

## **V. External Sector Developments**

### **5.1 Balance of Payments**

In the third quarter of 2012/13, the overall balance of payments registered USD 369.1 million in surplus, much compared to USD 230.4 million deficits a year ago. This was attributed to huge increases in net service export (144.9

Percent), transfers from private individuals (21.4%) and net capital inflow (42.6 percent) due to increase in official long term capital net (204.2 percent) and foreign direct investment net (7.8 percent).

**Table 5.1: Balance of Payments**

S/N	Particulars	2011/12	2012/13		Percentage Change	
		QIII	QII	QIII	C/A	C/B
		A	B	C		
<b>1</b>	<b>Exports, f.o.b.</b>	<b>821.0</b>	<b>716.1</b>	<b>813.1</b>	<b>-1.0</b>	<b>13.5</b>
	Coffee	191.5	161.9	152.8	-20.2	-5.6
	Other	629.5	554.2	660.3	4.9	19.1
<b>2</b>	<b>Imports</b>	<b>3,137.9</b>	<b>3,082.3</b>	<b>2,990.9</b>	<b>-4.7</b>	<b>-3.0</b>
	Fuel	570.9	520.7	599.0	4.9	15.0
	Cereals	154.6	110.4	222.9	44.2	101.9
	Aircraft	2.3	3.8	1.4	-39.1	-63.2
	Imports excl. fuel, cereals, aircraft	2,410.1	2,447.4	2,167.6	-10.1	-11.4
<b>3</b>	<b>Trade Balance (1-2)</b>	<b>-2,316.9</b>	<b>-2,366.2</b>	<b>-2,177.8</b>	<b>-6.0</b>	<b>-8.0</b>
<b>4</b>	<b>Services, net</b>	<b>44.1</b>	<b>62.1</b>	<b>108.0</b>	<b>144.9</b>	<b>73.9</b>
	Non-factor services, net	63.7	97.1	128.4	101.6	32.3
	Exports of non-factor services	634.8	743.7	651.8	2.7	-12.4
	Imports of non-factor services	571.1	646.6	523.4	-8.4	-19.1
	Income, net	-19.6	-35	-20.445	4.3	-41.6
	O/w Gross official int. payment	18.7	36.3	21.4	14.7	-40.9
	Dividend	-2.2	-1.0		-100.0	-100.0
<b>5</b>	<b>Private transfers, net</b>	<b>944.3</b>	<b>1,222.8</b>	<b>967.7</b>	<b>2.5</b>	<b>-20.9</b>
	o/w: Private Individuals	606.5	595.2	736.5	21.4	23.7
<b>6</b>	<b>Current account balance excluding official transfers (3+4+5)</b>	<b>-1,328.5</b>	<b>-1,079.3</b>	<b>-1,102.1</b>	<b>-17.0</b>	<b>1.9</b>
<b>7</b>	<b>Official transfers, net</b>	<b>258.6</b>	<b>758.1</b>	<b>305.4</b>	<b>18.1</b>	<b>-59.7</b>
<b>8</b>	<b>Current account balance including official transfers (6+7)</b>	<b>-1,069.9</b>	<b>-323.3</b>	<b>-796.6</b>	<b>-25.5</b>	<b>146.4</b>
<b>9</b>	<b>Capital account</b>	<b>679.4</b>	<b>1,070.8</b>	<b>968.8</b>	<b>42.6</b>	<b>-9.5</b>
	Off. Long-term Cap., net	167.5	314.8	509.6	204.2	61.9
	Disbursements	176.1	345.0	515.1	192.5	49.3
	Amortization	8.6	30.2	5.5	-36.3	-81.9
	Other pub. Long-term cap.	101.0	427.6	26.5	-73.7	-93.8
	Foreign Direct Investment(net)	388.6	293.6	419.1	7.8	42.7
	Short-term Capital	22.3	34.8	-13.6	-39.1	-61.0
<b>10</b>	<b>Errors and omissions</b>	<b>160.0</b>	<b>-747.2</b>	<b>196.9</b>		
<b>11</b>	<b>Overall balance (8+9+10)</b>	<b>-230.4</b>	<b>0.4</b>	<b>369.1</b>		
<b>12</b>	<b>Financing</b>	<b>230.4</b>	<b>-0.4</b>	<b>-369.1</b>		
13	Reserves [Increase (-), Decrease (+)]	233.5	1.8	-365.9		
14	Central Bank (NFA)	603.5	-58.0	-158.9		
	Asset	697.5	-97.3	-171.8		
	Liabilities	-94.0	39.3	12.9		

