

The Monthly Macroeconomic Indicators for the Month of July, 2009

1. Inflation

The annual Year-on-year headline inflation stood at -3.7 percent as of July 2009 which was 6.4 percentage points lower compared to the previous month. Annual inflation started to decline since August 2008, the slowdown in food price inflation being the major contributor. Year-on-year food inflation reached -12.4 percent in July 2009, compared to -3.4 percent in the previous month and 91.7 percent in July 2008. Meanwhile, annualized core inflation was 15.4 percent in July 2009 down from 24.9 percent a year ago.

On monthly basis also, inflation tended to decline in contrast with the previous month. Accordingly, the monthly general, food and non-food inflation stood at respective rates of 1.2, 0.6 and 2.3 percent by end July 2009. Meanwhile, the annual average headline inflation stood at 30 percent.

In Addis Ababa, annualized headline inflation reached 5.4 percent showing a 1.9 percentage points decrease over the preceding month. Annual food inflation went down to -1.9 percent from 2.9 percent a month earlier. However, annual core inflation rate slightly increased to 13.2 percent from 11.8 percent in the previous month. Thus, monthly general, food and non-food inflation were 1.8, 1.1 and 2.5, respectively.

2. Monetary Aggregates

By the end of July 2009, broad money supply (M_2) reached Birr 85.2 billion indicating an annual growth rate of 21.3 percent due to a 10.9 percent increase in net foreign assets and 1.9 percent increase in domestic credit. Meanwhile, all types of deposit tended to increase both monthly and annually during the review period. .

3. Interest rates

During the month of July 2009, average lending rate of public banks stood at 9.0 percent and that of private banks at 12.25 percent. Similarly, the average savings deposit rate was 4.0 percent for public banks and 4.5 percent for private banks. At the same time, average time deposit rate was 4.0 percent for public and 4.86 percent for private banks. On the other hand, average demand deposit

rate stood at 0.24 percent. Currently, Dashen, United and Wegagen Banks pay interest on demand deposits.

4. Treasury bills market

In the month of July 2009, T-bills worth Birr 3.1 billion were supplied to the auction market against demand of Birr 3.9 billion. The average weighted yields for 91 day and 182 day T-bills slightly increased to respective level of 1.1 and 0.75 percent from 1.0 and 0.7 percent in the previous month while that of 28 day decreased from 0.92 percent to 0.68 in the same period.

5. Inter-bank money market

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

6. Re-discount window facility

No bank applied to access this facility during the review month.

7. Exchange rates

Average foreign exchange rate in the inter-bank forex market reached Birr 12.0589/USD in July 2009. The monthly and annual rates of depreciation of the Birr against USD were 7.5 and 25.7 percent, respectively. Meanwhile, the parallel market rate stood at Birr 13.32/USD. As a result the premium between the inter-bank and parallel markets went down to 10.5 percent from 16.8 percent in the previous month.

8. External Trade

In the review month, total value of exports amounted to USD 116.3 million, down by 16.5 and 1.3 percent from the previous month and a year ago respectively. Similarly, imports of merchandize goods went down by 15.3 and 29.9 percent to reach USD 608.8 million compared to USD 718.5 million last month and USD 868.4 million in July 2008. As a result, the monthly merchandise trade deficit narrowed by 15 percent.

9. Composition of the Financial Sector

In the review month the total number of banks, insurance companies and MFIs stood at 13, 12 and 30, respectively. The total number of bank branches reached 636 from 623 in May 2009. Similarly the number of insurance companies' branches reached 194 from 192 in May 2009. Total number of forex bureaus also increased from 302 in May 2009 to 310 in July 2009.

10. Banking Operations

The amount of new loans disbursed by the banking system reached Birr 2 billion, about 25.2 percent higher than that of same period of last year. On the other hand, loan collection by the banking system declines by 11 percent to Birr 2.3 billion. As a result, outstanding loans of the banking system reached Birr 45.7 billion, up by 13.3 percent against the preceding year same period.

11. Summary and Conclusion

The available macro-economic indicators during the review period indicated continued slowdown in inflation, moderate growth of money supply, steady depreciation of the Birr in the inter-bank market, falling merchandise trade deficit, active T-bills market, inactive money market and increased new loan disbursement by the banking system.

