forth in the instructions on management of concentration risks under the second pillar of Basel Accord.

Hereunder are the main **supervisory regulations** issued by the CBE during the reporting year and beyond:

1. Extending the duration of the tourism support initiative and retail loans for individuals working in the tourism sector for a period of one year until the end of December 2020.
2. Obligating banks to establish an independent financial inclusion department to internally coordinate between the bank's departments, on the one hand, and the CBE, on the other hand, with regard to financial inclusion. The minimal level of tasks assigned to this department was set to include developing a medium-term strategy (3-5 years) to achieve financial inclusion provided that it is approved by the bank's BoD or who acts on its behalf in the bank's foreign branches.
3. Taking a number of precautionary and preemptive measures and procedures to offset the impact of COVID-19, ensure business continuity, and meet customers' needs.
4. Deferring all credit dues for customers whether corporates or individuals (including consumer loans and mortgage loans for personal housing) or SMEs for a period of 6 months without imposing any late interest fees or additional fines for late payments, provided that the customer is clearly informed of the additional cost incurred due to the deferment.
5. Undertaking a number of measures to reduce cash transactions and facilitate the use of electronic payment means and tools.

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6. Exempting banks for one year from calculating the additional risk weights of the regulatory capital on the amount of total credit loans granted to the top 50 clients and their related parties when they exceed 50 percent of the bank's credit portfolio.

The financial position of banks operating in Egypt (excluding the CBE) increased by LE 891.5 billion or 16.2 percent in FY 2019/2020 (against a rise of LE 436.2 billion or 8.6 percent in the previous FY), reaching LE 6408.3 billion at end of June 2020.

Moving to **banks' financial soundness indicators**, capital adequacy ratio at banks, including the capital conservation buffer, registered 20.1 percent at end of June 2020 (against an established mandatory minimum ratio of 12.5 percent). The leverage ratio reached 7.6 percent, against the 3.0 percent mandatory ratio effective as of 2018. Return on average assets registered 1.8 percent, return on average equities 23.4 percent, and net interest margin 4.1 percent for FY 2019 (according to the latest audited financial statements). The ratio of non-performing loans and facilities to total loans and facilities reached 3.9 percent at end of June 2020, against 4.2 percent a year earlier. Loans and facilities provisions/non-performing loans and facilities registered 97.2 percent, against 97.6 percent.

The payment systems and information technology (IT) sector witnessed a number of developments in FY 2019/2020. The CBE has launched an initiative to roll out more ATMs in all governorates no later than December 2021. In addition, the CBE has issued several supervisory regulations to counter the repercussions of COVID-19 crisis, which aim at promoting the use of electronic payment tools and reducing cash transactions. In order to achieve those goals, the CBE incurred a huge budget estimated at hundreds of million pounds. These regulations were mainly as follows: cancelling all fees and commissions applied on cash withdrawal from ATMs for 6 months, cancelling fees applied on e-payment cards and mobile wallets for 6 months, raising the maximum limits of mobile wallets, issuing contactless cards free of charge for 6 months, allowing clients to register for online banking services without the need to visit the bank, launching the e-payment initiative, and disbursing the temporary worker subsidy through banking cards and mobile wallets. Also, a number of procedures have been taken to prepare the infrastructure of the CBE premises and to ensure the CBE's readiness to handle emergency and business continuity.

The **Egyptian Exchange** has introduced the EGX 30 TR index in August 2019 to cover the top 30 companies in terms of liquidity and activity that are weighted by the adjusted free floated market capitalization. The index has been computed as of February 2009. Also, the equally weighted index EGX 70 EWI was launched in February 2020 to replace the EGX 70 index. The new index measures the performance of the top 70 companies in terms of liquidity and activity after excluding the constituents of EGX 30. The index was calculated with a base date of January 2008. Moreover, the equally weighted index EGX 100 EWI was launched in May 2020, replacing the EGX 100 index. The index tracks the performance of the top 100 companies in terms of liquidity and activity and includes the constituents of EGX 30 and EGX 70 EWI. The index has been computed as of January 2006.

As of January 2020, the Egyptian Exchange has launched new sectoral indices for listed companies with the aim of developing the capital market. EGX started calculating the indices for each sector with a base date of 1 February 2019.

As for the performance of EGX, it witnessed a decline in all indices, except for EGX 70 EWI and the NILEX. Its benchmark index (EGX 30) decreased in the reporting year by 23.7 percent to 10764.6 points at end of June 2020. Also, EGX 30 Capped fell by 27.7 percent to 12570.7 points at end of June 2020 and EGX 30 TR dropped by 20.5 percent to 4118.9 points. Similarly, EGX 50 EWI and EGX 100 EWI decreased by 17.7 percent and 1.6 percent, in order, to stand at 1731.8 points and 2245.6 points at end of June 2020.

On the other hand, EGX 70 EWI went up by 10.7 percent to stand at 1451.3 points at end of June 2020. Moreover, the NILEX index, which reflects the activity of small and medium enterprises listed on the Nile Stock Exchange, recorded an increase of 67.4 percent, to reach 749.2 points at end of June 2020.

As for the forex market, the weighted average of the US dollar interbank rate amounted to LE 16.1384 at end of June 2020 (compared with LE 16.7057 at end of June 2019), with a 3.5 percent rise in the value of the Egyptian pound in FY 2019/2020. The weighted average of the US dollar posted LE 15.7321 at end of December 2020, with the Egyptian pound gaining 2.6 percent in July/Dec. of FY 2020/2021.

Net international reserves (NIR) at the CBE declined by US\$ 6.3 billion or 14.2 percent in FY 2019/2020, to end the year at US\$ 38.2 billion, covering 7.3 months of merchandise imports.

The **BOP** ran an overall deficit of US\$ 8.6 billion in FY 2019/2020, mainly due to the retreat in the net inflow of the capital and financial account to register only US\$ 5.4 billion (versus US\$ 10.9 billion) which is not sufficient to cover the current account deficit of US\$ 11.2 billion.

The current account deficit relatively stabilized at US\$ 11.2 billion or 3.1 percent of GDP (against US\$ 10.9 billion or 3.6 percent of GDP), with a slight rise of just 2.5 percent. This came as a result of the drop in the services surplus by 31.2 percent and the increase in investment income deficit by 3.1 percent. However, this was mitigated by the decrease in non-oil trade deficit by 5.3 percent and the pickup in the net unrequited current transfers by 10.2 percent.

The capital and financial account unfolded a net inflow of US\$ 5.4 billion (nearly half of the capital and financial account realized in FY 2018/2019 which amounted to US\$ 10.9 billion). The shift of the foreign portfolio investment in Egypt from a net inflow in the previous FY to a net outflow in FY 2019/2020 accounted for the bulk of this decrease, followed by the decline of the net foreign direct investment in Egypt.

Turning to the **fiscal policy**, the figures of the state budget (administrative system, local administration, and service authorities) released by the Ministry of Finance for FY 2019/2020 showed that total revenues picked up by LE 33.5 billion or 3.6 percent to LE 975.4 billion (16.7 percent of GDP). Total expenditures also increased by LE 64.8 billion or 4.7 percent to LE 1434.7 billion (24.6 percent of GDP). Accordingly, the cash deficit posted LE 459.3 billion or 7.9 percent of GDP. By adding the net acquisition of financial assets to the cash deficit, the overall budget deficit would increase by LE 32.8 billion (relative to the previous fiscal year), to stand at LE 462.8 billion. However, the overall deficit/GDP ratio fell to 7.9 percent (from 8.2 percent in the previous FY). Additionally, the year registered a primary surplus of LE 105.6 billion (1.8 percent of GDP), against a primary surplus of LE 103.1 billion or 2.0 percent of GDP a year earlier. This reflects the effect of the structural reforms and measures taken under the economic reform program that has been implemented three years ago, as well as the proactive steps taken to counter the repercussions of COVID-19 pandemic.

Gross domestic public debt amounted to LE 4742.1 billion at end of June 2020 (compared with LE 4282.1 billion at end of June 2019). Its ratio to GDP rose to 81.5 percent (from 80.5 percent). The debt balance consists of the sum of net debt of the government, net debt of public economic authorities, and that of the National Investment Bank (NIB), minus the intra-debt of public economic authorities and the government to NIB.

Government debt (domestic and external) totaled LE 5278.2 billion at end of June 2020, up by 12.7 percent during FY 2019/2020.

The stock of **external debt** denominated in US dollar registered US\$ 123.5 billion at end of June 2020, up by US\$ 14.8 billion relative to the end of June 2019. This rise was an outcome of the increase in net disbursements of loans & facilities by US\$ 15.4 billion, and the depreciation of most currencies of borrowing versus the US dollar by US\$ 0.6 billion.

Concerning the **indicators of external debt** in Egypt, ratios are still within safe limits, according to the IMF and World Bank classification. Compared to peer regional country groups at end of June 2020, external debt as a percentage of GDP reached 34.1 percent (48.7 percent for Latin America and the Caribbean and 47.5 percent for the Middle East and Central Asia). Short-term external debt to total external debt represented 8.8 percent (14.2 percent for Latin America and the Caribbean and 21.3 percent for the Middle East and Central Asia). Debt service/exports of goods and services represented 36.1 percent in the year ending June 2020 (46.4 percent for Latin America and the Caribbean and 23.1 percent for the Middle East and Central Asia).

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Chapter 1

Central Bank of Egypt

1/1 - Monetary Policy

As the ultimate objective of the monetary policy is price stability, the CBE strives to bring inflation to an appropriate and stable level conducive to building confidence, stimulating investment and achieving the targeted economic growth.

The CBE adopted the overnight interbank interest rate as the operational target of the monetary policy, by applying a framework based on the corridor system, within which the ceiling is the overnight interest rate on lending from the Bank and the floor is the overnight deposit interest rate at the Bank.

Hereunder are MPC's decisions in FY 2019/2020

The MPC's decisions in its ten periodic meetings in the reporting year were consistent with the inflation developments and the MPC's inflationary pressure forecasts. The tight monetary policy adopted by the CBE managed to contain the inflationary pressures on the demand side and the secondary effects of supply shocks. Accordingly, in its first meeting on 11 July 2019, the MPC decided to keep the overnight deposit and lending rates unchanged at 15.75 percent and 16.75 percent, respectively. The rate of the CBE's main operation and the discount rate were also maintained at 16.25 percent, each.

As the annual headline and core inflation continued to decline to record 8.7 percent and 5.9 percent, in order, in July 2019, the MPC decided in its second meeting on 22 August 2019 to cut the overnight deposit and lending rates by 150 bps to 14.25 percent and 15.25 percent, respectively. Also, the rate of the CBE's main operation and the discount rate were cut by 150 bps to 14.75 percent for each. The Committee judged that this reduction is consistent with the current interest rates to contain the inflationary pressures and achieve the inflation target of 9 percent ($\pm 3\%$) in 2020 Q4 and price stability over the medium-term.

Real GDP increased to record 5.7 percent in 2019 Q2 (versus 5.6 percent in FY 2018/2019), the highest in eleven years. Meanwhile, the unemployment rate continued to decline to record 7.5 percent in 2019 Q2, thereby narrowing by almost 6 percentage points from its peak of 13.4 percent in 2013 Q4. Annual headline and core inflation declined to record 7.5 percent and 4.9 percent in August 2019, respectively, supported by the ongoing containment of inflationary pressures. Against these developments, the MPC decided in its third meeting on 26 September 2019 to cut the overnight deposit and lending rates by 100 bps to 13.25 percent and 14.25 percent, respectively. Also, the rate of the CBE's main operation and the discount rate were cut by 100 bps to 13.75 percent for each.

Annual headline inflation rate continued to decline to record 4.8 percent in September 2019 and 3.1 percent in October 2019, the lowest rate since December 2005. Real GDP growth stabilized at 5.6 percent in 2019 Q3, after recording 5.6 percent in FY 2018/2019, the highest growth since FY 2007/2008. The contribution of real output growth by the private sector witnessed an increase in 2019 Q2, for the first time since 2017 Q2, and private domestic demand has been picking up, contributing to the stability of economic growth supported by the continued decline of the unemployment rate to 7.5 percent in 2019 Q2. Against this background, the MPC decided in its fourth meeting on 14 November 2019 to cut the overnight deposit and lending rates by 100 bps to 12.25 percent and 13.25 percent, respectively. Also, the rate of the CBE's main operation and the discount rate were cut by 100 bps to 12.75 percent for each.

Against this background, and following the cumulative reduction of 350 bps over the previous three MPC meetings, the MPC judged that the current policy rates remain appropriate at this juncture and consistent with achieving the inflation target of 9 percent ($\pm 3\%$) in 2020 Q4. Thus, the MPC decided in its fifth and sixth meetings on 16 January and 20 February 2020 to keep the overnight deposit and lending rates unchanged at 12.25 percent and 13.25 percent, respectively. Also, the rate of the CBE's main operation and the discount rate were kept unchanged at 12.75 percent for each.

In light of the global developments and conditions following the COVID-19 outbreak and the consequent move to preserve the gains achieved by the Egyptian economy since the launch of the national economic reform program, along with the proactive steps usually taken by the CBE in such exceptional circumstances, the MPC decided in an unscheduled meeting held on Monday, March 16, 2020 to cut the overnight deposit and lending rates and the rate of the CBE's main operation by 300 bps to 9.25 percent, 10.25 percent, and 9.75 percent, respectively. The discount rate was also cut by 300 bps to 9.75 percent.

Against this background, and following the reduction of 300 bps in the policy rates to contain the expected negative effect of COVID-19 outbreak, real GDP for FY 2019/2020 registered 3.8 percent and the unemployment rate rose to 9.2 percent in April 2020 (against 7.7 percent in 2020 Q1) according to preliminary data. Accordingly, the MPC decided in its eighth, ninth, and tenth meetings held on April 2, May 14, and June 25, 2020, to keep the overnight deposit and lending rates and the rate of the CBE's main operation unchanged at 9.25 percent, 10.25 percent, and 9.75 percent, respectively. The discount rate was also kept unchanged at 9.75 percent. The Committee judged that the current policy rates remain appropriate at this juncture and consistent with achieving the inflation target of 9 percent ($\pm 3\%$) in 2020 Q4 and price stability over the medium term.

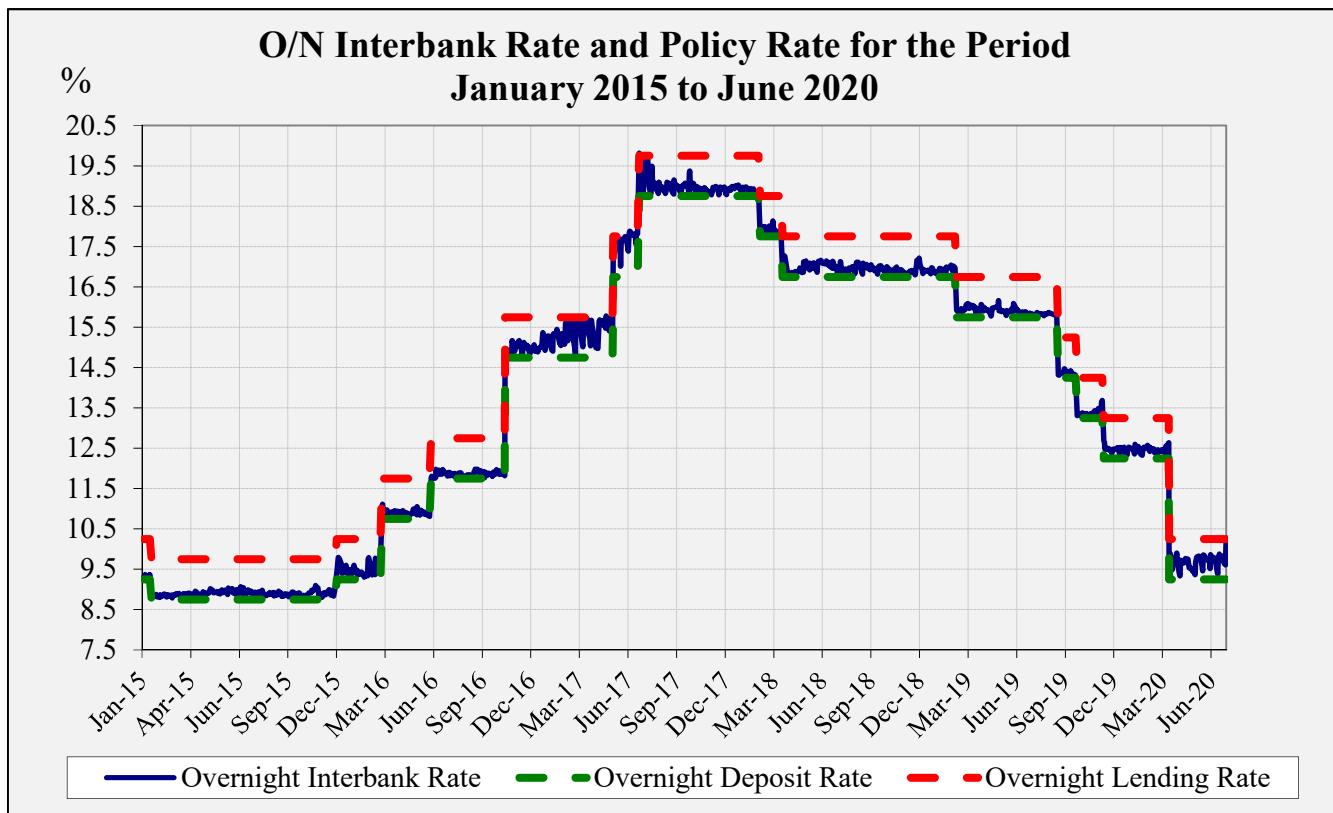
The following is a highlight of the main developments in FY 2019/2020:

First: Interest Rate Developments

The MPC's decisions during the reporting year affected both the overnight interbank interest rates and the interest rates on LE loans and deposits, as shown below:

1- Overnight Interbank Interest Rates

The decisions taken by the MPC in FY 2019/2020 - whether by maintaining or lowering the interest rates (under the corridor system) – have affected the overnight interbank interest rates. Accordingly, they moved closer to the overnight deposit rate at the CBE and maintained this trend until mid-March. With the reduction of the corridor interest rates by 300 bps in the unscheduled meeting of the MPC on March 16, 2020, along with the divestiture of part of the short-term investment portfolios from the local market and the withdrawal of more cash by individuals to hedge against the pandemic, the balance of excess liquidity at the banking system decreased and consequently affected the overnight interbank interest rates to reach the mid-corridor during the period from mid-March to the end of June 2020. (see the following chart)



It is worth noting that the CBE has developed the Cairo Overnight Index Average (CONIA), an EGP risk-free rate based on the overnight interbank lending data that would serve as a reliable benchmark for price discovery and interest rate management. It could be also used by market players to value their assets and conduct many other financial transactions.

2- Interest Rates on Deposits and Loans in Local Currency

The MPC's decisions in FY 2019/2020 triggered a decrease in the money market interest rates as illustrated in the following table:

Weighted Average Interest Rates

(%)

Month	June 2019	June 2020
Deposits		
More than one month and up to three months	11.3	6.9
More than three months and up to six months	12.3	8.5
More than six months and up to one year	11.9	9.1
Loans*		
For one year or less	16.4	11.3

* The interest rate on corporate loans after the application of Domestic Money Monitoring System (DMMS).

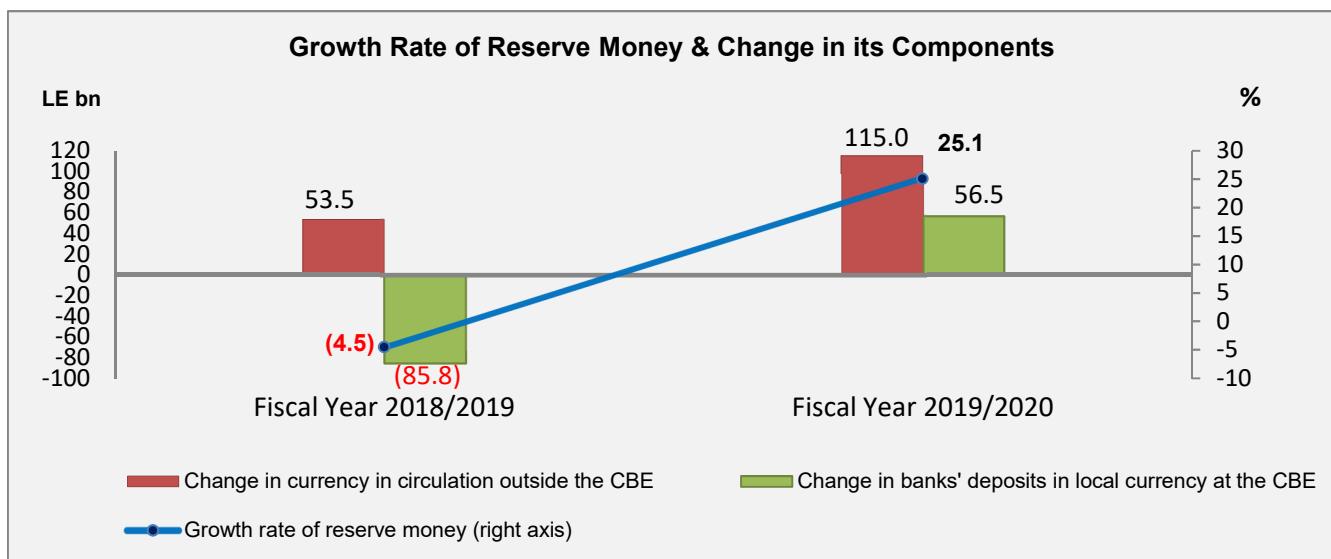
Second: Open Market Operations

The FY 2019/2020 witnessed a significant decline in the average liquidity absorbed by the CBE via its monetary policy instruments, reaching LE 430.1 billion at end of June 2020 (compared with LE 736.9 billion at end of June 2019), down by LE 306.8 billion. The drop in the average volume of open market operations was driven by higher MoF issues of T-bills and bonds and the CBE's desire to provide the necessary liquidity to the banking system to cover any urgent withdrawals during the outbreak of Covid-19.

With the continued decline in liquidity at the banking system, the CBE continued to decrease the deposit acceptance operations with longer maturities ranging between 28 and 210 days and with a variable interest rate linked to the corridor. The balance of these deposits averaged LE 233 billion at end of June 2020, accounting for 54.1 percent of the total liquidity absorbed by the CBE.

1/2- Reserve Money

Reserve money registered LE 855.6 billion at end of June 2020, up by LE 171.5 billion or 25.1 percent in FY 2019/2020 (against a decline of LE 32.3 billion and 4.5 percent a year earlier). This reflected an increase in both the currency in circulation outside the CBE by LE 115.0 billion or 21.5 percent, to stand at LE 651.2 billion, representing 76.1 percent of reserve money at end of June 2020 and banks' local currency deposits at the CBE by LE 56.5 billion, to stand at LE 204.4 billion at end of June 2020.



The pickup in the currency in circulation outside the CBE reflects the increase in the banknotes issued during the year by LE 111.2 billion or 20.6 percent, reaching LE 650.4 billion at end of June 2020.

Breakdown of the currency in circulation by denomination indicates a rise in the relative importance of the LE 200 note, while that of LE 100 and LE 50 notes declined. This resulted in an increase in the average value of the banknote in circulation to around LE 66.01 at end of June 2020, from LE 60.24 at end of June 2019.

Currency in Circulation by Denomination*

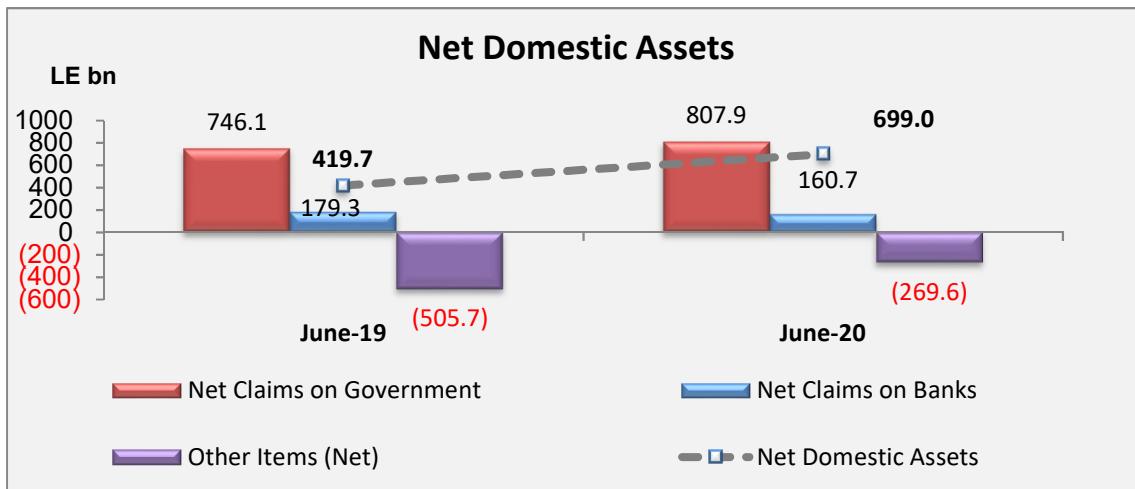
Denominations	June 2019		June 2020		Rate of Change During FY + (-)	
	Value	Relative Importance	Value	Relative Importance	2018/2019	2019/2020
Total	536098	100.0	651167	100.0	11.1	21.5
Banknotes in Circulation	535480	99.9	650432	99.9	11.1	21.5
PT 25	175	0.0	176	0.0	1.2	0.6
PT 50	469	0.1	532	0.1	6.6	13.4
LE 1	1593	0.3	1750	0.3	15.4	9.9
LE 5	4312	0.8	3952	0.6	(3.6)	(8.3)
LE 10	6190	1.2	6519	1.0	26.3	5.3
LE 20	7950	1.5	8080	1.2	0.3	1.6
LE 50	25339	4.7	28446	4.4	1.3	12.3
LE 100	164978	30.8	182794	28.1	3.8	10.8
LE 200	324474	60.5	418183	64.2	16.4	28.9
Subsidiary Coins	618	0.1	735	0.1	26.1	18.9

* As of June 2020, the denomination of banknote issued became equal to that of currency in circulation as the cash in local currency at the CBE's treasury is settled with the banknote issued.

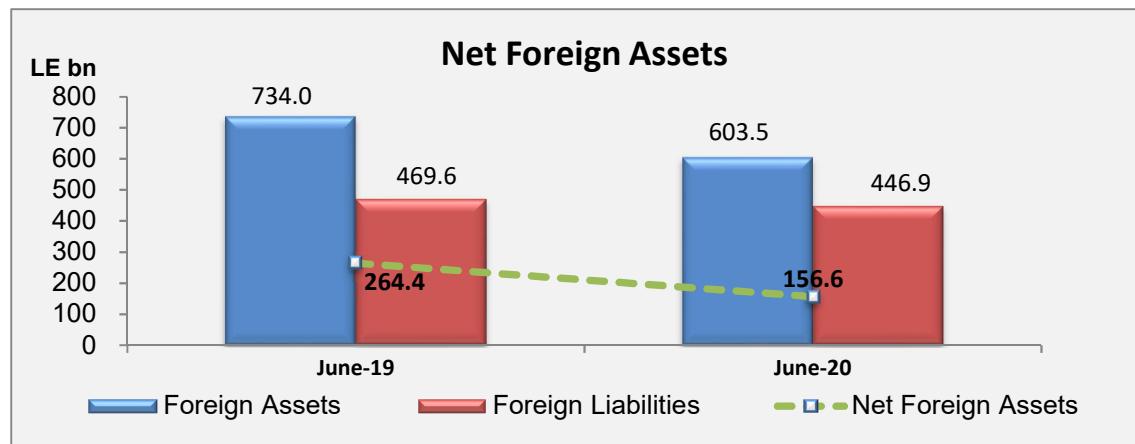
Components of the note issue cover ran as follows: foreign currencies made up LE 584.9 billion worth or 89.9 percent at end of June 2020 and gold LE 65.5 billion worth or 10.1 percent.

Regarding the counterpart assets of reserve money, net domestic assets at the CBE grew by LE 279.3 billion in FY 2019/2020, to LE 699.0 billion at end of June 2020, as a result of the following developments:

- The CBE's net claims on the government augmented by LE 61.8 billion or 8.3 percent in the reporting year. Such a rise was an outcome of the increase in the CBE's claims on the government by LE 44.4 billion, and the decrease in government deposits at the CBE by LE 17.4 billion.
- The negative balance of net balancing items decreased by LE 236.1 billion, due to the decline in the balance of deposits accepted at the CBE under open market operations (by LE 359.3 billion), which was curbed by the drop in other assets and liabilities (net) by LE 123.2 billion.
- The CBE's net claims on banks fell by LE 18.6 billion, as a result of the decline in its claims on banks by LE 27.4 billion, mitigated by the fall in banks' foreign currency deposits at the CBE by LE 8.8 billion worth.



Meanwhile, net foreign assets declined by LE 107.8 billion worth in the reporting year, compared with a decrease of LE 37.1 billion worth a year earlier, bringing their balance to LE 156.6 billion worth. The decline in the CBE's net foreign assets was a result of the fall in its foreign assets by LE 130.5 billion worth, or 17.8 percent, to LE 603.5 billion worth at end of June 2020. The decline was, however, mitigated by the decrease in foreign liabilities by LE 22.7 billion worth or 4.8 percent, to LE 446.9 billion worth.



1/3 - Payment Systems and Information Technology (IT)

The payment systems and information technology sector has recently witnessed a number of positive developments. Hereunder are the achievements realized in this regard:

- The New Draft Law of the Central Bank and Banking Sector**

The CBE has introduced a new draft Law of the Central Bank and Banking Sector, including a special chapter on the payment systems and FinTech, with the aim of keeping pace with the rapid development in payment systems worldwide as well as enhancing the efficiency and effectiveness of the financial system. The new draft law specifically addressed the following: regulating the activity of operating payment systems and providing payment services; promoting the use of modern technology in providing banking and financial services; and adding the payment system operators and providers to the entities addressed by the provisions of the Law. The draft law was referred to the Parliament and approved as a whole after discussion in a plenary session on May 17, 2020, and ratified by the President of the Republic on September 15, 2020.

- The CBE's Initiative to Roll out More ATMs Across all Governorates**

The CBE launched an initiative to roll out more ATMs in all governorates by December 2021, in light of its keenness to strengthen the infrastructure of payment systems and provide digital financial services to all citizens nationwide. The Initiative targets distributing about 6500 new ATMs, to be added to the 13600 ATMs currently in use. This brings the total number of ATMs to about 20100, with a rise of 48 percent.

This Initiative is one of the important steps taken in the current phase to facilitate the access of citizens to banking services to achieve the optimal use of the financial infrastructure, within a well-informed methodology set by the CBE to spread the digital financial services and to make the banking services provided via ATMs accessible 24/7 by all citizens in governorates. Hence, banks were required to prioritize the vital areas of high population that lack financial services. Such ATMs shall support people with special needs and allow cash deposit, contactless transactions, and loading of mobile wallets and prepaid cards. The spreading of new 6500 ATMs came as an initial stage in the CBE's plans that target increasing the number of ATMs to reach the global averages.

- **The CBE's Measures to Offset the Impact of COVID-19**

As part of the State's plan to counter the impact of COVID-19 outbreak, maintain the safety and security of citizens and drive growth, the CBE has issued a number of regulations since early March 2020 until now to encourage the use of electronic payment means and limit cash transactions, for which the CBE allotted a considerable budget estimated at hundreds of million pounds. The regulations were mainly as follows:

- **Cancellation of all fees and commissions on cash withdrawals from ATMs for a period of 6 months:**

The CBE decided to cancel all fees and commissions related to cash withdrawals from ATMs for a period of 6 months, to encourage citizens to make their cash transactions through ATMs.

- **Cancellation of fees on purchase transactions via e-cards and mobile wallets for a period of 6 months:**

Although the merchant bears a very small percentage of the fees on using the e-cards and mobile wallets for purchasing, the CBE decided to cancel such fees for a period of 6 months to encourage merchants to accept non-cash transactions via any banking card (debit – credit – prepaid) and mobile wallets in electronic purchasing. E-purchasing is considered safer and reduces the possibility of infections through paper cash. It is worth noting that such cancelled fees and commissions save citizens and merchants about LE 2 billion that are borne by the CBE to promote the e-payment system.

Moreover, out of the State's keenness to give all due respect and care for the elderly, the CBE decided to cancel all fees for cash withdrawal operations on pension cards for a period of 6 months, saving about LE 200 million for pensioners, and allowing them to withdraw their monthly pension in full without any fees, no matter how small they are.

- **Increasing the maximum limit of mobile wallets:**

The CBE decided to exempt citizens from all fees and commissions on deposit, transfer, and cash withdrawal transactions from ATMs for a period of 6 months. It also widened the maximum daily limit of mobile wallets from LE 6.000 to LE 30.000 for natural persons and LE 40.000 for legal persons, and increased the maximum monthly limit to LE 100.000 for natural persons and LE 200.000 for legal persons. The decision also included cancelling the maximum limit of the account balance to expand the use of mobile wallets by citizens and legal persons due to the importance of these wallets in reducing cash transactions and achieving financial inclusion.

- **Issuance of contactless cards free of charge for a period of 6 months:**
The CBE directed banks operating in Egypt to issue the contactless cards free of charge for a period of 6 months, to reduce cash transactions and benefit from all the advantages provided by these cards. Moreover, the Agricultural Bank of Egypt distributed 475.000 Meeza cards among its new clients to facilitate their financial transactions.
- **Availability of subscribing in e-banking services without the need to visit bank branches:**
The CBE directed banks operating in Egypt to allow their clients to subscribe in e-banking services without the need to visit the bank branch. This allows customers -whether current or new- to subscribe in the mobile wallet. Online banking service is also accessible for current bank customers to be used in purchases, bills payment, and other banking and financial services and transactions from anywhere without the need to visit the bank branch, but only with the use of a mobile phone or computer, with the cancellation of all commissions on electronic banking transfers. Such a decision was taken to avoid crowding on banks, help apply the social distancing rules, and protect banks' clients and employees at the banking sector.
- **Launching the electronic payment initiative:**
The CBE launched the "Electronic Acceptance Initiative" to increase the number of electronic points of acceptance available in all governorates. This Initiative benefits companies and merchants who currently do not have POSs or QR codes. The CBE has set standard specifications for the POSs that will be distributed in order to support the contactless transactions, suit the working conditions in remote areas, and also ensure quick and secure execution of transactions, as it is targeted to distribute 100.000 POSs financed by the CBE in order to motivate banks to spread POSs across governorates which do not have a sufficient number of POSs.

As for the QR codes, the CBE aims to reach a number of 200.000 QR codes with companies and merchants along with specializing incentive programs for banks. Issuer banks will also provide incentives for customers to use their electronic payment instruments in purchases. Up to the end of August 2020, nearly 40.000 POSs and 38.000 QR codes were distributed.
- **Disbursing the monetary subsidy to irregular workers through banking cards and mobile wallets:**
The CBE has coordinated with the National Bank of Egypt (NBE), Banque Misr, Agricultural Bank of Egypt, mobile companies, the National Telecom Regulatory Authority (NTRA), and Egypt Post Authority with regard to the disbursement of monetary subsidies to irregular workers through their banking cards and mobile wallets. Such a measure significantly contributes to mitigating the COVID-19 fallouts on the sector of irregular workers, which is considered one of the most affected sectors by the pandemic. It also helps in avoiding crowded places in which chances of disease infection increase.

- **Preparing the Infrastructure of the CBE's Buildings**

- The infrastructure of the cyber security building and AML/CFT unit at the CBE's building at the 90th street is being finalized and will start its operation on September 1, 2020.
- The implementation of the Cash Center project in the New Administrative Capital and Minya is closely followed-up to ensure that they comply with the agreed requirements.

- **CBE's Measures to Ensure its Business Continuity and Readiness to Handle Emergencies**

- The e-mail service provided by the CBE's alternative site in Tanta City, in cooperation with Microsoft Company, has been prepared and operated in mid-June 2020.
- The business continuity centers at both Smart Village and Mohandessin branches were re-examined to ensure their readiness for work, when necessary, in early April 2020. The review over the two centers was completed and their readiness to work was confirmed.
- The necessary technological set-up for Qasr El Nil CBE building was completed, to serve as a new headquarters to ensure business continuity when necessary.
- Technical support services were provided to employees along with the appropriate technological tools to work from home in a safe manner during the current circumstances. In addition, platforms were created for collaboration and holding remote meetings and audio and video conferences.

- **Upgrading Software and Applications of Core Banking & ERP Sector**

- The companies applying for implementation of the core banking system & ERP software have submitted their proposals by addressing the project's technical study.
- The proposals have been evaluated and a shortlist was made of companies, to which the request for proposal (RFP) and specifications will be sent, namely Temenos/SAP, Intellect & ATOS, and Oracle.
- In cooperation with EY company, the project's request for proposal and specifications were finalized, and the necessary procedures for the bidding are currently carried out by the CBE.

- **Developing the Human Resources Management System (HRMS)**

The study of the proposal submitted for developing the **Human Resources Management System (HRMS)** was completed by the committee formed by the Governor, and the final report was submitted to him for approval and to start implementation.

- **Upgrading the Banking Supervision Systems and Applications**

- **The Onsite Supervision Systems**

- The Request for Proposal (RFP) and specifications of the banking supervision (onsite) & internal audit system were offered.
 - The proposals of companies were received and a decisive committee was formed and its first meeting took place on 13 July. Moreover, the technical proposals submitted by companies were directed to the technical committee for study and evaluation.

- **The Offsite Supervision & Licensing Systems**

- A draft of the RFP was submitted by the PWC company, and amendments are to be added according to the additional approved proposal. The RFP states the following:
 - ❖ Adding the requirements for bank licensing processes automation to the RFP and technical specifications related to the data collection which is embedded in the CBE's Supervisory Assessment Professional Services project.
 - ❖ Participating in the evaluation of financial and technical proposals to be submitted by companies in the fields of data collection and the licensing processes automation, and the selection of the company or system suppliers (vendor selection).
 - ❖ A memorandum was submitted to the CBE Governor for approving the proposal.
 - ❖ The RFP and technical specifications related to the data collection process under the title of Regulatory External Reporting Model System have been completed and are currently under revision by all concerned departments.

- **Correspondence and Document Management System**

- The POC practical experimentation of the correspondence system of Ever team, Arrow, and IN3 companies has been completed and the feedbacks of the Governor's Office representatives were compiled and sent to the aforementioned companies.
 - The system requirements have been compiled and sent to the CBE Governor's Office representatives for review in preparation for the Request for Proposal (RFP) of the correspondence project.