15	Commercial banks (NFA)	-369.9	59.8	-207.1		
16	Debt Relief	-3.1	-2.2	-3.1		
	Principal	2.7	1.1	2.8		
	Interest	0.4	1.1	0.3		

**Source:** NBE Staff Compilation

Total current foreign exchange receipts in the review quarter amounted to USD 2.8 billion, about 2.9 percent higher than the same period last year due to an increase in official transfers (17.1 percent), private transfers (2.6 percent) and service proceeds (2.6 percent).

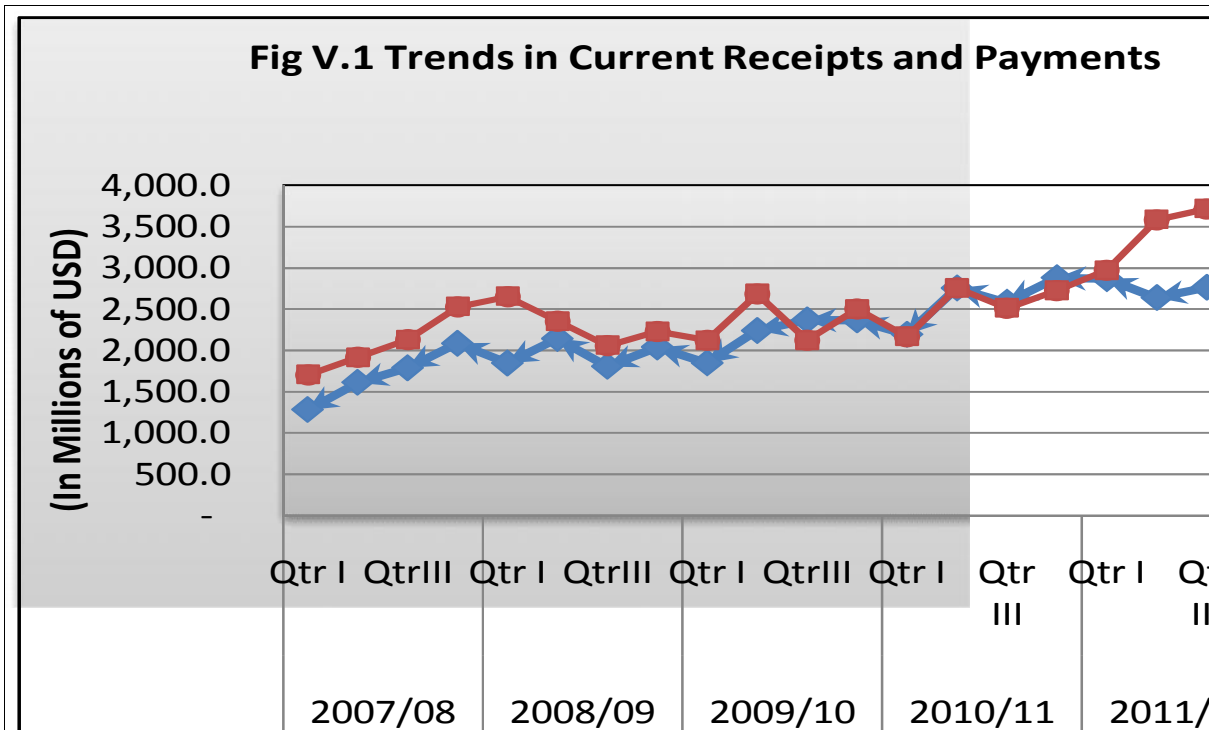
Meanwhile, total current foreign exchange payments declined by 5.2

percent and stood at USD 3.6 billion, on account of the slowdown in payments for merchandise imports (4.7 percent) and service import (8 percent). Consequently, the current account recorded USD 796.6 million net outflows, yet 25.5 percent lower than a year ago. (Table 5.2)