SELECTED MONTHLY MACROECONOMIC INDICATORS

Sr. No	Indicators	Jul-08	Sept-08	Dec-08	Mar-09	Jun-09	Jul-09
1	Inflation						
	a) Addis Ababa						
	- Month on month	3.7	0.8	-2.9	1.1	0.2	1.8
	- Year-on- year	42.2	39.5	34.5	20.8	7.3	5.4
	- Average annual	23.0	27.0	33.5	34.5	29.4	26.0
	b) National						
	- Month on month	7.9	1.0	-5.8	0.1	1.4	1.2
	- Year-on- year	64.1	59.6	39.3	23.7	2.7	-3.7
	- Average annual	29.6	37.2	44.4	45.2	36.4	30.0
2	Investment¹						
	a) Projects approved	..	2951	1966	1761	Na	..
	b) Capital investment size (in mn. Birr)	..	31,497.3	28,510.3	28,420.2	Na	..

	c) Potential employment creation						
	- Permanent	..	112076	73702	135271	Na	..
	- Temporary	..	279918	167258	131457	Na	..
3	Average Lending Rates (%)						
	- Public banks	9.0	9.0	9.0	9.0	9.0	9.0
	- Private banks	11.50	11.50	11.50	12.25	12.25	12.25
4	Average Deposit Rates (%)**						
	a) Saving deposit						
	- Public banks	4.00	4.00	4.00	4.00	4.00	4.00
	- Private banks	4.08	4.08	4.08	4.50	4.50	4.50
	b) Time deposit						
	- Public banks	4.00	4.00	4.00	4.00	4.00	4.00
	- Private banks	5.61	5.59	5.60	5.39	4.95	4.86
	c) Demand deposit						
	-Public banks	0.00	0.00	0.00	0.00	0.00	0.00
	-Private banks	0.20	0.18	0.23	0.23	0.23	0.24
5	Inter- bank Money Market Rate (in%)						
6	Treasury Bill						
	a) 28 day						
	- Average weighted price (for 100 Birr)	99.97	99.96	99.95	99.95	99.93	99.95
	- Average weighted yield (%)	0.37	0.57	0.63	0.68	0.92	0.68
	.-Supply	953	280	340	330	330	700
	.-Demand	800	860	1560	990	890	1320
	Satisfied demand	119.06	32.56	21.79	33.33	37.08	53.03
	b) 91 day						
	- Average weighted price (for 100 Birr)	99.79	99.78	99.78	99.75	99.75	99.73
	- Average weighted yield (%)	0.83	0.90	0.87	1.01	1.00	1.10
	.-Supply	1060	1457	2432	1634	2560	2025
	.-Demand	1219	2319	4789	3386	4160	2535
	Satisfied demand	86.96	62.83	50.78	48.25	61.54	79.90
	c) 182 day						
	- Average weighted price (for 100 Birr)	99.66	99.69	99.67	99.72	99.65	99.63
	- Average weighted yield (%)	0.69	0.63	1.01	0.56	0.70	0.75
	.-Supply	849	1533	1216	1255	1100	400
Sr. No	Indicators	Jul-08	Sept-08	Dec-08	Mar-09	Jun-09	Jul-09
	.-Demand	112	1255.00	1140	1120	1400	46
	Satisfied demand	756.62	122.15	106.67	112.05	78.57	869.57
7	Budget Deficit (in mn. Birr)¹	..	-1221.8	1489.0	-5039.0	1344.0	..
	a) Revenue and grants	..	8966	11279.0	7188.0	12989	..
	b) Expenditure*	..	10187.8	9790.0	12227.0	11645	..
	- Recurrent	..	2412.4	2229.0	2073.0	3227	..
	- Capital	..	4158.4	3186.0	6003.0	4212	..
	- Regional transfers	..	3617	4375.0	4151.0	4206	..
8	Monetary Aggregates (in mn. Birr)						
	8.1 Broad Money	70,249.30	71,436.34	75,904.03	80,596.83	82,509.75	85,231.93
	a) Monthly change (%)	3.0	1.2	2.2	2.5	0.2	1.7
	b) Annual change (%)	21.5	22.2	24.1	22.6	21.0	21.3