- **Employee Services Mobile Application**

- The mobile application aims to automate the services provided by the CBE to its staff and will be applied over a number of phases. The first phase will cover the automation of the Medical Department services and Mazayana system.
- The phase of compiling the requirements of the program from the HR and Medical Care Departments was completed.
- Icon Company was selected to implement the project and the application display design is underway.

- **Strategy Procedures of Enhancing and Developing the Cyber Security at the Banking Sector**

- The establishment of the Computer Security Incident Response Center (EG-FinCIRT) is being finalized to serve as a guiding model for other state vital sectors. The technical system responsible for providing the Center services was carefully designed to be identical with the latest international models, using non-traditional advanced security systems for control and monitoring based on electronic linking techniques with banks. The Center aims to provide services related to incident response, proactive monitoring, and analysis of information security incidents; share them with banks as alerts and early warnings along with actions to be taken according to the degree of severity of such electronic incidents, and help -if necessary- in implementing these procedures. In addition, the Center provides other tailored services in the quality of information security, including, but not limited to: malware testing and processing; reverse engineering; cyber forensics; providing technical reports to competent judicial authorities; penetration testing; and detecting security gaps to test the strength and solidity of the banking infrastructure.
- Specialists at EG-FinCIRT launched an initiative entitled “Mastering Cyber Security in the Banking Sector”, by tailoring a highly specialized training program consisting of 16 courses divided among 4 specialized tracks, to graduate a cadre of 100 information security specialists over two years. The Center asked each bank to nominate at least (2) information security specialists to join the first and second tracks. In cooperation with the Egyptian Banking Institute (EBI), (37) trainees from banks were accepted to join the first round of the Initiative, of which (34) trainees were graduated from the first and second tracks. In addition, (8) trainees from the EG-FinCIRT were graduated from the first and second tracks, of which (4) trainees got high evaluation scores of more than 90%, which qualified them to join the Advisory Board of one of the international entities granting these certificates. Coordination is underway with the EBI to urge banks to promptly send the rest of nominated cadres to attend the second round of training courses in this Initiative, in order to reach the targeted number of graduates.

- Specialists at the EG-FinCIRT center have been assigned to monitor and follow-up the online platforms and websites specialized in scanning and compiling the threats, warnings, and malware once they occurred. This resulted in successfully circulating (60) early warnings and alerts to banks since August 2019 until now, for guiding them to take the precautionary measures to counter the potential cyber-attacks, and enhance the protection levels of infrastructure. These threats were classified according to their severity using the risk assessment matrix. In that regard, many communication means with the EG-FinCIRT center were allocated, such as: (2) e-mails and a ticketing system. In addition, a hotline for emergencies is being prepared.
- There is an ongoing collaboration and coordination among the EG-CIRT center and specialists of information security at banks, and various state sectors in order to address the information security incidents **increasing recently, due to the measures taken to offset COVID-19 outbreak**. This cooperation succeeded in countering a number of cyber threats that targeted some banks and entities such as: Banque du Caire, Banque Misr, and SAIB. Moreover, a cyber-attack that targeted the infrastructure and networks of the Egyptian Ministry of Foreign Affairs was detected. This incident was reported to the CBE's senior management and the EG-CIRT center which has representatives of the various state sectors.

1/3/1- Transactions conducted via SWIFT

A- RTGS Transactions

- Automated Clearing House

According to the statistics of the CBE Automated Clearing House that applies the RTGS system, the number of local currency cheques in FY 2019/2020 declined to 9.5 million papers at a value of LE 1546 billion. As a result, the average value per paper moved up to LE 161.8 thousand in the reporting year (from LE 153.3 thousand in the preceding year).

CBE Automated Clearing House Activity

FY	Number of Papers (Thousand)	Value of Papers (LE bn)	Rate of Change (%)	
			Number	Value
2016/2017	12449	1249	(7.8)	19.3
2017/2018	10688	1652	(14.1)	32.3
2018/2019	10359	1588	(3.1)	(3.9)
2019/2020	9547	1545	(7.8)	(2.7)

- **Other Banking Transactions**

Local bank transfers in Egyptian pound under the RTGS showed an increase in the number of executed messages to 1.8 million, and their value also rose to LE 71174 billion. Such transactions include transfers of banks and clients and transactions of Treasury bills, Misr for Central Clearing, and the National Debit Switch, in addition to corridor operations and deposits for monetary policy purposes.

Banking Transfers in Local Currency

FY	Number of Messages (Unit)	Value of Transfers (LE bn)	Change during the Year + (-)	
			Number	Value
2016/2017	1197635	33349	123087	3640
2017/2018	1791922	34402	594287	1053
2018/2019	1414455	42597	(377467)	8195
2019/2020	1771468	71172	357013	28575

B- Transactions executed in foreign currencies under the Fin-Copy system:

As for banking transfers in foreign currencies (dollar interbank transactions) under the Fin-Copy system, their number registered 16.7 thousand, at a value of US\$ 55.2 billion in FY 2019/2020.

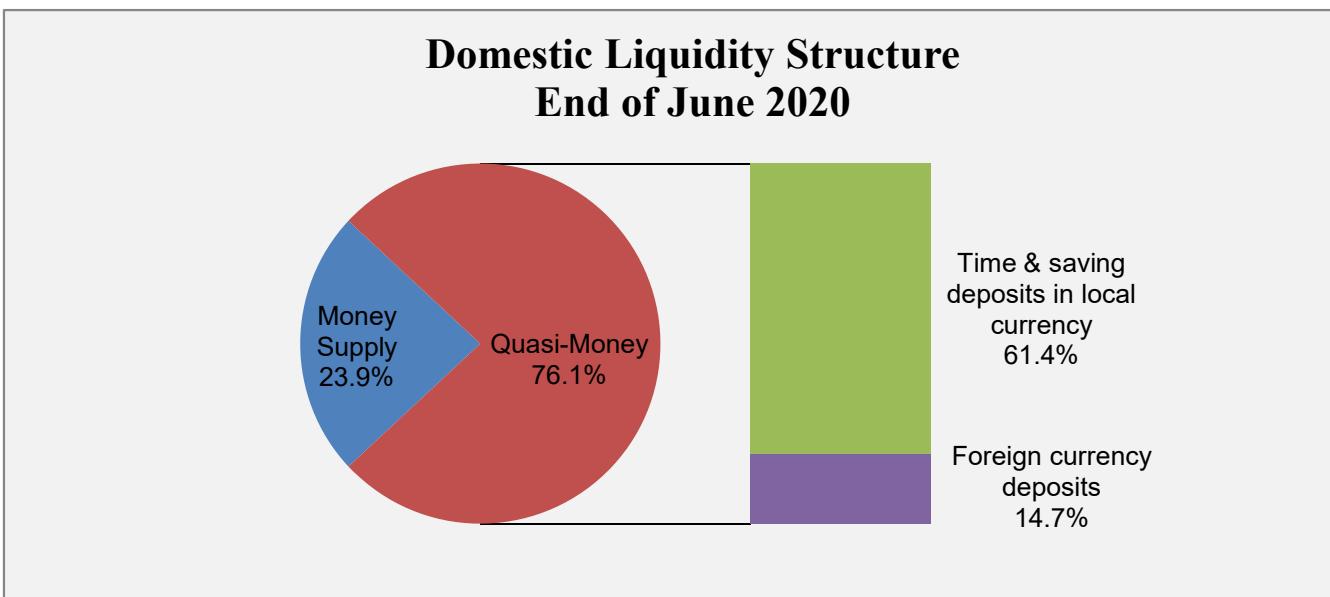
Banking Transfers in US Dollar

FY	Number of Messages (Unit)	Value of Transfers (US\$ mn)	Change during the Year + (-)	
			Number	Value
2016/2017	8367	6916	4968	(2341)
2017/2018	18886	18460	10519	11544
2018/2019	14708	34067	(4178)	15607
2019/2020	16721	55226	2013	21159

1/4- Domestic Liquidity and Counterpart Assets

In FY 2019/2020, domestic liquidity (M2) grew by LE 675.2 billion or 17.5 percent to LE 4538.8 billion at end of June 2020, representing 78.0 percent of GDP for FY 2019/2020.

Such a rise was reflected in the growth of its two main components i.e., quasi-money and money supply. The former increased by LE 514.0 billion or 17.5 percent to LE 3454.1 billion or 76.1 percent of total domestic liquidity at end of June 2020. The latter also rose by LE 161.2 billion or 17.5 percent to LE 1084.7 billion at end of June 2020.



The pickup in quasi-money during the reporting year was combined result of:

- The increase in LE time and saving deposits by LE 562.0 billion or 25.3 percent to LE 2787.4 billion at end of June 2020. The increase during the year resulted from the pickup in the deposits of the household sector by LE 552.8 billion (27.0 percent), the private business sector by LE 5.4 billion (3.6 percent) and the public business sector by LE 3.8 billion (12.5 percent).
- The retreat in foreign currency deposits by LE 48.0 billion worth or 6.7 percent to LE 666.7 billion worth at end of June 2020. The decrease was ascribed to the decline in the deposits of the household sector by LE 27.7 billion worth or 5.6 percent, the private business sector by LE 15.2 billion worth or 8.2 percent and the public business sector by LE 5.1 billion worth or 13.6 percent. Accordingly, the ratio of foreign currency deposits/total deposits at banks (dollarization rate) recorded 16.9 percent at end of June 2020, versus 21.2 percent at end of June 2019.

The increase in money supply in the reporting year was due to the rise in:

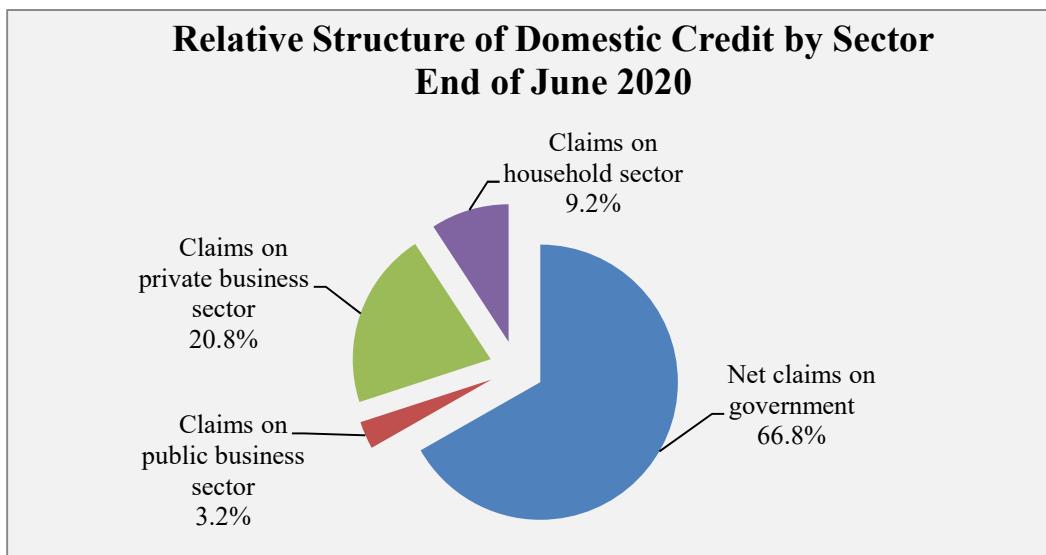
- Currency in circulation outside the banking system by LE 115.5 billion or 23.7 percent, reaching LE 602.7 billion at end of June 2020.
- Local currency demand deposits at banks by LE 45.7 billion or 10.5 percent, reaching LE 482.0 billion at end of June 2020. This rise was due to the increase in the deposits of the private business sector by LE 29.5 billion (12.9 percent) to LE 258.5 billion, the household sector by LE 13.0 billion (7.2 percent) to LE 192.2 billion, and the public business sector by LE 3.2 billion (11.3 percent) to LE 31.3 billion.

Concerning the contribution of counterpart assets of domestic liquidity to its growth, net domestic assets contributed 22.1 percentage points, while net foreign assets made a negative contribution of 4.6 points.

Net domestic assets at the banking system recorded a pickup of LE 853.2 billion or 23.9 percent, reaching LE 4416.7 billion at end of June 2020. The pickup was an outcome of the increase of LE 1039.6 billion or 27.3 percent in banks' domestic credit to register LE 4846.8 billion at end of June 2020. This was offset by the rise of LE 186.4 billion in the negative balance of net balancing items (due to the increase in banks' capital accounts by LE 109.5 billion and the decrease in net unclassified assets and liabilities by LE 103.0 billion, which was mitigated by the rise in the interbank net debit and credit positions by LE 26.1 billion) to reach LE 430.1 billion at end of June 2020.

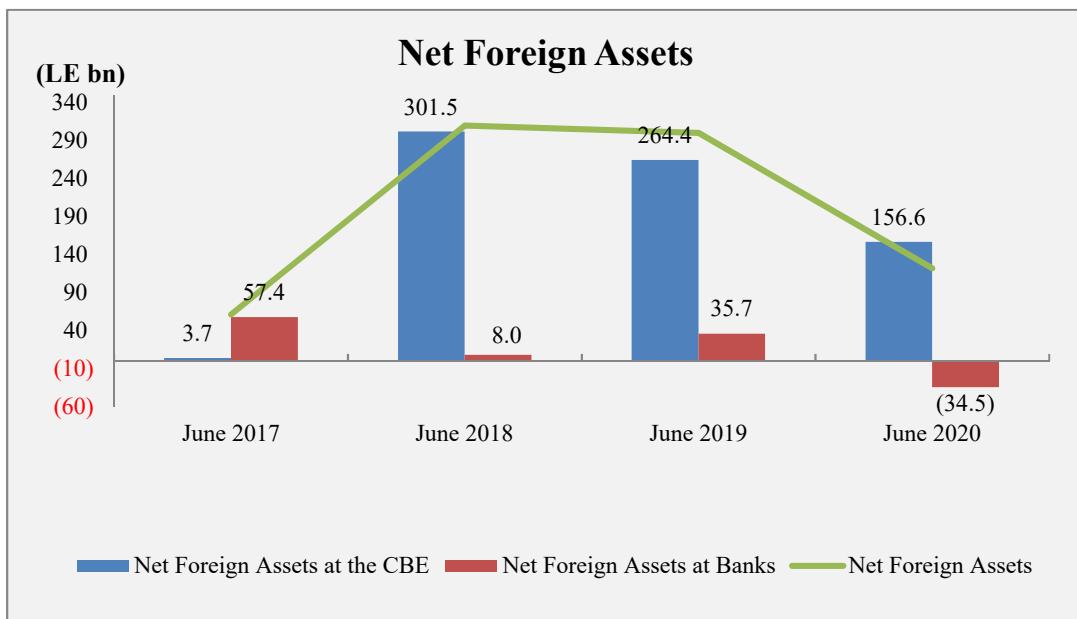
The hike in domestic credit in the reporting year was attributable to the following developments:

- Net credit to the government from the banking system increased by LE 807.9 billion or 33.3 percent, bringing its balance to LE 3235.8 billion or 66.8 percent of total credit at end of June 2020. Such an increase reflected the rise in banks' holdings of government securities by LE 829.2 billion and in loans extended to the government by LE 95.5 billion. This increase was mitigated by the rise in government deposits by LE 116.8 billion.
- Credit to the private business sector stepped up by LE 139.1 billion or 16.0 percent to LE 1008.8 billion or 20.8 percent of total credit at end of June 2020.
- Credit to the household sector climbed by LE 98.4 billion or 28.3 percent to LE 445.8 billion or 9.2 percent of total credit at end of June 2020.
- Credit to the public business sector declined by LE 5.8 billion or 3.6 percent to LE 156.4 billion or 3.2 percent of total credit at end of June 2020.



Net foreign assets at the banking system scaled down by LE 178.0 billion worth in FY 2019/2020, to stand at LE 122.1 billion worth at end of June 2020. The decrease was a dual effect of:

- The decline in net foreign assets at the CBE by LE 107.8 billion worth to post LE 156.6 billion worth at end of June 2020.
- The decline in net foreign assets at banks by LE 70.2 billion worth to reach a negative balance of LE 34.5 billion worth at end of June 2020.



1/5- Supervision Sector

The CBE conducts supervision over banks operating in Egypt to ensure their sound financial positions and evaluate their performance from the perspective of risk-based supervision. In addition, it ascertains banks' compliance with the CBE's regulatory standards, including the minimum reserve requirement and liquidity ratios, the maximum limits of a bank's concentration of investments with a single customer, along with his related parties, and investments abroad, as well as the asset-liability matching in terms of maturity and currency. This is in addition to a number of qualitative standards that ensure – alongside the above – the soundness of banks' performance and the safety of depositors' funds. Among these standards are governance rules; information systems efficiency rules; and "fit and proper" criteria for officials and managers of key sectors at banks.

The CBE has developed and implemented the Banking Sector Reform Program, through which banks have been restructured, their capital has been raised and their risk management has been strengthened. It is worth mentioning that **Basel II implementation** has been one of the most important results of the said Program, as the CBE's BoD has approved on December 18, 2012 the regulations of the minimum capital adequacy requirement, noting that banks operating in Egypt – excluding branches of foreign banks – are required to maintain a minimum adequacy ratio of 10 percent of the capital base (numerator) to risk-weighted assets (denominator) to cover credit, market and operational risks.

The CBE made progress with its efforts to develop internal controls and firmly establish the concept of governance at the banking system, taking into consideration the type and volume of risks related to banking operations and the importance of applying prudential measures that are not confined to internal audit, but also constitute a comprehensive internal control system subject to periodic development and assessment. Within this context, the CBE's BoD approved on 19 August 2014 the regulations governing internal controls, in accordance with the Law of the Central Bank, the Banking Sector and Money No. 88 of 2003, its Executive Regulations and its amendments, with the aim of enhancing internal controls at Egyptian banks. These regulations and those issued by the CBE on 23 August 2011 regarding bank governance will be deemed complementary to each other.

In line with Basel Committee's proposal to introduce a "leverage ratio" to act as a supplementary measure to the risk-based capital adequacy requirements (in line with the timeline for applying **Basel III accords**), the CBE's BoD approved on 7 July 2015 the leverage ratio regulations. Under these regulations, banks are required to meet the Basel III leverage ratio; first as an indicative ratio starting from the end of September 2015 till 2017, then as a mandatory ratio as of 2018.

To enhance the link between a bank's risk profile and its internal risk management and capital adequacy assessment, the CBE proceeded with the second pillar of **Basel II requirements** based on two main pivots, as follows:

- A. In its meeting held on March 2, 2016, the CBE's BoD approved the Regulations of Internal Capital Adequacy Assessment process (ICAAP), required to be conducted by banks, based on each bank's risk profile, to address all types of risks (including risks not tackled in the first pillar).
- B. The CBE has taken several measures to apply the Supervisory Review and Evaluation Process (SREP). The key purpose of SREP is to ensure that banks maintain adequate capital to ensure a sound coverage of their risks, as well as to encourage them to develop and use appropriate risk-management techniques to monitor, manage, measure and address all the risks they are vulnerable to.

Striving to apply the international best practices, especially **Basel III requirements**, the CBE's BoD approved on 7 April and 13 July 2016 the implementation of the capital conservation buffer and the issuance of the Regulations for Liquidity Risk Management, respectively, as follows:

1- Capital Conservation Buffer

In order to ensure the coverage of losses that may arise during times of stress or financial crisis and to conserve the capital base of Egyptian banks, banks operating in Egypt have to comply with these regulations as of the 1st of January 2016 for banks with fiscal year ending in December and as of the 1st of July 2016 for banks with fiscal year ending in June, in order to meet the required total ratio of 2.5 percent in January/July 2019.

2- Supervisory Regulations of Liquidity Risk Management

2/1: Liquidity Coverage Ratio (LCR)

Banks will maintain a minimum ratio for each of local and foreign currencies, according to the following schedule:

2016	2017	2018	2019
70%	80%	90%	100%

2/2: Net Stable Funding Ratio (NSFR)

Banks must comply with this ratio no later than three months starting from July 2016, as follows:

- Maintain a total minimum ratio of 100%.
- Maintain a minimum ratio of 100% **for each of local and foreign currencies.**

In pursuit of applying the international best practices, **especially Basel III requirements**, the CBE's BoD approved in its two sessions dated 3 October 2018 and 28 March 2019 the issuance of the supervisory regulations regarding the following, in order:

1. Interest Rate Risk in the Banking Book (IRRBB)

IRRBB risks are reported on an individual basis for banks that do not have subsidiaries and branches of foreign banks, and on a consolidated basis for banks that are parent entities within banking groups. Banks should submit periodic IRRBB models to the Supervision Sector on a quarterly basis starting from the financial position ending 30 September 2018.

2. Concentration Risk under the Second Pillar of Basel Accords

Banks are required to implement quantitative criteria for assessing individual and sectoral credit concentrations, side by side with the qualitative criteria for management of concentration risks in general starting from March 2019.

The main developments in the application of Basel Committee's requirements for Banking Supervision in FY 2019/2020:

1. In light of the recommendations of Basel Committee on Banking Supervision (BCBS) issued in December 2017 regarding the **implementation of the final Basel III reforms**, a discussion paper on "operational risk management and the minimum regulatory capital required to counter this risk" was prepared including a new approach called the standardized approach to measure operational risks and to replace the basic indicator approach that is currently adopted. The discussion paper was submitted to banks on 5 September 2019 along with the Quantitative Impact Study (QIS) models in line with the CBE's strategy in that regard.
2. The Basel Sector at the CBE is currently drafting new discussion papers and **Quantitative Impact Study (QIS)** models, under the program of updating **Basel III** (commonly referred to as **Basel IV**) in technical cooperation with experts from European Union, with the aim of preparing banks to implement such modifications starting from January 1, 2022, and studying the possibility of applying the following adjustments:

First: Developing a new standardized approach framework to calculate the capital required for countering credit risks, with a view to reaching more risk-sensitive measurement methods and internal rating approach.

Second: Issuing instructions for managing operational risks to include a new approach to measure the capital required to counter operational risks that would be referred to as the standardized approach, to replace the four methods included in the previous framework.

Third: Introducing an extra buffer for the leverage ratio to be added to the ratio of the Domestic Systemically Important Banks (D-SIBs), as well as making some adjustments to the criteria of measuring some exposures related to the leverage ratio.

Fourth: Excluding the internal model approach from measuring the capital required for countering the risk of Credit Valuation Adjustment (CVA) and replacing it with two other approaches, the basic indicator and the standardized approach.

Fifth: Setting an output floor on risk-weighted assets (RWA) for banks that use internal evaluation models in order to minimize the regulatory capital benefits that banks can derive as compared with the standardized approach.

3. Within the framework of the CBE's precautionary measures to alleviate the financial and economic repercussions resulting from COVID-19 crisis and to enable banks to use some financial buffers previously created to counter concentration risks, the CBE's BoD decided in its meeting on April 12, 2020 to exempt banks from applying the second item of the CBE's decision on 6 January 2016 issued by the Circular dated 11 January 2016 regarding the concentration limits on banks' credit portfolios calculated for the top 50 clients and their related parties for one year from the date of issuing the decision. In the meantime, banks shall continue to apply the requirements of the individual and sectoral credit concentrations set forth in the instructions on management of concentration risk under the second pillar of Basel Accord issued by the Circular dated 7 April 2019.

Hereunder are the main supervisory regulations issued by the CBE during the reporting year and beyond:

- Extending the period of the tourism support initiative and retail loans for individuals working in the tourism sector for a period of one year until the end of December 2020.
- Raising the ratio of mortgage finance to bank's total credit portfolio so that mortgage loans granted by the bank shall not exceed 10 percent of bank's total credit portfolio pursuant to the provisions of the Mortgage Finance Law. This shall not apply to the Egyptian Arab Land Bank and Housing and Development Bank.
- Obligating banks to establish a separate financial inclusion department to internally coordinate between the bank's departments, on the one hand, and

with the CBE, on the other, with regard to financial inclusion. The minimum tasks assigned to the department were set to include developing a medium-term strategy (3-5 years) to achieve financial inclusion provided that it is approved by the bank's BoD or who acts on its behalf in the bank's foreign branches.

- Taking a number of precautionary and preemptive measures and procedures to offset the impact of COVID-19, ensure business continuity, and meet customers' needs, as follows:
 1. Banks shall immediately provide the necessary credit limits to finance the imports of essential and strategic commodities, with a special focus on food commodities, to cater for market needs.
 2. Examining and following-up the most affected sectors by the virus outbreak and developing plans to support the companies operating in these sectors.
 3. Availing the necessary credit limits to finance the working capital, especially payment of salaries for companies' employees.
- Extending the grace period for banks excluding some food products (rice, beans and lentils) from the 100-percent cash cover granted on import operations for trade purposes for another one year that ends on 15 March 2021.
- Deferring all credit dues for customers whether corporates or individuals (including consumer loans and mortgage loans for personal housing) or SMEs for a period of 6 months without imposing any late interest fees or additional fines for late payments, provided that the customer is clearly informed of the additional cost incurred due to the deferment.
- Undertaking a number of measures to reduce cash transactions and facilitate the use of electronic payment tools, as follows:
 1. Cancelling fees and commissions applied to points of sale (POS), cash withdrawal from ATMs, and mobile wallets for a period of 6 months.
 2. Exempting local transfers in EGP from all commissions and expenses for 3 months, that was extended till 15 September 2020 by virtue of the Circular issued on 21 June 2020, to limit the use of cash transactions. Also, CBE has directed banks to develop their infrastructure and to enhance their transfers departments to avoid delays and execute local transfers in EGP on the same day.
 3. Setting a daily cash withdrawal/deposit limit at EGP 50 thousand from branches for individuals, and EGP 20 thousand from ATMs, for a temporary period.

- Allowing banks to participate in the meetings of banks' Boards of Directors via video or teleconference during 2020 with no maximum number of times for each board member and without binding the majority of the board members to attend actually, on condition that a prior approval shall be obtained from the CBE's Supervision Sector.
- Adjusting the interest rate of the following CBE's initiatives to reach 8 percent (decreasing) instead of 10 percent, in light of the MPC's decision to cut the CBE's key interest rates by 3 percent:
 1. Mortgage finance initiative for middle-income class.
 2. Industrial, agricultural, and construction private sectors initiative.
 3. Tourism sector initiative to support financing the replacement and renovation of hotels, floating hotels and touristic transport fleets.
- Issuing some exceptions regarding the use of e-payment tools to facilitate services for citizens, as follows:
 1. Adjusting the maximum limit of mobile wallet accounts and prepaid cards.
 2. Allowing the current bank clients to register on the internet and mobile banking using their existing data at the bank.
 3. Applying an e-KYC procedures for new clients.
 4. Issuing free-of-charge e-wallets and prepaid cards for a period of 6 months.
- Amending some of the credit registry rules at the CBE, as follows:
 1. Cancelling the black list for enterprises, and the negative list for individuals who received consumer loans.
 2. Reducing the disclosure period of historical data of clients after repayment.
 3. Dealing freely with clients (within specific categories) and lifting the ban on dealing with them.
 4. Modifying the data of non-performing customers and removing those below a certain threshold (EGP1000) on an exceptional basis and for one time.

Banks are obligated to inform their non-performing customers of decreasing the disclosure period of their historical data or deletion as the case may be, and their current status after lifting the ban on dealing with them, in accordance with the Circular issued on 24 June 2020.

- Exempting banks for one year from calculating the additional risk weights of the regulatory capital on the amount of total credit loans granted to the top 50 clients and their related parties when they exceed 50 percent of the bank's credit portfolio.
- Implementing IFRS9 in light of the COVID-19 crisis:
 1. Allowing banks to issue short/simplified quarterly financial statements in accordance with the Egyptian Accounting Standards no. (30). Banks are required to prepare complete annual financial statements at the end of each bank's fiscal year.
 2. Excluding the six-month deferral period of customers' credit dues pursuant to the Circular dated 15 March 2020 and the subsequent circulars from the counting of days past due as they will not be considered a significant increase in credit risk without prejudice to banks' liability for evaluating their credit portfolio to maintain their quality along with assessing the customers' ability to pay.
- Launching the initiative for electronic payments:
 1. Increasing the number of electronic points of acceptance available in all governorates. The initiative benefits companies and merchants who currently do not have POSs or QR codes.
 2. The Central Bank has set standard specifications for the POSs that will be distributed in order to support the contactless transactions, suit the working conditions of the remote areas, and ensure quick and secure execution of transactions, as it is intended to roll out 100,000 POSs financed by the CBE in order to motivate banks to largely distribute POSs across governorates which don't have a sufficient number.
 3. The CBE aims also to deploy 200,000 QR codes at companies and merchants and set incentive programs for banks. Issuer banks will also provide incentives for customers to use their electronic payment instruments in purchases.
- Launching an initiative for financing the payroll of tourism sector workers for 3 months and the maintenance and operating expenses, guaranteed by the Ministry of Finance.
- Allowing the companies operating in the industrial, agricultural, and construction private sector to avail of the initiative launched for these sectors that allocated LE 100 billion at 8 percent interest rate (decreasing):
 1. Startup businesses classified as «medium enterprises» according to their paid-up capital until they issue their financial statements and thus be classified according to their turnover.

2. Companies and enterprises classified as «small enterprises» affiliating to large size entities and institutions or owned by high net worth clients.
 - Launching an initiative through which the CBE has issued a pledge of LE 7 billion for the Credit Guarantee Company to cover a percentage of the risks associated with financing large companies whose annual turnover/revenues amount to LE 200 million or more granted under the industrial, agricultural, and construction sector initiative.

In light of the role assumed by the CBE's on-site supervision sector, the following points were covered:

- 1. Inspecting 9 banks operating in Egypt, guided by the set plan in this regard to ensure the following:**
 - Making sure that banks comply with the provisions stated in the Central Bank, the Banking Sector and Money Law and its Executive Regulations as well as the instructions issued by the CBE and the Anti-Money Laundering Law and its regulations.
 - Ensuring the effectiveness of internal controls at banks and compliance with the principles of good governance.
 - Maintaining capital adequacy to counter the risks to which the bank is vulnerable.
 - Identifying the different kinds of risks to which banks are vulnerable and performing quantitative and qualitative risk analysis to determine the risk trend, then take the appropriate measures to minimize them.
 - Ensuring banks' compliance with the rules regulating E-banking services, and that technology systems are adequately secured.
 - Evaluating banks' performance in terms of capital components, asset quality, management, profitability, and liquidity, as well as risk assessment.
- 2. Conducting a surprise inspection on 10 banks to ensure that banks comply with the regulations of providing foreign currency to customers, according to the plan set by the CBE.**

3. Inspecting foreign exchange dealers and money transfer companies and their branches:

- Foreign exchange dealers and their branches were inspected to ensure their compliance with the provisions stated in the Law of the Central Bank, the Banking Sector and Money Law No. 88 of 2003, and its Executive Regulations as well as the instructions regulating foreign exchange dealers. Also, inspection was carried out on money transfer companies and the other entities licensed to deal in foreign exchange.
- A surprise inspection was carried out on many foreign exchange dealers in several governorates (Greater Cairo, Alexandria, Port Said, Monufia, Beni Suef, and Dakahlia) that resulted in the following:
 - Abolishing the license of two foreign exchange dealers.
 - Suspending 7 companies for one year.

4. Inspecting matters relevant to anti-money laundering and terrorist financing:

- Inspecting 11 banks in the field of anti-money laundering and terrorist financing, besides inspecting foreign exchange dealers in accordance with the risk assessment prepared by the off-site supervision sector to ensure the compliance of banks and foreign exchange dealers with the regulatory controls in effect.
- Participating in the preparation of the MENAFATF visit to assess the anti-money laundering and terrorist financing efforts in Egypt with respect to banks and foreign exchange dealers, as well as attending meetings with MENAFATF to display the efforts exerted in the banking system in this regard.

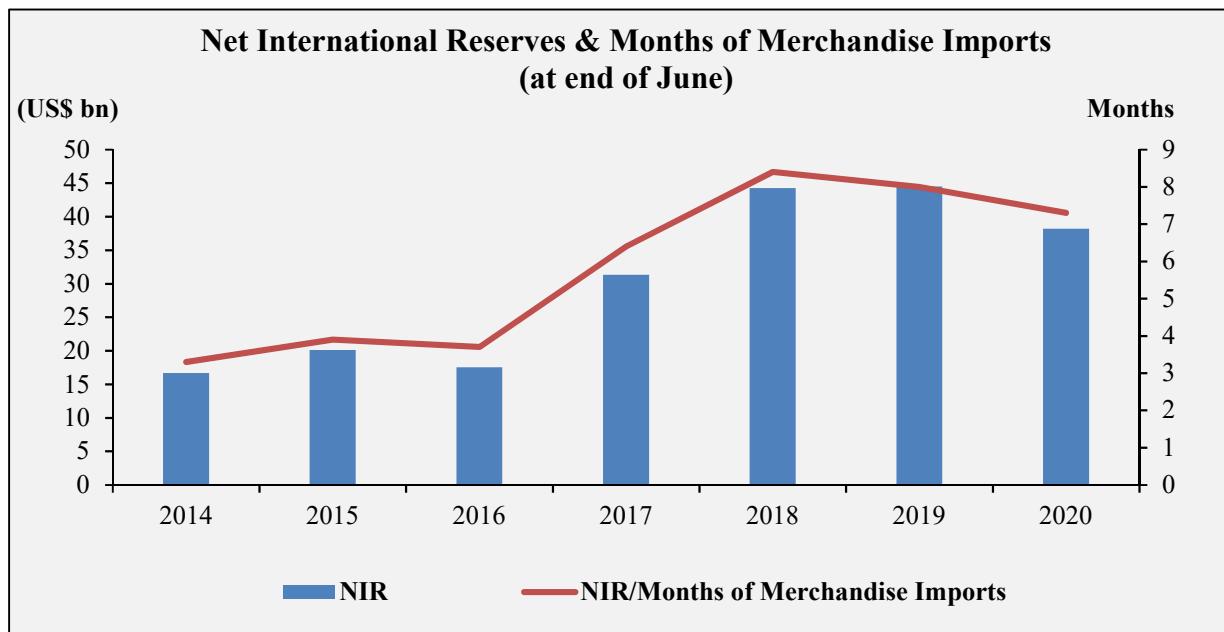
1/6- Management of the Foreign Exchange Market and International Reserves

1/6/1- Foreign Exchange and Dollar Interbank Markets

The weighted average of the US dollar in the interbank market stood at LE 16.1384 at end of June 2020 compared with LE 16.7057 at end of June 2019, with an appreciation of 3.5 percent in the value of the Egyptian pound during FY 2019/2020.

1/6/2 – Management of International Reserves

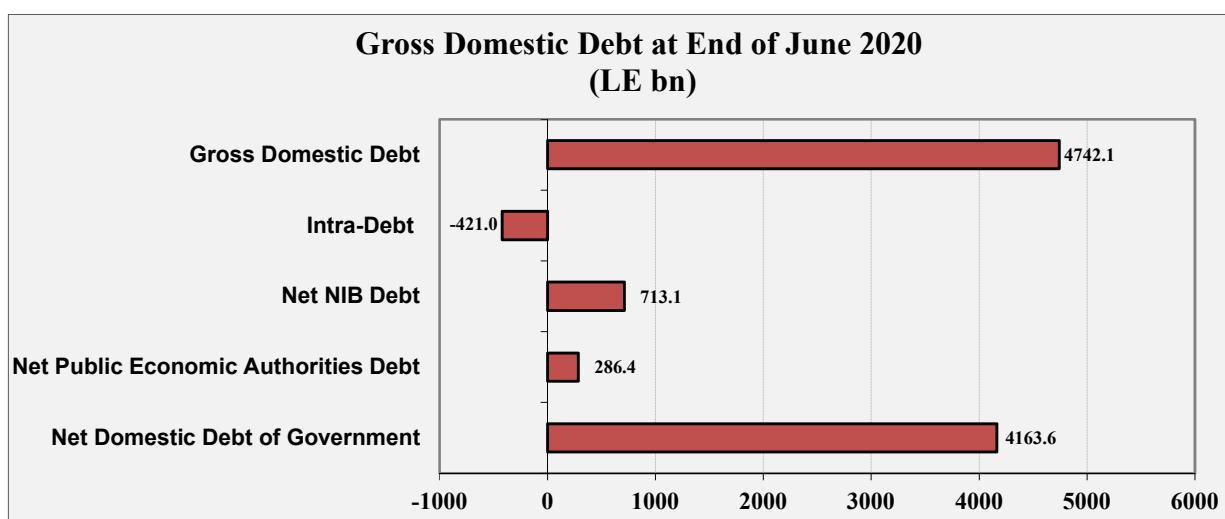
Net international reserves (NIR) at the CBE fell by US\$ 6.3 billion or 14.2 percent to end the year at US\$ 38.2 billion, covering 7.3 months of merchandise imports against 8.0 months at end of June 2019.



1/7- Domestic Public Debt and External Debt

1/7/1- Domestic Public Debt

Domestic public debt¹ amounted to LE 4742.1 billion at end of June 2020 against LE 4282.1 billion at end of June 2019, up by LE 460.0 billion or 10.7 percent. This debt-to-GDP ratio rose to 81.5 percent at end of June 2020 against 80.5 percent at end of June 2019.



1/7/1/1- Net Debt of the Government

Net government domestic debt rose by LE 432.8 billion or 11.6 percent during FY 2019/2020, recording LE 4163.6 billion at end of June 2020 (against LE 3730.8 billion at end of June 2019). Its debt-to-GDP ratio went up to 71.5 percent at end of June 2020 (from 70.1 percent at end of June 2019). The increase came as a result of the surge in the balances of Treasury bills and bonds by LE 450.9 billion; and the decline in the net balances of the government at the banking system by LE 18.1 billion (resulting from a rise in both government loans and deposits by LE 115.3 billion and LE 133.4 billion, respectively).

¹Domestic public debt includes net debt of the government, net debt of public economic authorities, and that of the National Investment Bank (NIB), minus the intra-debt of both public economic authorities and the government to the NIB.