**Table 5.2. Current Receipts and Payments** (In millions of USD)

Particulars	2011/12	2012/13		Percentage Change	
	Qtr III	Qtr II	Qtr III	C/A	C/B
	A	B	C		
<b>1. Current Receipts</b>	<b>2,684.5</b>	<b>3,465.0</b>	<b>2,763.5</b>	<b>2.9</b>	<b>-20.2</b>
Export Proceeds	821	716.1	813.1	-1.0	13.5
Service Proceeds	636.1	745.9	652.7	2.6	-12.5
Private Transfers	964.8	1243.5	990.2	2.6	-20.4
Public Transfer	262.6	759.5	307.5	17.1	-59.5
<b>2. Current Payments</b>	<b>3,754.4</b>	<b>3,788.2</b>	<b>3,560.1</b>	<b>-5.2</b>	<b>-6.0</b>
Import Payments	3,137.9	3,082.3	2,990.9	-4.7	-3.0
Service Payments	592.0	683.8	544.7	-8.0	-20.3
Private Transfers	20.5	20.7	22.4	9.4	8.1
Public Transfer	4.0	1.4	2.1	-48.0	49.1
<b>3. Net(1-2)</b>	<b>-1,069.9</b>	<b>-323.3</b>	<b>-796.6</b>	<b>-25.5</b>	<b>146.4</b>

