

Monthly Macroeconomic Indicators for the Month of June 2007

1. Inflation

The annualized national headline inflation stood at 17.7 percent in June 2007 rising from 17.2 percent in the preceding month and 12.3 percent last year. The review month headline inflation was significantly higher owing to an increase in food inflation, which reached 18.8 percent by the end of the month compared to 14 percent a year ago. Annualized core inflation (proxied by non-food CPI), stood at double digit 15.2 percent at the end of June 2007, the same level as the previous month. Year-on-year basis, however, non-food inflation was 7.1 percentage points higher mainly due to the significant rise in the index of “house rent, construction materials, fuel, water and power”, “beverages”, “furniture, furnishing, household equipment and operation”, “Transport and communication”, and “Clothing and food wear” components of the CPI. The observed year-on-year pick up in the inflation rate of these components was mainly due to higher investment demand in the sectors and imported inflation.

The annual average headline inflation in Addis Ababa increased to 18.7 percent at the end of June 2007, showing 1.5 percentage points increase over the previous month.

2. Monetary Aggregates

The stock of money (M_2) at the end June 2007 reached Birr 56.7 billion, indicating 2.7 percent and 22.2 percent increase vis-à-vis the level in the previous month and the same period last year, respectively. The monthly and annual growth in broad money mainly resulted from the increase in domestic credit and net foreign assets.

Component wise, both demand deposits and currency in circulation increased by 0.5 and 5.5 percent in the review period against the previous month. Similarly, saving and time deposits went up by 1.9 and 7.3 percent compared to the previous month.

In a related development, reserve money, or high-powered money, increased by 3.6 percent on monthly basis and reached Birr 27.3 billion at the end of June 2007. The yearly increase was 28.9 percent.

3. Interest rates

No significant changes have been observed in the interest rate structure of the banking system during the review month. The average saving deposit rate remained at 3 percent for public and 3.03 percent for private commercial banks. Similarly, time deposit rate was 3 percent for public banks but, slightly declined to 4.26 percent from 4.27 percent for private banks.

The weighted average deposit rate of demand deposits has shown marginal increase to 0.36 percent against 0.33 percent per annum in the previous month. Dashen Bank, United Bank and Wegagen Bank were the only banks paying interest on demand deposits. On the other hand, average-lending rates continued to be 8.0 and 10.5 percent for public and private banks, respectively.

4. Treasury bills market

T-bills worth Birr4349 million were supplied to the market while the demand was for Birr 5294 million. Average weighted yield increased to 0.657, 1.054 and 0.984 percent for 28, 91 and 182 day T-bills in the review month compared to 0.604, 1.017 and 0.813 percent in the previous month. And, the market satisfied 72.4, 97.3 and 81.2 percent demand for 28, 91 and 182 day T-bills, respectively.

5. Inter-bank money market

No inter-bank money market transaction took place during the month.

6. Re-discount window facility

No request was placed through the window during the month.

7. Exchange rates

The monthly and annual rates of depreciation of the Birr against USD in the inter-bank market were 1.02 and 3.67 percent, respectively. Similarly, the Birr has recorded a monthly and annual depreciation of 2.1 and 3.5 percent, respectively, in the parallel market.

At the end of June 2007, the average official exchange rate of the Birr stood at Birr 9.0127/USD in the inter-bank market and Birr 9.2126/USD in the parallel market. Consequently, the parallel market premium went up to 2.2 in June 2007 vis-à-vis 1.15 percent in the previous month. Year-on-year basis, the Birr depreciated by 3.67 percent in the inter-bank market and by 3.48 percent in the parallel market leading to the fall in the premium.

8. External Trade

In the review month, total value of exports amounted to USD 164.9 million, which was 38.6 percent higher than the previous month. Likewise, the total value of monthly imports has increased by 36.6 percent against the previous month and stood at USD 546.4 million. Accordingly, the merchandise trade deficit widened to USD 381.4 million from USD 281.7 million in the preceding month. Year-on-year basis, the total exports went up by 3.5 and imports by 3.7 percent.

9. Composition of the Financial Sector

By June 2007, the number of commercial banks stood at 11, insurance companies at 9, foreign exchange bureaus at 46 and micro-financial institutions at 27.

10. Banking Operations

Banks disbursed new loans amounting to Birr 1,555.2 million in June 2007, which was 20.4 percent higher than the preceding month. Similarly, compared to the same month last year, the loan disbursement was higher by 23.1 percent. Meanwhile, loan collection by banks reached Birr 1, 732.7 million, showing a monthly and yearly increase of 23.5 and 47.6 percent, respectively.