Domestic Debt of the Government (Net)

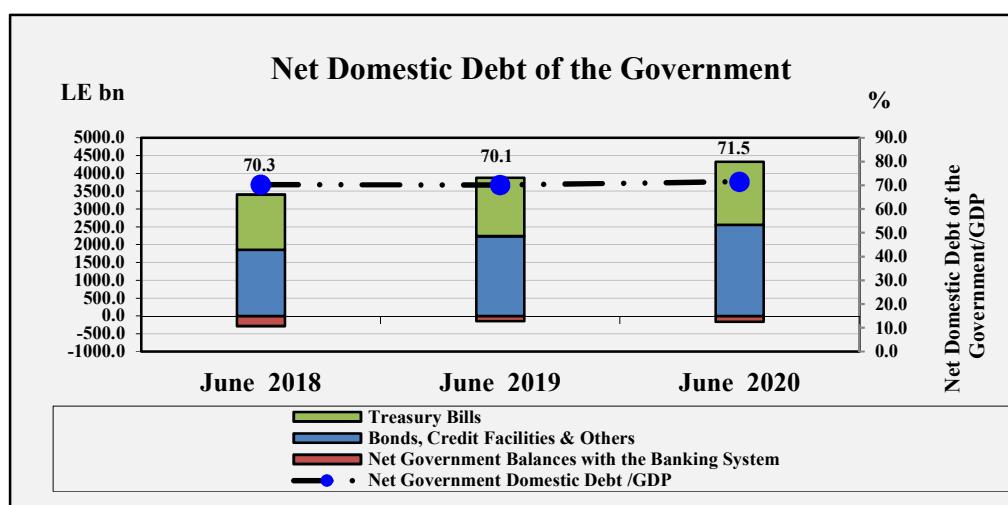
Balances at End of	June 2019		June 2020		Change + (-) 2019/2020	(LE bn)
	Value	%	Value	%		
Domestic Government Debt (Net)	3730.8	100.0	4163.6	100.0	432.8	
- Balances of Bonds & Bills	3875.0	103.8	4325.9	103.9	450.9	
• Bonds, of which,	2236.0	59.9	2557.5	61.4	321.5	
Tradable on exchanges	799.5	21.4	1280.4	30.8	480.9	
• Treasury bills	1639.0	43.9	1768.4	42.5	129.4	
- Net Balances at the Banking System	-144.2	-3.8	-162.3	-3.9	(18.1)	
• Credit facilities	244.9	6.6	360.2	8.6	115.3	
• Deposits (-)	389.1	10.4	522.5	12.5	133.4	
Net Domestic Government Debt/GDP (%)	70.1		71.5			

Source: Table 3/1 in the Statistical Annex.

Ratios are calculated in terms of LE million.

The increase of LE 450.9 billion in the balances of government bonds and bills was distributed as follows:

- The rise of LE 321.5 billion in government bonds, as a combined result of the following:
 - The increase in Treasury bonds by LE 674.1 billion.
 - The rise in bonds floated abroad by LE 20.7 billion worth.
 - The pickup in Treasury bonds at the CBE by LE 2.4 billion.
 - The decrease in both the SIFs' bonds by LE 369.1 billion (against the transfer of the NIB debt to the Public Treasury), and government notes by LE 2.0 billion, to compensate for the actuarial deficit in social insurance funds (as a result of the debt settlement between the Ministry of Finance and the SIFs, according to the Insurance and Pensions Law No. 148 issued on August 19, 2019).
 - The decline in Eurobonds issued for the CBE by LE 3.0 billion worth.



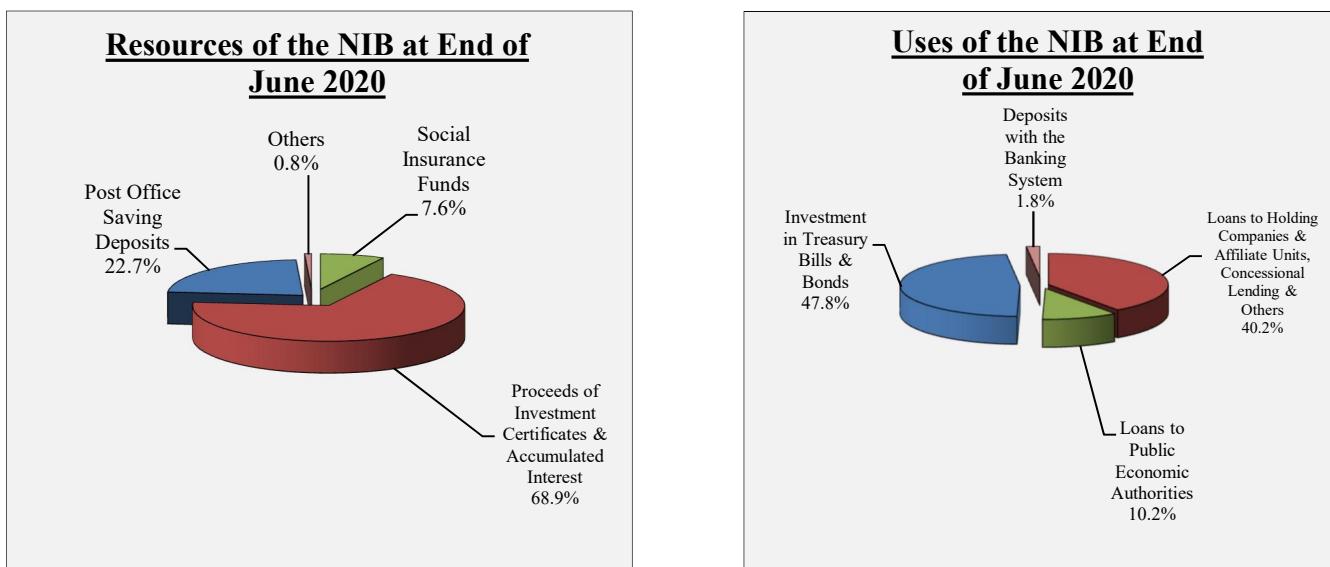
- The decline in US dollar bonds issued for commercial banks by LE 1.6 billion worth.
- The increase of LE 129.4 billion in Treasury bills (driven by an increase in TBs issued in Egyptian pound by LE 150.4 billion on the one hand; and a decline in both TBs issued in US dollar and euro by LE 19.6 billion worth and LE 1.4 billion worth, respectively, on the other hand).

1/7/1/2- Net Debt of Public Economic Authorities

Net debt of the public economic authorities rose by LE 3.5 billion during FY 2019/2020, reaching LE 286.4 billion at end of June 2020. This came as a result of the rise in their net borrowing from the banking system by LE 1.7 billion (owing to a decline in both their claims on the banking system by LE 15.7 billion and their deposits therewith by LE 17.4 billion) and the increase in their borrowing from the NIB by LE 1.8 billion.

1/7/1/3- Net Debt of NIB

Net debt of NIB (including intra-debt) recorded LE 713.1 billion at end of June 2020, up by LE 82.0 billion in the reporting year. That was driven by an increase in both total resources invested at the NIB by LE 82.9 billion, reaching LE 726.2 billion, and its deposits at the banking system by LE 0.9 billion.



1/7/1/4- Intra-Debt

Intra-debt of public economic authorities and the government to the NIB reached some LE 421.0 billion at end of June 2020 (against LE 362.7 billion at end of June 2019). NIB's investments in government securities (bills and bonds) recorded LE 347.2 billion, up by LE 56.5 billion in FY 2019/2020, while loans extended by the NIB to these authorities rose by LE 1.8 billion, reaching LE 73.8 billion.

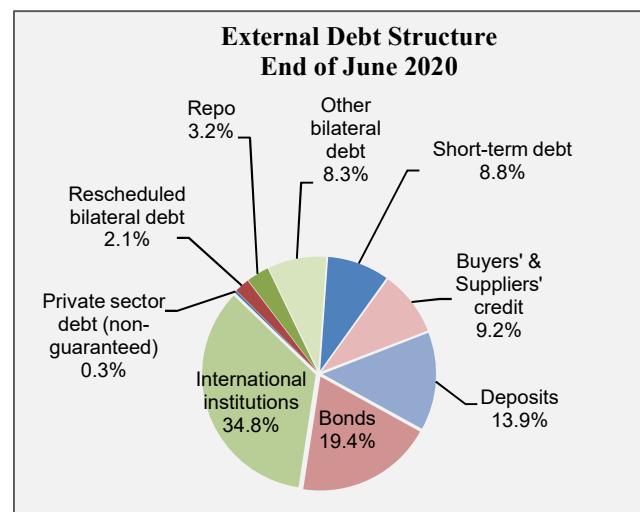
1/7/2 – External Debt

External debt reached US\$ 123.5 billion at end of June 2020, up by US\$ 14.8 billion or 13.6 percent (compared to the end of June 2019). This came due to the rise in net disbursements of loans and facilities by US\$ 15.4 billion as well as the depreciation of most currencies of borrowing versus the US dollar by US\$ 0.6 billion.

The following is a summary of the main developments of external debt structure, debt service and indicators:

First- External Debt Structure

The data of external debt by original maturity indicated that long-term debts (guaranteed and non-guaranteed) registered US\$ 112.6 billion (91.2 percent of total external debt) at end of June 2020 (mostly debts owed to international and regional institutions, bonds, and non-residents' deposits), while short-term debt constituted US\$ 10.9 billion or 8.8 percent of total external debt.



1- Long-term External Debt

The structure of long-term external debt at end of June 2020 indicates the following:

- Debt of **international and regional institutions** posted US\$ 43.0 billion (against US\$ 32.8 billion at end of June 2019), up by US\$ 10.2 billion.
- The balance of **bonds floated abroad** (held by non-residents) reached US\$ 23.9 billion (against US\$ 19.4 billion at end of June 2019), of which US\$ 0.3 billion were sovereign bonds, US\$ 19.4 billion were Eurobonds issued in US dollar, and US\$ 4.2 billion were Eurobonds issued in euro. The following table shows the face value, issue dates and the maturity of these bonds at end of June 2020.

Bonds Floated Abroad at End of June 2020

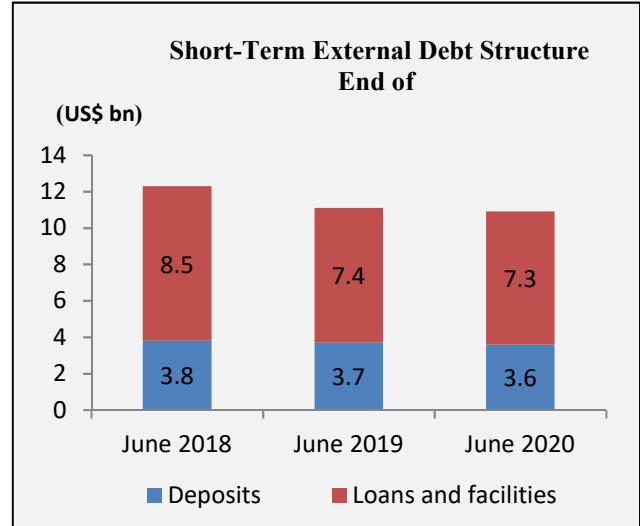
Bonds	Face Value (US\$ mn)	Total Face Value (US\$ mn)	Issue Date	Maturity Date
Sovereign bonds	500	500	April 2010	April 2040
Eurobonds issued in US dollar	1500	23500	June 2015	June 2025
	4000		January 2017	2022/2027/2047 (Jan.)
	3000		May 2017	2022/2027/2047 (Jan.)
	4000		February 2018	2023/2028/2048 (Feb.)
	4000		February 2019	2024/2029/2049 (March)
	2000		November 2019	2023 (Nov.) /2032 (Jan.)/ 2059 (Nov.)
	5000-new issue		May 2020	2024/2032/2050 (May)
	2000		April 2018	2026/2030 (April)
Eurobonds issued in euro	2000	4000	April 2019	2025/2031(April)

- **Long-term deposits of non-residents** at the CBE registered US\$ 17.2 billion, (which is the same balance recorded at the end of June 2019), represented in deposits of Arab countries at the CBE, namely Saudi Arabia (US\$ 7.5 billion), the UAE (US\$ 5.7 billion), and Kuwait (US\$ 4.0 billion).
- Buyers' & suppliers' credit stood at US\$ 11.4 billion (against US\$ 11.3 billion at end of June 2019).
- Other bilateral loans recorded US\$ 10.3 billion (against US\$ 9.6 billion at end of June 2019), including a liquidity support facility (LSF) extended by China Development Bank (CDB) to the CBE at a value of US\$ 1.7 billion.
- Repo operations amounted to US\$ 3.9 billion (against US\$ 3.8 billion at end of June 2019).
- Rescheduled bilateral loans registered US\$ 2.5 billion (against US\$ 3.1 billion at end of June 2019).
- Non-guaranteed debt of the private sector reached US\$ 421.8 million (against US\$ 408.6 million at end of June 2019).

2- Short-term External Debt

Short-term external debt by original maturity retreated by US\$ 189.4 million at end of June 2020 (as compared to end of June 2019), to stand at US\$ 10.9 billion or 8.8 percent of total external debt and 28.5 percent of the NIRs. This was mainly due to the decline in short-term deposits of non-residents by US\$ 139.2 million to US\$ 3.6 billion.

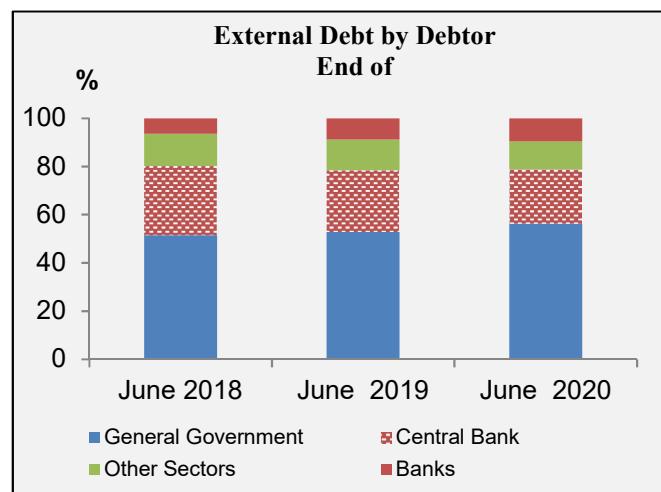
Short-term external debt by residual maturity* recorded US\$ 26.1 billion, representing 21.1 percent of the total external debt and 68.4 percent of the NIRs.



3- External Debt by Debtor

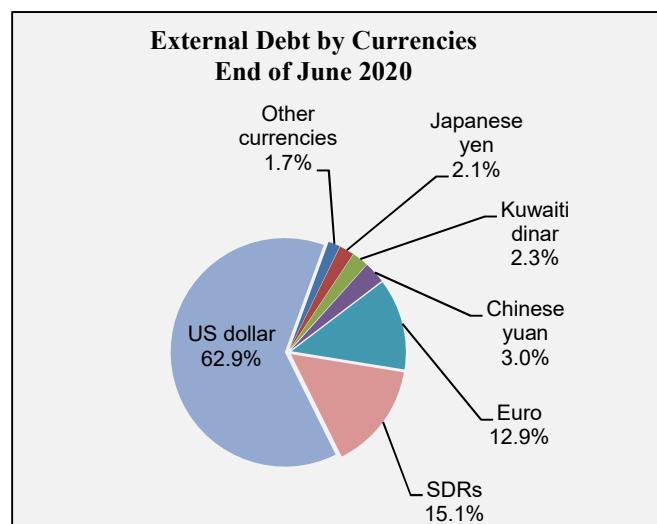
The breakdown of external debt by debtor at end of June 2020 showed that most of the increase in external debt (US\$ 14.8 billion) was owed by the general government. This came as follows:

- Debt owed by the general government rose by US\$ 12.1 billion to US\$ 69.4 billion at end of June 2020, representing 56.2 percent of total external debt.
- Debt owed by banks increased by US\$ 2.4 billion to US\$ 11.9 billion.
- Debt owed by other sectors rose by US\$ 0.4 billion to US\$ 14.3 billion.
- Debt owed by the CBE fell by US\$ 0.1 billion to US\$ 27.9 billion or 22.6 percent.



4- External Debt by Currency

The breakdown of currency composition of external debt at end of June 2020 showed that the US dollar accounted for the bulk of external debt, at a value of US\$ 77.6 billion. The euro came next with US\$ 15.9 billion, followed by the SDRs (US\$ 18.7 billion), then the Chinese yuan (US\$ 3.7 billion), the Kuwaiti dinar (US\$ 2.9 billion), the Japanese yen (US\$ 2.6 billion), and other currencies (US\$ 2.1 billion).

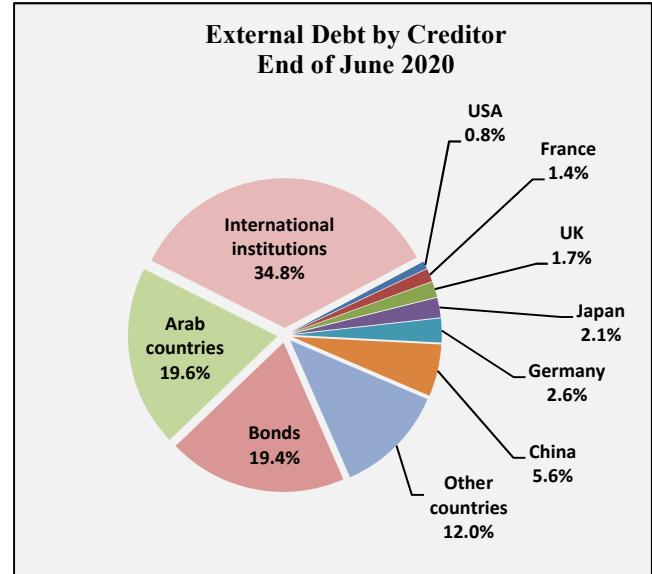


* Including the short-term debt by original maturity plus installments due within the next year on long-term debt.

5- External Debt by Creditor

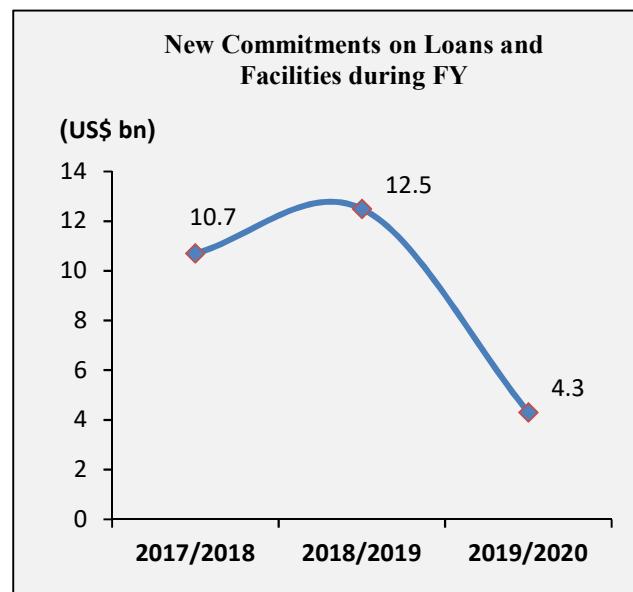
The breakdown of external debt by creditor at end of June 2020 revealed the following:

- US\$ 43.0 billion were owed to international and regional institutions, mainly the IMF (US\$ 17.9 billion), the World Bank (US\$ 11.3 billion), and the European Investment Bank (US\$ 3.6 billion).
- US\$ 24.2 billion were due to Arab countries, mostly to Saudi Arabia (US\$ 9.2 billion or 7.5 percent of total external debt), UAE (US\$ 9.1 billion or 7.4 percent), and Kuwait (US\$ 5.3 billion or 4.3 percent).
- US\$ 23.9 billion represented the balance of Egyptian bonds floated abroad (held by non-residents).
- US\$ 10.6 billion were owed to the main five members of Paris Club, namely Germany (US\$ 3.2 billion), Japan (US\$ 2.6 billion), the UK (US\$ 2.1 billion), France (US\$ 1.7 billion), and the USA (US\$ 1.0 billion).
- US\$ 6.9 billion were owed to China.



Second- New Commitments on Loans and Facilities

During FY 2019/2020, new commitments on loans and facilities amounted to US\$ 4.3 billion (compared with US\$ 12.5 billion a year earlier), down by US\$ 8.2 billion. This was traceable to the decrease in bilateral loans by US\$ 3.8 billion to US\$ 0.4 billion (versus US\$ 4.2 billion). Also, loan commitments from international and regional institutions fell by US\$ 3.1 billion to register US\$ 3.9 billion (versus US\$ 7.0 billion). In addition, there were no new commitments on loans with banks (against US\$ 1.3 billion).



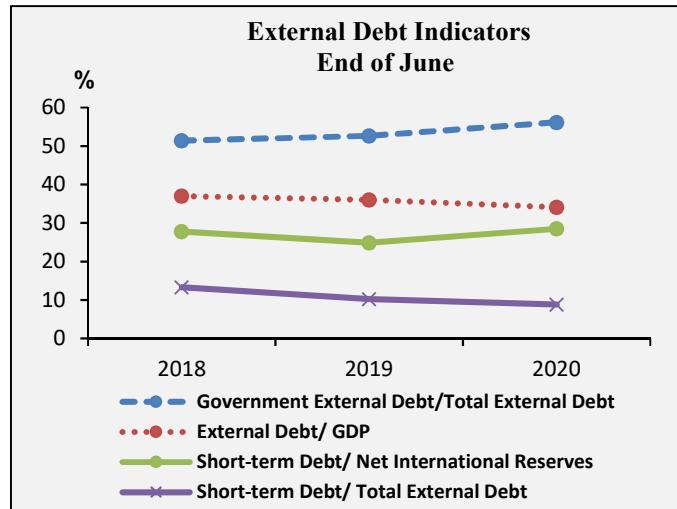
Third- External Debt Service

External debt service reached US\$ 17.2 billion in FY 2019/2020 (against US\$ 13.5 billion in the preceding FY). Such a rise was attributed to the increase in principal repayments by US\$ 3.0 billion to US\$ 13.2 billion; and in interest payments by US\$ 0.7 billion to US\$ 4.0 billion.

Fourth- External Debt Indicators

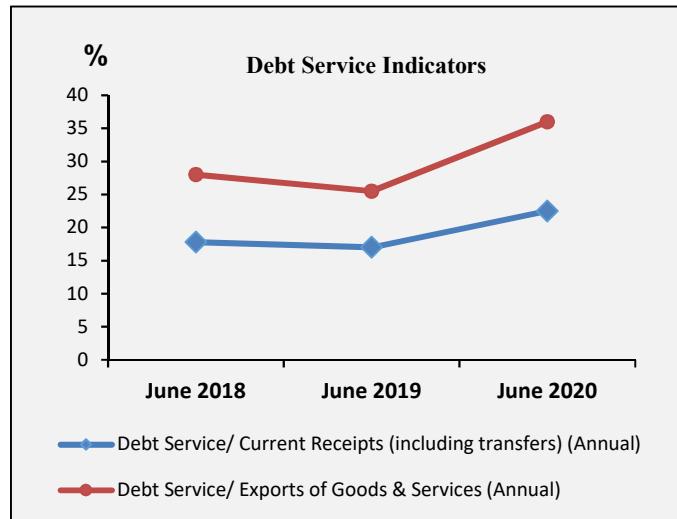
Egypt's external debt indicators are within the thresholds under the Joint World Bank-IMF Debt Sustainability Framework for Low-Income Countries. The indicators, as compared to peer regional country groups*, show that:

- The ratio of external debt to GDP reached 34.1 percent at end of June 2020 (48.7 percent was owed to Latin America and the Caribbean, and 47.5 percent to the Middle East and Central Asia).



- The ratio of short-term external debt to total external debt reached 8.8 percent at end of June 2020 (14.2 percent was owed to Latin America and the Caribbean, and 21.3 percent to the Middle East and Central Asia).

- The ratio of external debt service to exports of goods and services recorded 36.1 percent during FY 2019/2020 (46.4 percent was owed to Latin America and the Caribbean, and 23.1 percent to the Middle East and Central Asia). Debt service when calculated as a ratio to current receipts** significantly improves, recording 22.5 percent in FY 2019/2020. This is due to the fact that Egyptian workers' remittances is one of the main sources of foreign exchange in Egypt, representing 36.4 percent of current receipts.



*Source: IMF World Economic Outlook -October 2019

** Including exports of goods and services and investment income in addition to current transfers, mainly represented in Egyptian workers' remittances.

Chapter 2: Banking Developments

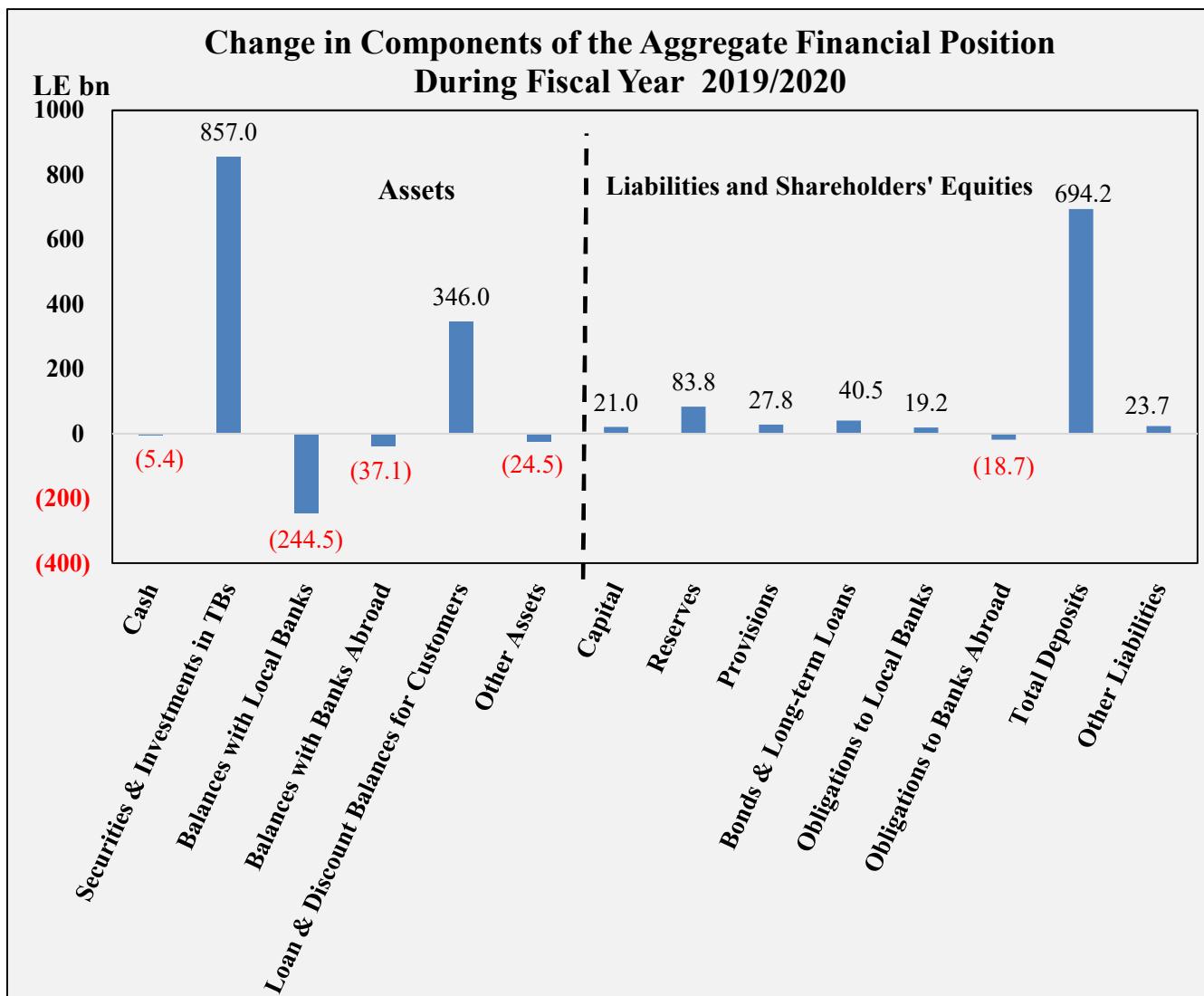
- 2/1 Financial position
- 2/2 Liabilities
 - 2/2/1 Deposits
- 2/3 Assets
 - 2/3/1 Lending Activity
- 2/4 Interbank Transactions and Transactions of Local Banks with Correspondents Abroad
- 2/5 Cash Flows
- 2/6 Bank Performance Indicators

Chapter 2

Banking Developments

2/1- Financial Position

- The aggregate financial position of banks* (excluding the CBE) increased by LE 891.5 billion or 16.2 percent during FY 2019/2020 (against a rise of LE 436.2 billion or 8.6 percent in the preceding FY), to reach LE 6408.3 billion at end of June 2020.
- Banks' deposits (including government deposits) accounted for 73.1 percent of total liabilities and lending and discount balances provided by banks to customers for 34.3 percent of total assets. Moreover, banks' investments in securities and bills accounted for 40.9 percent of total assets.

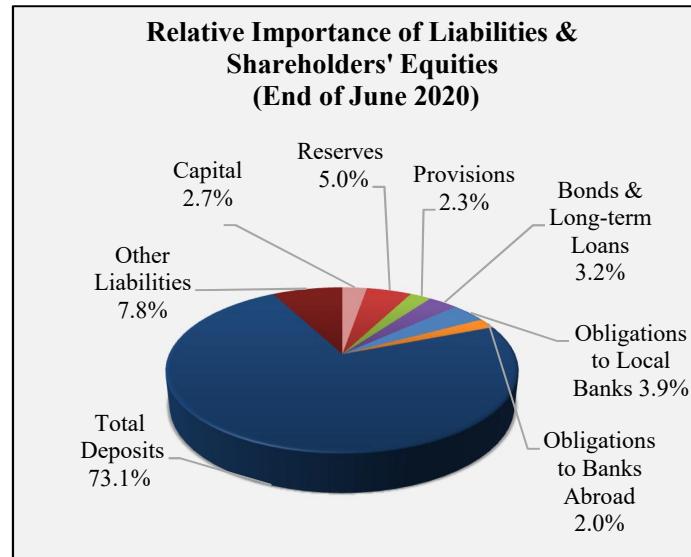


* The number of banks operating in Egypt reached 38 banks and total branches about 4451 at end of June 2020.

Banking and credit developments showed the integrity and stability of the Egyptian banking sector. These developments are as follows:

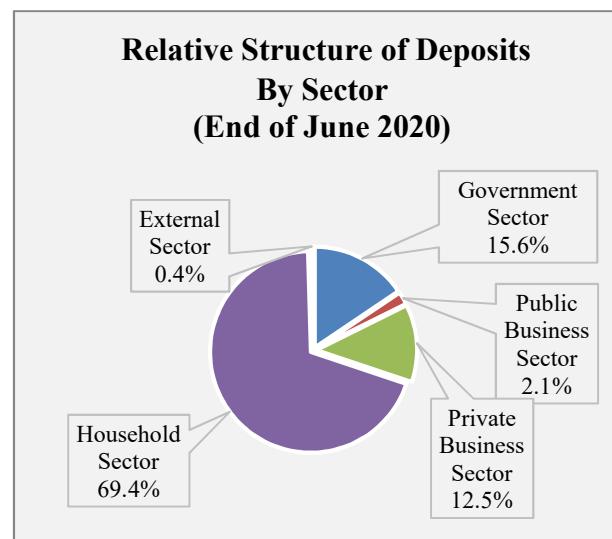
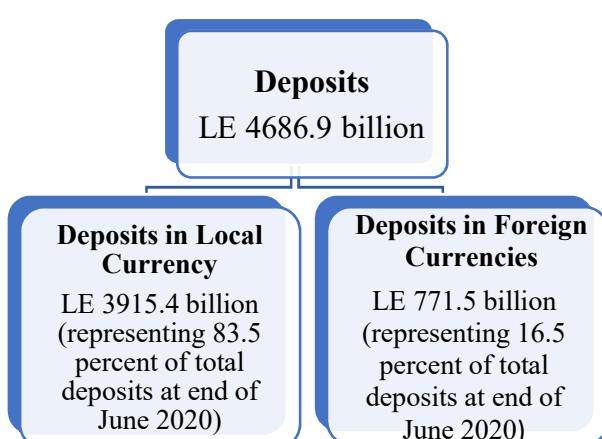
2/2- Liabilities

The rise in liabilities during the year under review emanated from deposits at banks which grew by LE 694.2 billion. Increases were also observed in (i) equities by LE 104.8 billion, (ii) bonds and long-term loans by LE 40.5 billion, (iii) provisions by LE 27.8 billion, (iv) obligations to local banks by LE 19.2 billion, and (v) other liabilities by LE 23.7 billion. Meanwhile, obligations to banks abroad fell by LE 18.7 billion worth.

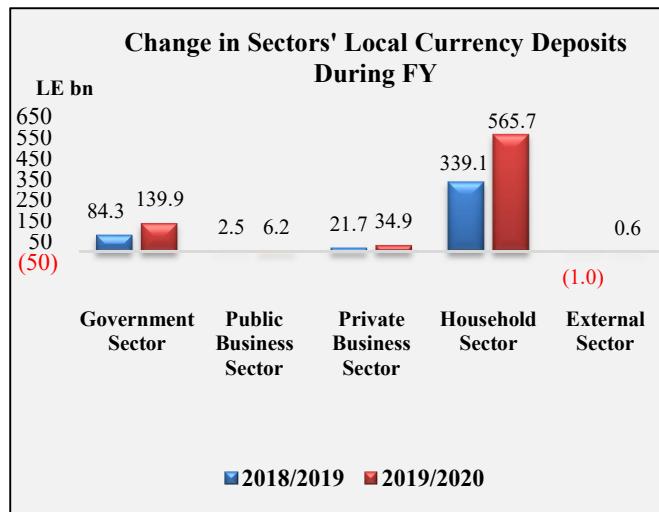


2/2/1- Deposits

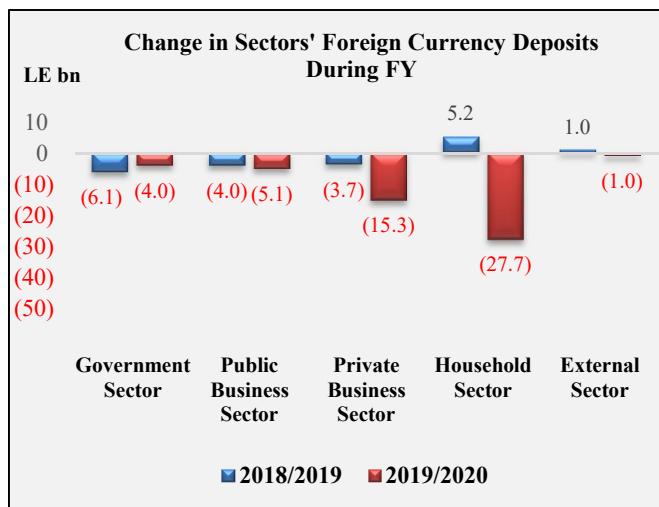
Banks' deposits grew, during the reporting year, by LE 694.2 billion or 17.4 percent (versus a rise of LE 439.0 billion or 12.4 percent), to LE 4686.9 billion at end of June 2020. The household sector contributed about 77.5 percent of the total increase in banks' deposits. The increase in deposits was an outcome of the rise in local currency deposits by LE 747.3 billion or 23.6 percent, and the decrease in foreign currency deposits by LE 53.1 billion worth or 6.4 percent.



The household sector contributed about 75.7 percent of the rise in local currency deposits. Its deposits scaled up by LE 565.7 billion or 25.4 percent to reach LE 2790.2 billion at end of June 2020. Likewise, deposits of the government sector increased by LE 139.9 billion or 28.3 percent, and those of the private business sector by LE 34.9 billion or 9.2 percent.

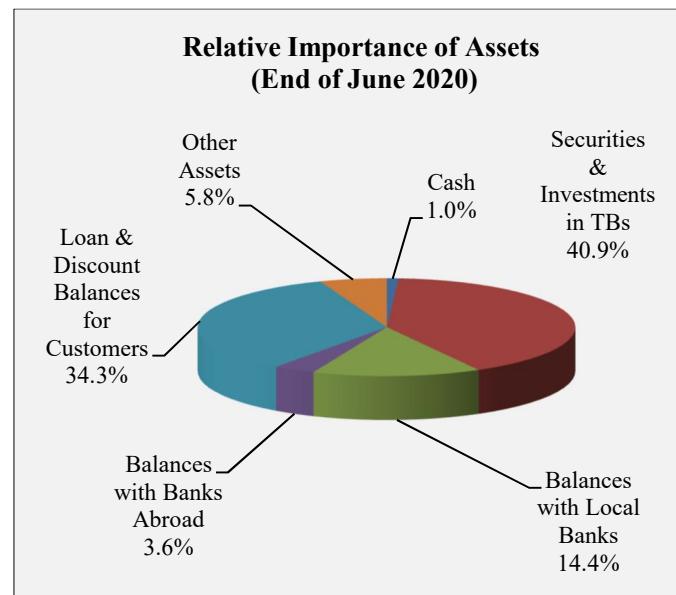


The retreat in foreign currency deposits by LE 53.1 billion worth was ascribed to the drop in the deposits of the household sector by LE 27.7 billion worth, those of the private business sector by LE 15.3 billion worth, as well as those of the public business sector by LE 5.1 billion worth. Furthermore, the government sector's deposits retreated by LE 4.0 billion worth.

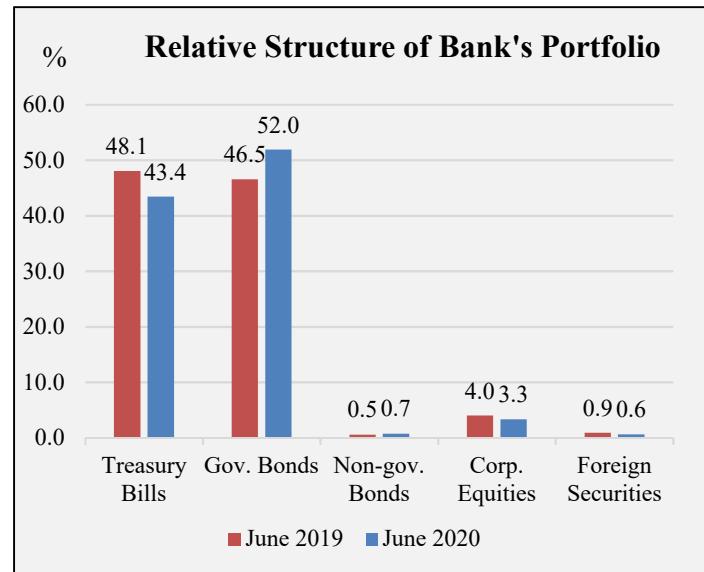


2/3- Assets

The increase on the assets side was attributed to the hike in banks' investments in securities and TBs by LE 857.0 billion or 48.5 percent to stand at LE 2622.3 billion at end of June 2020. Add to this the rise in lending and discount balances by LE 346.0 billion or 18.7 percent, posting LE 2200.4 billion. However, the increase was mitigated by the decline in balances with local banks by LE 244.5 billion, balances with banks abroad by LE 37.1 billion worth, cash by LE 5.4 billion, and other assets by LE 24.5 billion at the end of June 2020.