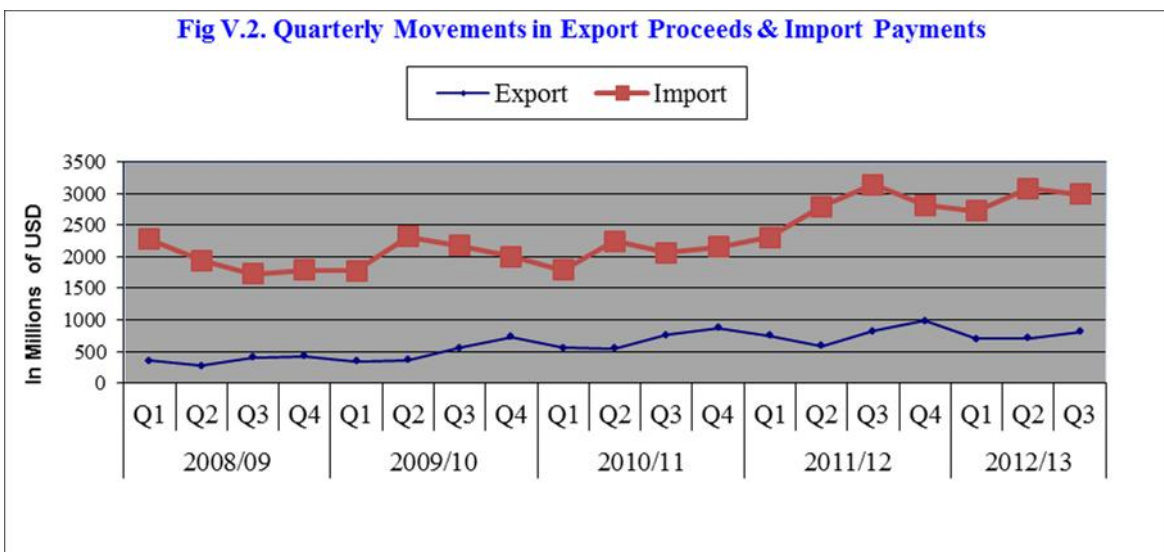
**Source:** Staff Compilation



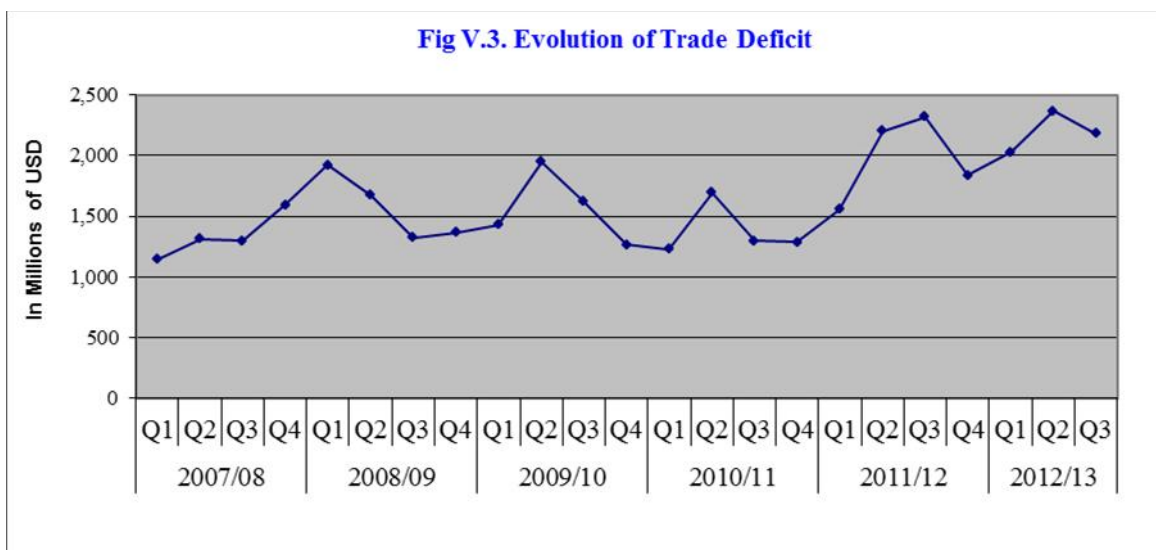
## 5.2. Merchandise Trade

The deficit in merchandise trade during the third quarter of 2012/13 stood at USD 2.2 billion, about 6 percent lower

than that of a year ago owing to higher slowdown in imports than exports.



**Source:** Ethiopian Revenue and Customs Authority



**Source:** NBE Staff Compilation

### 5.2.1 Exports

Total forex earnings from merchandise exports reached USD 813.1 million which dropped by 1 percent compared to a year ago as a result of lower export earnings from coffee (20.2 percent), oilseeds (15.9 percent), live animal (22 percent), meat & meat products (4.6 percent) and fruits & vegetables (4.5 percent).

As a result of a 25.8 percent decline in international price, receipts from coffee stood at USD 152.8 million showing a 20.2 percent fall in spite of a 7.5 percent increase in volume. Hence, the share of coffee export proceeds in the total export earnings declined to 18.8 percent from 23.3 percent a year earlier.

**Table 5.3: Values of Major Export Items** (In millions of USD)

Particulars	2011/12		2012/13				Percentage Change	
	Qtr III		Qtr II		Qtr III		C/A	C/B
	A	% share	B	% share	C	% share		
Coffee	191.5	23.3	161.9	22.6	152.8	18.8	-20.2	-5.7
Oilseeds	187.1	22.8	97.6	13.6	157.3	19.3	-15.9	61.1
Leather & Leather products	19.1	2.3	32.2	4.5	30.3	3.7	58.9	-6.0
Pulses	43.5	5.3	55.6	7.8	66.2	8.1	52.3	19.1
Meat & Meat Products	18.4	2.2	17.0	2.4	17.6	2.2	-4.6	3.2
Fruits & Vegetables	13.4	1.6	9.6	1.3	12.8	1.6	-4.5	32.8
Live Animals	48.35	5.9	44.0	6.1	37.33	4.6	-22.8	-15.1
Chat	52.83	6.4	66.0	9.2	63.09	7.8	19.4	-4.5
Gold	146.5	17.8	135.0	18.9	164.4	20.2	12.2	21.8
Flower	50.9	6.2	45.1	6.3	52.2	6.4	2.5	15.6
Others	49.6	6.0	52.0	7.3	59.3	7.3	19.5	14.1
<b>Total</b>	<b>821.0</b>	<b>100.0</b>	<b>716.1</b>	<b>100.0</b>	<b>813.1</b>	<b>100.0</b>	<b>-1.0</b>	<b>13.5</b>

**Source:** Ethiopian Revenue and Customs Authority

Earnings from export of oilseeds fell by 15.9 percent vis-à-vis same period last year due to a 37.3 percent decrease in export volume despite a 34.2 percent surge in international price. Consequently, the share of oilseeds export revenue decreased to 19.3 percent from 22.8 percent last year same period.