11. Summaries and Conclusion

- Private banks	3.03	3.03	3.03	3.03	3.03	3.03	3.03
b) Time deposit							
- Public banks	3.00	3.00	3.00	3.00	3.00	3.00	3.00
- Private banks	4.26	4.29	4.29	4.29	4.27	4.27	4.26
c) Demand deposit							
-Public banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00
-Private banks	0.34	0.36	0.37	0.35	0.33	0.33	0.36
Indicators	Mar. 2006	June 2006	Sept 2006	Dec. 2006	Mar. 2007	May 2007	June 2007
3.3. Inter- bank Money Market Rate (in%)				
3.4. Treasury Bill							
a) 28 day							
- Average weighted price (for 100 Birr)	99.997	99.997	99.996	99.933	99.961	99.954	99.500
- Average weighted yield (%)	0.039	0.039	0.051	0.871	0.507	0.604	0.657
-Supply (min. birr)	3553	2476.5	2476.5	2691.5	2649.0	2449.0	1800.0
-Demand (min. birr)	4238	2691.5	2798.5	2862.5	3049.0	2929.0	2480.0
- Satisfied demand (%)	83.84	92.01	88.50	94.00	86.88	83.61	72.58
b) 91 day							
- Average weighted price (for 100 Birr)	99.989	99.989	99.988	99.881	99.712	99.747	99.738
- Average weighted yield (%)	0.043	0.044	0.048	0.478	0.995	1.017	1.054
-Supply (min. birr)	1807.5	1900.0	1300.0	1300.0	1800.0	2500.0	1600.0
-Demand (min. birr)	2927.5	2410.0	1515.0	1530.0	1890.0	2935.0	1645.0
- Satisfied demand (%)	61.74	78.84	85.81	84.97	95.24	85.18	97.26
c) 182 day							
- Average weighted price (for 100 Birr)	99.988	99.988	99.987	99.000	99.602	99.591	99.512
- Average weighted yield (%)	0.023	0.024	0.025	2.026	0.802	0.813	0.984
-Supply (min. birr)	1706	200.0	606.0	200.0	806.0	400.0	949.0
-Demand (min. birr)	1752	200.0	854.0	125.0	1261.0	600.0	1169.0
- Satisfied demand (%)	97.37	100.00	70.96	160.00	63.92	66.67	81.18
4. Public Finance							

4.1 Budget Deficit (in mn. Birr) ¹	1911.60	-1552.8	-1499	-475.2	-1,767.1	..	Na
4.2. Revenue and grants	3366.40	5222.9	4255.4	6223.2	4,369.6	..	Na
4.3 Expenditure ¹	5277.97	6745.7	5754.4	6698.5	6,136.8	..	Na
- Recurrent	1638.47	1577.9	1485.6	1396.6	1,882.8	..	Na
- Capital	2061.90	3030.4	2424	2526	2,089.1	..	Na
- Regional transfers	1562.60	2127.1	1830	2759.4	2,157.0	..	Na
Indicators	Mar. 2006	June 2006	Sept 2006	Dec. 2006	Mar. 2007	May 2007	June 2007
5. Monetary Aggregates (in mn. Birr) ⁴							
5.1 Broad Money	44,311.8	46,377.4	48,799.59	49,811.3	53,307.80	55,173.42	56,651.89
a) Monthly change (%)	2.65	1.6	0.6	2.0	3.1	2.0	2.7
b) Annual change (%)	20.2	15.3	16.9	18.3	20.3	20.9	22.2
5.2 Narrow Money Supply	22,919.6	23,811.9	24,946.26	25,592.7	27,909.52	28,818.14	29,617.68
- Currency outside banks	11,086.8	11,422.9	10,916.8	11,606.4	12,775.00	12,992.26	13,708.39
a) Monthly change (%)	4.8	1.5	-3.5	2.6	2.2	0.4	5.5
b) Annual change (%)	29.8	14.0	16.1	20.6	15.2	15.4	20.0
- Demand deposits (net)	11,832.7	12,389.0	14,029.39	13,986.4	15,134.51	15,825.88	15,909.29
a) Monthly change (%)	3.5	1.0	2.2	3.5	6.0	3.7	0.5
b) Annual change (%)	11.8	9.9	18.4	20.8	27.9	29.0	28.4
5.3 Quasi-Money	21,392.3	22,565.5	23,853.33	24,218.6	25,398.28	26,355.28	27,034.20
- Saving deposit	19,688.8	20,485.5	21,529.07	21,677.1	22,389.76	23,262.96	23,715.18
a) Monthly change (%)	1.67	1.5	1.8	0.4	0.8	2.2	1.9
b) Annual change (%)	21.1	18.3	15.1	13.4	13.7	15.3	15.8
- Time deposit	1,703.51	2,080.03	2,324.26	2,541.47	3,008.53	3,092.32	3,319.03
a) Monthly change (%)	-4.9	7.7	-0.2	5.3	10.0	-1.1	7.3
b) Annual change (%)	15.1	29.1	35.6	43.6	76.6	60.1	59.6
5.4 Reserve Money (in mn. Birr)	22,753.9	21,181.9	21,164.36	22,222.8	24,667.72	26,360.32	27,313.60
a) Monthly change (%)	-4.94	-5.1	6.2	-2.0	-0.9	6.3	3.6
b) Annual change (%)	10.3	-11.8	-14.1	-8.4	8.4	18.1	28.9
5.5 Net Foreign Assets	12,582.3	12,109.6	10,503.78	10,696.7	10,315.32	12,021.50	12,107.88
a) National Bank of Ethiopia	7,540.92	7,158.05	5,549.19	5,807.28	6,598.91	7,665.22	7,788.96
b) Commercial banks	5,041.41	4,951.51	4,954.59	4,889.43	3,716.41	4,356.27	4,318.92

