

The Monthly Macroeconomic Indicators for the Month of October, 2009

1. Inflation

The annual year-on-year headline inflation stood at -3.7 percent as of October 2009 which was 59 percentage points lower than the same month of last year. Annual inflation started to decline since August 2008, the slowdown in food price inflation being the major contributor. Year-on-year food inflation reached -12.7 percent in October 2009, compared to 72.3 percent in October 2008. Meanwhile, annual core inflation was 14.8 percent in October 2009, down from 29.5 percent a year ago.

On monthly basis also, inflation tended to decline. Accordingly, the monthly general, food and non-food inflation stood at respective rates of -0.7, -1.9 and 1.1 percent by end October 2009. Meanwhile, the annual average headline inflation stood at 14.1 percent.

In Addis Ababa, annual headline inflation reached 7.6 percent showing a 35.1 percentage points decrease over the same period of last year. Annual food inflation went down to 2.5 percent from 58.6 percent a year earlier. Similarly, annual core inflation rate slightly decreased to 12.6 percent from 29.4 percent in October 2008. Thus, monthly general, food and non-food inflation were 0.5, 2.5 and 1.6, respectively.

All in all inflationary pressure in Ethiopia is steadily easing due to the effect of contractionary monetary policy, prudent fiscal management and other administrative measures.

2. Monetary Aggregates

By the end of October 2009, broad money supply (M_2) reached Birr 87.6 billion indicating an annual growth rate of 21.9 percent due to a substantial increase in net foreign assets and 11.8 percent rise in domestic credit on annual basis. Meanwhile, all types of deposit tended to increase both on monthly and annually terms during the review period except time deposit that registered a decline on monthly basis.

3. Interest rates

During the month of October 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 and 4.5 percent for private banks. At the same time, average time deposit rate was 4.0 percent for public and 5.17 percent for private banks. On the other hand, average demand deposit rate stood at 0.25 percent. Currently, Dashen, United and Wegagen Banks pay interest on demand deposits.

4. Treasury bills market

In the month of October 2009, T-bills worth Birr 2.1 billion were supplied to the auction market against demand of Birr 2.2 billion. The average weighted yields for 28 day and 91 day T-bills slightly increased to respective level of 0.682 and 0.898 percent from 0.680 and 0.849 percent in the previous month while that of 182 day remained at 0.704 percent.

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 12.5522/USD in October 2009. The monthly and annual rates of depreciation of the Birr against USD were 0.23 and 28.8 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 up to 6.1 percent from 5.2 percent in the previous month.

8. External Trade

In the review month, total value of exports amounted to USD 118.6 million, or 28 and 39 percent higher compared to the previous month and a year ago, respectively. Similarly, imports of merchandize goods went up by 54 and 20.7 percent to reach USD 851.5 million in contrast to USD 552.3 million last month and USD 705.4 million in October 2008. Thus, monthly merchandise trade deficit widened by 60 percent.

9. Composition of the Financial Sector

In the review month, the total number of banks, insurance companies and MFIs stood at 15, 12 and 30, respectively. The total number of bank branches reached 663 from 656 in September 2009. Similarly the number of insurance branches reached 200 from 196 and total number of forex bureaus increased from 310 to 311 during the review period.

10. Banking Operations

The amount of new loans disbursed by the banking system reached Birr 2.8 billion, about 42 percent higher than that of same period of last year. Similarly, loan collection by the banking system increased by 24 percent to Birr 1.8 billion. As a result, outstanding loans of the banking system reached Birr 48.2 billion, up by 12.3 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, widening merchandize trade deficit, moderate T-bills market, inactive money market and increased new loan disbursement by the banking system.