Similarly, export revenue from live animals stood at USD 37.3 million, down by 22.8 percent relative to a year

ago on account of 29.1 percent decline in volume of export.

As a result, its share in the total export earnings dropped to 4.6 percent from 5.9 percent a year ago.

Export revenue from meat & meat products declined by 4.6 percent as compared to the previous year same quarter and stood at USD 17.6 million. The decline was due to lower volume of exports (6.2 percent) despite a 1.7 percent increase its international price. The forex earning from this source accounted for 2.4 percent of the total

merchandise export revenue of the review quarter.

Earnings from export of fruits and vegetables fell by 4.5 percent vis-à-vis last year same period solely owing to a 18.5 percent decline in the international price.

On the other hand, USD 66.2 million revenue, from export of pulses, increased significantly by 52.3 percent over last year same quarter as a result of 71.5 percent surge in volume of exports despite an 11.2 percent decline in international price.

The country earned USD 164.4 million from export of gold, depicting 12.2 percent growth compared to a year earlier. This was because of the 25.4 percent increase in the volume of gold export although international price went down by 10.5 percent. Hence, the share of gold export proceeds rose to 20.2 percent from 17.8 percent last year the same period.

Quarter-on-quarter, earnings from export of chat went up by 19.4 percent and stood at USD 63.1 million as a result of

22.4 percent improvement in the volume of export in spite of a 2.4 percent fall in its international prices.

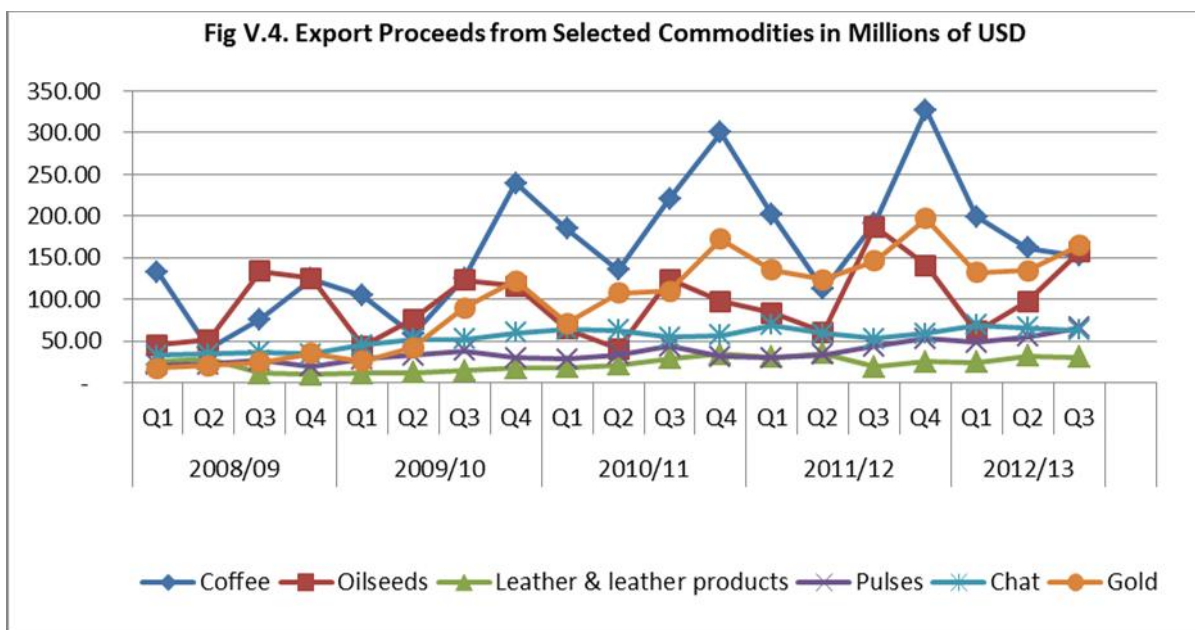
Consequently, chat accounted for 7.8 percent of the total export revenue, up from 6.4 percent last year same period.