5.6 Total Net Domestic Credit (in mn. Birr)	48,928.4	49,295.9	53,135.11	53,739.4	56,850.47	57,742.94	61,844.20
a) Government	25,493.6	25,266.4	27,342.9	25,065.3	26,363.7	26,355.8	30,337.6
b) Other sectors	23,434.8	24,029.6	25,792.2	28,674.1	30,486.8	31,387.2	31,506.6
Indicators	Mar. 2006	June 2006	Sept 2006	Dec. 2006	Mar. 2007	May 2007	June 2007
5.7 Banking statistics ⁵							
a) Disbursement	1,269.20	1,262.90	1,198.8	1,492.4	1,383.5	1,291.2	1,555.2
b) Collection	1,078.90	1,174.10	699.6	1,110.7	1,145.5	1,402.9	1,732.7
c) Outstanding borrowing of the banking system ³	1,961.40	2,001.50	1,984.2	2,066.5	2,051.5	2,073.5	31,027.3
d) Outstanding lending by the banking system	26,412.3	26,751.1	27,389.0	29,449.7	30,944.5	31,604.0	2,443.9
6. Structure of Financial System							
6.1 Number of commercial banks ²	10	10	11	11	11	11	11
- Public	3	3	3	3	3	3	3
- Private	7	7	8	8	7	8	8
6.2 Number of forex bureaux	46	46	46	46	47	46	46
6.3 Number of insurance companies	9	9	9	9	9	9	9
- Public	1	1	1	1	1	1	1
- Private	8	8	8	8	8	8	8
6.4 Number of micro-financing institutions	27	27	27	27	27	27	27
7. Reserve and liquidity ratio of the Banking System (in mn.Birr)							
7.1 Actual reserves	10113.1	8,452.1	8,654.6	8,839.6	10,171.52	11,343.29	11,733.99
7.2 Excess reserves	8075.0	6,331.2	6,358.7	6,471.7	7,673.4	8,759.1	9,141.5
7.3 Liquidity ratio (in percent)	60.3	59.8	61.6	57.3	55.0	56.2	56.9
7.4 Outstanding credit of the banking system including claims on central government (in mn. Birr)	32071.1	34,426.2	35,708.31	36,632.0	37,333.89	37,494.59	38,798.86

-Public banks	21210.0	23,063.6	23,299.77	22,657.4	22,648.21	22,361.65	24,099.08
-Private banks	10861.1	11,362.6	12,408.55	13,974.6	14,685.68	15,132.94	14,699.78
8. Import and Export (in Mn USD)							
8.1 Total Import	423.0	355.60	597.33	419.90	494.04	400.71	546.35
8.2 Total Export	95.98	112.56	60.25	89.01	140.60	119.00	164.9
Indicators	Mar. 2006	June 2006	Sept 2006	Dec. 2006	Mar. 2007	May 2007	June 2007
8.3 Coffee Export							
8.3.1 Sales value (in mn. USD)	54.1	54.6	27.4	26.1	49.17	50.82	52
a) Dry coffee sales value	33.9	37.4	5.7	18.2	34.07	34.92	52
b) Washed coffee sales value	20.2	17.2	21.7	7.9	15.1	15.9	
8.3.2 Sales volume (in Mn Kg)	21.61	23.03	12.73	11.50	19.349	20.79	20.14
a) Dry coffee sales volume (in Mn Kg)	14.60	17.02	10.64	8.65	14.388	15.83	13.30
b) Washed coffee sales volume (in Mn Kg)	7.01	6.00	2.09	2.853	4.961	4.969	6.841
8.4 ICO 1976 composite USC/LB	92.76	86.04	95.98	108.01	100.09	100.09	107.03
9. Gross International Reserve of NBE (in months of Imports)	2.9	-	Na	Na		Na	Na
10. Exchange Rates							
10.1 Average official exchange rate (Birr/US Dollar)	8.687	8.6938	8.7009	8.7504	8.8428	8.921	9.0127
10.2 Average parallel market exchange rate (Birr/US Dollar)	9.188	8.9025	8.9089	8.8805	8.9873	9.0233	9.2126

Note: - The last month figure of monetary and banking statistics used estimate values for DBE

¹Since monthly data is not available figures are quarterly.

² Includes DBE

³ The figures included borrowing of DBE.

⁴ The figures for Cooperative Bank of Oromia are included after June 2005

⁵The figures for Cooperative Bank of Oromia are included after September 2005