SELECTED MONTHLY MACROECONOMIC INDICATORS

Sr. No	Indicators	Oct-08	Dec-08	Mar-09	Jun-09	Sept-09	Oct-09
1	Inflation						
	a) Addis Ababa						
	- Month on month	1.9	-2.9	1.1	0.2	3.6	0.5
	- Year-on- year	42.6	34.5	20.8	7.3	9.1	7.6
	- Average annual	29.4	33.5	34.5	29.4	20.4	17.6
	b) National						
	- Month on month	-1.1	-5.8	0.1	1.4	0.9	-0.7
	- Year-on- year	55.4	39.3	23.7	2.7	-4.1	-3.7
	- Average annual	40.3	44.4	45.2	36.4	18.7	14.1
2	Investment¹						
	a) Projects approved		1966	1761	1712	NA	
	b) Capital investment size (in mn. Birr)		28,510 .3	28,420 .2	14224 9.98	NA	
	c) Potential employment creation						
	- Permanent		73702	13527 1	82418	NA	
	- Temporary		16725 8	13145 7	18407 1	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	12.25	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	4.50	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	5.59	5.60	5.39	4.95	5.13	5.17
	c) Demand deposit						
	-Public banks	0.00	0.00	0.00	0.00	0.00	0.00
	-Private banks	0.19	0.23	0.23	0.23	0.25	0.25
5	Inter- bank Money Market						

	Rate (in%)						
6	Treasury Bill						
	a) 28 day						
	- Average weighted price (for 100 Birr)	99.96	99.95	99.95	99.93	99.95	99.95
	- Average weighted yield (%)	0.55	0.63	0.68	0.92	0.68	0.68
	.-Supply	280	340	330	330	330	330
	.-Demand	1032	1560	990	890	1290	660
	Satisfied demand	27.13	21.79	33.33	37.08	25.58	50.00
	b) 91 day						
	- Average weighted price (for 100 Birr)	99.80	99.78	99.75	99.75	99.74	99.79
	- Average weighted yield (%)	0.80	0.87	1.01	1.00	1.03	0.85
	.-Supply	1004	2432	1634	2560	1866	1691
	.-Demand	1784	4789	3386	4160	2216	2041
	Satisfied demand	56.28	50.78	48.25	61.54	84.21	82.85
	c) 182 day						
	- Average weighted price (for 100 Birr)	99.69	99.67	99.72	99.65	99.72	99.65
	- Average weighted yield (%)	0.62	1.01	0.56	0.70	0.56	0.70
	.-Supply	1350	1216	1255	1100	1120	678
Sr. No	Indicators	Oct- 08	Dec- 08	Mar- 09	Jun- 09	Sept- 09	Oct- 09
	.-Demand	702	1140	1120	1400	1320	728
	Satisfied demand	192.31	106.67	112.05	78.57	84.85	93.13
7	Budget Deficit (in mn. Birr)¹		1489.0	5039.0	1344.0	2472.8	
	a) Revenue and grants		11279. 0	7188.0	12989	10161. 4	
	b) Expenditure*		9790.0	12227. 0	11645	12634. 2	
	- Recurrent		2229.0	2073.0	3227	2434.3	
	- Capital		3186.0	6003.0	4212	6275.5	
	- Regional transfers		4375.0	4151.0	4206	3924.4	
8	Monetary Aggregates (in mn. Birr)						
	8.1 Broad Money	71,888	75,904	80,596	82,509	87,155	87,601

		.79	.03	.83	.75	.52	.95
	a) Monthly change (%)	0.6	2.2	2.5	0.2	1.3	0.5
	b) Annual change (%)	21.0	24.1	22.6	21.0	22.0	21.9
	8.2 Narrow Money Supply	37,273	40,382	42,921	42,112	43,838	43,893
		.03	.41	.39	.66	.94	.01
	- Currency outside banks	15,974	17,432	19,432	19,715	18,547	18,829
		.20	.87	.10	.01	.21	.78
	a) Monthly change (%)	-2.2	7.1	2.3	1.5	-1.8	1.5
	b) Annual change (%)	24.7	20.7	15.9	11.7	13.5	17.9
	- Demand deposits (net)	21,298	22,949	23,489	22,397	25,291	25,063
		.83	.54	.29	.64	.73	.23
	a) Monthly change (%)	3.2	0.7	2.2	-2.9	3.2	-0.9
	b) Annual change (%)	23.7	37.8	34.5	26.6	22.6	17.7
	8.3 Quasi-Money	34,615	35,521	37,675	40,397	43,316	43,708
		.75	.62	.45	.09	.58	.95
	- Saving deposit	31,726	32,543	34,626	37,148	39,814	40,320
		.85	.78	.68	.72	.53	.32
	a) Monthly change (%)	0.8	0.9	3.2	1.7	1.7	1.3
	b) Annual change (%)	23.7	23.7	24.4	26.0	26.5	27.1
	- Time deposit	2,888.	2,977.	3,048.	3,248.	3,502.	3,388.
		90	84	76	37	06	63
	a) Monthly change (%)	-3.7	1.7	-1.7	-1.2	2.4	-3.2
	b) Annual change (%)	-22.4	-20.6	-16.5	-3.2	16.7	17.3
	8.4 Reserve Money (in mn. Birr)	36,411	39,803	41,331	45,107	46,894	45,002
		.85	.43	.40	.02	.41	.24
	a) Monthly change (%)	1.8	4.9	0.4	4.4	3.6	-4.0
	b) Annual change (%)	31.4	38.1	38.2	26.9	31.1	23.1
	8.5 Net Foreign Assets	9,440.	9,000.	13,346	16,744	20,839	20,862
		48	98	.65	.34	.17	.31
	a) National Bank of Ethiopia	4,588.	6,137.	9,571.	11,833	16,755	16,515
		99	41	56	.66	.30	.61
	b) Commercial banks	4,851.	2,863.	3,775.	4,910.	4,083.	4,346.
		49	57	09	68	87	71
	8.6 Banking statistics(in million.Birr) ⁴						
	a) Disbursement	1968.6	2339.4	2047.8	1624.1	1982.8	2804.6
	b) Collection	1502.5	1723.9	1858.3	2879.0	1816.4	1863.2