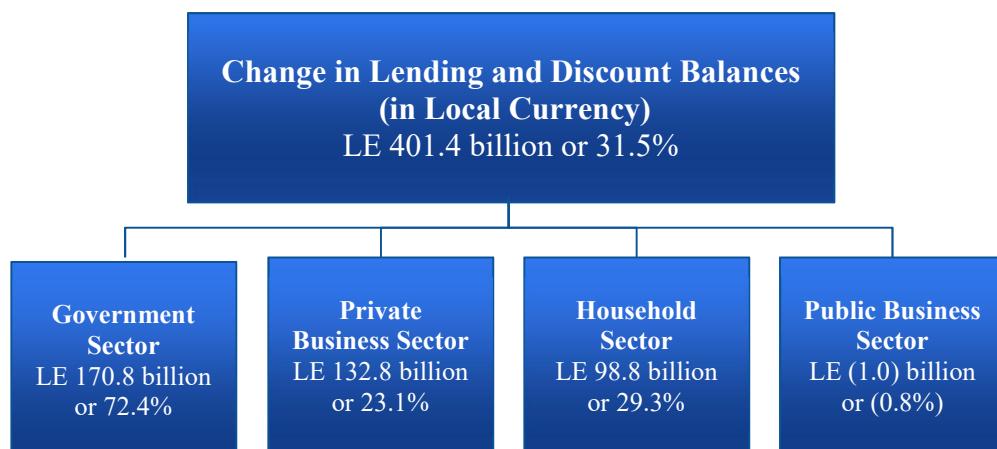
Banks' investments in securities and bills surged by LE 857.0 billion or 48.5 percent in the reporting year (representing 40.9 percent of the total financial position of banks and 56.0 percent of total deposits at end of June 2020). The rise was mostly due to the pickup in their investments in government bonds by LE 539.6 billion, Treasury bills by LE 290.2 billion, corporate equities by LE 17.1 billion, non-government bonds by LE 9.2 billion, and foreign securities by LE 0.9 billion worth.



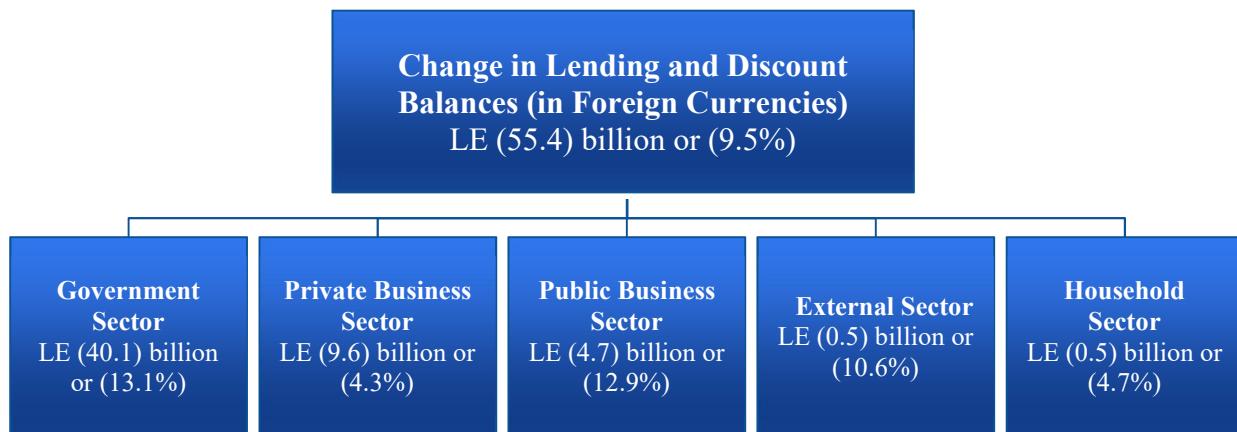
2/3/1- Lending Activity

Banks' lending and discount balances posted LE 2200.4 billion (representing 34.3 percent of total assets and 46.9 percent of total deposits at end of June 2020), recording a rise of LE 346.0 billion or 18.7 percent in the reporting year (against a rise of LE 224.7 billion or 13.8 percent in the preceding FY). The increase was attributable to the hike in lending and discount balances extended in local currency by LE 401.4 billion or 31.5 percent registering LE 1675.5 billion at end of June 2020, and the decline in those extended in foreign currencies by LE 55.4 billion worth or 9.5 percent posting LE 524.9 billion worth at end of June 2020.

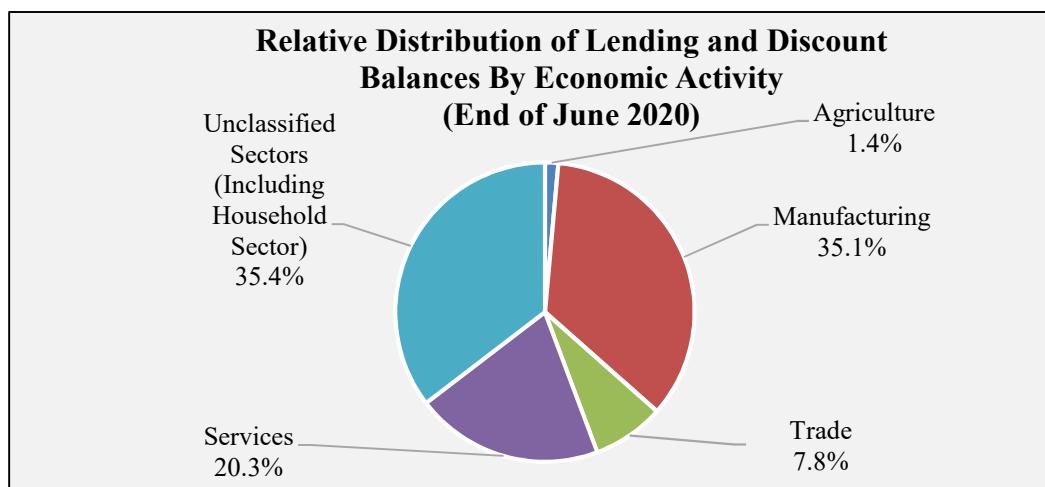
The rise in lending and discount balances in local currency during the reporting year (as illustrated in the following figure) was primarily due to the increase in lending balances extended to the government sector by LE 170.8 billion, recording LE 406.7 billion. Also, the lending balances extended to the private business sector rose by LE 132.8 billion to post LE 706.9 billion or 42.2 percent of the total balances extended in local currency at end of June 2020.



The decline in lending and discount balances extended in foreign currencies (as shown in the following figure) was mainly ascribed to the retreat in loans extended to the government sector by LE 40.1 billion worth or 13.1 percent to stand at LE 266.5 billion at end of June 2020. Similarly, loans extended to the private business sector retreated by LE 9.6 billion worth.



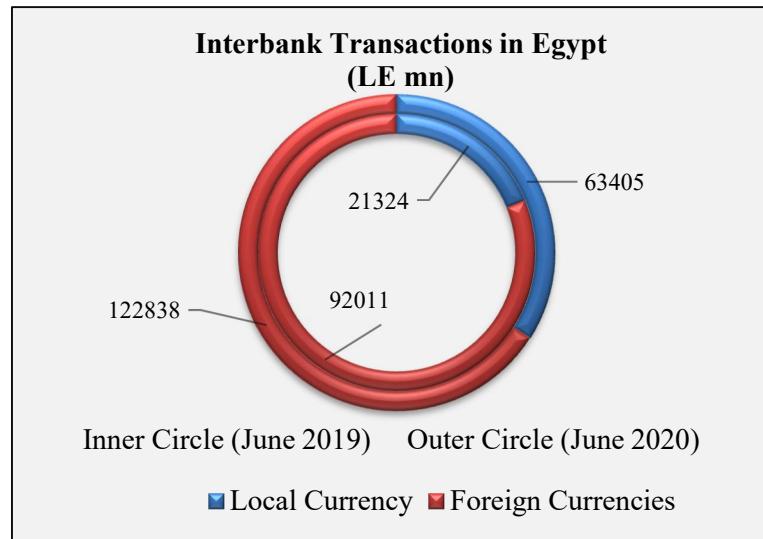
The following chart shows the relative distribution of lending and discount balances by economic activity:



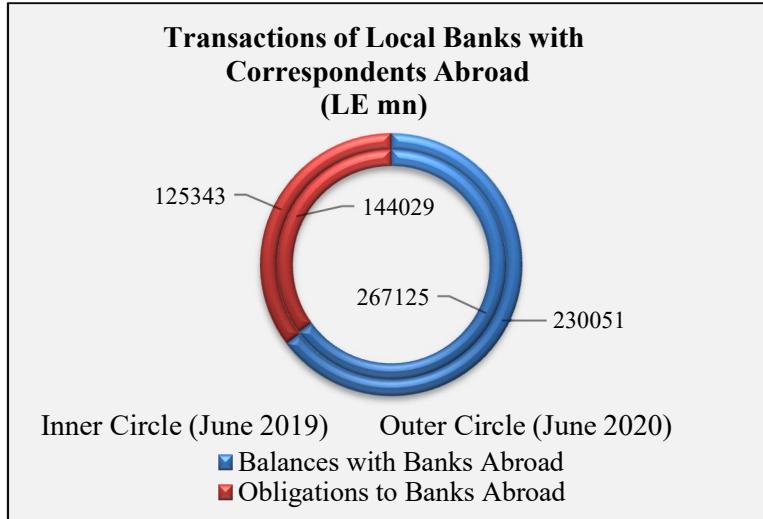
At end of June 2020, banks' loans and advances (excluding discounts) by maturity registered LE 2179.6 billion, up by LE 339.6 billion or 18.5 percent in the reporting year. The increase was ascribable to the growth in long-term loans (more than one year) by LE 280.0 billion or 26.2 percent (due to the rise of LE 294.5 billion or 38.5 percent in local currency loans, and the decline of LE 14.5 billion worth or 4.8 percent in foreign currency loans). Add to this the hike in short-term loans (one year or less) by LE 59.6 billion or 7.7 percent (on the back of the growth in local currency loans by LE 101.7 billion or 20.5 percent and the decline in foreign currency loans by LE 42.1 billion worth or 15.4 percent).

2/4- Interbank Transactions and Transactions of Local Banks with Correspondents Abroad

Concerning the **interbank transactions in Egypt** (excluding the CBE), the volume of transactions in money market (in terms of deposits) increased by LE 72.9 billion or 64.3 percent in the reporting year (against a retreat of LE 17.2 billion in the previous fiscal year), bringing total deposits to LE 186.2 billion at end of June 2020.



Transactions of local banks with correspondents abroad in the reporting year unfolded a decline in their net balances with banks abroad by LE 18.4 billion worth, bringing its credit balance to LE 104.7 billion worth at end of June 2020 (against a credit balance of LE 123.1 billion worth at end of June 2019).



2/5- Cash Flows

Monitoring banks' cash flows arising from local and foreign operations aims at identifying the sources and uses of funds during the fiscal year. Banks' sources of funds come from either an increase in obligations or a decrease in assets. Uses of funds are directed to increasing assets or reducing obligations.

Regarding local operations, the resources of banks were generated from the increase in obligations (LE 965.4 billion) and the decrease in assets (LE 347.4 billion) in FY 2019/2020. The rise in obligations came mainly from deposits at banks which grew by LE 694.2 billion (reflecting the rise of LE 747.3 billion in local currency deposits and the retreat of LE 53.1 billion worth in foreign currency deposits). The household sector contributed about 77.5 percent of this rise as its deposits rose by LE 538.0 billion. Add to this the increase in equities by LE 104.8 billion, obligations to local banks by LE 74.4 billion, loans & bonds by LE 40.5 billion, provisions by LE 27.8 billion, and other liabilities by LE 23.7 billion. Meanwhile, the decline in assets stemmed primarily from the fall in balances at the CBE by LE 317.4 billion, cash by LE 5.4 billion, and other assets by LE 24.6 billion.

Local uses were mostly directed to increase assets by LE 1275.0 billion, while obligations were reduced by LE 55.3 billion. The rise in assets was manifest in investment of banks in securities and Treasury bills which increased by LE 856.1 billion, followed by the lending and discount balances by LE 346.0 billion, and the balances at local banks by LE 72.9 billion. On the other hand, the reduction in obligations was traceable to the decline in obligations to the CBE by LE 55.3 billion.

Cash flows of banks in the reporting year revealed a deficit of LE 17.5 billion in local operations. However, external operations showed a surplus equal to that deficit. This indicates that the surplus of external operations was used to finance the deficit of local operations.

Banks' Cash Flows Statement*
Local Transactions

	(value in LE mn)	
During	2018/2019	2019/2020
<u>1. Total Resources:</u>	<u>565545</u>	<u>1312807</u>
A. From the Increase in Obligations (Liabilities)	<u>548348</u>	<u>965405</u>
Deposits	439039	694202
Capital accounts (equities)	25876	104791
Obligations to local banks	0	74420
Loans and bonds	21066	40497
Provisions	12978	27807
Other liabilities	49389	23688
B. From the Decrease in Assets	<u>17197</u>	<u>347402</u>
Balances with the CBE	0	317426
Cash	0	5393
Balances with local banks	17197	0
Other Assets	0	24583
<u>2. Total Uses:</u>	<u>507981</u>	<u>1330287</u>
A. To Reduce Obligations	<u>67952</u>	<u>55265</u>
Obligations to the CBE	48956	55265
Obligations to local banks	18996	0
B. To Increase Assets	<u>440029</u>	<u>1275022</u>
Investments in securities and bills	87823	856060
Lending and discount	224662	346055
Balances with local banks	0	72907
Balances with the CBE	20290	0
Cash	1295	0
Other assets	105959	0
Sources/Uses Surplus (+) or Deficit (-)	<u>57564</u>	<u>-17480</u>

* Figures in this statement represent only the difference between the balances at end of the reporting year and the preceding fiscal year.

As for **banks' external transactions**, their resources emanated from the decline in assets, mainly represented in balances at banks abroad by LE 37.1 billion worth. These funds were used in reducing obligations, mainly obligations to banks abroad by LE 18.7 billion worth, as well as increasing assets, mainly represented in investments in foreign securities and bills by LE 0.9 billion worth.

Banks' Cash Flows Statement*

External Transactions

(value in LE mn)

During	2018/2019	2019/2020
1. Total Resources:	<u>3278</u>	<u>37074</u>
A. From the Increase in Obligations	<u>0</u>	<u>0</u>
B. From the Decrease in Assets	<u>3278</u>	<u>37074</u>
Balances with banks abroad	0	37074
Investments in foreign securities and bills	3278	0
2. Total Uses:	<u>60842</u>	<u>19594</u>
A. To Reduce Obligations	<u>44160</u>	<u>18686</u>
Obligations to banks abroad	44160	18686
B. To Increase Assets	<u>16682</u>	<u>908</u>
Investments in foreign securities and bills	0	908
Balances with banks abroad	16682	0
Sources/Uses Surplus (+) or Deficit (-)	<u>-57564</u>	<u>17480</u>

* Figures in this statement represent only the difference between the balances at end of the reporting year and the preceding year.

2/6- Bank Performance Indicators

The following are the results realized by banks according to their financial positions at end of June 2020:

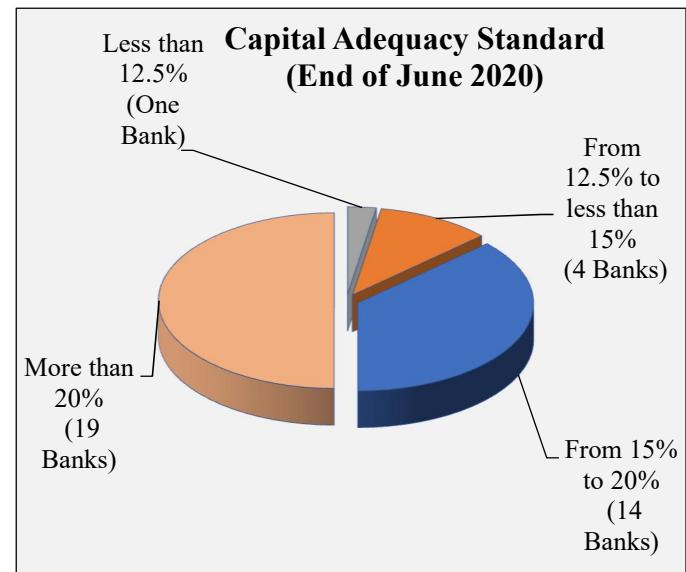
First: Capital Adequacy Ratio (Including the Capital Conservation Buffer)

Within the framework of applying Basel standards, local banks (excluding branches of foreign banks) are required to maintain a minimum capital adequacy ratio of 12.5 percent of the capital base (numerator) to risk-weighted assets (denominator), to cover credit, market and operational risks. As for branches of foreign banks, they are subject to Basel regulations (except for maintaining the aforementioned ratio), in addition to the DSIBs regulations that imposed additional capital requirements to absorb losses according to the systemic importance of the local banks.

A follow-up of banks' compliance with this standard revealed the following findings:

For banks combined, the ratio, including the capital conservation buffer, reached 20.1 percent (against a mandatory minimum ratio of 12.5 percent). The banks' Tier 1 capital, including the capital conservation buffer, reached 17.7 percent (against a mandatory minimum ratio of 8.5 percent). Common equity stood at 13.1 percent (against a mandatory minimum ratio of 4.5 percent).

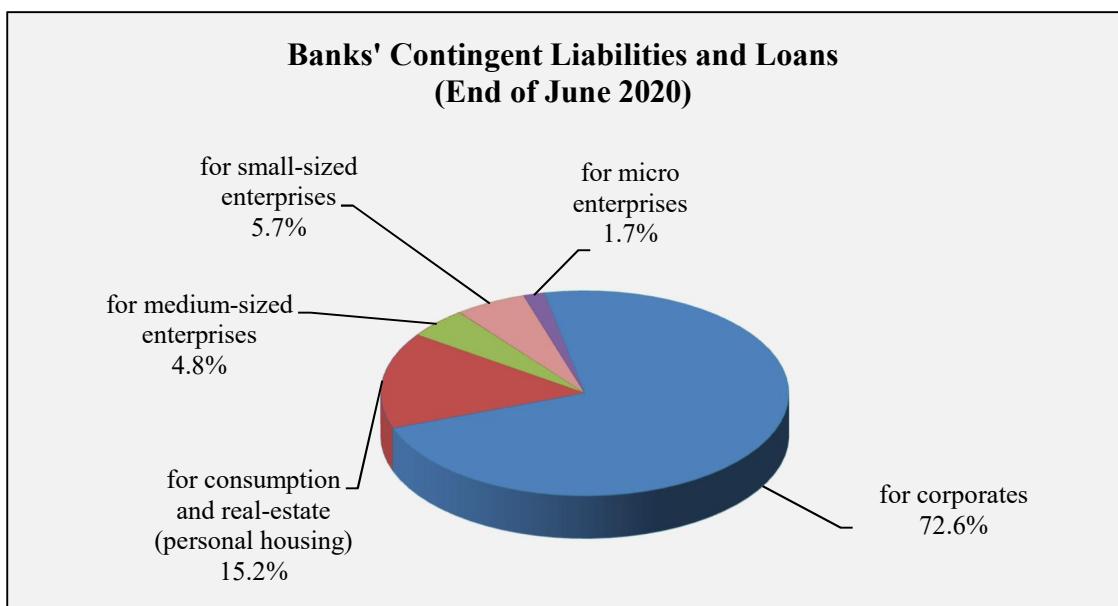
All banks abided by the minimum capital adequacy ratio (including the conservation buffer), except for one bank (within the framework of restructuring) that the CBE is following up its corrective plan. The leverage ratio reached 7.6 percent at the end of June 2020 against a mandatory ratio of 3.0 percent as of 2018.



Second: Asset Quality:

On 24 May 2005, the CBE issued the regulations governing customer credit rating and provisioning, taking into account the obligor risk rating (ORR) for medium institutions and enterprises, loans for consumer purposes, real estate loans for personal housing, corporate loans, and loans for small- and micro- sized enterprises according to the definition issued on the 7th of March 2017.

The following chart shows the beneficiary entities of credit facilities.



Out of the CBE's keenness to continue applying the international best practices in banking industry, including the 9th Edition of the International Financial Reporting Standards (IFRS9), which in turn will enhance the soundness of banks' financial positions and strengthen their concepts of disclosure and transparency, the CBE's BoD in its session held on the 17th of January 2018, issued a decision obliging banks to prepare their financial statements according to the IFRS 9 "Financial Instruments". The standard relies on following the approach of measuring expected credit risks as of 2019. To put this decision in effect, the final instructions for preparing banks' financial statements according to the aforementioned standard were issued on the 26th of February 2019.

The ratio of non-performing loans and facilities/ total loans and facilities reached 3.9 percent, whereas the ratio of provisions of loans and facilities/ non-performing loans and facilities registered 97.2 percent.

Third: Profitability:

This indicator shows the level of profitability realized by a bank, its ability to strengthen its equities, and to distribute dividends among its shareholders. The return on average assets and equities of the banking system reached 1.8 percent and 23.4 percent, in order, while net interest margin was 4.1 percent for FY 2019 (according to the latest audited financial statements).

A follow-up of banks' profitability levels revealed the following:

A. Banks whose FY ends June 30 (public sector banks and the Export Development Bank of Egypt):

Net profits amounted to LE 28254 million for the FY ending 30 June 2019 against LE 13554 million for the FY ending 30 June 2018.

The ratios of banks' net profits to average assets and to average equities stood at 1.1 percent and 18.5 percent, in order (against 0.5 percent and 8.7 percent in 2018).

B. Banks whose FY ends December 31:

Banks' net profits for the FY ending 31 December 2019 registered LE 64448 million (against LE 56807 million for the FY ending 31 December 2018).

The ratios of banks' net profits to average assets and to average equities were 2.6 percent and 28.2 percent, respectively (against 2.3 percent and 26.9 percent for the FY 2018).

Chapter 3: Macroeconomic Developments

- 3/1- Gross Domestic Product (GDP)**
 - 3/1/1- Labor Force, Employment and Unemployment
- 3/2- Inflation**
- 3/3- Public Finance**
 - 3/3/1- Budget Sector
 - 3/3/2- General Government
- 3/4 - Balance of Payments and Foreign Trade**
 - 3/4/1- Balance of Payments**
 - 3/4/1/1- Current Account
 - 3/4/1/2- Capital and Financial Account
 - 3/4/2- Foreign Trade**
 - 3/4/2/1- Merchandise and Sectoral Distribution of Exports by Degree of Processing
 - 3/4/2/2- Merchandise and Sectoral Distribution of Imports by Degree of Use
 - 3/4/2/3- Foreign Trade by Geographical Distribution
 - 3/4/2/4- Merchandise Balances by Merchandise Group
- 3/5- Non-Banking Financial Services Sector**
 - 3/5/1- Stock Market

Chapter 3

Macroeconomic Developments

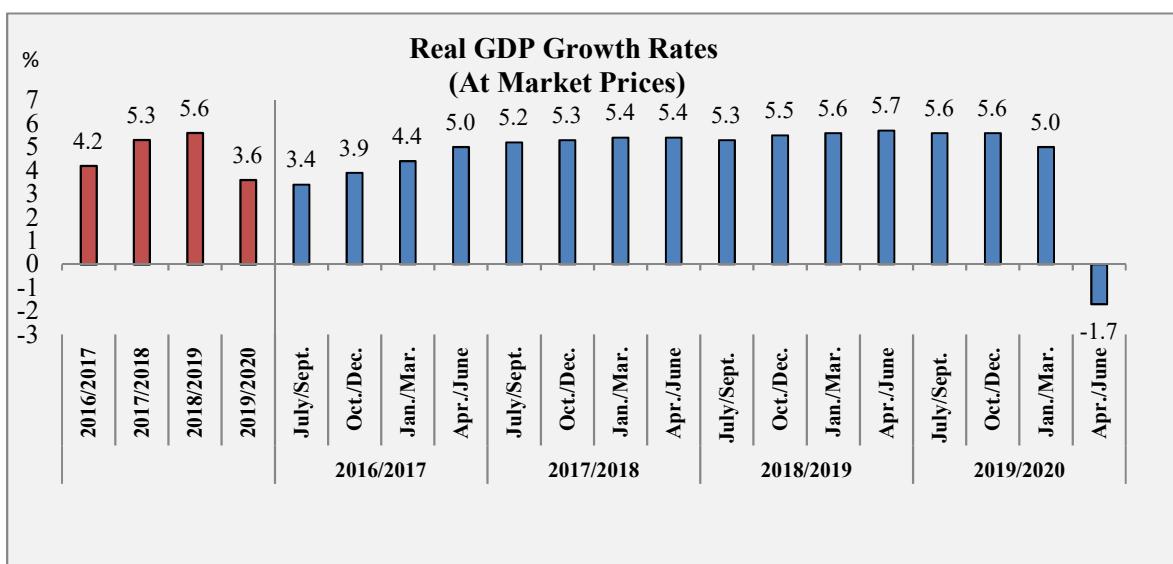
3/1- Gross Domestic Product (GDP)

According to the data issued by the Ministry of Planning and Economic Development, real GDP growth at market prices decreased, registering 3.6 percent in FY 2019/2020 against 5.6 percent a year earlier.

Real GDP (at 2016/2017 prices)*

	<u>Value (in LE bn)</u>		<u>Rate of Change (%)</u>	
	FY	2018/19	FY	2018/19
Real GDP at factor cost		3783.7	3879.4	5.1
Indirect taxes (net)		73.8	115.8	-
Real GDP at market prices		3857.5	3995.2	5.6
				3.6

Source: Ministry of Planning and Economic Development



GDP (at 2016/2017 market prices)

On the **demand side**, the decline in real GDP growth at market prices to 3.6 percent during the reporting year (from 5.6 percent in the previous FY) was due to the lower contribution of domestic demand to 2.8 percentage points (against 3.3 points a year earlier). To clarify, the share of final consumption (government and private) posted 6.5 percentage points (against 1.1 point); while that of capital formation registered negative 3.7 points compared to 2.2 points.

Additionally, the decline in the contribution of net external demand (exports of goods and services less imports of goods and services expressed in LE) to 0.8 point against 2.3 points came as a reflection of the drop in both exports and imports by 21.7 percent and 17.9 percent, respectively.

* The Ministry of Planning and Economic Development changed the base year from 2011/2012 to 2016/2017 starting from July/September 2017.

**Rates of Change and Share of Demand Components
in Real GDP Growth (at Market Prices)**

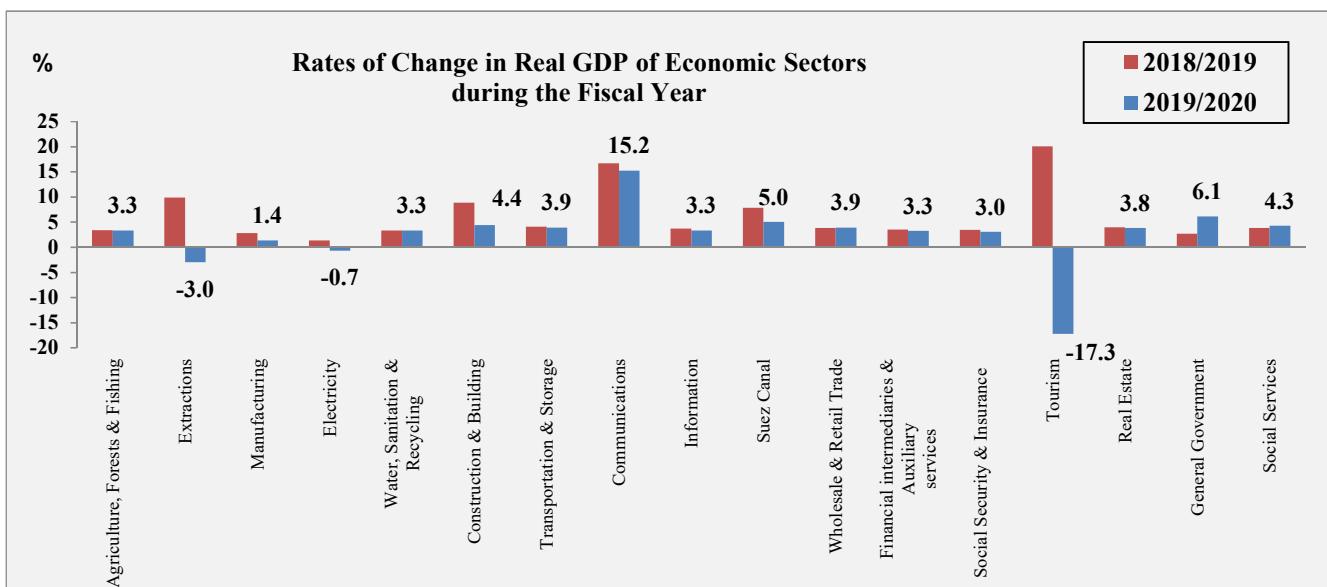
	Rates of Change + (-) During FY		Share in Real GDP Growth* During FY	
	2018/2019	2019/2020	2018/2019	2019/2020
	(%)		(Percentage Point)	
<u>Real GDP Growth</u>	<u>5.6</u>	<u>3.6</u>	<u>5.6</u>	<u>3.6</u>
<u>1- Domestic Demand</u>	<u>2.9</u>	<u>2.6</u>	<u>3.3</u>	<u>2.8</u>
A- <u>Final Consumption</u>	<u>1.1</u>	<u>7.2</u>	<u>1.1</u>	<u>6.5</u>
Private	1.0	7.3	0.8	5.9
Public	2.8	6.7	0.3	0.6
B- <u>Capital Formation</u>	<u>12.9</u>	<u>(20.9)</u>	<u>2.2</u>	<u>(3.7)</u>
Investment	14.1	(20.9)	2.3	(3.7)
Change in Stock			(0.1)	0.0
<u>2- Net External Demand</u>	<u>(20.9)</u>	<u>(9.5)</u>	<u>2.3</u>	<u>0.8</u>
A- Exports of Goods and Services	(2.2)	(21.7)	(0.4)	(4.0)
B- Imports of Goods and Services	(8.9)	(17.9)	(2.7)	(4.8)

Source: Rates of change are issued by the Ministry of Planning and Economic Development. Contributions of demand components are calculated by researchers.

* Contributions of individual sectors may not sum to total growth due to rounding.

GDP (at factor cost and 2016/2017 prices)

On the **supply side**, the decline in real GDP growth at factor cost to 2.5 percent in FY 2019/2020 (from 5.1 percent) was a result of the lower contributions of the following sectors: extractions (-0.3 percentage point against 0.9 point); tourism (-0.5 point against 0.5 point); construction & building (0.3 point against 0.6 point); manufacturing (0.2 percentage point against 0.4 point); and Suez Canal, financial intermediaries & auxiliary services (0.1 point against 0.2 point for each). However, higher contributions were observed in the sector of the general government (0.5 point against 0.2 point). Meanwhile, the contributions of other sectors combined remained unchanged at 2.1 points.



As regards the private and public sectors' contributions to real GDP growth (2.5 percent), **the private sector's contribution reached 1.3 percentage point in the reporting year (against 3.5 points a year earlier)**. This came as a result of the drop in the shares of most sectors, mainly tourism (-0.5 point against 0.5 point); manufacturing (-0.4 point against 0.3 point); and building & construction (0.2 point against 0.5 point). Meanwhile, the contributions of other sectors combined stood at 2.0 points against 2.2 points.

On the other hand, the contribution of **the public sector** to GDP growth reached 1.2 point (against 1.6 point). This was attributable to both the fall in the contributions of extractions (-0.3 point against 0.8 point) and Suez Canal (0.1 point against 0.2 point); and to the rise in the contributions of manufacturing (0.6 point against 0.1 point) and the general government (0.5 point against 0.2 point). Meanwhile, the contributions of other sectors combined stabilized at 0.3 percentage point.

The reporting year witnessed a decline in **investments at current prices** by 16.9 percent to reach LE 796.4 billion compared with LE 957.8 billion a year earlier. The distribution of these investments ran as follows: social services¹ acquired 24.6 percent of the total, followed by productive services² (23.3 percent), then extractions (11.8 percent), real estate (11.5 percent), manufacturing (10.1 percent), electricity (8.4 percent), construction & building (5.2 percent), and agriculture, irrigation & fishing (5.1 percent).

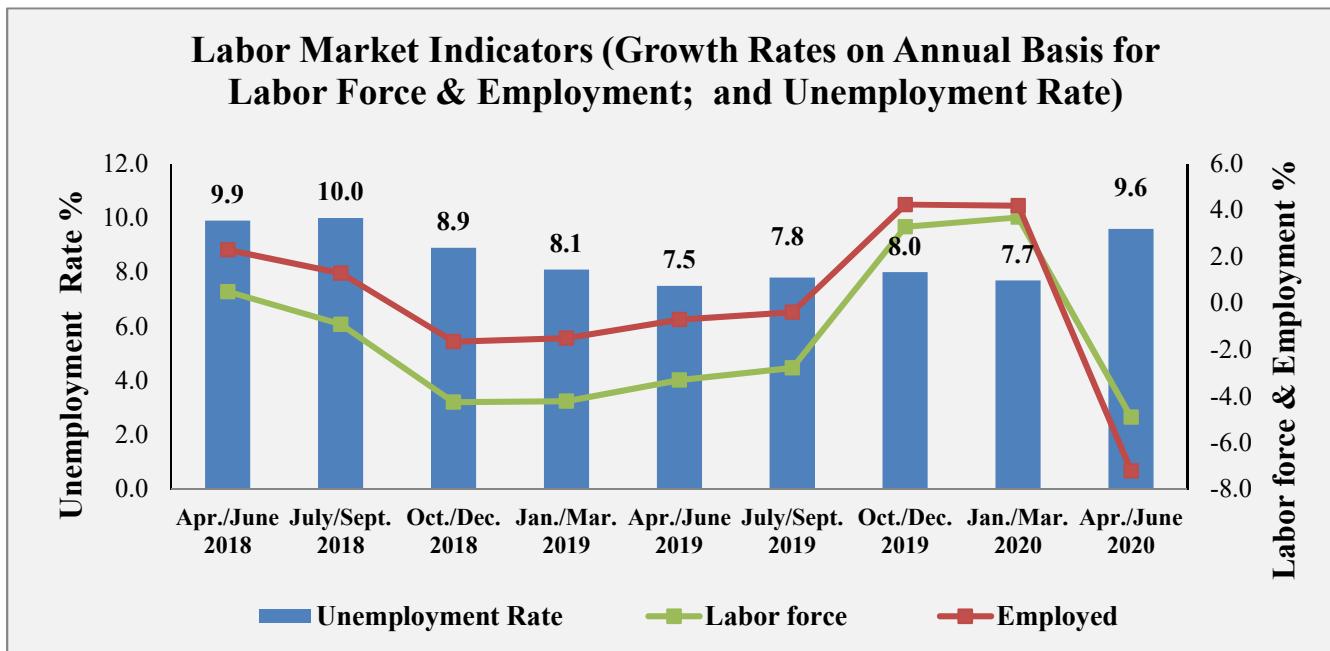
The private sector implemented around 38.3 percent of total current investments, mostly in the sectors of social services, real estate and extractions. However, the public sector executed 61.7 percent of the total, mostly in the sectors of social services, productive services, electricity, and manufacturing.

¹ Social services sector includes education services; healthcare services; water & sewage, and other services.

² Productive services sectors include transportation & storage; communications; information; Suez Canal; wholesale and retail trade; financial intermediaries & auxiliary services; and tourism.

3/1/1- Labor Force, Employment and Unemployment

According to CAPMAS quarterly Labor Force Sample Survey (LFS) for Q4 (April/June 2019/2020), the number of persons employed fell by 7.2 percent, to reach 24.1 million persons (as compared with the corresponding quarter of the preceding FY). In addition, the number of the unemployed increased by 22.9 percent, to 2.6 million persons. This led to a drop of 4.9 percent in the size of labor force during the period under review (as compared with the corresponding quarter of the preceding FY), to reach only 26.7 million persons.



Against these developments, unemployment rate (the ratio of unemployed to labor force) rose to 9.6 percent in Q4 (April/June 2019/2020) against 7.5 percent in the corresponding quarter of the preceding FY,

According to the quarterly LFS for Q4 2019/2020, the rate of jobless males increased to 8.5 percent (from 4.2 percent in the corresponding quarter), while that of jobless females fell to 16.2 percent (from 22.4 percent). Similarly, unemployment in the urban sections rose to 12.5 percent (from 9.3 percent); and in rural areas to 7.4 percent (from 6.1 percent).

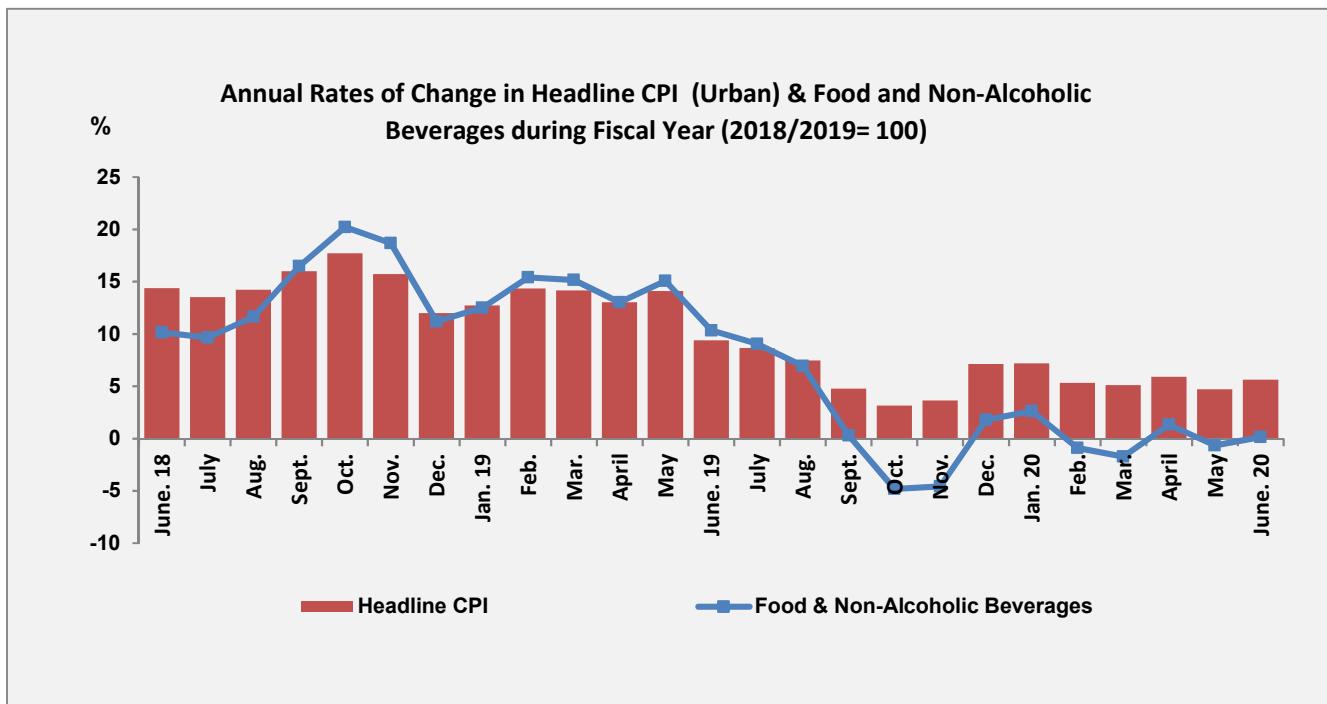
It is worth mentioning that 60.4 percent of total jobless persons were aged between 15 and 29 years, and 69.2 percent were holders of intermediate, above intermediate, university and post graduate degrees.