Despite 18.8 percent decrease in international price, earning from exports of leather & leather products increased by 58.9 percent on quarter-on-quarter basis and stood at USD 30.3 million, owing a 95.6 percent surge in the volume of exports.

The receipts from these sources accounted for 3.7 percent of the total merchandise export compared to 2.3 percent a year ago.

Earnings from export of flower reached USD 52.2 million exhibiting a 2.5 percent annual increment owing to improvements in international price (4.5 percent) despite a fall in the volume of export (1.9 percent). Thus, the share of flower export revenue in total export revenue was 6.4 percent.





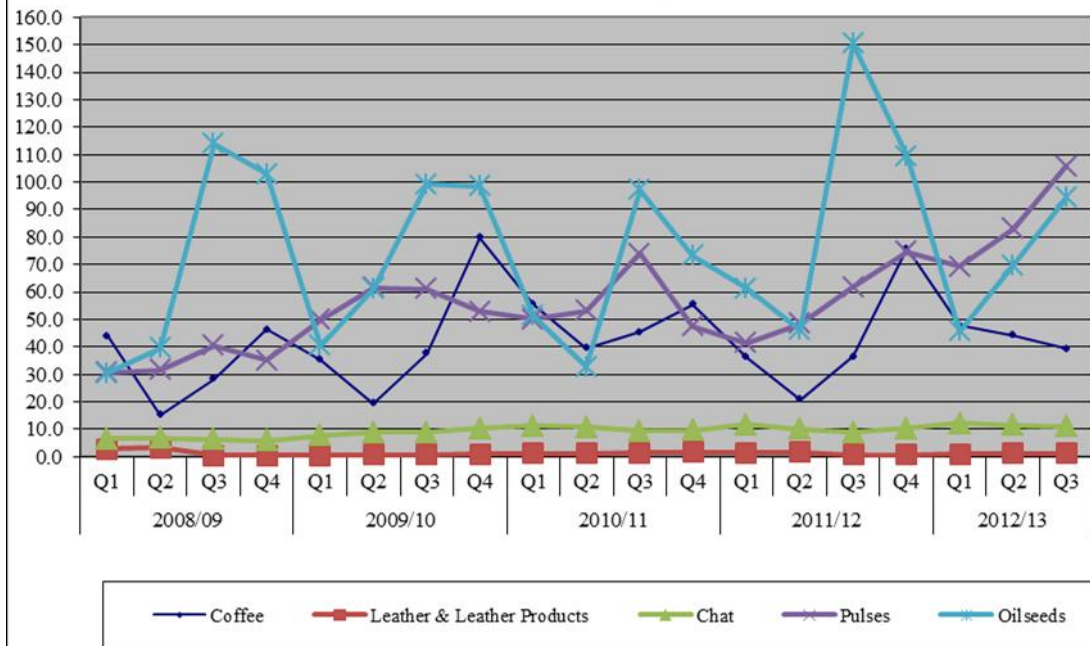
**Source:** Ethiopian Revenue and Customs Authority

**Table 5.4: Volume of Major Export Items** (In millions of kg)

Particulars	2011/12	2012/13		Percentage Change	
	Qtr III	Qtr II	Qtr III	C/A	C/B
	A	B	C		
Coffee	36.48	44.20	39.2	7.5	-11.23
Oilseeds	150.5	69.6	94.3	-37.3	35.5
Leather and Leather products	0.6	1.23	1.19	95.6	-3.4
Pulses	61.7	83.1	105.9	71.5	27.3
Meat & Meat Products	3.92	3.6	3.7	-6.2	2.6
Fruits & Vegetables	29.4	30.7	34.4	17.2	12.1
Live Animals	32.5	27.1	23.0	-29.1	-14.9
Chat	8.9	11.5	10.9	22.4	-4.7
Gold	0.0027	0.0026	0.0034	25.4	32.1
Flower	11.5	10.2	11.3	-1.9	11.2