	c) Outstanding credit of the banking system	42915.8	44193.4	45836.8	46004.7	46725.7	48214.6
9	Total Net Domestic Credit (in mn. Birr)	81,517.51	85,327.66	85,269.06	89,203.04	91,983.69	91,159.36
	a) Government	31,447.2	31,944.4	29,349.1	32,786.5	32,500.4	29,785.6
	b) Other sectors	50,070.3	53,383.3	55,920.0	56,416.5	59,483.3	61,373.8
10	Structure of Financial System						
	10.1 Number banks ²	13	13	13	13	14	15
	- Public	3	3	3	3	3	3
	- Private	10	10	10	10	11	12
	Total number of bank branches	587	596	617	636	656	663
	10.2 Number of forex bureaux	289	293	302	309	310	311
Sr. No	Indicators	Oct-08	Dec-08	Mar-09	Jun-09	Sept-09	Oct-09
	10.3 Number of insurance companies	10	11	12	12	12	12
	- Public	1	1	1	1	1	1
	- Private	9	10	11	11	11	11
	Total number of insurance branches	175	175	190	194	196	200
	10.4 Number of micro-financing institutions	30	29	29	30	30	30
11	Reserve and liquidity ratio of the Banking System (in mn. Birr)						
	11.1 Actual reserves	15,839.2	17,221.8	18,186.4	19,569.4	22,893.0	21,315.2
	11.2 Excess reserves	5,803.1	6,609.8	6,906.8	8,386.0	10,660.3	8,927.9
	11.3 Liquidity ratio (in percent)	40.1	39.6	41.2	44.4	46.5	43.4
12	Export and Import (In mill.USD)						
	12.1 Total Import	705.38	621.18	606.46	718.48	552.26	851.54
	12.2 Total Export	85.98	82.76	135.90	139.37	92.65	118.61
	12.3 Coffee Export						

	12.3.1 Sales value (in mn. USD)	NA	NA	NA	NA	NA	NA
	a) Dry coffee sales value	NA	NA	NA	NA	NA	NA
	b) Washed coffee sales value	NA	NA	NA	NA	NA	NA
	12.3.2. Sales volume (in Mn Kg)	NA	NA	NA	NA	NA	NA
	a) Dry coffee sales volume (in Mn Kg)	NA	NA	NA	NA	NA	NA
	b) Washed coffee sales volume (in Mn Kg)	NA	NA	NA	NA	NA	NA
	12.4 ICO 1976 composite USC/LB	108.31	103.07	105.87	119.05	116.4	121.09
13	Exchange Rates						
	14.1 Average official exchange rate (Birr/US Dollar)	9.7456	9.9409	11.082	11.265 4	12.522 7	12.552 2
	14.2 Average parallel market exchange rate (Birr/US Dollar)	10.516	11.083	13.235 0	13.153 1	13.180 0	13.320 0

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.