The sector of agriculture and fishing continued to acquire the majority of the total number of employed (21.0 percent) in the quarter under review, followed by construction and building (14.0 percent), then wholesale and retail trade (13.4 percent), manufacturing (12.5 percent), and education (8.6 percent).

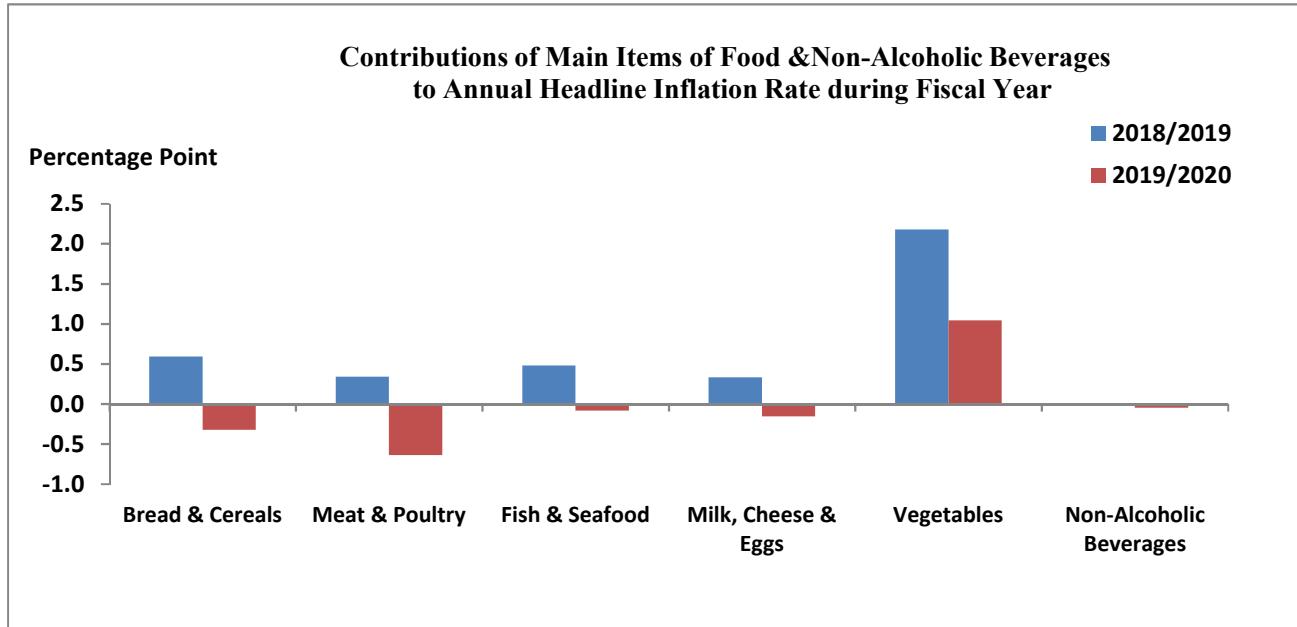
3/2- Inflation

A- Consumer Price Index (CPI)

Year-over-year growth in headline CPI (urban) moderated to only 5.6 percent at end of FY 2019/2020 (June/June), from a rise of 9.4 percent at end of the previous FY. This came mainly due to the lower contribution of food and non-alcoholic beverages (nil against 5.2 points), in addition to the decline in the contributions of other groups such as: clothing and footwear (0.1 point against 0.4 point); culture and recreation (0.2 point against 0.5 point); furnishings, household equipment & routine maintenance (nil against 0.1 point), and miscellaneous goods & services (0.1 point against 0.2 point). On the other hand, higher contributions were recorded by some groups, mainly transportation (1.1 point against 0.1 point); healthcare (0.8 point against 0.3 point); education (1.2 point against 0.7 point), and housing, water, electricity, gas & fuel (1.1 point against 0.9 point). Meanwhile, the contributions of other groups remained unchanged at 1 percentage point.



The large decrease in the contribution of food and non-alcoholic beverages (nil against 5.2 points) was traceable to the lower contributions of most subgroups mainly: vegetables (1.0 point against 2.2 points), meat & poultry (-0.6 point against 0.3 point); bread & cereals (-0.3 point against 0.6 point); fruits (0.5 point against 1.2 point); and fish and seafood (-0.1 against 0.5 point).

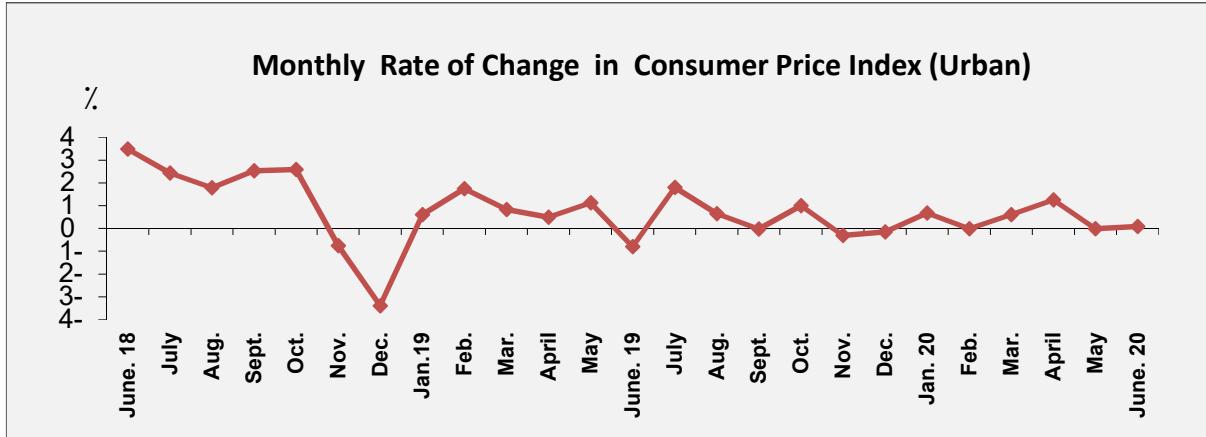


The following table shows the rates of change and shares of CPI groups (urban) in headline inflation in the years of review and comparison:

Main CPI Groups	Relative Weight	Rates of Change		Shares in Headline Inflation (Percentage Point) in FY	
		2018/19 (%) in FY	2019/20 (%) in FY	2018/19	2019/20
General Index	100.0	9.4	5.6	9.4	5.6
Food & Non-Alcoholic Beverages	32.73	10.3	0.1	5.2	0.0
Alcoholic Beverages & Tobacco	4.41	10.1	12.3	0.4	0.4
Clothing & Footwear	4.38	8.4	2.4	0.4	0.1
Housing, Water, Electricity, Gas & Fuel	19.46	7.5	5.7	0.9	1.1
Furnishings, Household Equipment & Routine Maintenance	3.93	3.6	3.9	0.1	0.0
Healthcare	8.59	5.7	9.1	0.3	0.8
Transportation	6.66	2.1	14.9	0.1	1.1
Communications	2.76	0.0	4.5	0.0	0.0
Recreation & Culture	2.24	17.8	1.6	0.5	0.2
Education	5.49	14.7	21.8	0.7	1.2
Restaurants & Hotels	4.98	12.9	7.9	0.6	0.6
Miscellaneous Goods & Services	4.37	8.2	4.4	0.2	0.1

Source: For the rates of change in CPI groups: the CAPMAS. The shares of CPI groups were calculated by researchers.

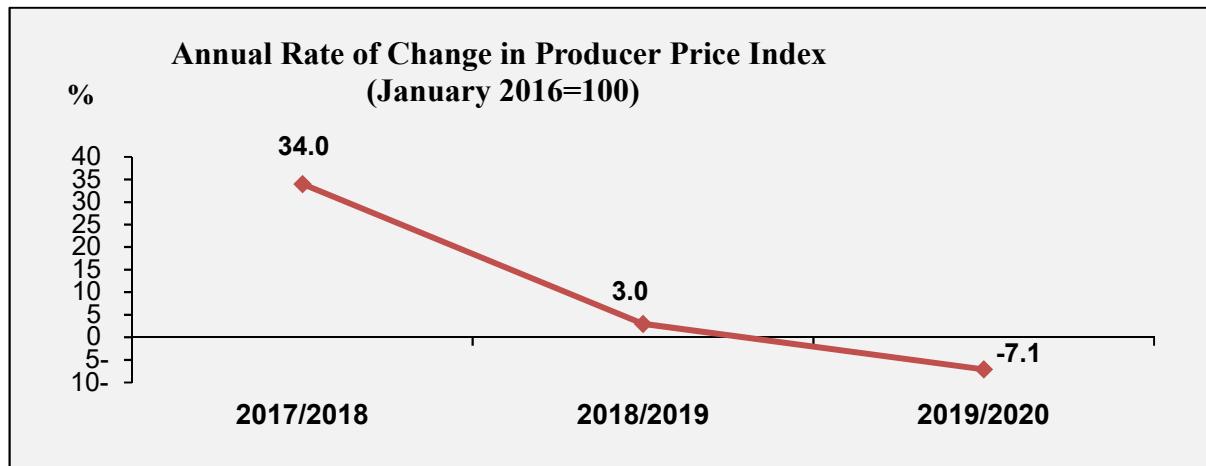
Urban **headline CPI (m/m)** amounted to 0.5 percent on average in the year under review (against 0.8 percent in the year of comparison), thus registering its lowest level (negative 0.3 percent) in November 2019.



B- Producer Price Index (PPI)

The headline PPI inflation noticeably fell by 7.1 percent in FY 2019/2020 (against 3.0 percent in the preceding FY). This was attributed to the lower contributions of the following groups: mining and quarrying (-9.3 points against -2.7 points); agriculture and fishing (nil against 2.5 points); electricity, gas, steam & air conditioning supplies (0.7 point against 1.5 point); and food services & accommodation (-0.3 point against 0.4 point).

This decline was mitigated by the higher contribution of manufacturing (1.8 point against 1.3 point).



The following table illustrates the rates of change and shares of PPI groups in headline inflation during the years of review and comparison:

Rates of Change and Shares of PPI Groups in Headline Inflation

Main PPI Groups	Relative Weight	Rate of Change		(January 2016=100) Shares in Headline Inflation	
		(%) in FY		(Percentage Point in FY)	
		2018/19	2019/20	2018/19	2019/20
General Index	100.0	3.0	-7.1	3.0	-7.1
Agriculture & Fishing	24.3	12.7	0.4	2.5	0.0
Mining & Quarrying	27.1	-8.6	-33.0	-2.7	-9.3
Manufacturing	38.6	3.1	4.4	1.3	1.8
Electricity, Gas, Steam & Air Conditioning Supplies	2.6	71.0	20.0	1.5	0.7
Water Supply, Sanitation, and Waste Treatment and Management	1.3	0.0	0.0	0.0	0.0
Transportation & Storage	0.5	1.8	12.7	0.0	0.0
Food Services & Accommodation	4.5	11.1	-8.1	0.4	-0.3
Information and Communications	1.1	0.0	0.0	0.0	0.0

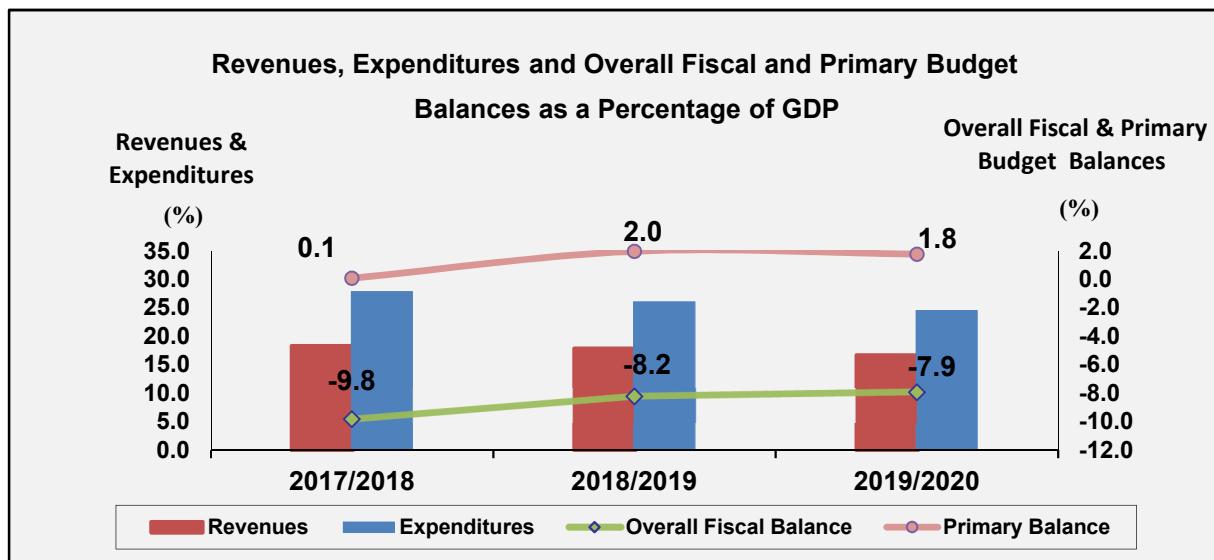
Source: For rates of change: the CAPMAS. The shares of PPI groups were calculated by researchers.

3/3- Public Finance

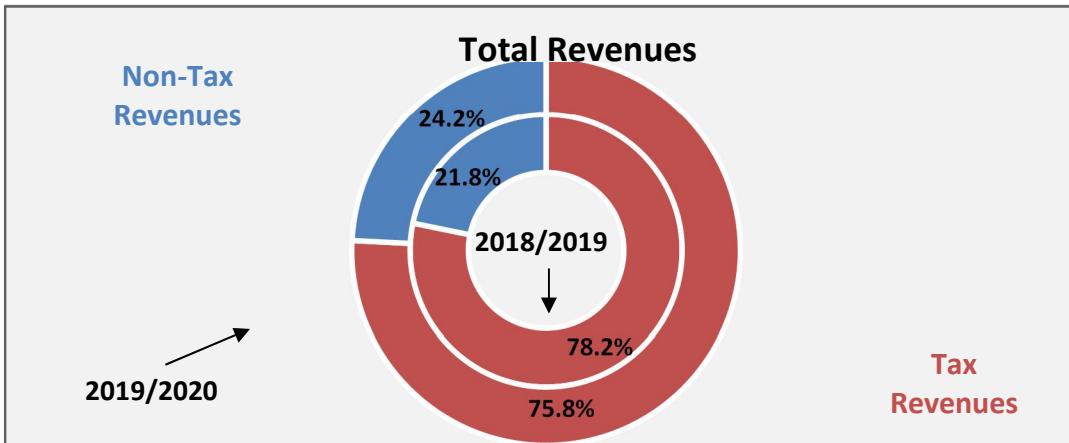
3/3/1- Budget Sector

According to the Ministry of Finance's data on the state budget (administrative system, local administration, and service authorities) for FY 2019/2020, the overall deficit widened by LE 32.8 billion to stand at LE 462.8 billion (against LE 430.0 billion in the previous FY). However, its ratio to GDP dropped to 7.9 percent from 8.2 percent. In addition, the primary surplus reached LE 105.6 billion (1.8 percent of GDP), against a primary surplus of LE 103.1 billion (2.0 percent of GDP) in FY 2018/2019.

This came as a reflection of the structural reforms and measures taken by the government under the economic reform program which started three years ago, alongside the proactive policies adopted in this regard to address the effects of the novel corona virus pandemic.



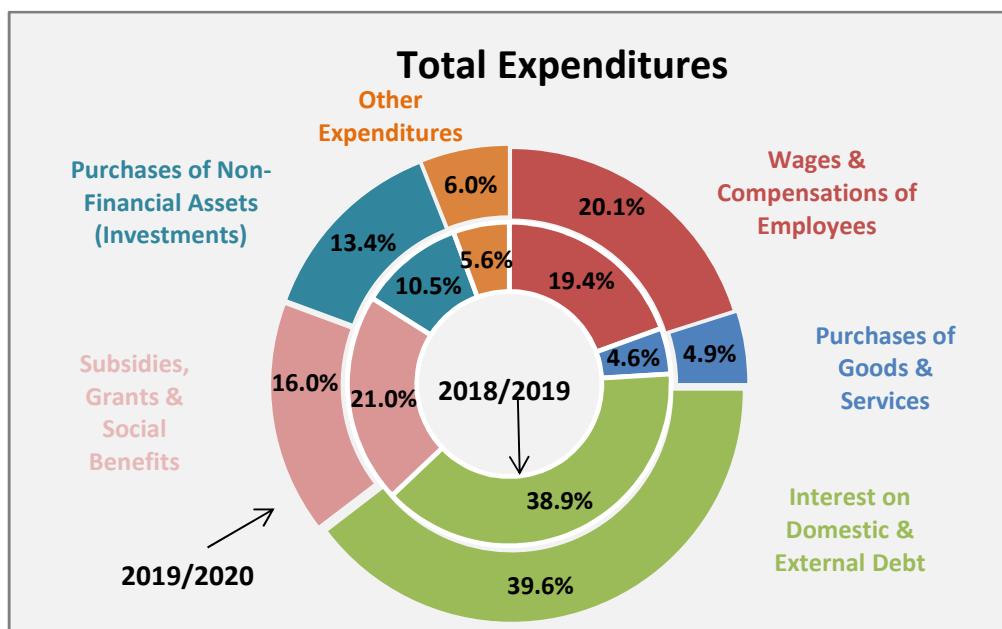
Total **revenues** registered LE 975.4 billion (16.7 percent of GDP) in FY 2019/2020, against LE 941.9 billion (17.9 percent of GDP) in the preceding FY, with an increase of LE 33.5 billion or 3.6 percent. This was driven by the increase in both tax revenues by LE 3.5 billion or 0.5 percent to LE 739.6 billion (75.8 percent of total revenues); and non-tax revenues by LE 30.0 billion or 14.6 percent to LE 235.8 billion (24.2 percent of total revenues).



- The hike in **tax revenues** (LE 3.5 billion) mainly came as a confluence of the following developments:
 - ❖ Proceeds from taxes on income and capital gains augmented by LE 36.8 billion, due to higher proceeds from taxes on: (1) some companies by LE 33.9 billion; (2) individuals' income by LE 10.7 billion; and (3) Suez Canal by LE 8.4 billion. By contrast, proceeds from taxes on EGPC went down by LE 16.2 billion.
 - ❖ Proceeds from property taxes moved up by LE 0.7 billion or 1.2 percent.
 - ❖ Proceeds from value-added taxes (VAT) on goods and services decreased by LE 20.6 billion or 5.9 percent.
 - ❖ Proceeds from taxes on international trade (customs) declined by LE 9.4 billion, driven by the fall in merchandise imports by LE 160.8 billion in the reporting year.
 - ❖ Other miscellaneous tax revenues retreated by LE 4.0 billion.
- The pickup in **non-tax revenues** (by LE 30.0 billion) was explained by the following developments:
 - ❖ Self-financing investments increased by LE 7.0 billion.
 - ❖ Proceeds from sale of goods and services grew by LE 5.2 billion.
 - ❖ External grants rose during the year by LE 2.7 billion.
 - ❖ Other miscellaneous non-tax revenues picked up by LE 19.9 billion.
 - ❖ Property income dropped by LE 4.8 billion, mainly because of lower transfers from Suez Canal, while property income from EGPC, economic authorities and other companies increased.

Total **expenditures** reached LE 1434.7 billion (24.6 percent of GDP) in FY 2019/2020, compared with LE 1369.9 billion (26.1 percent of GDP) in the preceding FY, up by LE 64.8 billion or 4.7 percent, as a main result of:

- The growth in investments of budget sector related entities by LE 48.3 billion (against LE 37.8 billion in FY 2018/2019), as the government continued to increase public investments to develop and modernize the infrastructure, and to expand both housing projects and investments in health and education sectors so as to improve services extended to citizens, especially under the repercussions of COVID-19 pandemic.
- The increase in interest payments on domestic and external debts by LE 35.4 billion or 6.6 percent to LE 568.4 billion (against LE 533.0 billion).
- The rise in the state workers' wages and compensations by LE 22.7 billion or 8.5 percent to stand at LE 288.8 billion (against LE 266.1 billion).
- The increase in spending on purchases of goods and services by LE 7.5 billion (compared to a rise of LE 14.5 billion).
- The rise in other current miscellaneous expenditures by LE 9.2 billion.
- The fall in subsidies, grants and social benefits by LE 58.3 billion, (compared to LE 41.6 billion), as this item mainly includes the reduction of subsidy costs by LE 71.0 billion as an outcome of lower subsidies allocated for both petroleum products and supply commodities by LE 66.0 billion and LE 6.6 billion, respectively. This is besides the rise in other miscellaneous subsidy items by LE 1.6 billion.



Against this background, the cash deficit of the budget sector reached LE 459.3 billion or 7.9 percent of GDP in FY 2019/2020. The overall deficit (including the net acquisition of financial assets) rose by LE 32.8 billion to post LE 462.8 billion or 7.9 percent of GDP (against LE 430.0 billion or 8.2 percent of GDP a year earlier).

As for financing the overall budget deficit during FY 2019/2020, 3.1 percent of the deficit or LE 14.2 billion of which was financed by external sources, together with local banking sources of finance, through which some local repayments were also made.

Summary of the Fiscal Operations of the Budget Sector

	2018/19	2019/20		2018/19	2019/20	(LE mn)
Total Revenues	941910	975430	Total Expenditures	1369870	1434724	
Tax revenues	736121	739633	Workers' wages and compensations	266091	288773	
Taxes on income & profits	250080	286907	Purchases of goods & services	62365	69872	
Taxes on property	58907	59596	Interest	533045	568421	
VAT on goods & services	350576	329979	Subsidies, grants & social benefits	287461	229214	
Taxes on international trade (customs)	42020	32572	Subsidies	203657	132677	
Other taxes	34538	30579	Grants	6738	10266	
Non-tax revenues	205789	235797	Social benefits	76002	85189	
Property income	70354	65519	Others	1064	1082	
Sales of goods & services	53565	58809	Other expenditures	77566	86802	
Financing investments	41749	48740	Defense	61582	66868	
Grants	2609	5263	Others	15984	19934	
Others	37512	57466	Purchases of non-financial assets (investments)	143342	191642	

3/3/2 – General Government

By adding the fiscal operations of both the NIB and SIFs to those of the budget sector in FY 2019/2020, total collected revenues would grow by LE 146.0 billion to LE 1121.4 billion or 19.2 percent of GDP. Likewise, total expenditures would increase by LE 146.2 billion to LE 1580.9 billion or 27.1 percent of GDP.

This resulted in an overall deficit of LE 408.5 billion or 7.0 percent of GDP in the consolidated fiscal operations of the general government (including net acquisition of financial assets). This deficit was mainly financed by domestic financing sources.

A Summary of Consolidated Fiscal Operations of the General Government

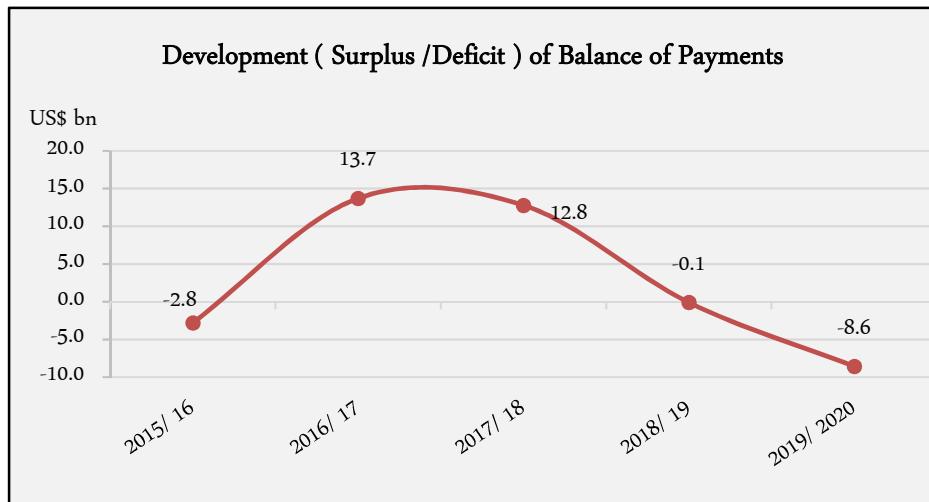
(LE mn)

	<u>2018/19</u>	<u>2019/20</u>
	(Actual)	
Total Revenues	1080152	1121422
Total Expenditures	1505187	1580934
Cash balance	-425035	-459512
Overall Fiscal Balance	-423019	-408509
<u>Finance Sources</u>	<u>423019</u>	<u>408509</u>
<u>Domestic Finance</u>	<u>406324</u>	<u>764196</u>
Banking finance	175391	863563
Non-banking finance	230933	-99367
<u>External Borrowing</u>	<u>178652</u>	<u>14177</u>
<u>Others</u>	<u>2389</u>	<u>-530530</u>
<u>Finance Affected by Exclusions</u>	<u>1</u>	<u>1</u>
<u>Revaluation Discrepancy</u>	<u>28314</u>	<u>7644</u>
<u>Net privatization proceeds</u>	<u>0.0</u>	<u>-2913</u>
<u>Difference Between T-bill Face Value & Present Value</u>	<u>-35657</u>	<u>9877</u>
<u>Discrepancy</u>	<u>-157004</u>	<u>146057</u>

3/4 – Balance of Payments and Foreign Trade

3/4/1 – Balance of Payments

In FY 2019/2020, Egypt's transactions with the external world unfolded an overall BoP deficit of US\$ 8.6 billion (against US\$ 102.5 million in the previous FY). This came as a result of the decline in the net inflow of the capital and financial account to almost half reaching only US\$ 5.4 billion (against US\$ 10.9 billion), which is insufficient to cover the current account deficit of US\$ 11.2 billion.



The shift in portfolio investment in Egypt to a net outflow in the year under review (from a net inflow in the previous FY) was a key factor that negatively contributed to the rise in the overall BOP deficit, followed by the decline in travel surplus, then the retreat in net FDI.

However, the widening of the deficit was mitigated by the rise in remittances of Egyptians working abroad (contrary to what was expected during COVID-19 pandemic) and the noticeable improvement in the non-oil trade balance.

Below is a detailed review of the main developments that affected the BOP performance in the year under review, compared to the previous FY:

The **current account** ran a deficit of US\$ 11.2 billion (against US\$ 10.9 billion in FY 2018/2019), as a main result of the decline in the services surplus and the rise in investment income deficit. The rise in the current account deficit was curbed by the noticeable improvement in the non-oil trade deficit and the rise in unrequited current transfers, as illustrated below:

- The **services surplus** retreated by 31.2 percent to US\$ 9.0 billion (against US\$ 13.0 billion), mirroring the decrease in services receipts by 12.8 percent to only US\$ 21.3 billion (against US\$ 24.4 billion), owing to the decline in travel receipts (tourism revenues) by US\$ 2.7 billion to US\$ 9.9 billion; and the pickup in services payments by 8.2 percent to US\$ 12.3 billion (against US\$ 11.4 billion).
- The **oil trade balance** ran a deficit of US\$ 421.0 million (against a surplus of US\$ 8.1 million). This came as a result of the decline in:
 - Oil export proceeds by US\$ 3.1 billion to US\$ 8.5 billion (against US\$ 11.6 billion), as an outcome of the decline in exports of crude oil, oil products and natural gas.
 - Oil import payments by US\$ 2.6 billion to US\$ 8.9 billion (against US\$ 11.5 billion), owing to the retreat in imports of oil products, affected by the decline in imported quantities by 38.0 percent, global oil prices and stopping the importation of natural gas (starting from the second quarter of FY 2018/2019). However, imports of crude oil increased.
- **Investment income deficit** moved up by US\$ 344.4 million to US\$ 11.4 billion (against US\$ 11.0 billion), mainly because investment income payments increased to US\$ 12.3 billion (against US\$ 12.0 billion), while investment income receipts retreated by US\$ 72.0 million to US\$ 942.1 million, as a result of the decline in interest on Egyptians' deposits abroad and profit transfers by branches of Egyptian companies abroad.

The current account deficit was mitigated by the following positive factors:

- The decline in the **non-oil trade deficit** by US\$ 2.0 billion to US\$ 36.0 billion (against US\$ 38.0 billion), as a confluence of the following developments:
 - o Non-oil merchandise exports went up by US\$ 1.0 billion to US\$ 17.9 billion (against US\$ 16.9 billion), owing to higher exports of gold.
 - o Non-oil import payments retreated by US\$ 1.0 billion to US\$ 53.9 billion (against US\$ 55.0 billion).
- The rise in **unrequited current transfers** by US\$ 2.6 billion to US\$ 27.7 billion (against US\$ 25.1 billion) supported primarily by the 10.4 percent rise in Egyptian workers' remittances.

The capital and financial account declined by almost half to record a net inflow of only US\$ 5.4 billion in FY 2019/2020 (against US\$ 10.9 billion in the previous FY), due to the following main developments:

- **Total inflows of foreign direct investment in Egypt** decreased by 3.4 percent to around US\$ 15.8 billion (from US\$ 16.4 billion). Meanwhile, total outflows grew by 2.8 percent to US\$ 8.4 billion (against US\$ 8.2 billion). This resulted in a decline of net FDI inflows in Egypt by 9.5 percent to US\$ 7.5 billion (against US\$ 8.2 billion).
- **Portfolio investment in Egypt** shifted to a net outflow of US\$ 7.3 billion (from a net inflow of US\$ 4.2 billion in the previous FY), impacted by the departure of investments of non-residents in Egyptian securities in light of the shock of COVID-19 pandemic that affected the international financial markets, particularly the emerging markets.
- **Net disbursements of medium- and long-term loans and facilities** rose by US\$ 2.4 billion, to record US\$ 6.6 billion (against US\$ 4.2 billion).

The following table shows the BOP main indicators in terms of GDP estimates, followed by a detailed review of the developments in the BOP components during FY 2019/2020 compared with a year earlier.

Balance of Payments Indicators

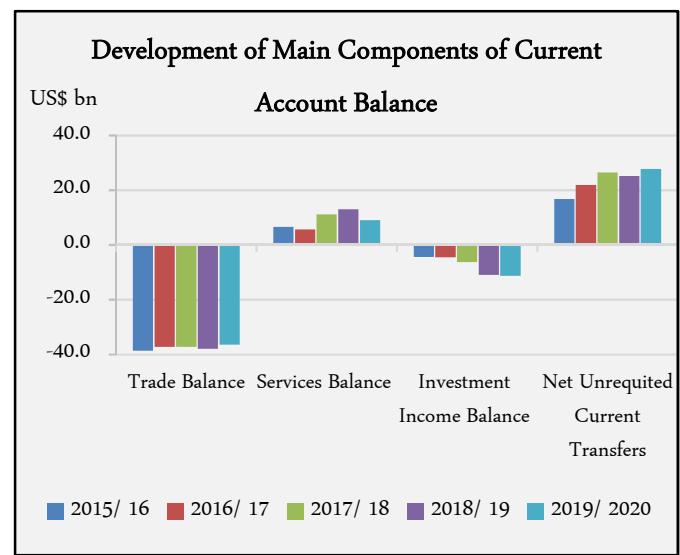
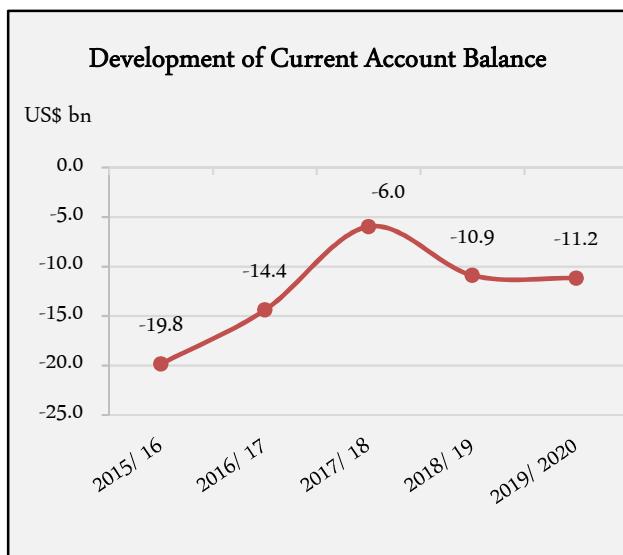
	<u>Fiscal Year (%)</u>	
	2018/2019*	2019/2020*
<u>Trade Balance</u>		
- Merchandise exports / GDP	9.4	7.3
○ Oil exports / Total exports	40.6	32.2
○ Crude oil exports / Oil exports	42.0	38.3
- Merchandise imports / GDP	22	17.4
○ Non-oil imports / Total imports	82.6	85.8
○ Foodstuffs & cereal imports / Non-oil imports	20.5	22.6
○ Oil products imports / Total imports	13.5	7.3
-Volume of foreign trade / GDP	31.4	24.7
-Coverage ratio of merchandise exports / Merchandise imports	42.8	42.0
-Trade balance / GDP	(12.6)	(10.1)
<u>Services Balance</u>		
- Services balance /GDP	4.3	2.5
-Total services receipts / GDP, of which:	8.1	5.9
Suez Canal receipts / GDP	1.9	1.6
Tourism revenues / GDP	4.2	2.7
<u>Transfers</u>		
-Net transfers / GDP	8.3	7.7
Remittances of Egyptians working abroad / GDP	8.3	7.7
-Current account / GDP	(3.6)	(3.1)
-Current receipts / GDP	26.2	21.1
-Current payments / GDP	29.8	24.2
-Current receipts / current payments	87.9	87.2
<u>Capital and Financial Account</u>		
-Net FDI in Egypt / GDP	2.7	2.1
<u>Overall Balance / GDP</u>	(0.03)	(2.4)
- Months of merchandise and service imports covered by NIRs (end of June)	6.9	6.1

* Provisional

3/4/1/1- Current Account

The current account deficit slightly rose by 2.5 percent to US\$ 11.2 billion, representing 3.1 percent of GDP (against US\$ 10.9 billion or 3.6 percent of GDP). This came as a confluence of the following factors:

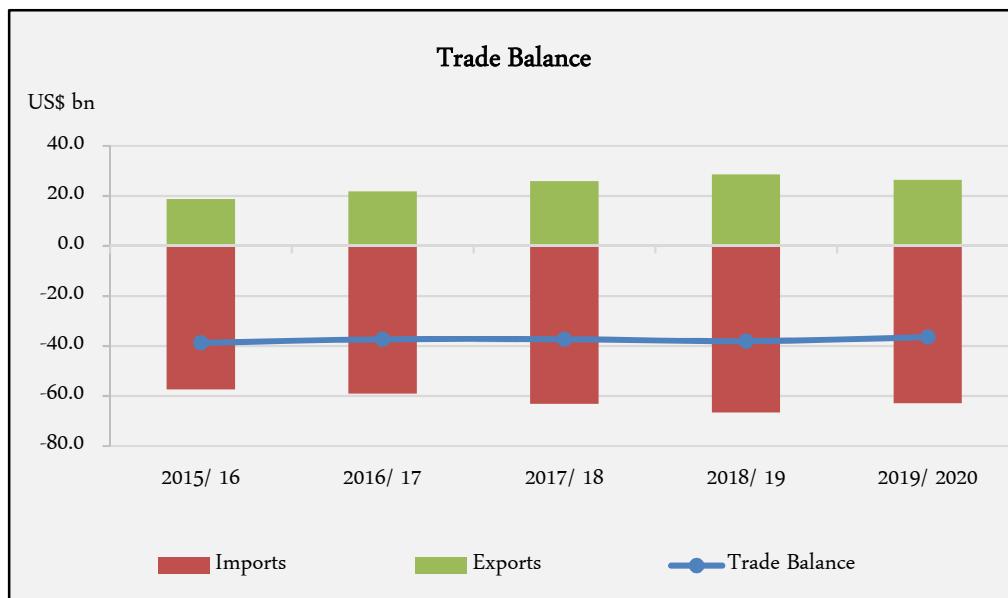
- The services surplus declined by 31.2 percent to just US\$ 9.0 billion (compared to US\$ 13.0 billion), as a main result of the fall in travel balance to US\$ 6.6 billion (against US\$ 9.7 billion). Add to this, the increase in investment income deficit by 3.1 percent to about US\$ 11.4 billion (against US\$ 11.0 billion).
- The current account deficit was mitigated by the decline in the non-oil trade deficit by 5.3 percent to only US\$ 36.0 billion (against US\$ 38.0 billion) and the rise in unrequited current transfers (net) by 10.2 percent to US\$ 27.7 billion (against US\$ 25.1 billion). Hereunder is a detailed review of the current account components:



First- Trade Balance

Trade deficit (oil and non-oil) declined by 4.1 percent to US\$ 36.5 billion (against US\$ 38.0 billion), due to the retreat in both merchandise exports and import payments by US\$ 2.1 billion and US\$ 3.7 billion, in order. This was a result of the following developments:

- **Oil trade balance** recorded a deficit of US\$ 421.0 million (against a surplus of US\$ 8.1 million), as an outcome of the decrease in:
 - o Oil export proceeds by US\$ 3.1 billion to US\$ 8.5 billion (against US\$ 11.6 billion). This was mainly attributed to the fall in exports of crude oil, oil products and natural gas.
 - o Oil import payments by US\$ 2.6 billion to US\$ 8.9 billion (against US\$ 11.5 billion), owing to the lower imports of oil products, affected by the decline in imported quantities by 38.0 percent, global oil prices and the cessation of natural gas importation (starting from the second quarter of FY 2018/2019). However, imports of crude oil increased.