**Source:** Ethiopian Revenue and Customs Authority

**Fig V.5: Export Volume of Selected Commodities**  
(In millions of Kg)



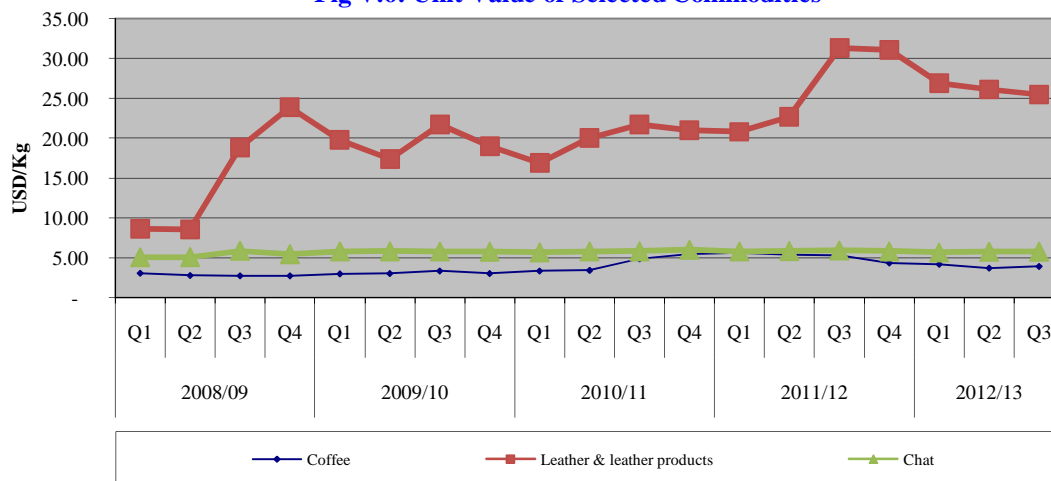
**Source:** Ethiopian Revenue and Customs Authority

**Table 5.5: Unit value of Major Export Items (In USD/kg)**

Particulars	2011/12		2012/13		Percentage Change	
	Qtr III		Qtr II	Qtr III	C/A	C/B
	A	B	C			
Coffee	5.2	3.7	3.9	-25.8	6.3	
Oilseeds	1.243	1.40	1.668	34.2	18.9	
Leather and Leather products	31.4	26.2	25.5	-18.8	-2.7	
Pulses	0.704	0.669	0.625	-11.2	-6.5	
Meat & Meat Products	4.7	4.8	4.8	1.7	0.6	
Fruits & Vegetables	0.46	0.31	0.37	-18.54	18.5	
Live Animals	1.49	1.62	1.6	8.9	-0.3	
Chat	5.9	5.8	5.8	-2.4	0.2	
Gold	53.5	52.0	47.9	-10.5	-7.8	
Flower	4.41	4.44	4.61	4.5	3.9	

**Source:** NBE Staff Compilation

**Fig V.6: Unit Value of Selected Commodities**



**Source:** NBE Staff Compilation

### 5.2.2 Imports

Total merchandise import during the third quarter of 2012/13 stood at USD 3 billion, about 4.7 percent lower than a year earlier. This was mainly attributed

to a fall in imports of consumer goods (7 percent), semi-finished goods (33.3 percent) and raw material (41.7 percent).