	8.2 Narrow Money Supply	36,775.08	36,971.49	40,382.41	42,921.39	42,112.66	43,381.93
	- Currency outside banks	17,306.86	16,337.59	17,432.87	19,432.10	19,715.01	19,485.41
	a) Monthly change (%)	-2.0	-1.2	7.1	2.3	1.5	-1.1
	b) Annual change (%)	27.8	25.7	20.7	15.9	11.7	12.6
	- Demand deposits (net)	19,468.22	20,633.90	22,949.54	23,489.29	22,397.64	23,896.51
	a) Monthly change (%)	10.0	2.3	0.7	2.2	-2.9	1.8
	b) Annual change (%)	17.3	21.6	37.8	34.5	26.6	22.7
	8.3 Quasi-Money	33,474.21	34,464.85	35,521.62	37,675.45	40,397.09	41,850.01
	- Saving deposit	30,517.46	31,463.68	32,543.78	34,626.68	37,148.72	38,376.19
	a) Monthly change (%)	3.5	1.7	0.9	3.2	1.7	2.7
	b) Annual change (%)	25.5	25.9	23.7	24.4	26.0	25.8
	- Time deposit	2,956.75	3,001.17	2,977.84	3,048.76	3,248.37	3,473.82
	a) Monthly change (%)	-11.8	0.9	1.7	-1.7	-1.2	6.3
	b) Annual change (%)	-11.6	-14.7	-20.6	-16.5	-3.2	17.5
	8.4 Reserve Money (in mn. Birr)	35,097.29	35,783.12	39,803.43	41,331.40	45,107.02	45,408.21
	a) Monthly change (%)	-1.3	-0.9	4.9	0.4	4.4	-0.7
	b) Annual change (%)	31.2	32.3	38.1	38.2	26.9	29.4
	8.5 Net Foreign Assets	12,729.14	10,387.77	9,000.98	13,346.65	16,744.34	18,569.81
	a) National Bank of Ethiopia	6,460.72	4,976.66	6,137.41	9,571.56	11,833.66	14,533.19
	b) Commercial banks	6,268.42	5,411.11	2,863.57	3,775.09	4,910.68	4,036.62
	8.6 Banking statistics(in million.Birr) ⁴						
	a) Disbursement	1633.4	1391.7	2339.4	2047.8	1624.1	2045.4
	b) Collection	2577.3	1296.7	1723.9	1858.3	2879.0	2292.8
	c) Outstanding credit of the banking system	40258.4	42243.8	44193.4	45836.8	46004.7	45607.1
9	Total Net Domestic Credit (in mn. Birr)	79,372.21	84,088.59	85,327.66	85,269.06	89,203.04	90,912.46
	a) Government	33,251.6	34,872.4	31,944.4	29,349.1	32,786.5	34,349.9
	b) Other sectors	46,120.7	49,216.2	53,383.3	55,920.0	56,416.5	56,562.6
10	Structure of Financial System						
	10.1 Number banks ²	13	13	13	13	13	13
	- Public	3	3	3	3	3	3
	- Private	10	10	10	10	10	10
	Total number of bank branches	562	568	596	617	636	636
	10.2 Number of forex bureaux	279	286	293	302	309	310
Sr. No	Indicators	Jul-08	Sept-08	Dec-08	Mar-09	Jun-09	Jul-09
	10.3 Number of insurance companies	10	10	11	12	12	12
	- Public	1	1	1	1	1	1
	- Private	9	9	10	11	11	11
	Total number of insurance branches	173	177	175	190	194	194
	10.4 Number of micro-financing institutions	28	29	29	29	30	30
11	Reserve and liquidity ratio of the Banking System(in mn.Birr)						
	11.1 Actual reserves	14,784.6	14,371.4	17,221.8	18,186.4	19,569.4	19,311.8
	11.2 Excess reserves	5,567.9	4,651.5	6,609.8	6,906.8	8,386.0	7,981.8
	11.3 Liquidity ratio (in percent)	44.5	40.9	39.6	41.2	44.4	43.1
12	Export and Import (In mill.USD)						
	12.1 Total Import	868.44	662.86	621.18	606.46	718.48	608.81
	12.2 Total Export	117.83	104.24	82.76	135.90	139.37	116.32

	12.3 Coffee Export						
	12.3.1 Sales value (in mn. USD)	67.9	30.8	NA	NA	NA	NA
	a) Dry coffee sales value	37.9	21.3	NA	NA	NA	NA
	b) Washed coffee sales value	30	9.5	NA	NA	NA	NA
	12.3.2. Sales volume (in Mn Kg)	20.90	9.85	NA	NA	NA	NA
	a) Dry coffee sales volume (in Mn Kg)	13.42	7.81	NA	NA	NA	NA
	b) Washed coffee sales volume (in Mn Kg)	7.48	2.04	NA	NA	NA	NA
	12.4 ICO 1976 composite USC/LB	132.78	126.69	103.07	105.87	119.05	112.9
13	Exchange Rates						
	14.1 Average official exchange rate (Birr/US Dollar)	9.633	9.6838	9.9409	11.082	11.2654	12.0589
	14.2 Average parallel market exchange rate (Birr/US Dollar)	10.161	10.380	11.083	13.2350	13.1531	13.3200

Note:

¹ Since monthly data is not available figures are quarterly

² Includes DBE

³ Includes lending to central government in the form of treasury bills and government bonds and excluding DBE

⁴ The figure for the last month is estimate for DBE

* Data are available on quarterly basis

** The Deposit rate for time and demand deposits is weighted mean after September 2003.