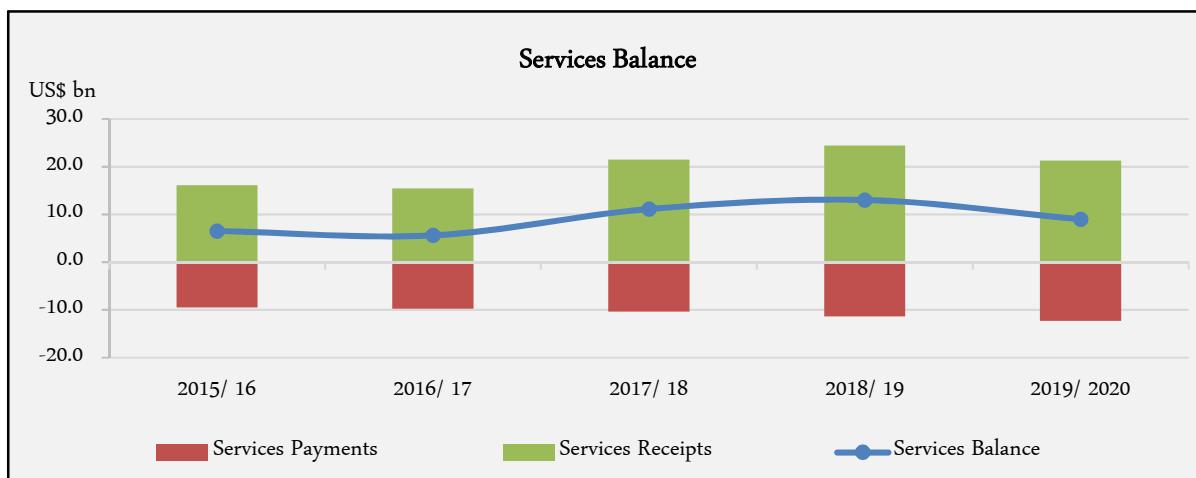
- **Non-oil trade deficit** narrowed by US\$ 2.0 billion to record US\$ 36.0 billion (against US\$ 38.0 billion), as a result of the following developments:
 - o Non-oil merchandise exports went up by US\$ 1.0 billion to US\$ 17.9 billion (against US\$ 16.9 billion), owing to higher exports of gold.
 - o Non-oil import payments retreated by US\$ 1.0 billion to US\$ 53.9 billion (against US\$ 55.0 billion).

The coverage ratio of merchandise exports to merchandise imports went down to 42.0 percent in the year under review (from 42.8 percent a year earlier). This will be illustrated later in detail in the commodity structure of foreign trade.

Second- Services Balance

The **services surplus** retreated by 31.2 percent to US\$ 9.0 billion (against US\$ 13.0 billion), mirroring the decrease in services receipts by 12.8 percent to only US\$ 21.3 billion (against US\$ 24.4 billion). In the meantime, services payments picked up by 8.2 percent to about US\$ 12.3 billion (from US\$ 11.4 billion).

The decline in travel surplus contributed 74.3 percent to the fall in services surplus, followed by the retreat in transport surplus (24.0 percent), then the shift in the balance of government receipts and payments from a surplus to a deficit (6.0 percent). Meanwhile, other services deficit improved, as illustrated below:



- Travel Balance

Travel balance went down by 31.3 percent to only US\$ 6.6 billion (against US\$ 9.7 billion), as an outcome of the following developments:

- Travel receipts (tourism revenues) retreated by 21.6 percent to US\$ 9.9 billion or 2.7 percent of GDP (from US\$ 12.6 billion or 4.2 percent of GDP), mainly due to the decline in the number of tourist nights to 103.1 million (from 131.5 million).

The fourth quarter (April/June) of FY 2019/2020 witnessed the highest decline in tourism revenues due to the lockdown of international borders and the suspension of international air flights to curb the spread of COVID-19.

It is to be noted that travel receipts represent 46.3 percent of total services receipts during the year under review (against 51.5 percent in the year of comparison).



- Travel payments edged up by 10.7 percent to US\$ 3.2 billion (from US\$ 2.9 billion), primarily due to the increase in e-card payments abroad and the rise in expenses of tourism abroad.

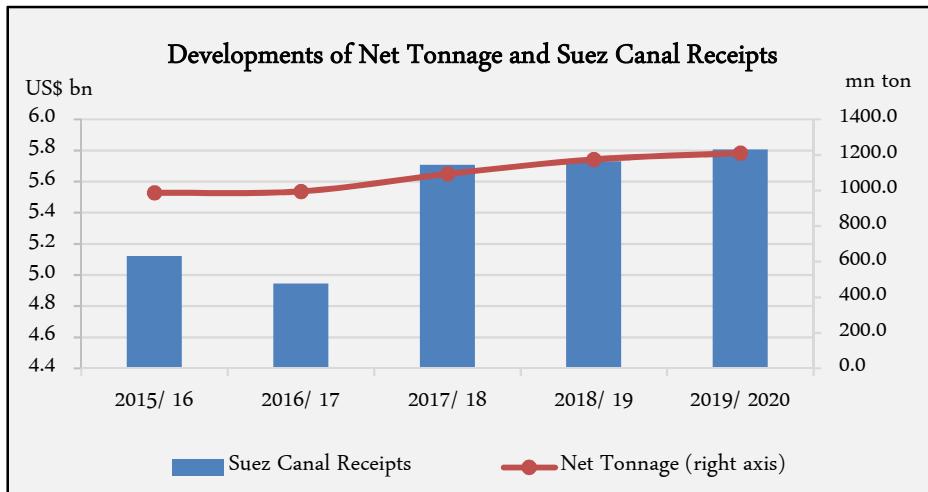
- Transport Balance

Transport surplus went down by US\$ 1.0 billion to US\$ 5.8 billion (against US\$ 6.8 billion), as an outcome of the following developments:

- Transport receipts fell by 8.4 percent to US\$ 7.9 billion (against US\$ 8.6 billion), on the back of the decline in the receipts of port services, and Egyptian navigation and aviation companies.

In the meantime, Suez Canal transit receipts rose by 1.3 percent. This pickup was curbed by the decline in revenues in April/June 2020 by US\$ 113.2 million, down by 7.8 percent (on an annual basis) to record US\$ 1.3 billion. This was mainly due to the decrease in net tonnage of vessels by 6.8 percent concurrent with the peak of COVID-19 outbreak and the decline in the volume of foreign trade due to the policies adopted by countries of closing borders to combat the virus.

- Transport payments rose by 14.4 percent to US\$ 2.1 billion (against US\$ 1.8 billion), mainly reflecting the rise in the amounts transferred abroad for aircraft leasing.



- **Government receipts and payments balance**

Government receipts and payments balance ran a deficit of US\$ 217.3 million in the year under review (against a surplus of US\$ 26.4 million in the year of comparison), as a result of the following developments:

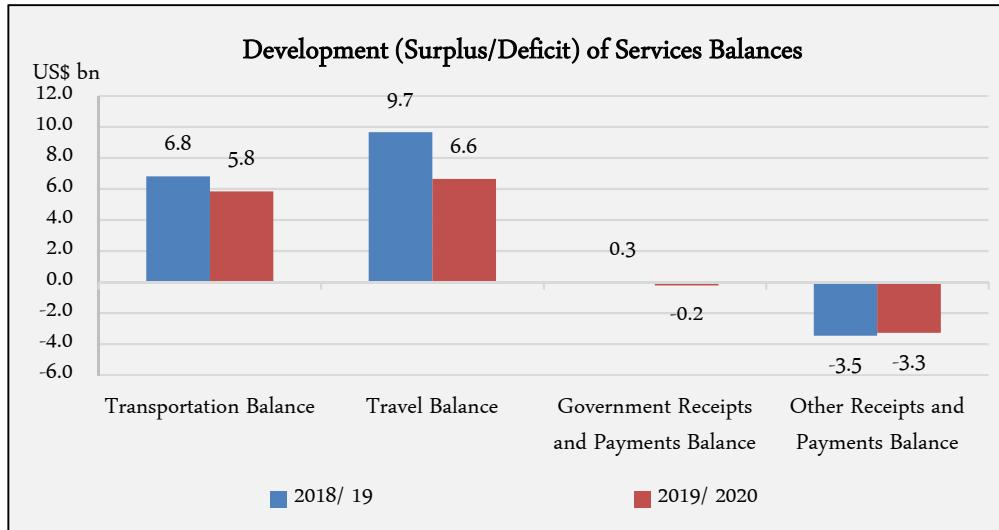
- Government expenses moved up by 40.9 percent to register US\$ 975.8 million (against US\$ 692.4 million), driven by the rise in the expenses of Egyptian embassies abroad and other government expenses.
- Government receipts increased by 5.5 percent to only US\$ 758.5 million (against US\$ 718.8 million), due to the rise in other government receipts, as well as the expenses of foreign embassies in Egypt.

- **Other Services Balance**

Other services balance deficit went down by 5.1 percent to US\$ 3.3 billion (from US\$ 3.5 billion), due to the following developments:

- Other services receipts rose by 10.1 percent to US\$ 2.8 billion (against US\$ 2.5 billion), due to higher receipts of insurance services; computer services; subscriptions for magazines & journals and legal & consulting fees.

- Other services payments rose by 1.3 percent to US\$ 6.1 billion (against US\$ 6.0 billion), owing to higher payments of insurance services, the amounts transferred abroad by foreign petroleum companies and communication services.

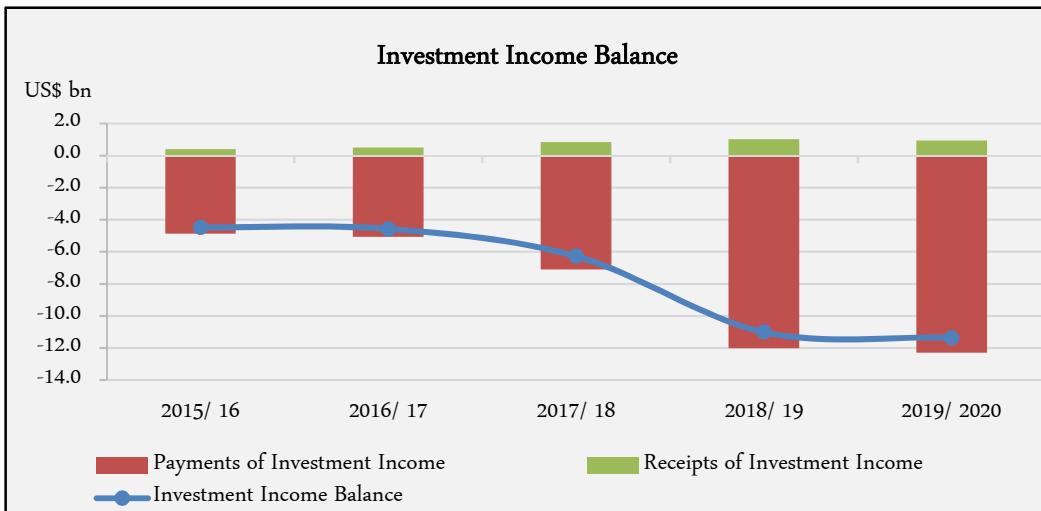


Third –Investment Income Balance

Investment income deficit widened by US\$ 344.4 million to US\$ 11.4 billion (against US\$ 11.0 billion), mainly due to the rise in investment income payments to US\$ 12.3 billion (against US\$ 12.0 billion), as an outcome of the following developments:

- The increase in profits and interest paid on portfolio investments by US\$ 547.4 million to US\$ 1.8 billion.
- The rise in interest paid on external debt by US\$ 373.6 million to US\$ 2.9 billion.
- The increase in retained earnings (reinvested in the capital of existing companies) by US\$ 875.8 million to US\$ 4.0 billion.
- The rise in investment income payments was mitigated by the decline in profits of foreign oil companies operating in Egypt by US\$ 656.0 million to US\$ 3.3 billion, affected by the decline in global oil prices.

Investment income receipts went down by US\$ 72.0 million to US\$ 942.1 million, owing to lower interest on Egyptians' deposits abroad and profit transfers by branches of Egyptian companies abroad.



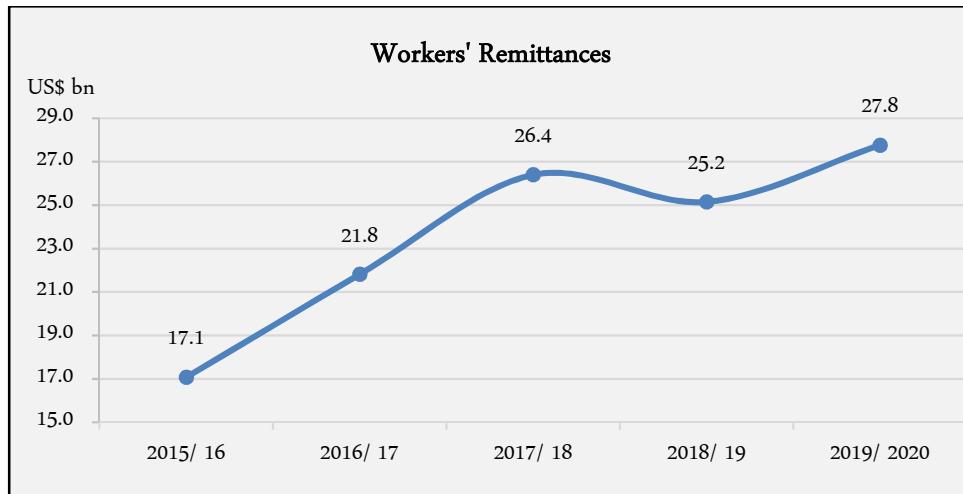
Fourth - Net unrequited Current Transfers

Net unrequited current transfers increased by 10.2 percent to US\$ 27.7 billion in FY 2019/2020 (against US\$ 25.1 billion a year earlier), as a combined result of the following developments:

- Net private transfers went up by 10.9 percent to US\$ 27.5 billion (against US\$ 24.8 billion), mainly driven by the increase in remittances of Egyptians working abroad by 10.4 percent. The rise mainly came from remittances from Saudi Arabia, Kuwait and the UAE.

The most important factors affecting the increase or decrease of remittances of Egyptians working abroad are the change in global oil prices (as an indicator of the economic performance of the Arab Gulf states), the stability of the indicators of domestic economic performance, mainly the stability of the exchange rate of the Egyptian pound versus the dollar, and the provision of saving vessels with a high return, as well as the cost of transfers.

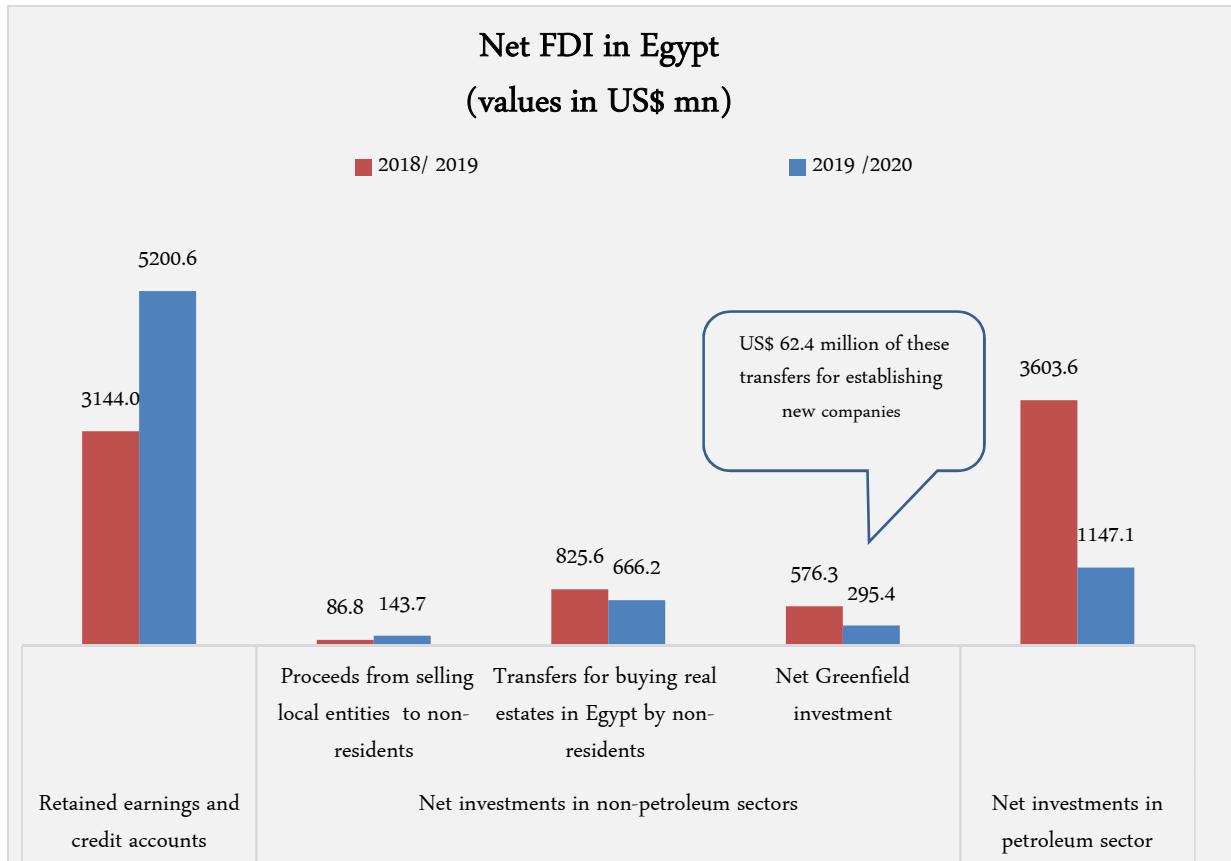
- Net official transfers decreased to US\$ 218.1 million (against US\$ 350.5 million).



3/4/1/2 - Capital and Financial Account

The capital and financial account achieved a net inflow of US\$ 5.4 billion (against US\$ 10.9 billion). The shift in portfolio investment in Egypt from an inflow in the previous FY to an outflow in the year under review largely contributed to the decline in the inflow of the financial account, followed by the retreat in net FDI. Below is a review of the key developments:

- **Total inflows of foreign direct investment in Egypt** decreased by 3.4 percent to around US\$ 15.8 billion (from US\$ 16.4 billion). Meanwhile, total outflows grew by 2.8 percent to US\$ 8.4 billion (against US\$ 8.2 billion). This resulted in the decline of net FDI inflow by 9.5 percent to US\$ 7.5 billion (against US\$ 8.2 billion). This was attributed to the following factors:
 - Net investments for the oil sector retreated by 68.2 percent to only US\$ 1.1 billion.
 - Net foreign transfers for investment in non-oil sectors shrank by US\$ 383.4 million to US\$ 1.1 billion, driven by the decrease in net investments for establishing greenfield projects or increasing capital by US\$ 280.9 million, and inflows for real estate purchases in Egypt by non-residents by US\$ 159.4 million. Meanwhile, proceeds from selling local entities to non-residents increased by US\$ 56.9 million.
 - Retained earnings rose to about US\$ 4.0 billion and credit balances surplus to US\$ 1.2 billion.



The following table shows the sectoral distribution of total FDI flows to Egypt and the share of each sector in these flows.

(US\$ mn)

Activity Sector	FY			
	2018/2019*	Share (%)	2019/2020*	Share (%)
Total FDI Flows to Egypt	16393.5	100.0	15836.6	100.0
1- Oil	10143.6	61.9	7261.1	45.9
2- Manufacturing	1628.8	9.9	1893.1	12.0
3- Agriculture	45.0	0.3	21.9	0.1
4- Construction	691.8	4.2	884.2	5.6
5- Services, of which:	3294.4	20.1	4705.2	29.7
Real estate	825.6	5.0	666.2	4.2
Finance	1712.9	10.5	2229.6	14.1
Tourism	134.2	0.8	147.9	0.9
Communications and IT	195.3	1.2	583.1	3.7
Other services	426.4	2.6	1078.4	6.8
6 - Undistributed	589.9	3.6	1071.1	6.7

*Provisional

- Portfolio investment in Egypt shifted to a net outflow of US\$ 7.3 billion (from a net inflow of US\$ 4.2 billion in the previous FY), impacted by the departure of investments of non-residents in light of the shock of COVID-19 pandemic that affected the international financial markets, particularly the emerging markets. This was particularly evident in the period following the outbreak of the virus (January/March 2020), which resulted in a net outflow of US\$ 8.2 billion (compared to a net inflow of US\$ 6.9 billion in the corresponding period). It is worth noting that the period (April/June 2020) recorded a net inflow of US\$ 636.8 million, that coincided with the return of foreign investors to invest in portfolio investment in Egypt.

(US\$ mn)

	FY	
	2018/2019	2019/2020
<u>Net portfolio investment in Egypt</u>	<u>4230.1</u>	<u>(7307.3)</u>
Net foreigners' transactions in Egyptian shares	<u>(115.9)</u>	<u>(1358.3)</u>
Net foreigners' transactions in Treasury bills	<u>(748.2)</u>	<u>(10543.8)</u>
Net foreigners' transactions in bonds	<u>5094.2</u>	<u>4594.8</u>

* Provisional

- Net disbursements of long- and medium-term loans and facilities went up by US\$ 2.4 billion to US\$ 6.6 billion (compared with US\$ 4.2 billion). Disbursements of long- and medium-term loans and facilities scaled up to some US\$ 9.3 billion (from US\$ 6.7 billion), while total repayments increased to about US\$ 2.7 billion (from US\$ 2.5 billion).

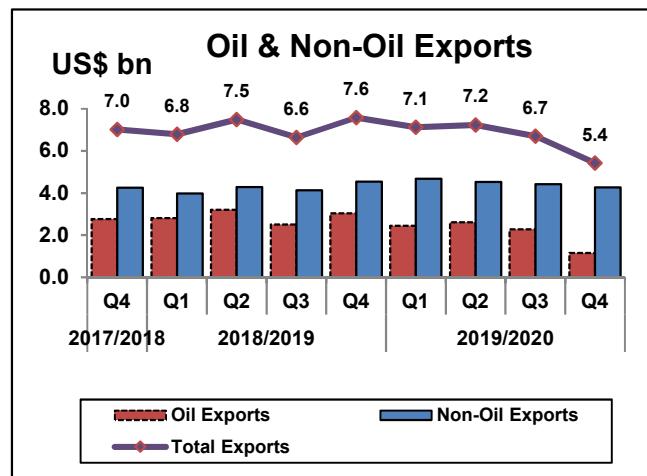
3/4/2- Foreign Trade

In FY 2019/2020, the volume of Egypt's foreign trade retreated by US\$ 5.8 billion to only US\$ 89.2 billion (against US\$ 95.0 billion in the previous fiscal year). This mainly came on the back of the decrease in both merchandise imports and merchandise exports by US\$ 3.7 billion and US\$ 2.1 billion, respectively.

3/4/2/1- Merchandise and Sectoral Distribution of Exports by Degree of Processing

First- Merchandise Distribution of Exports:

Merchandise export proceeds went down by 7.4 percent to only US\$ 26.4 billion during the year under review. This was an outcome of the decline in oil exports by US\$ 3.1 billion to only US\$ 8.5 billion and the rise in non-oil exports by US\$ 958.1 million to US\$ 17.9 billion.



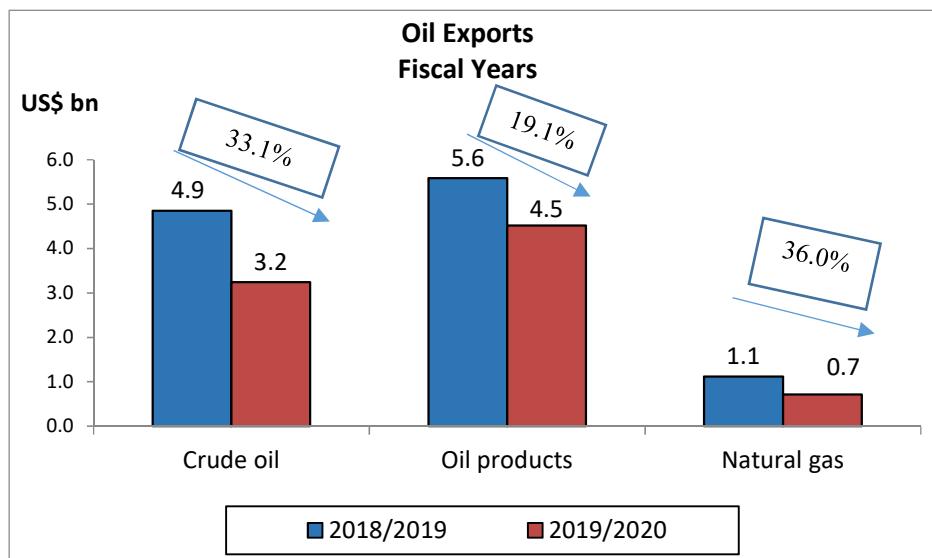
Hereunder is a detailed review of oil and non-oil export proceeds:

1- Oil Export Proceeds (32.2 percent of total exports):

In FY 2019/2020, oil export proceeds scaled down by 26.6 percent to only US\$ 8.5 billion, owing to the lower exports of:

- Crude oil (38.3 percent of total oil exports) by US\$ 1.6 billion to only US\$ 3.2 billion (due to the decrease in exported quantities and global prices).

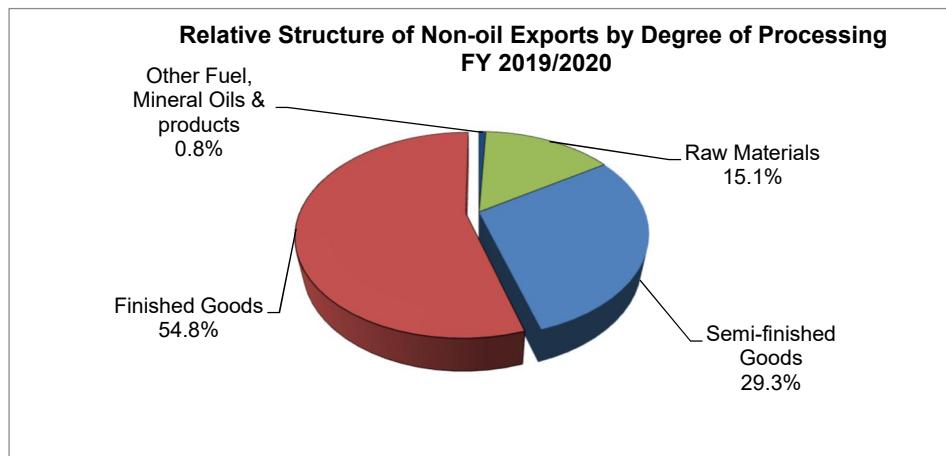
- Oil products* (53.3 percent of total oil exports) by US\$ 1.1 billion to only US\$ 4.5 billion (due to the decline in global prices despite the hike in exported quantities).
- Natural gas (8.4 percent of total oil exports) by US\$ 403.6 million to only US\$ 717.7 million (due to the decline in exported quantities and global prices).



2- Non-Oil Export Proceeds (67.8 percent of total exports):

Non-oil exports increased by 5.7 percent to about US\$ 17.9 billion. This was traceable to the higher exports of semi-finished goods by 43.3 percent and raw materials by 12.9 percent.

Meanwhile, exports of finished goods scaled down by 7.5 percent. This came as follows:



* Including bunker & jet fuel.

A- Semi-finished Goods:

Exports of semi-finished goods went up by US\$ 1.6 billion to US\$ 5.2 billion during the year under review. This was mainly due to the rise in gold exports by US\$ 1.6 billion.

B- Raw Materials:

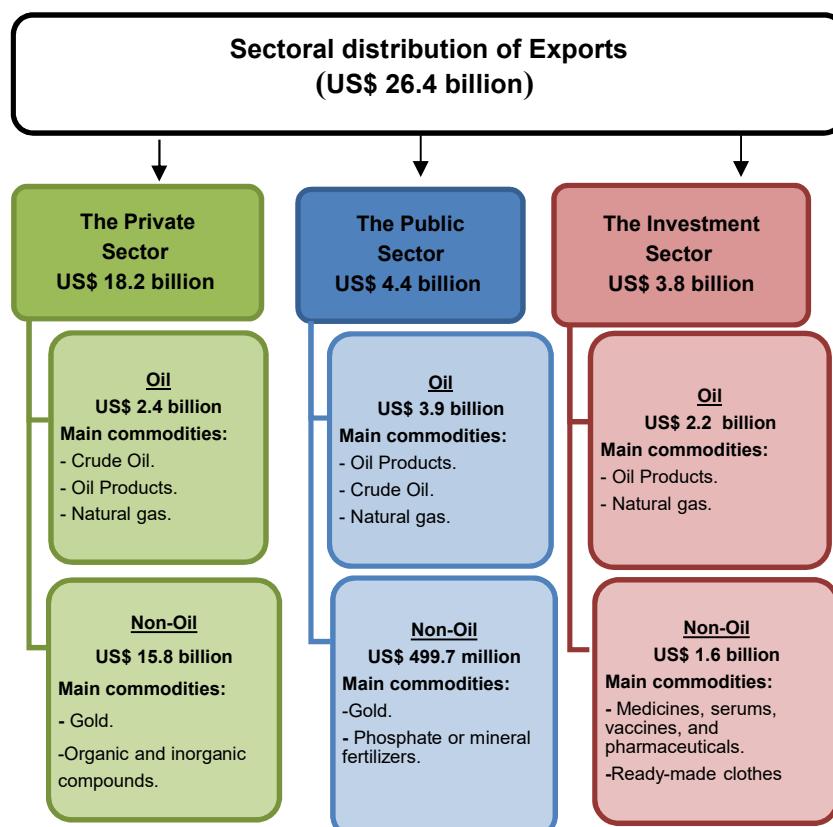
Exports of raw materials moved up by US\$ 309.8 million to US\$ 2.7 billion during the year under review, due to higher exports of most goods, mainly potatoes by US\$ 93.5 million.

C- Finished Goods:

Exports of finished goods decreased by US\$ 795.4 million to only US\$ 9.8 billion during the year under review, reflecting lower exports of some goods, mainly wires and cables by US\$ 189.3 million.

Second- Sectoral Distribution of Exports:

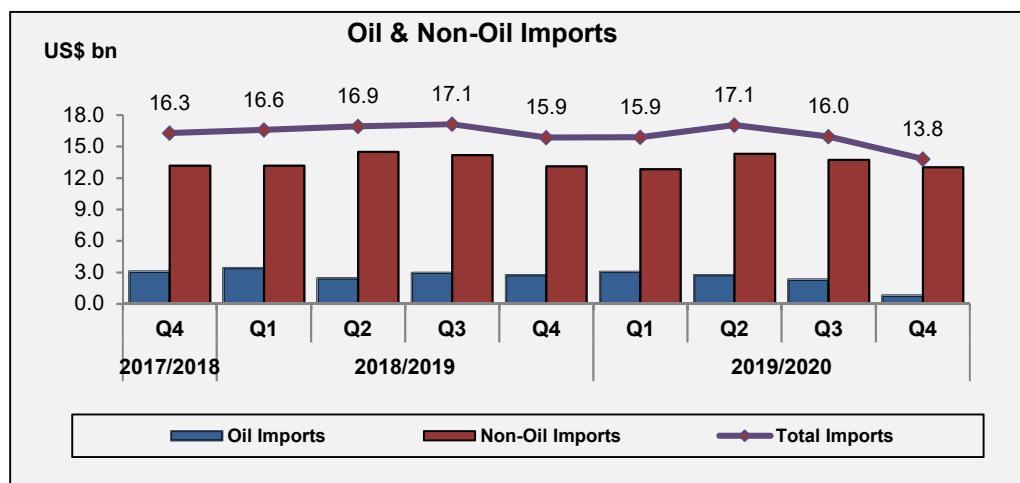
As regards **the sectoral breakdown of export proceeds** during the year under review, the private sector acquired the majority of these proceeds (68.9 percent). Meanwhile, the public sector accounted for only 16.8 percent of the total and the investment sector for 14.3 percent.



3/4/2/2- Merchandise and Sectoral Distribution of Imports by Degree of Use

First-Merchandise Distribution of Import Payments:

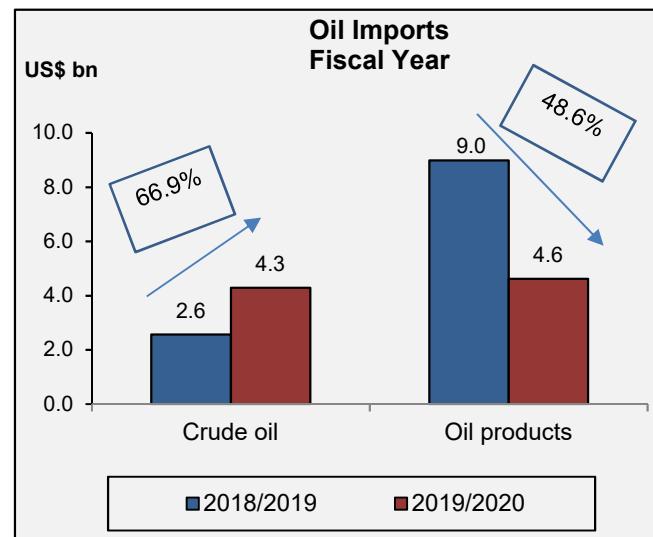
Import payments retreated by 5.5 percent to just US\$ 62.8 billion. This came as an effect of the decrease in oil imports by US\$ 2.6 billion to only US\$ 8.9 billion and non-oil imports by US\$ 1.0 billion to only US\$ 53.9 billion.



Below is a detailed review of oil and non-oil import payments:

1- Oil Import Payments (14.2 percent of total imports):

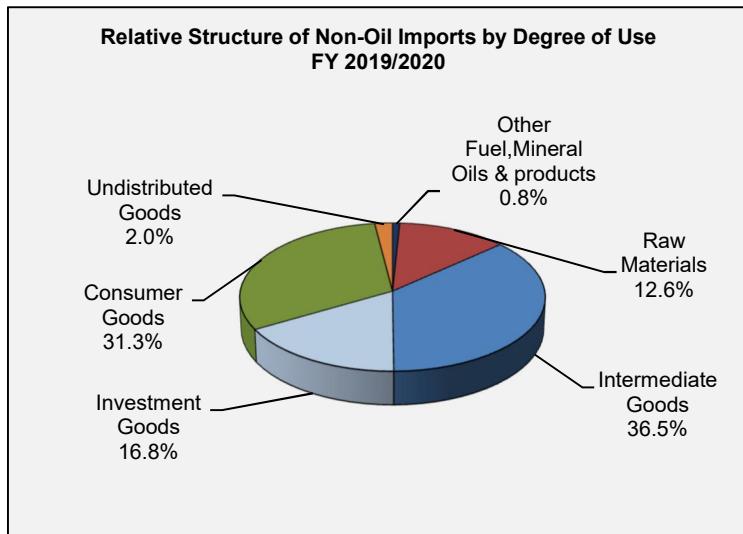
Oil imports went down by 22.9 percent to only US\$ 8.9 billion during the year under review. This was traceable to the decrease in imports of oil products* by US\$ 4.4 billion to only US\$ 4.6 billion (as the imported quantities of oil products decreased and the importation of natural gas has stopped starting from Q2 of FY 2018/2019). Add to this the rise in imports of crude oil by US\$ 1.7 billion to US\$ 4.3 billion, affected by the hike in imported quantities.



* Including bunker & jet fuel and imports of gas.

2- Non-Oil Import Payments (85.8 percent of total imports):

Non-oil import payments decreased by 1.9 percent to only US\$ 53.9 billion, mirroring the decline in imports of investment goods by 14.2 percent and intermediate goods by 6.1 percent. Conversely, both consumer goods and raw materials rose by 13.0 percent and 10.6 percent, in order.



A- Investment Goods:

Imports of this group went down by US\$ 1.5 billion to only US\$ 9.1 billion during the year under review, owing to lower imports of some goods, mainly liquid and air pumps by US\$ 194.4 million and bulldozers & cranes by US\$ 186.4 million.

B- Intermediate Goods:

Imports of intermediate goods went down by US\$ 1.3 billion to only US\$ 19.7 billion during the year under review, on the back of the lower imports of some goods, mainly cast iron by US\$ 658.7 million, and spare parts for machines and appliances by US\$ 242.3 million.

C- Consumer Goods:

Imports of this group went up by US\$ 1.9 billion to US\$ 16.9 billion during the year under review, as a result of the rise in:

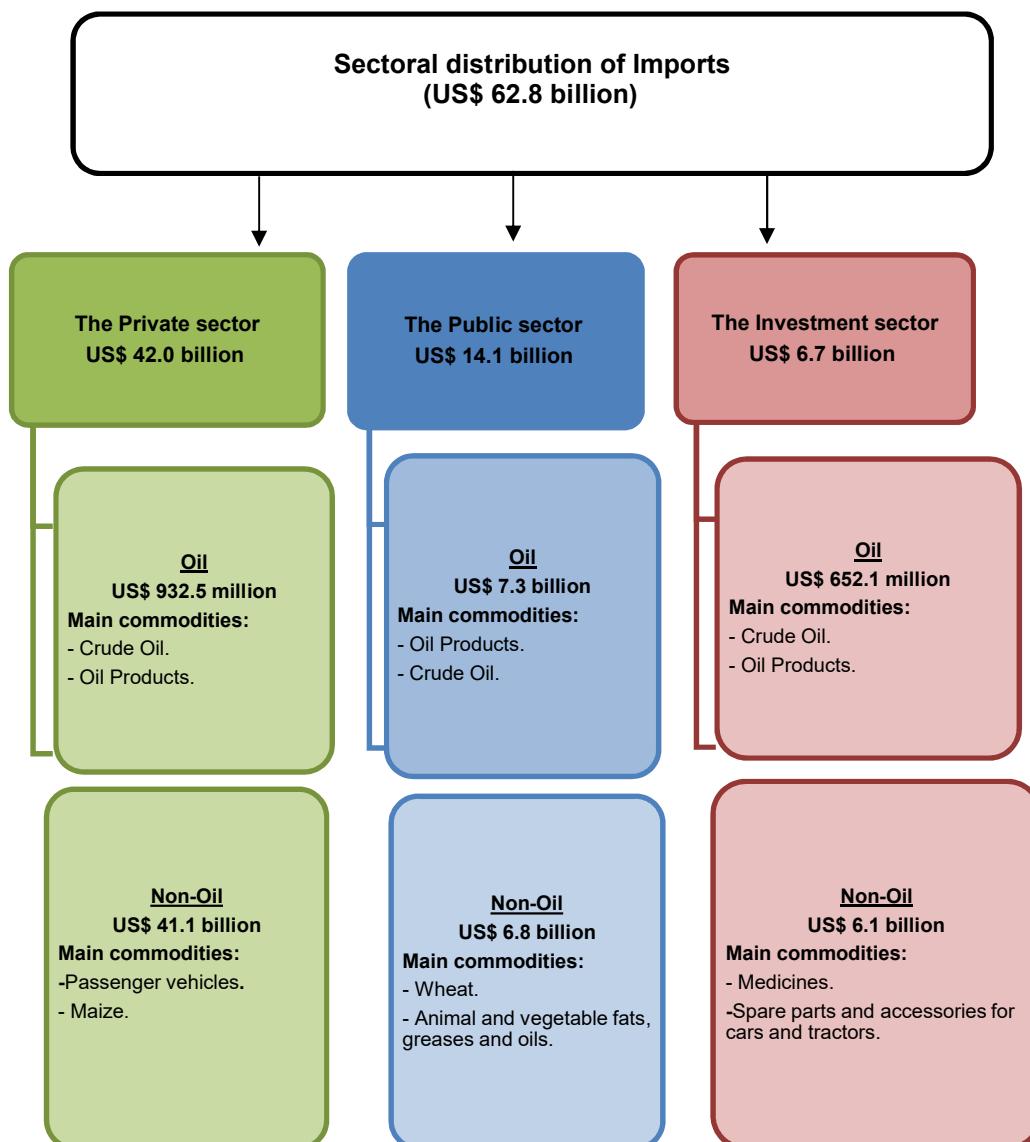
- **Durable consumer goods** by US\$ 1.2 billion to US\$ 4.9 billion, owing to higher imports of some goods, mainly passenger vehicles by US\$ 542.1 million and telephones by US\$ 498.7 million.
- **Non-durable consumer goods** by US\$ 787.8 million to US\$ 11.9 billion, due to higher imports of some goods, mainly pharmaceutical preparations, gauze pads, and vaccines by US\$ 329.3 million and yarn by US\$ 130.4 million.

D- Raw Materials:

Imports of raw materials went up by US\$ 648.9 million to US\$ 6.8 billion during the year under review, due to higher imports of some goods, mainly soya beans for non-sowing by US\$ 206.7 million and raw cane sugar by US\$ 163.3 million.

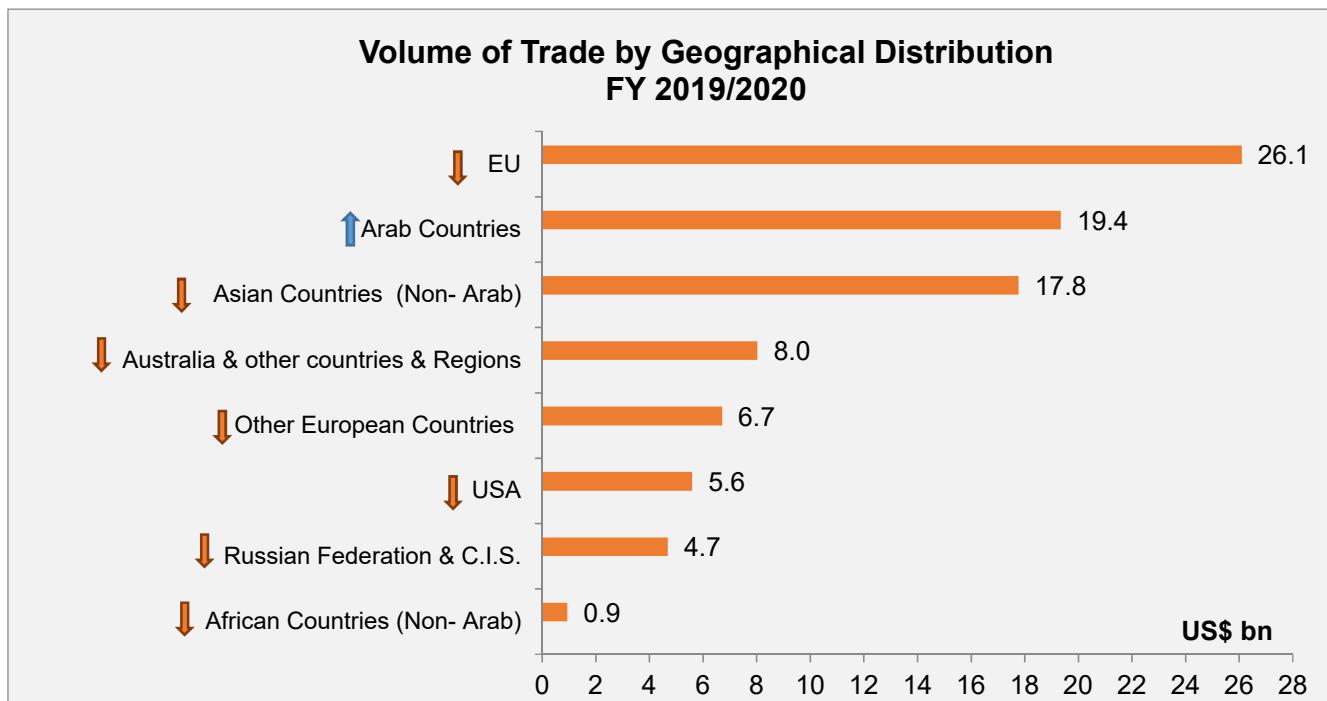
Second-Sectoral Distribution of Imports:

As for **the sectoral breakdown of imports** during the year under review, the private sector accounted for 66.8 percent of total imports. The shares of the public and investment sectors were only 22.5 percent and 10.7 percent, in order.



3/4/2/3 - Foreign Trade by Geographical Distribution

According to the geographical distribution of foreign trade and main trade partners, foreign trade (oil and non-oil) between Egypt and the Russian Federation and the Commonwealth of Independent States retreated by 25.4 percent, Australia and other countries & regions by 13.1 percent, the non-Arab African countries by 10.9 percent, the USA by 10.2 percent, other European countries by 9.4 percent, the EU countries by 6.6 percent and the non-Arab Asian countries by 0.3 percent. However, Egypt's foreign trade with the Arab countries went up by 1.8 percent. **At the level of trade partners**, the UAE came on top as the main trade partner with Egypt (constituting 8.5 percent of total foreign trade), followed by China (7.8 percent), the USA (6.3 percent), Saudi Arabia (5.9 percent), the UK (5.0 percent), Germany (4.6 percent), Italy (3.9 percent), Switzerland (3.8 percent) and both Russia and Turkey (3.5 percent each). These countries combined constituted 52.8 percent of total foreign trade.



Hereunder is a detailed review of foreign trade by economic groups in FY 2019/2020:

- **The geographical distribution of oil exports and imports:**

A. Oil Merchandise Exports:

Oil exports to the following countries decreased: the EU countries by US\$ 1.7 billion, the USA by US\$ 594.3 million, the Arab countries by US\$ 256.8 million, Australia and other countries & regions by US\$ 211.2 million, the non-Arab Asian countries by US\$ 114.7 million, other European countries by 77.8 million, the non-Arab African countries by US\$ 67.8 million and Russian Federation and the Commonwealth of Independent States by US\$ 6.8 million. At the level of countries, a decrease was seen in oil exports mainly to Italy by US\$ 770.3 million, then Spain by US\$ 242.2 million.

B. Oil Merchandise Imports:

Oil imports from the EU countries declined by US\$ 664.3 million, other European countries by US\$ 628.0 million, Australia and other countries & regions by US\$ 568.6 million, non-Arab Asian countries by US\$ 444.1 million, the Arab countries by US\$ 297.4 million, non-Arab African countries by US\$ 61.1 million, and Russian Federation and the Commonwealth of Independent States by US\$ 52.8 million. On the other hand, imports from the USA rose by US\$ 68.3 million. At the level of countries, oil imports decreased mainly from Saudi Arabia by US\$ 885.6 million, Turkey by US\$ 550.3 million and Greece by US\$ 304.5 million.

- **Geographical Distribution of Non-Oil Exports and Imports:**

A. EU Countries (30.3 percent of non-oil trade)

The trade deficit between Egypt and EU countries rose by US\$ 1.1 billion to US\$ 11.6 billion, (Germany accounted for 21.0 percent) during the year under review (against US\$ 10.5 billion). This was an outcome of the following factors:

- Export proceeds scaled down by 5.2 percent to only US\$ 5.1 billion. This was ascribable to lower exports to Italy, the Netherlands and Germany.
- Import payments rose by 5.4 percent to US\$ 16.7 billion, owing to higher imports from Germany, Italy and the Czech Republic.

B. Non-Arab Asian Countries (21.8 percent of non-oil trade)

The trade deficit between Egypt and the Asian countries widened by US\$ 552.7 million to US\$ 12.9 billion (China constituted 49.6 percent) against US\$ 12.3 billion, as a result of the following developments:

- Export proceeds went down by 1.5 percent to only US\$ 1.4 billion, owing to lower exports to Pakistan, India and Hong Kong.
- Import payments rose by 3.9 percent to US\$ 14.3 billion, owing to higher imports from China, Japan and Singapore.

C. Arab Countries (17.0 percent of non-oil trade)

The non-oil trade deficit between Egypt and the Arab countries retreated by US\$ 875.6 million to only US\$ 196.9 million (against US\$ 1.1 billion) owing to the rise in:

- Export proceeds by 17.2 percent to about US\$ 6.0 billion, owing to higher exports to the UAE and Saudi Arabia.
- Import payments by merely 0.1 percent to US\$ 6.2 billion, owing to higher imports from the UAE and Algeria.

D. Other European Countries (8.4 percent of non-oil trade)

The non-oil trade deficit between Egypt and other European countries went down by US\$ 79.0 million to some US\$ 2.55 billion (Turkey accounted for 50.0 percent) against US\$ 2.63 billion, as an outcome of the following developments:

- Export proceeds increased by 2.5 percent to about US\$ 1.8 billion due to higher exports to Switzerland.
- Import payments slightly declined by 0.8 percent to only US\$ 4.3 billion due to lower imports from Switzerland.

E. Australia and other countries and regions (7.8 percent of non-oil trade)

The trade deficit between Egypt and Australia and other countries and regions decreased by US\$ 685.4 million to only US\$ 3.8 billion (Brazil constituted 25.3 percent) against US\$ 4.5 billion as a result of the following developments:

- Export proceeds rose by 16.6 percent to only US\$ 899.9 million, owing to higher exports to Canada.

- Import payments went down by 10.6 percent to only US\$ 4.7 billion, owing to lower imports from Brazil and Australia.

F. USA (6.9 percent of non-oil trade)

The trade deficit between Egypt and the USA went down by US\$ 396.7 million to only US\$ 1.0 billion (against US\$ 1.4 billion), due to the following developments:

- Export proceeds rose by 7.7 percent to US\$ 2.0 billion.
- Import payments declined by 7.8 percent to only US\$ 3.0 billion.

G. Russian Federation and the Commonwealth of Independent States (6.5 percent of non-oil trade)

The trade deficit between Egypt and the Russian Federation and the Commonwealth of Independent States decreased by US\$ 1.6 billion to only US\$ 4.1 billion (Russia accounted for 64.2 percent) against US\$ 5.7 billion, as a result of the following developments:

- Export proceeds scaled up by 19.1 percent to US\$ 274.7 million. Russia made up 85.1 percent of the total exports.
- Import payments went down by 26.5 percent to only US\$ 4.4 billion. Russia accounted for 65.5 percent of total imports.

H. Non-Arab African Countries (1.3 percent of non-oil trade)

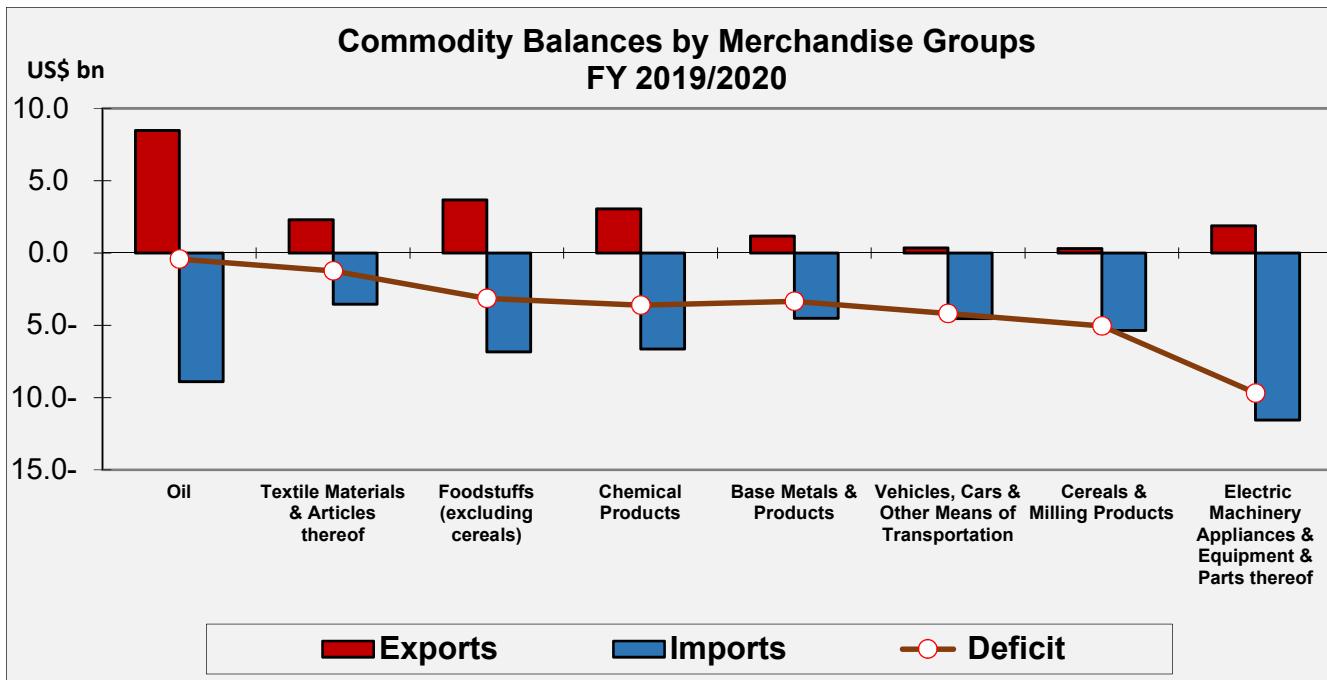
The non-oil trade surplus between Egypt and African countries hiked by US\$ 18.8 million to US\$ 160.2 million (Kenya accounted for 27.7 percent) against US\$ 141.4 million, due to the following developments:

- Export proceeds rose by 3.1 percent to US\$ 530.5 million, owing to higher exports to Kenya and Ethiopia.
- Import payments slightly retreated by 0.8 percent to only US\$ 370.3 million, owing to lower imports from Kenya and Ethiopia.

3/4/2/4 - Merchandise Balances by Merchandise Group

Breakdown of export proceeds by main commodity shows that exports of crude oil and products topped the list, with a share of 32.2 percent of total exports in FY 2019/2020, followed by foodstuffs (excluding cereals) with 14.0 percent, then chemical products with 11.6 percent.

As for import payments, electric machinery, appliances and equipment and parts thereof ranked first, constituting 18.4 percent of total imports, followed by crude oil and products (14.2 percent), and foodstuffs (excluding cereals) (10.9 percent).



Below is a detailed review of main merchandise balances:

1- Merchandise Balances with Improved Performance:

A- Base Metals and Products thereof

The merchandise balance of this group ran a deficit of US\$ 3.3 billion, down by US\$ 520.7 million, on the back of the decrease in:

- **Export proceeds** by 22.5 percent to only US\$ 1.2 billion (4.5 percent of total exports), mirroring the decrease in the exports of iron & steel and articles thereof and aluminum & articles thereof.
- **Import payments** by 16.0 percent to only US\$ 4.5 billion (7.2 percent of total imports). This mainly resulted from the decline in the imports of iron & steel and articles thereof and aluminum & articles thereof.

2- Merchandise Balances whose Performance did not Improve:

A- Crude Oil and Products thereof

The merchandise balance of this group unfolded a deficit of US\$ 421.0 million (against a surplus of US\$ 8.1 million a year earlier), as a result of the decrease in:

- **Oil export proceeds** by 26.6 percent to only US\$ 8.5 billion, owing to lower exports of crude oil, oil products and natural gas.
- **Oil import payments** by 22.9 percent to only US\$ 8.9 billion, owing to lower imports of oil products and the cessation of natural gas imports. However, imports of crude oil increased.

B- Textiles and Products thereof

The deficit of the balance of this group rose by US\$ 473.6 million to US\$ 1.3 billion, owing to the following developments:

- **Export proceeds declined** by 6.8 percent to US\$ 2.3 billion (8.7 percent of total exports), on the back of the lower exports of cotton textiles, and cotton yarn.
- **Import payments rose** by 9.5 percent to US\$ 3.5 billion (5.6 percent of total imports), owing to the rise in the imports of apparel & clothing accessories and synthetic fibers.

C- Electric Machinery, Appliances and Equipment & Parts thereof

The deficit of the merchandise balance of this group moved up by US\$ 420.4 million to US\$ 9.7 billion (26.6 percent of the trade deficit), due to the following factors:

- **Export proceeds declined** by 11.1 percent to only US\$ 1.9 billion (7.1 percent of total exports), as a result of the decline in the exports of wires and cables and household electric appliances & spare parts.
- **Import payments moved up** by 1.6 percent to US\$ 11.6 billion (18.4 percent of total imports), owing to higher imports of electric appliances for telephones (including intercom and mobile phones) and wires and cables.

D- Cereals and Mill Products

The deficit of the merchandise balance of cereals and mill products went up by US\$ 403.3 million to US\$ 5.0 billion, owing to the following developments:

- **Export proceeds declined** by 1.6 percent to only US\$ 313.0 million (1.2 percent of total exports), due to the lower exports of rice.
- **Import payments went up** by 8.0 percent to US\$ 5.4 billion (8.5 percent of total imports), due to higher imports of soya beans for non-sowing and maize.

E- Vehicles, Cars and Other Means of Transportation

The merchandise balance of this group ran a deficit of US\$ 4.2 billion, up by US\$ 245.3 million, as an outcome of the following factors:

- **Export proceeds decreased** by 8.7 percent to US\$ 351.8 million (1.3 percent of total exports). This was traceable to the decrease in the exports of passenger vehicles and spare parts and accessories for cars and tractors.
- **Import payments went up** by 4.9 percent to US\$ 4.5 billion (7.2 percent of total imports), owing to the increase in the imports of passenger vehicles and ships, boats & floating structures.

F- Foodstuffs (excluding cereals)

The merchandise balance of this group ran a deficit of US\$ 3.2 billion, up by US\$ 232.8 million, on the back of the rise in:

- **Export proceeds** by 9.4 percent to US\$ 3.7 billion (14.0 percent of total exports), owing to higher exports of edible vegetables, plants, roots & tubers and edible fruits and nuts.
- **Import payments** by 8.7 percent to US\$ 6.8 billion (10.9 percent of total imports), due to higher imports of animal and vegetable fats, greases and oils and products thereof and preparations of vegetables, fruit and nuts.

G- Chemical Products

The merchandise balance of chemical products unfolded a deficit of US\$ 3.6 billion up by US\$ 136.5 million, due to the rise of:

- **Export proceeds** by 8.1 percent to US\$ 3.0 billion (11.6 percent of total exports), owing to higher exports of organic and inorganic chemicals and pharmaceuticals.
- **Import payments** by 5.8 percent to US\$ 6.7 billion (10.6 percent of total imports), supported by higher imports of pharmaceuticals and soap, detergents and artificial and prepared waxes.

3/5- Non-Banking Financial Services Sector*

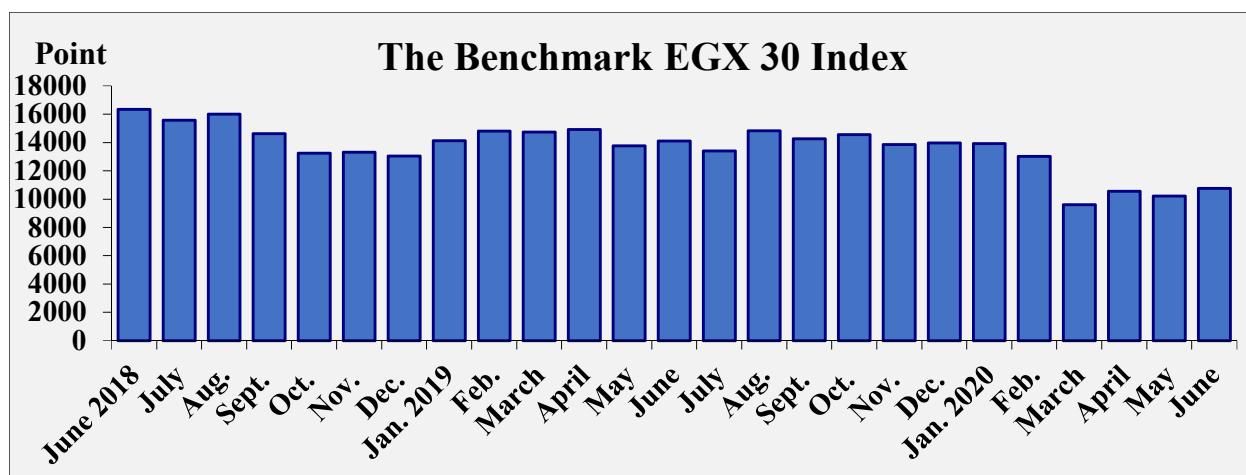
3/5/1- Stock Market

Regarding the **Egyptian Exchange (EGX)**, EGX 30 TR index was introduced in August 2019, to cover the top 30 companies in terms of liquidity and activity that are weighted by the adjusted free floated market capitalization. EGX started publishing EGX 30 TR with a base date of 1 February 2009. Moreover, the equally weighted index EGX 70 EWI was launched in February 2020 to replace the EGX 70 index. The new index measures the performance of the best 70 companies in terms of liquidity and activity after excluding the constituent companies of EGX 30. The index calculation started from January 2008. Moreover, in May 2020, the equally weighted index EGX 100 EWI was launched to replace the EGX 100 index. The index covers the top 100 companies in terms of liquidity and activity including EGX 30 and EGX 70 EWI constituents. The index has been calculated as of January 2006.

As of January 2020, the **Egyptian Exchange (EGX)** has launched new sectoral indices for the companies listed on the EGX aiming to develop and raise the efficiency of the Egyptian capital market. EGX started publishing EGX sectoral indices with a base date of 1 February 2019.

The **EGX** witnessed decreases in all of its indices except for EGX 70 EWI and NILEX, as its benchmark index (EGX 30) declined in the reporting year by 23.7 percent to 10764.6 points at end of June 2020 and EGX 30 Capped retreated by 27.7 percent to 12570.7 points at end of June 2020. Similarly, EGX 30 TR fell by 20.5 percent to record 4118.9 points. EGX 50 EWI also went down by 17.7 percent to 1731.8 points at end of June 2020 and EGX 100 EWI by 1.6 percent to 2245.6 points.

By contrast, EGX 70 EWI hiked by 10.7 percent to 1451.3 points at end of June 2020. Also, the NILEX index - which reflects the performance of small and medium-sized enterprises listed on Nile Stock Exchange- increased by 67.4 percent to 749.2 points at end of June 2020.



Concerning **the primary market**, the number of new issues approved by FRA in FY 2019/2020 reached 3411 issues, with a total value of LE 113.5 billion (against 4898 issues, totaling LE 149.0 billion in the previous FY). Of this figure, issues for new businesses reached 2233 in number (65.5 percent of total issues), with a total value of LE 33.1 billion. In addition, the number of issues for capital increases of existing companies stood at 1178 issues, totaling LE 80.4 billion and representing 70.8 percent of the total value of issues in the reporting year.

The number of listed companies on the EGX scaled down to 218 companies at end of June 2020 (from 219 companies at end of June 2019). Moreover, the market capitalization of these companies' shares declined by 22.2 percent to LE 588.3 billion at end of June 2020 (or 10.1 percent of GDP in FY 2019/2020), against LE 756.1 billion at end of June 2019. The decline in market capitalization in the reporting year reflected the drop in the prices of most shares traded on the EGX.

Meanwhile, the value of bonds issued and listed on the EGX rose by LE 473.9 billion or 62.7 percent in FY 2019/2020, to LE 1230.3 billion at end of June 2020, against LE 756.4 billion at end of June 2019. This pickup was an outcome of the rise of LE 461.8 billion in the value of Egyptian Treasury bonds (primary dealers), to LE 1208.4 billion (or 98.2 percent of the total value of listed bonds at end of June 2020) and the increase of LE 12.1 billion in securitization bonds.

Trading in **the secondary market (including NILEX)** in FY 2019/2020 showed that the value of traded securities increased by LE 372.2 billion, posting LE 658.8 billion (LE 620.3 billion of which were the value of listed shares, bonds and mutual funds' certificates). Also, the number of traded securities went up by 13.1 billion papers or 27.5 percent, compared with the preceding year, to 60.8 billion papers. Likewise, the number of transactions hiked by 0.5 million or 9.4 percent, to 5.7 million transactions.

Trading in shares on the EGX declined to 37.0 percent of the total value of transactions in the reporting year (against 76.0 percent in the previous FY). Similarly, trading in mutual funds' certificates stepped back to 0.2 percent of the total value of transactions (against 0.6 percent), whereas trading in bonds rose to 62.8 percent of the total (against 23.4 percent).

Turning to **the market of small and medium enterprises (NILEX)**, the number of listed companies reached 28 companies at end of June 2020 (against 31 companies at end of June 2019). The market capitalization of their shares scaled up during the reporting year by 28.2 percent to reach LE 1.7 billion at end of June 2020. In the meantime, the number of traded securities in NILEX reached 1.1 billion papers, executed through 61.0 thousand transactions, with a value of LE 0.9 billion in FY 2019/2020.

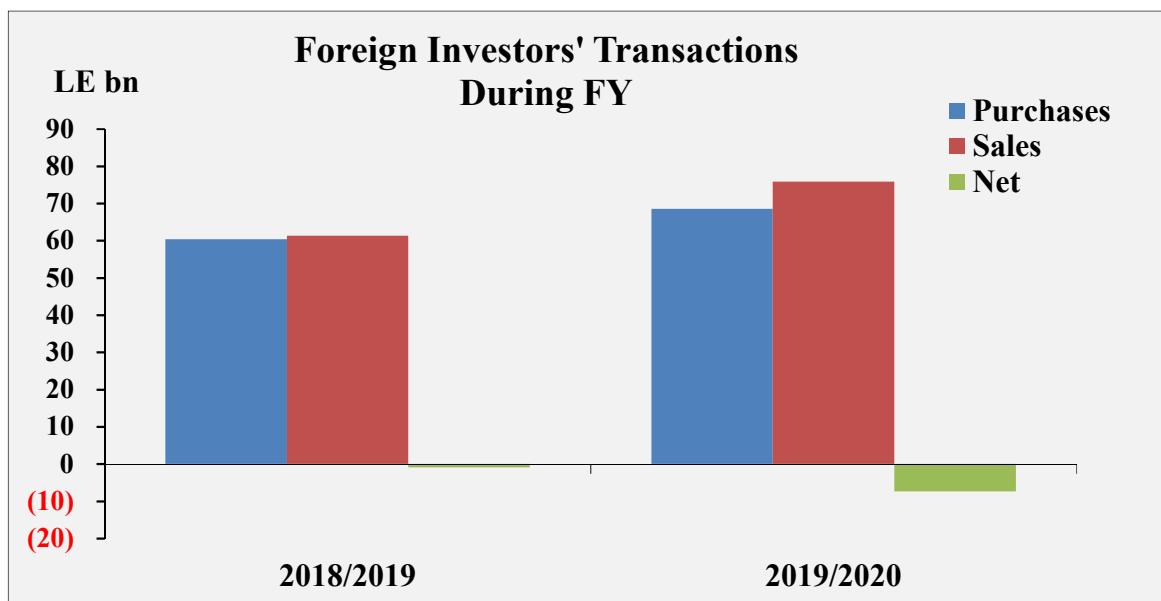
Trading in Securities

During FY	2016/2017	2017/2018	2018/2019	2019/2020
No. of Transactions (000s)	6783	7345	5240	5734
A- Shares, bonds and mutual funds' certificates (listed)	6637	7254	5175	5630
B- Shares, bonds and mutual funds' certificates (unlisted)	30	30	33	43
C- Small and medium enterprises market (NILEX)	116	61	32	61
No. of Traded Securities (mn)	76036	79223	47672	60767
A- Shares, bonds and mutual funds' certificates (listed)	73854	77647	43926	54444
B- Shares, bonds and mutual funds' certificates (unlisted)	1498	1102	3389	5239
C- Small and medium enterprises market (NILEX)	684	474	357	1084
Value of Transactions (LE mn)	332292	339179	286607	658765
A- Shares, bonds and mutual funds' certificates (listed)	305219	319291	260350	620256
B- Shares, bonds and mutual funds' certificates (unlisted)	26119	19465	25883	37646
C- Small and medium enterprises market (NILEX)	954	423	374	863

Source: FRA and EGX's monthly reports

Transactions on EGX Excluding “Primary Dealers”

Foreigners' transactions on the EGX (purchases and sales) witnessed a rise of 18.7 percent in FY 2019/2020, to LE 144.4 billion (against LE 121.7 billion in the previous FY). Their dealings resulted in net sales of LE 7.3 billion in the reporting year (against net sales of LE 0.9 billion in the corresponding year).



Egyptians' trading on the EGX accounted for 64.9 percent of total transactions in FY 2019/2020. On the other hand, dealings of foreign investors represented 35.1 percent of the total.

Annex

Statistical Section

Statistical Section

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

	End of June	2014	2015	2016	2017	2018	2019	2020	(LE mn)
Reserve Money		364473	485876	478076	577582	716309	684031	855580	
Currency in circulation outside the CBE *	288651	313468	368459	452035	482541	536098	651167		
Banks' deposits in local currency at the CBE	75822	172408 ⁺⁺	109617	125547	233768	147933	204413		
Counterpart Assets		364473	485876	478076	577582	716309	684031	855580	
Net Foreign Assets		37395	25278	-44863	3690	301494	264362	156593	
Foreign Assets		115770	148098	149943	551514	775955	733956	603450	
Gold	18983	18195	22820	46910	47066	46950	65517		
Foreign securities	61506	104523	32795	225711	544057	520682	362640		
Foreign currencies	35281	25380	94328	278893	184832	166324	175293		
Foreign Liabilities		78375	122820	194806	547824	474461	469594	446857	
Net Domestic Assets		327078	460598	522939	573892	414815	419669	698987	
Net Claims on Government⁺		419218	523893	619410	708637	715474	746116	807882	
Claims; of which:	463724	620003	706885	821975	759880	820986	865330		
Government securities	240331	240330	390830	714454	683629	703231	702667		
Deposits	44506	96110	87475	113338	44406	74870	57448		
Net Claims on Banks		-9045	-26334	59621	157141	201439	179280	160663	
Claims	25265	25017	120432	286855	326027	300416	272959		
Deposits in foreign currencies	34310	51351	60811	129714	124588	121136	112296		
Other Items (Net)		-83095	-36961⁺⁺	-156092	-291886	-502098	-505727	-269558	

Source: Central Bank of Egypt.

* Including subsidiary coins issued by the Ministry of Finance.

+ Including public economic authorities and the NIB.

++ Under open- market operations, the deposit acceptance session scheduled on 30 June 2015 was cancelled, and a substitute session was held on Thursday 2/7/2015.

(1/2) CBE: Banknote Issued By Denomination

	(LE mn)						
End of June	2014	2015	2016	2017	2018	2019	2020
Total	290283	315313	369757	453529	487216	539863	651167
Banknote Issued by Denomination ⁺	289875	314885	369321	453081	486726	539245	650432
PT 25	146	159	166	170	173	175	176
PT 50	316	355	365	407	441	470	532
LE 1	945	969	1029	1238	1387	1599	1750
LE 5	1833	1828	2431	3080	4516	4341	3952
LE 10	3516	3504	3089	3815	4994	6244	6519
LE 20	6809	6749	6093	6899	8154	8102	8080
LE 50	25279	30767	29115	28434	25128	25607	28446
LE 100	115749	114574	132481	159390	160824	166794	182794
LE 200	135282	155980	194552	249648	281109	325913	418183
Subsidiary Coins (Notes & Coins)*	408	428	436	448	490	618	735

Source: Central Bank of Egypt.

+ Including denominations of 25,50, and 100 piaster coins.

* Issued by the Ministry of Finance.

(1/3) CBE: Transactions via RTGS and SWIFT

During FY	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
<u>Local Currency Transactions via RTGS*</u>							
1- Automated Clearing House (ACH)							
Number of transactions (thousand)	12886	13439	13500	12449	10688	10359	9547
Value of transactions (LE bn)	789	966	1047	1249	1652	1588	1545
2- Other Transactions via RTGS**							
Number of transactions (in unit)	1034549	1021058	1074548	1197635	1791922	1414455	1771468
Value of transactions (LE bn)	16421	22587	29709	33349	34402	42597	71172
<u>Foreign Currency Transfers (Dollar Interbank Transactions) via the Fin-Copy System***</u>							
Number of transactions (in unit)	4842	5482	3399	8367	18886	14708	16721
Value of transactions (US\$ mn)	8468	7597	9257	6916	18460	34067	55226

Source: Central Bank of Egypt.

* The RTGS was launched on 15 /3/ 2009.

** Including corridor operations and deposits for monetary policy purposes as of 15/3/2009.

*** This service was introduced on 19/ 9/ 2004.

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

		(LE mn)						
	End of June	2014	2015*	2016	2017	2018	2019	2020
First : Domestic Liquidity		1516601	1765492	2094500	2918193	3454321	3863642	4538808
a - Money Supply		410554	499065	572935	707427	820574	923562	1084742
Currency in circulation outside the banking system		270856	292699	346853	419058	438857	487233	602732
Demand deposits in local currency		139698	206366	226082	288369	381717	436329	482010
b - Quasi-Money		1106047	1266427	1521565	2210766	2633747	2940080	3454066
Time & saving deposits in local currency		869976	1003432	1197746	1516480	1916789	2225449	2787423
Demand and time & saving deposits in foreign currencies		236071	262995	323819	694286	716958	714631	666643
Second : Counterpart Assets								
Net foreign assets		119162	51487	-87389	61056	309532	300120	122098
Domestic credit		1625141	1978211	2460115	3111270	3460290	3807214	4846795
Other items (net)		-227702	-264206	-278226	-254133	-315501	-243692	-430085

Source : Central Bank of Egypt.

* As of March 2015, data of Arab International Bank were added to the banking survey, thereby affecting the related tables.

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

	(LE mn)						
End of June	2014	2015	2016	2017	2018	2019	2020
Total Deposits in Local Currency	1009674	1209798	1423828	1804849	2298506	2661778	3269433
First : Demand Deposits	139698	206366	226082	288369	381717	436329	482010
Public business sector *	8523	16050	20628	24154	28665	28117	31307
Private business sector	76384	123964	129896	152851	207855	229043	258542
Household sector	55560	67133	76924	112974	145310	179264	192222
Minus: Purchased cheques & drafts	769	781	1366	1610	113	95	61
Second : Time and Saving Deposits	869976	1003432	1197746	1516480	1916789	2225449	2787423
Public business sector *	17812	21843	23105	23136	27256	30288	34085
Private business sector	75577	106386	135249	130639	149452	149903	155318
Household sector	776587	875203	1039392	1362705	1740081	2045258	2598020

Source : Central Bank of Egypt.

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

(2/3) Banking Survey : Deposits in Foreign Currencies

End of June	2014	2015	2016	2017	2018	2019	2020	(LE mn)
Total Deposits in Foreign Currencies	236071	262995	323819	694286	716958	714631	666643	
First : Demand Deposits	62214	68631	75910	150042	149769	143284	142022	
Public business sector *	1307	2580	3318	5979	8104	6527	6207	
Private business sector	37696	39387	47471	90884	88804	82291	83136	
Household sector	23275	26695	25150	53259	53078	54562	52695	
Minus: Purchased cheques & drafts	64	31	29	80	217	96	16	
Second : Time and Saving Deposits	173857	194364	247909	544244	567189	571347	524621	
Public business sector *	12405	12469	14607	32409	33545	31112	26331	
Private business sector	37092	39453	51961	102016	101357	104202	88102	
Household sector	124360	142442	181341	409819	432287	436033	410188	

Source : Central Bank of Egypt.

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

(2/4) Banking Survey : Foreign Assets and Liabilities

	(LE mn)						
End of June	2014	2015	2016	2017	2018	2019	2020
<u>Net Foreign Assets</u>	<u>119162</u>	<u>51487</u>	<u>-87389</u>	<u>61056</u>	<u>309532</u>	<u>300120</u>	<u>122098</u>
<u>First : Foreign Assets</u>	<u>231608</u>	<u>234312</u>	<u>231475</u>	<u>890640</u>	<u>1075773</u>	<u>1043558</u>	<u>871368</u>
Central Bank of Egypt	115770	148098	149943	551514	775955	733956	603450
Banks	115838	86214	81532	339126	299818	309602	267918
<u>Second : Foreign Liabilities</u>	<u>112446</u>	<u>182825</u>	<u>318864</u>	<u>829584</u>	<u>766241</u>	<u>743438</u>	<u>749270</u>
Central Bank of Egypt	78375	122820	194806	547824	474461	469594	446857
Banks	34071	60005	124058	281760	291780	273844	302413

Source : Central Bank of Egypt.

(2/5) Banking Survey : Domestic Credit / Other Items (Net)

End of June	2014	2015	2016	2017	2018	2019	2020	(LE mn)
<u>First : Domestic Credit</u>	<u>1625141</u>	<u>1978211</u>	<u>2460115</u>	<u>3111270</u>	<u>3460290</u>	<u>3807214</u>	<u>4846795</u>	
Net claims on the government (A+B-C)	1045186	1291427	1654910	1979641	2217557	2427968	3235840	
A- Securities	1004342	1193595	1614650	2155163	2266300	2373467	3202636	
B- Credit facilities	264196	446094	489795	462244	529168	740309	835874	
C- Government deposits	223352	348262	449535	637766	577911	685808	802670	
Claims on public business sector *	45417	63218	93073	148715	160177	162128	156339	
Claims on private business sector	389275	448276	504258	744572	801381	869675	1008819	
Claims on household sector	145263	175290	207874	238342	281175	347443	445797	
<u>Second : Other Items (Net)</u>	<u>-227702</u>	<u>-264206</u>	<u>-278226</u>	<u>-254133</u>	<u>-315501</u>	<u>-243692</u>	<u>-430085</u>	
Capital accounts	-233369	-263117	-305204	-495952	-500583	-567515	-677043	
Net unclassified assets and liabilities	5667	-1089	26978	241819	185082	323823	246958	
(Including interbank debit and credit position(net))								

Source : Central Bank of Egypt.

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

(2/6) Total Saving Vessels

	(LE mn)						
End of June	2014	2015	2016	2017	2018	2019	2020
Total Saving Vessels	<u>1360870</u>	<u>1544783</u>	<u>1849555</u>	<u>2564061</u>	<u>3115706</u>	<u>3584125</u>	<u>4182947</u>
Savings at the Banking System	<u>1106047</u>	<u>1266427</u>	<u>1521565</u>	<u>2210766</u>	<u>2633747</u>	<u>2940080</u>	<u>3454066</u>
Time & saving deposits in local currency	869976	1003432	1197746	1516480	1916789	2225449	2787423
Demand and time & saving deposits in foreign currencies	236071	262995	323819	694286	716958	714631	666643
Net Sales of Investment Certificates	<u>108378</u>	<u>108875</u>	<u>139771</u>	<u>155897</u>	<u>281240</u>	<u>424754</u>	<u>490734</u>
Post Office Saving Deposits	<u>146445</u>	<u>169481</u>	<u>188219</u>	<u>197398</u>	<u>200719</u>	<u>219291</u>	<u>238147</u>

Source : Central Bank of Egypt.

(3/1) Gross Domestic Debt

Balances at End of June	2015	2016	2017	2018	2019	2020
Gross Domestic Debt (1+2+3+4)	2116345	2620662	3160864	3696401	4282112	4742107
1- Net Domestic Debt of Government (A+B+C+D+E)	1871332	2285644	2685898	3121804	3730857	4163620
A- Balances of Bonds & Bills	1722165	2290527	3024480	3405440	3875002	4325922
Treasury Bonds:	1125969	1474532	1838777	1858300	2235971	2557544
.Treasury bonds with the CBE	240330	390830	642330	613830	616530	618930
.US dollar bonds issued for commercial banks (NBE - Banque Misr)	22560	26310	49584	49018	45763	44199
.Bonds offered abroad *	6108	8832	18309	36336	52867	73570
US\$	6108	8832	18309	33573	49262	68971
Euro	0	0	0	2763	3605	4599
.Egyptian treasury bonds **	596940	745005	728991	740398	1062923	1737057
.Eurobonds (private placement for the account of CBE) ***	0	0	72123	71299	86700	83737
.Government notes to compensate for the actuarial deficit in social insurance funds ****	2000	2000	2000	2000	2000	0
.Housing bonds	92	62	46	48	50	51
.The equivalent of the retained 5% of corporate profits to purchase government bonds	2124	2199	2270	0	0	0
.Bonds of the Insurance Funds (against the transfer of NIB debt to the Treasury) ****	254532	298653	323124	345371	369138	0
.Bonds of Barwa Real Estate Investment Company	1283	641	0	0	0	0
Treasury Bills:	596196	815995	1185703	1547140	1639031	1768378
LE	531543	656740	858004	1227566	1417389	1567759
US\$	53307	145576	300218	291648	196796	177144
Euro	11346	13679	27481	27926	24846	23475
B- Borrowing from other entities	5640	0	0	0	0	0
C- Credit Facilities from the Social Insurance Funds	450	250	250	0	0	0
D- The Masri Dollar Certificate*****	2207	1125	248	0	0	0
E- Net Government Balances with the Banking System	140870	-6258	-339080	-283636	-144145	-162302
2- Net Debt of Public Economic Authorities	11341	103720	222329	317607	282912	286382
Net Balances of Public Economic Authorities with the Banking System	-41524	52171	170713	245916	210880	212600
Borrowing of Public Economic Authorities from NIB *****	52865	51549	51616	71691	72032	73782
3- Net NIB Debt	293902	309591	336934	473022	631018	713058
NIB Debt	295339	315201	344080	484045	643252	726183
Deposits of the NIB with the banking system (-)	1437	5610	7146	11023	12234	13125
4- Intra-debt	60230	78293	84297	216032	362675	420953
Government debt to the NIB (investments in government securities)	7365	26744	32681	144341	290643	347171
Loans of public economic authorities to NIB	52865	51549	51616	71691	72032	73782

Source: Central Bank of Egypt - Ministry of Finance - National Investment Bank.

* Represents holdings of financial institutions (the banking and insurance sectors) resident in Egypt.

** Based on its nominal value, including US\$ 980.7 million worth of Egyptian T-bonds, with zero-coupon issued on 26/02/2019 with a maturity of two years.

*** This item represents the local equivalent of the eurobonds issued in US dollar in November 2016.

**** The debt between the Ministry of Finance and SIFs was settled during July/Sept. 2019/2020, pursuant to the Social Insurance and Pension Law No. 148 issued on 19 August 2019.

***** In order to support the national economy and finance the development plan, the National Bank of Egypt issued a US dollar certificate in May 2012 for Egyptians resident abroad to invest their savings in the Egyptian market. The Masri Dollar Certificate is a three-year certificate, with a 4% annual return, and is not redeemable in the first six months. Its minimum purchase value is US\$ 1000, with no ceiling.

***** Apart from the interest payments due to the NIB.

(3/2) NIB Resources & Uses

(LE mn)

Balances at end of June	2015	2016	2017	2018	2019	2020
Liabilities: of which	295339	315201	344080	484045	643252	726183
. Social Insurance Fund for Gov. Employees	41524	32264	33407	35382	36542	* } 55328
. Social Insurance Fund for Pub. & Priv. Business Sectors Employees	32757	23637	22581	21384	19548	
. Proceeds of investment certificates	108938	138265	155947	281289	424754	490734
. Accumulated interest on investment certificates (category A)	7874	7994	7546	7294	8288	9485
. Proceeds of US dollar development bonds	5	4	4	2	0	0
. Post office savings deposits	102297	111044	122271	134431	149219	164720
. Others**	1944	1993	2324	4263	4901	5916
Assets: of which	295339	315201	344080	484045	643252	726183
. Loans to public economic authorities	52865	51549	51616	71691	72032	73782
. Investments in government securities (bills and bonds)	7365	26744	32681	144341	290643	347171
. Deposits of the NIB with the banking system	1437	5610	7146	11023	12234	13125
.Lending to holding companies and affiliate units, concessional loans and others (NIB debt minus its intra-debt)	233672	231298	252637	256990	268343	292105

Source: Central Bank of Egypt - National Investment Bank.

* Balances transferred to the Ministry of Finance from the two funds, pursuant to the Social Insurance and Pension Law No. 148 issued on 19 August 2019.

** Including deposits of the private insurance funds, alternative insurance funds, deposits of various authorities and others.

(3/3) External Debt Structure

End of June	2016	2017	2018	2019	(US\$ mn) 2020 ⁺
Total External Debt	55764.4	79032.8	92643.9	108699.1	123490.5
Rescheduled bilateral debt *	5249.6	4252.0	3727.9	3126.6	2499.7
ODA	4524.5	4015.0	3536.5	2989.1	2418.3
Non-ODA	725.1	237.0	191.4	137.5	81.4
Other bilateral debt	6299.9	6572.4	7644.0	9632.5	10292.3
Paris Club countries	3553.5	3710.8	4430.5	5021.2	5702.5
Other countries**	2746.4	2861.6	3213.5	4611.3	4589.8
International & regional institutions	14089.9	21751.6	28416.8	32808.5	43007.1
Suppliers' & buyers' credit	3118.9	6505.2	8433.9	11283.6	11387.7
Repo	0.0	0.0	0.0	3808.7	3928.2
Egyptian bonds & notes	3493.0	8984.5	14277.7	19371.9	23899.3
Long- term deposits	16300.0	18537.4	17400.0	17203.3	17188.4
Private sector debt (non-guaranteed)	195.4	155.3	459.9	408.6	421.8
Short-term debt	7017.7	12274.4	12283.7	11055.4	10866.0
Currency & deposits***	1478.3	3824.1	3783.9	3706.9	3567.7
Other short-term facilities	5539.4	8450.3	8499.8	7348.5	7298.3

Source: External Debt Statistics Department - CBE.

+ Provisional

* According to the agreement signed with Paris Club countries on May 25, 1991.

** Including liquidity support facility provided by China.

*** Including Chinese Currency Swap Arrangement.

(3/4) Distribution of External Debt by Currencies

End of	June 2019		June 2020*		(US\$ mn) Change +/-)
	Value	%	Value	%	
Total	108699.1	100.0	123490.5	100.0	14791.4
US Dollar	69352.2	63.8	77622.2	62.9	8270.0
Special Drawing Rights	12166.1	11.2	18668.2	15.1	6502.1
EURO	16320.2	15.0	15899.7	12.9	(420.5)
Chinese Yuan	3635.0	3.3	3694.0	3.0	59.0
Kuwaiti Dinar	2605.6	2.4	2893.2	2.3	287.6
Japanese Yen	2508.7	2.3	2575.7	2.1	67.0
Saudi Riyal	1330.1	1.2	1358.7	1.1	28.6
Egyptian Pound	484.8	0.5	494.2	0.4	9.4
Swiss Franc	174.8	0.2	180.8	0.2	6.0
Danish Krone	44.8	0.1	38.7	0.0	(6.1)
Canadian Dollar	30.5	0.0	26.2	0.0	(4.3)
UAE Dirham	27.0	0.0	21.6	0.0	(5.4)
British Pound Sterling	17.3	0.0	14.1	0.0	(3.2)
Norwegian Krone	1.7	0.0	1.4	0.0	(0.3)
South Korean Won	0.3	0.0	1.0	0.0	0.7
Swedish Krona	0.0	0.0	0.8	0.0	0.8

Source: External Debt Statistics Department- CBE.

* Provisional.

(3/5) External Debt by Creditor

	(US\$ mn)			
	June 2019		June 2020*	
	Value	Relative Importance	Value	Relative Importance
Total External Debt	108699.1	100.0	123490.5	100.0
USA	1262.9	1.2	1013.2	0.8
Japan	2460.9	2.3	2546.1	2.1
China	6531.7	6.0	6912.4	5.6
EU Countries, of which	6539.7	6.2	7792.0	4.6
UK ⁺	1103.9	1.0	2112.8	1.7
Germany	3033.0	2.8	3191.2	2.6
France	1562.7	1.5	1698.9	1.4
Spain	278.4	0.3	298.5	0.2
Italy	105.0	0.1	114.7	0.1
The Netherlands	178.0	0.2	86.0	0.1
Denmark	76.6	0.1	64.5	0.1
Austria	67.7	0.1	53.5	0.1
Arab Countries, of which	23526.8	21.4	24163.1	19.6
Saudi Arabia	8989.3	8.3	9200.2	7.5
United Arab Emirates	8867.4	8.1	9102.4	7.4
Kuwait	5359.1	5.0	5340.1	4.3
Bahrain	19.3	0.0	249.7	0.3
Syria	52.8	0.0	55.8	0.1
Libya	42.7	0.0	53.6	0.0
Sudan	24.0	0.0	29.4	0.0
Jordan	41.2	0.0	29.0	0.0
International and Regional Institutions, of which	32808.5	30.2	43007.1	34.8
International Monetary Fund	11207.5	10.3	17856.1	14.5
World Bank	10607.4	9.8	11259.1	9.1
European Investment Bank	3216.3	3.0	3574.8	2.9
African Export-Import Bank	356.0	0.3	2978.2	2.4
African Development Fund and Bank	2952.9	2.7	2817.5	2.3
Arab Fund for Economic and Social Development	1589.8	1.5	1718.7	1.4
Islamic Development Bank	827.8	0.8	922.2	0.8
International Development Agency (IDA)	545.6	0.5	416.0	0.3
Bonds floated abroad	19371.9	17.8	23899.3	19.4
Other Countries	16196.7	14.9	14157.3	11.4

* Provisional.

⁺ The UK officially left the EU (Brexit) on 31 January 2020.

(4/1) Structure of the Egyptian Banking System

End of June	Number of Banks Operating in Egypt	Number of Branches
2014	38 *	3710
2015	38	3766
2016	38	3882
2017	38	4009
2018	38	4155
2019	38	4298
2020	38	4451

Source : Central Bank of Egypt.

* The CBE's BoD issued a decision on 11 July 2018 to deregister the Bank of Nova Scotia, after issuing approvals for both the Bank of Nova Scotia and the National Bank of Oman to cease operations in Egypt in December 2013 and March 2014, respectively.

Central Bank of Egypt - Annual Report 2019/2020**(4/2) Representative Offices of Foreign Banks Registered with the CBE****(End of June 2020)**

Name	Country	Registration Date	Address
The Bank of New York Mellon	United States of America	27/10/1993	Concordia Building No. B2111, Smart Village, Cairo-Alex.desert road, 6 th of October,Giza.
Commerz Bank AG.	Germany	31/05/1994	Building No. 2401 B, 1 st floor, Smart Village, Cairo-Alex. Highway (28 Km).
Monte dei Paschi di Siena S.P.A	Italy	05/07/1994	10 Sarai EL- Gezeera St., 2 nd floor, Flat No. 5, Zamalek 11211,Cairo.
Union De Banques Arabes et Francaises (UBAF)	France	15/08/1994	4 Behlar Passage, Kasr El-Nil St., Cairo.
Deutsche Bank AG	Germany	10/11/1994	Building No. 47 Section 1, City Center, New Cairo.
Intesa Sanpaolo Spa	Italy	13/03/1995	3 Abou El Feda St., Zamalek, Cairo.
JP Morgan Chase Bank N.A	United States of America	05/08/1996	3, Ahmed Nessim St., Giza.
MUFG Bank, Ltd.	Japan	04/03/1997	Nile City Towers, South Tower, 10 th floor/C, Corniche El-Nil, Cairo.
Credit Suisse AG	Switzerland	16/03/1998	7 b ,Ibn Shamer, Giza.
Credit Industriel et Commercial,CIC	France	22/07/1999	28 Sherif St., Cairo.
Natixis	France	22/03/2000	EI-Kamel Building, 54/B, Banks Zone, 6 th of October, Giza.
Sumitomo Mitsui Banking Corporation	Japan	19/01/2004	Nile City Towers, North Tower 2005 C, 23rd floor, Corniche EI Nile, Ramelet Boulak, Cairo.
Standard Chartered Bank	United Kingdom	12/09/2005	EI Shekha Fatma St.,City Stars Office Bldgs.,Star Capital "2", Office 21/22 Heliopolis, Cairo.
Sudanese Egyptian Bank	Sudan	28/05/2008	4 Ahmed Basha St., 16 th floor, Garden City, Cairo.
China Development Bank	China	02/11/2009	Apartment (no. 1 & 2), Building 41 A, St. 18., Maadi, Cairo.
Türkiye İş Bankası A.Ş	Turkey	31/03/2010	Nile City Towers, North Tower, 27 th floor, Corniche El-Nile, Cairo.
Caixa Bank S.A	Spain	08/07/2012	Nile City Towers, North Tower, 23 rd floor, Corniche El-Nile, Cairo.

Source: Central Bank of Egypt.

(5/1) Banks : Aggregate Financial Position

							(LE mn)	
	End of June	2014	2015*	2016	2017	2018	2019	2020
<u>Assets</u>								
Cash		27276	27381	31432	57471	68332	69627	64234
Securities & investments in TBs		825524	1016025	1283616	1537036	1680811	1765356	2622324
Balances with banks in Egypt, of which:		174786	240336	374644	876544	1165139	1168232	923714
Lending and discount balances		363	1500	1682	4713	3807	4741	5920
Balances with banks abroad, of which:		78742	54834	51074	283966	250443	267125	230051
Lending and discount balances		2284	1520	1316	2502	4730	4166	4072
Clients' lending and discount balances		587852	717999	942727	1426457	1629664	1854326	2200381
Other assets		122693	142404	162601	239386	286181	392140	367557
Assets = Liabilities		1816873	2198979	2846094	4420860	5080570	5516806	6408261
<u>Liabilities</u>								
Capital		77555	92550	100726	128420	149119	152661	173701
Reserves		47022	50080	63002	185846	213732	236065	319817
Provisions		62777	66049	66880	107859	109294	122272	150079
Bonds & long-term loans		30168	38453	48532	123960	145581	166647	207144
Obligations to banks in Egypt		17858	20763	60551	286116	296839	228888	248043
Obligations to banks abroad		14699	30147	86060	194551	188189	144029	125343
Total deposits		1429432	1734178	2116117	3027811	3553634	3992673	4686875
Other liabilities, of which:		137362	166759	304226	366297	424182	473571	497259
Payable cheques		6880	8175	10984	12300	13281	12183	9538

Source : Central Bank of Egypt.

* As of March 2015, data of Arab International Bank were added to the banks' aggregate financial position, thereby affecting the related tables.

(5/2) Banks : Deposits by Maturity

								(LE mn)
End of June	2014	2015	2016	2017	2018	2019	2020	
Total Deposits	<u>1429432</u>	<u>1734178</u>	<u>2116117</u>	<u>3027811</u>	<u>3553634</u>	<u>3992673</u>	<u>4686875</u>	
Demand deposits	215870	308915	354033	527044	634011	704300	739993	
Time & saving deposits and saving accounts	1157976	1330179	1641305	2319072	2726770	2954033	3598758	
Blocked or retained deposits	55586	95084	120779	181695	192853	334340	348124	
In Local Currency	<u>1093686</u>	<u>1369674</u>	<u>1691590</u>	<u>2120787</u>	<u>2721418</u>	<u>3168079</u>	<u>3915393</u>	
Demand deposits	150297	236440	275374	368774	475434	552702	590451	
Time & saving deposits and saving accounts	907531	1054047	1318564	1618131	2093869	2325595	3013730	
Blocked or retained deposits	35858	79187	97652	133882	152115	289782	311212	
In Foreign Currencies	<u>335746</u>	<u>364504</u>	<u>424527</u>	<u>907024</u>	<u>832216</u>	<u>824594</u>	<u>771482</u>	
Demand deposits	65573	72475	78659	158270	158577	151598	149542	
Time & saving deposits and saving accounts	250445	276132	322741	700941	632901	628438	585028	
Blocked or retained deposits	19728	15897	23127	47813	40738	44558	36912	

Source : Central Bank of Egypt.

(5/3) Banks : Deposits by Sector

	(LE mn)						
End of June	2014	2015	2016	2017	2018	2019	2020
Total Deposits	<u>1429432</u>	<u>1734178</u>	<u>2116117</u>	<u>3027811</u>	<u>3553634</u>	<u>3992673</u>	<u>4686875</u>
In Local Currency	<u>1093686</u>	<u>1369674</u>	<u>1691590</u>	<u>2120787</u>	<u>2721418</u>	<u>3168079</u>	<u>3915393</u>
Government sector	78425	149115	258021	303714	410147	494492	634354
Public business sector *	26336	37893	43733	47290	55921	58406	64592
Private business sector	151740	230143	263961	283312	357149	378801	413741
Household sector	832147	942336	1116316	1475679	1885391	2224522	2790242
External sector **	5038	10187	9559	10792	12810	11858	12464
In Foreign Currencies	<u>335746</u>	<u>364504</u>	<u>424527</u>	<u>907024</u>	<u>832216</u>	<u>824594</u>	<u>771482</u>
Government sector	95513	96452	96876	204858	107305	101173	97158
Public business sector *	13712	15049	17925	38388	41649	37639	32538
Private business sector	74788	78840	99432	192900	190161	186493	171238
Household sector	147634	169137	206491	463078	485365	490595	462883
External sector **	4099	5026	3803	7800	7736	8694	7665

Source : Central Bank of Egypt.

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

** Including counterpart deposits of USAID.

(5/4) Banks : Lending and Discount Balances by Sector

End of June	2014	2015	2016	2017	2018	2019	2020	(LE mn)
Total Lending and Discount Balances	587852	717999	942727	1426457	1629664	1854326	2200381	
In Local Currency	418371	479357	672578	867213	1066324	1274060	1675491	
Government sector	11872	10855	100230	142710	216549	235839	406663	
Public business sector *	35107	43742	65168	95621	114349	125346	124355	
Private business sector	227819	252405	302397	396626	462915	574077	706861	
Household sector	143251	171989	204470	231404	271752	337486	436304	
External sector	322	366	313	852	759	1312	1308	
In Foreign Currencies	169481	238642	270149	559244	563340	580266	524890	
Government sector	28930	55566	73510	212013	236368	306608	266549	
Public business sector *	9993	19228	27663	52680	45228	36434	31729	
Private business sector	121152	151029	157260	279602	266829	222062	212466	
Household sector	2011	3302	3404	6938	9423	9957	9493	
External sector	7395	9517	8312	8011	5492	5205	4653	

Source : Central Bank of Egypt.

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

(6/1) GDP at Factor Cost by Economic Sector

at 2016/2017 prices

Sectors	(LE mn)								
	2018/2019			2019/2020			Rate of Change + (-) (%)		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
Total GDP	1169587.2	2614119.8	3783707.0	1215488.7	2663935.9	3879424.6	3.9	1.9	2.5
Agriculture, forests & fishing	317.4	424390.8	424708.2	329.7	438396.0	438725.7	3.9	3.3	3.3
Extractions	290976.3	95964.0	386940.4	280129.2	95159.7	375288.9	(3.7)	(0.8)	(3.0)
Oil	121522.0	20578.9	142100.9	117743.4	19957.7	137701.1	(3.1)	(3.0)	(3.1)
Gas	167001.3	29657.5	196658.8	159877.6	28364.1	188241.7	(4.3)	(4.4)	(4.3)
Others	2453.0	45727.6	48180.7	2508.2	46837.9	49346.1	2.2	2.4	2.4
Manufacturing Industries	181873.4	432660.4	614533.8	203758.7	419165.8	622924.5	12.0	(3.1)	1.4
Oil refining	135258.5	7412.8	142671.3	158653.3	8742.1	167395.4	17.3	17.9	17.3
Others	46614.9	425247.6	471862.5	45105.4	410423.7	455529.1	(3.2)	(3.5)	(3.5)
Electricity	53307.1	8242.8	61549.9	52954.6	8164.5	61119.1	(0.7)	(0.9)	(0.7)
Water, Sanitation and Recycling	19264.5	2267.9	21532.4	19921.0	2328.3	22249.4	3.4	2.7	3.3
Construction & Building	22368.5	211224.1	233592.6	24698.8	219121.3	243820.1	10.4	3.7	4.4
Transportation & Storage	32011.1	139946.4	171957.5	33128.1	145505.1	178633.1	3.5	4.0	3.9
Communications	18355.6	75156.1	93511.7	21109.6	86653.4	107763.0	15.0	15.3	15.2
Information	774.2	10358.8	11132.9	798.2	10704.9	11503.1	3.1	3.3	3.3
Suez Canal	90648.7	0.0	90648.7	95181.0	0.0	95181.0	5.0	0.0	5.0
Wholesale & Retail Trade	27443.5	481806.0	509249.5	28483.1	500566.9	529050.0	3.8	3.9	3.9
Financial Intermediaries & Auxiliary Services	86252.6	56949.5	143202.1	89072.0	58813.6	147885.6	3.3	3.3	3.3
Social Security and Insurance	21691.0	6803.5	28494.5	22349.4	7014.1	29363.5	3.0	3.1	3.0
Tourism	1089.9	105673.6	106763.5	891.7	87428.9	88320.6	(18.2)	(17.3)	(17.3)
Real Estate	3886.5	381804.9	385691.4	4002.9	396326.0	400328.9	3.0	3.8	3.8
Real Estate Ownership	515.8	274304.4	274820.2	533.9	284981.0	285514.9	3.5	3.9	3.9
Business Services	3370.7	107500.5	110871.2	3469.0	111345.0	114814.0	2.9	3.6	3.6
General Government	314452.1	0.0	314452.1	333623.6	0.0	333623.6	6.1	0.0	6.1
Social Services	4874.7	180871.1	185745.8	5057.2	188587.4	193644.6	3.7	4.3	4.3
Education	0.0	68578.5	68578.5	0.0	71312.4	71312.4	0.0	4.0	4.0
Health	4257.8	80394.3	84652.2	4421.9	83840.9	88262.8	3.9	4.3	4.3
Others	616.9	31898.3	32515.2	635.2	33434.1	34069.3	3.0	4.8	4.8

Source: Ministry of Planning & Economic Development.

**(6/2) GDP by Expenditure
at 2016/2017 prices**

	<u>Value (LE bn)</u>		<u>Structure (%)</u>		<u>Rate of Change + (-) (%)</u>	
	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020
<u>1- GDP at Market Price (2+5-6)</u>	<u>3857.5</u>	<u>3995.2</u>	<u>100.0</u>	<u>100.0</u>	<u>5.6</u>	<u>3.6</u>
<u>2- Total Domestic Expenditure (3+4)</u>	<u>4176.0</u>	<u>4283.4</u>	<u>108.3</u>	<u>107.2</u>	<u>2.9</u>	<u>2.6</u>
<u>3- Final Consumption</u>	<u>3483.3</u>	<u>3735.8</u>	<u>90.3</u>	<u>93.5</u>	<u>1.1</u>	<u>7.2</u>
Final private consumption	3117.3	3345.2	80.8	83.7	1.0	7.3
Final government consumption	366.0	390.6	9.5	9.8	2.8	6.7
<u>4- Gross Capital Formation</u>	<u>692.7</u>	<u>547.6</u>	<u>18.0</u>	<u>13.7</u>	<u>12.9</u>	<u>(20.9)</u>
Investments	685.9	542.6	17.8	13.6	14.1	(20.9)
Change in stock	6.8	5.0	0.2	0.1		
<u>5- Exports of Goods & Services</u>	<u>706.1</u>	<u>553.1</u>	<u>18.3</u>	<u>13.9</u>	<u>(2.2)</u>	<u>(21.7)</u>
<u>6- Imports of Goods & Services</u>	<u>1024.6</u>	<u>841.3</u>	<u>26.6</u>	<u>21.1</u>	<u>(8.9)</u>	<u>(17.9)</u>

Source: Ministry of Planning & Economic Development.

(6/3) Consumer Price Index (Urban Population) (2018/2019=100)*

Main Sections	Relative Weights	June 2019	June 2020	Inflation Rate (%)	
				Fiscal Year	2018/2019
All Items	100.00	101.9	107.7	9.4	5.6
Food & Non-Alcoholic Beverages	32.73	101.4	101.5	10.3	0.1
Alcoholic Beverages & Tobacco	4.41	100.5	112.9	10.1	12.3
Clothing & Footwear	4.38	104.0	106.5	8.4	2.4
Housing, Water, Electricity, Gas & Other Fuels	19.46	100.4	106.1	7.5	5.7
Furnishings, Household Equipment & Routine Maintenance of the House	3.93	100.6	104.5	3.6	3.9
Health Care	8.59	103.7	113.1	5.7	9.1
Transportation	6.66	100.7	115.7	2.1	14.9
Communications	2.76	100.0	104.6	0.0	4.5
Recreation & Culture	2.24	110.9	112.6	17.8	1.6
Education	5.49	103.3	125.9	14.7	21.8
Restaurants & Hotels	4.98	104.8	113.1	12.9	7.9
Miscellaneous Goods & Services	4.37	102.3	106.7	8.2	4.4

Source: Central Agency for Public Mobilization and Statistics (CAPMAS), (Monthly bulletin of Consumer Price Index).

* The 10th series of CPI was introduced in October 2019. The weights involved in the formation of the Index were taken from the results of the 2017/2018 survey of income, expenditure and consumption using 2018/2019 as a base period.

(6/4) Producer Price Index (PPI) (January 2016=100)

Economic Activity	Relative Weights	June 2018	June 2019	June 2020	Rate of Change (%) +(-) Fiscal Year	
					2018/2019	2019/2020
All Items	100.0	196.6	202.4	188.1	3.0	(7.1)
Agriculture & Fishing	24.3	157.1	177.1	177.8	12.7	0.4
Mining & Quarrying	27.1	230.3	210.6	141.0	(8.6)	(33.0)
Manufacturing	38.6	207.8	214.3	223.7	3.1	4.4
Electricity, Gas, Steam & Air Conditioning Supply	2.6	162.3	277.6	333.0	71.0	20.0
Water Supply, Sewerage, Waste Management & Remediation Activities	1.3	199.8	199.8	199.8	0.0	0.0
Transportation & Storage	0.5	122.5	124.7	140.5	1.8	12.7
Accommodation & Food Service Activities	4.5	161.7	179.7	165.2	11.1	(8.1)
Information & Communication	1.1	104.6	104.6	104.6	0.0	0.0

Source: Central Agency for Public Mobilization and Statistics (CAPMAS), (the bi-monthly bulletin of the Producer Price Index).

Central Bank of Egypt - Annual Report 2019/2020

(7/1) Summary of Consolidated Fiscal Operations of the General Government

(LE mn)

During FY	Actual			
	2018/2019	The Budget Sector	The General Government	2019/2020
Total Revenues	<u>941910</u>	<u>1080152</u>	<u>975430</u>	<u>1121422</u>
Tax Revenues	736121	736121	739633	739633
Grants	2609	2609	5263	5263
Property Income	70354	101047	65519	99953
Sales of Goods and Services	53565	53565	58809	58809
Financing Investment	41749	41749	48740	48740
Other	37512	145061	57466	169024
Total Expenditures	<u>1369870</u>	<u>1505187</u>	<u>1434724</u>	<u>1580934</u>
Wages & Compensations of Employees	266091	268373	288773	291234
Purchases of Goods and Services	62365	62697	69872	70627
Interest	533045	506471	568421	542255
Subsidies, Grants and Social Benefits	287461	446527	229214	398234
Other Expenditures	77566	77653	86802	86941
Purchases of Non-Financial Assets (Investments)	143342	143466	191642	191643
Cash Balance	-427960	-425035	-459294	-459512
Overall Fiscal Balance*	-429951	-423019	-462775	-408509
Primary Balance**	103094	83452	105646	133746

Source: Ministry of Finance.

* Including net acquisition of financial assets.

** Overall fiscal balance after excluding interest payments from total expenditures.

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(7/1) Summary of Consolidated Fiscal Operations of the General Government (Contd.)

(LE mn)

	During FY	Actual			
		2018/2019	2019/2020	The Budget Sector	The General Government
<u>Financing Sources</u>		<u>429951</u>	<u>423019</u>	<u>462775</u>	<u>408509</u>
<u>Domestic Financing</u>		<u>467949</u>	<u>406324</u>	<u>447373</u>	<u>764196</u>
<u>Banking Financing</u>		<u>203432</u>	<u>175391</u>	<u>862893</u>	<u>863563</u>
Central Bank		49284	49284	42408	42408
Other Banks		154148	126107	820485	821155
<u>Non-Banking Financing</u>		<u>264517</u>	<u>230933</u>	<u>-415520</u>	<u>-99367</u>
NIB		117740	0.0	26713	0.0
SIFs		49191	0.0	-292585	0.0
Other		112079	112079	-154575	-154575
NIB Borrowing		0.0	133347	0.0	50281
Special Accounts for Economic Authorities		-14493	-14493	4927	4927
<u>Foreign Borrowing</u>		<u>178652</u>	<u>178652</u>	<u>14177</u>	<u>14177</u>
<u>Others</u>		<u>-52303</u>	<u>2389</u>	<u>-159440</u>	<u>-530530</u>
<u>Financing Effects for Eliminations</u>		<u>0.0</u>	<u>1</u>	<u>0.0</u>	<u>1</u>
<u>Exchange Rate Revaluation</u>		<u>28314</u>	<u>28314</u>	<u>7644</u>	<u>7644</u>
<u>Net Privatization Proceeds</u>		<u>0.0</u>	<u>0.0</u>	<u>-2913</u>	<u>-2913</u>
<u>Difference between Treasury Bills Face Value & Present Value</u>		<u>-35657</u>	<u>-35657</u>	<u>9877</u>	<u>9877</u>
<u>Discrepancy</u>		<u>-157004</u>	<u>-157004</u>	<u>146057</u>	<u>146057</u>
Cash Balance as a Percentage of GDP (%)		-8.2	-8.1	-7.9	-7.9
Overall Fiscal Balance as a Percentage of GDP (%)		-8.2	-8.0	-7.9	-7.0
Primary Balance as a Percentage of GDP (%)		2.0	1.6	1.8	2.3
Revenues as a Percentage of GDP (%)		17.9	20.5	16.7	19.2
Expenditures as a Percentage of GDP (%)		26.1	28.6	24.6	27.1

Source: Ministry of Finance.

(8/1) Balance of Payments

(US\$ mn)

	<u>FY</u>	
	2018/19*	2019/20*
Trade Balance	-38034.4	-36465.1
Exports	28495.0	26376.0
<i>Petroleum</i>	11557.0	8479.9
<i>Other Exports</i>	16938.0	17896.1
Imports	-66529.4	-62841.1
<i>Petroleum</i>	-11548.9	-8900.9
<i>Other Imports</i>	-54980.5	-53940.2
Services Balance	13036.5	8972.5
Receipts	24423.6	21288.9
Transportation	8600.3	7881.1
<i>of which: Suez Canal dues</i>	5730.7	5805.7
Travel	12570.6	9859.4
Government Receipts	718.8	758.5
Other	2533.9	2789.9
Payments	11387.1	12316.4
Transportation	1792.4	2050.1
Travel	2902.9	3213.0
Government Expenditures	692.4	975.8
Other	5999.4	6077.5
Investment Income Balance	-11009.6	-11354.0
Investment Income Receipts	1014.1	942.1
Investment Income Payments	12023.7	12296.1
<i>of which: Interest Paid</i>	2574.1	2947.7
Current Transfers	25113.6	27679.9
Private Transfers (net)	24763.1	27461.8
<i>of which: Egyptian Workers' Remittances</i>	25150.8	27758.0
Official Transfers (net)	350.5	218.1
Current Account Balance	-10893.9	-11166.7

(8/1) Balance of Payments (Contd.)

(US\$ mn)

	<u>FY</u>	
	2018/19*	2019/20*
<u>Capital & Financial Account</u>	<u>10856.9</u>	<u>5374.6</u>
<u>Capital Account</u>	<u>-129.2</u>	<u>-248.5</u>
<u>Financial Account</u>	<u>10986.1</u>	<u>5623.1</u>
Direct Investment Abroad	-374.0	-351.2
Foreign Direct Investment in Egypt (Net)	8236.3	7453.0
Portfolio Investments Abroad (Net)	-96.4	-818.1
Portfolio Investments in Egypt (Net)	4230.1	-7307.3
Of which :Bonds	5094.2	4594.9
Other Investments (Net)	<u>-1009.9</u>	<u>6646.7</u>
<u>Net Borrowing</u>	<u>6253.4</u>	<u>4541.6</u>
Medium -and Long -Term Loans	3333.7	7216.8
Disbursements	5525.2	9253.1
Repayments	-2191.5	-2036.3
Medium -Term Suppliers' and Buyers' Credit	828.8	-644.9
Disbursements	1160.8	34.3
Repayments	-332.0	-679.2
Short -Term Suppliers' and Buyers' Credit (Net)	<u>2090.9</u>	<u>-2030.3</u>
<u>Other Assets</u>	<u>-8881.6</u>	<u>-100.4</u>
CBE	-23.4	-231.7
Banks	-1764.7	4306.4
Other	-7093.5	-4175.1
<u>Other Liabilities</u>	<u>1618.3</u>	<u>2205.5</u>
CBE	1537.8	-141.0
Banks	80.5	2346.5
<u>Net Errors & Omissions</u>	<u>-65.5</u>	<u>-2795.1</u>
<u>Overall Balance</u>	<u>-102.5</u>	<u>-8587.2</u>
<u>Change in CBE Reserve Assets, Increase (-)</u>	<u>102.5</u>	<u>8587.2</u>

Source: CBE.

* Preliminary figures.

(8/2) Average Exchange Rates

(In LE per Foreign Currency Unit)

<u>End of</u>	June 2019		June 2020	
First: Interbank Rates US\$				
Weighted average	16.7057		16.1384	
Second: Market Rates	Buy	Sell	Buy	Sell
US Dollar	16.6528	16.7528	16.0869	16.1869
Euro	18.9359	19.0513	18.0190	18.1326
Pound Sterling	21.1557	21.2894	19.7371	19.8581
Swiss Franc	17.0256	17.1331	16.9229	17.0353
100 Japanese Yen	15.4321	15.5291	14.9299	15.0269
Saudi Riyal	4.4401	4.4672	4.2883	4.3158
Kuwaiti Dinar	54.8727	55.2186	52.2388	52.5806
UAE Dirham	4.5332	4.5613	4.3792	4.4072
Chinese Yuan	2.4214	2.4368	2.2723	2.2896

Source : CBE daily exchange rates

The interbank market was launched on 23/12/2004

(9/1) Trading in Shares on the Egyptian Exchange

	<u>During FY</u>					
	<u>2018/2019</u>			<u>2019/2020</u>		
	Number of Transactions (Unit)	Amount (Thousand)	Market Value (mn)	Number of Transactions (Unit)	Amount (Thousand)	Market Value (mn)
<u>Shares in (Egyptian Pound)</u>						
Floor Transactions	5090786	43407882	185277	5537413	53669959	200598
Over the Counter Trading	32546	2881272	18471	42491	4395605	20180
<u>Shares in Foreign Currencies</u>						
(US Dollar)	59438	930212	765	66862	1211980	1405
Floor Transactions	58803	435073	355	66378	368982	330
Over the Counter Trading	635	495139	410	484	842998	1075
(Euro)	61	12793	8	14	469	12
Floor Transactions	-	-	-	-	-	-
Over the Counter Trading	61	12793	8	14	469	12

Source :Financial Regulatory Authority (FRA) - Monthly Report of the Capital Market.

(9/2) Trading in Bonds and Mutual Funds' Certificates on the Egyptian Exchange

	<u>During FY</u>					
	<u>2018/2019</u>			<u>2019/2020</u>		
	Number of Transactions	Amount	Market Value	Number of Transactions	Amount	Market Value
	(Unit)	(Thousand)	(Thousand)	(Unit)	(Thousand)	(Thousand)
Bonds in (Egyptian Pound)	<u>1353</u>	<u>66571</u>	<u>66982782</u>	<u>5284</u>	<u>390670</u>	<u>413060426</u>
Floor Transactions	1353	66571	66982782	5284	390670	413060426
Over the Counter Trading	-	-	-	-	-	-
Mutual Funds' Certificates	<u>23932</u>	<u>16501</u>	<u>1853518</u>	<u>21082</u>	<u>14400</u>	<u>1296390</u>

Source:Financial Regulatory Authority (FRA) - Monthly Report of the Capital Market.

(9/3) Foreigners' Transactions on the Egyptian Exchange

	<u>During FY</u>	
	<u>2018/2019</u>	<u>2019/2020</u>
<u>Net Number of Transactions (Unit)</u>	<u>-57500</u>	<u>-214068</u>
Purchases	725940	652231
Sales	783440	866299
<u>Net Volume of Securities (mn)</u>	<u>-574</u>	<u>-1176</u>
Purchases	6417	8985
Sales	6991	10161
<u>Net Value of Securities (LE mn)</u>	<u>-938</u>	<u>-7330</u>
Purchases	60365	68522
Sales	61303	75852

Source: The data of the table were updated according to the recent data released by the Financial Regulatory Authority (FRA).

Periodical Publications of the Central Bank of Egypt

Name of Publication	Language	Periodicity
1 -Monthly Statistical Bulletin	Arabic and English	Monthly
2 -Economic Review	Arabic and English	Quarterly
3 -Annual Report	Arabic and English	Every fiscal year
4 –External Position of the Egyptian Economy	English	Quarterly

Notes:

- All publications of the Central Bank of Egypt are available on the CBE's website:
www.cbe.org.eg