**Table 5.6: Values of Major Import Items** (In millions of USD)

Particulars	2011/12		2012/13				Percentage Changes	
	Quarter III	% share	Quarter II	% share	Quarter III	% share		
	A		B		C		C/A	C/B
Raw Materials	49.2	1.6	37.7	1.2	28.7	1.0	-41.7	-23.8
Semi-finished Goods	696.6	22.2	513.2	16.6	464.9	15.5	-33.3	-9.4
Fertilizers	316.8	10.1	90.1	2.9	119.6	4.0	-62.2	32.7
Fuel	570.9	18.2	520.7	16.9	599.0	20.0	4.9	15.0
Petroleum Products	554.6	17.7	513.0	16.6	599.0	20.0	8.0	16.8
Others	16.3	0.5	7.7	0.2	0.0	0.0	-100.0	-100.0
Capital Goods	806.7	25.7	1,010.7	32.8	888.5	29.7	10.1	-12.1
Transport	189.4	6.0	243.4	7.9	232.1	7.8	22.6	-4.6
Agricultural	32.8	1.0	34.0	1.1	29.0	1.0	-11.8	-14.8
Industrial	584.5	18.6	733.3	23.8	627.4	21.0	7.3	-14.4
Consumer Goods	947.5	30.2	911.3	29.6	882.0	29.5	-6.9	-3.2
Durables	300.9	9.6	301.0	9.8	246.9	8.3	-17.9	-18.0
Non-durables	646.6	20.6	610.3	19.8	635.1	21.2	-1.8	4.1
Miscellaneous	66.9	2.1	88.7	2.9	127.8	4.3	91.2	44.1
<b>Total Imports</b>	<b>3,137.9</b>	<b>100.0</b>	<b>3,082.2</b>	<b>100.0</b>	<b>2,991.1</b>	<b>100.0</b>	<b>-4.7</b>	<b>-3.0</b>

**Source:** Ethiopian Revenue and Customs Authority

Import of capital goods in the review period showed a growth of 10.1 percent vis-à-vis the same period last year due to higher imports of transport and industrial goods.

Imports of semi-finished goods decreased by 33.3 percent in relation to last year same period and reached 464.9 million as a result of lower import of fertilizer.

Likewise, import bills for consumer goods during the review period went down by 6.9 percent to USD 882 million mainly due to a (17.9 percent) decline in durable goods.

Consequently, the share of consumer goods in total imports bill fell to 29.5 percent from 30.5 percent a year ago.

In the same period, imports of raw materials shrunk by 41.7 percent to USD 28.7 million. Consequently, it accounted for 1 percent of the total import value.

In contrast, fuel import bill grew by 4.9 percent vis-à-vis last year same period and reached USD 599 million. As a result, the share of fuel in total import bill increased to 20 percent from 18.2 percent last year.

Total value of franco-valuta imports decreased by 93.2 percent as compared to last year the same period as all components of the franco-valuta imports tended to decline.

**Table 5.7: Values of Franco-valuta Imports** (In thousands of USD)

Particulars	2011/12	2012/13		Percentage Change	
	QIII	Qtr II	QIII	C/A*100-100	C/B*100-100
	A	B	C		
Vehicles	1.47	0.00	0.00	-100.00	-
Vehicle Spare Parts	47.16	0.98	0.00	-100.00	-100.00
Other Spare Parts	54.09	3.11	12.99	-75.99	317.71
Textile & Ready Made	0.92	0.00	0.00	-100.00	-
Household Goods	54.12	1.67	1.17	-97.83	-29.64
Medicine & Medical Equip.	60.59	0.18	0.00	-100.00	-100.00
Food Stuffs	6.30	0.00	0.00	-100.00	-
Electronic Goods	9.51	3.13	0.00	-100.00	-100.00
Machinery Equip. & Spare Parts	25.27	9.30	0.79	-96.88	-91.52
Cement	7388.90	7388.90	691.22	-90.65	-90.65
Others	2942.77	8.34	12.65	-99.57	51.56
<b>Total</b>	<b>10591.106</b>	<b>7415.61</b>	<b>718.82</b>	<b>-93.21</b>	<b>-90.31</b>

Source: NBE, Foreign Exchange Monitoring and Reserve Management Directorate (FEFRMD)

### 5.2.3 Direction of Trade

#### 5.2.3.1 Exports

Europe continued to be the biggest export market, accounting for 44.7 percent of the total exports during the review quarter. Switzerland, with 45.3 percent, was the

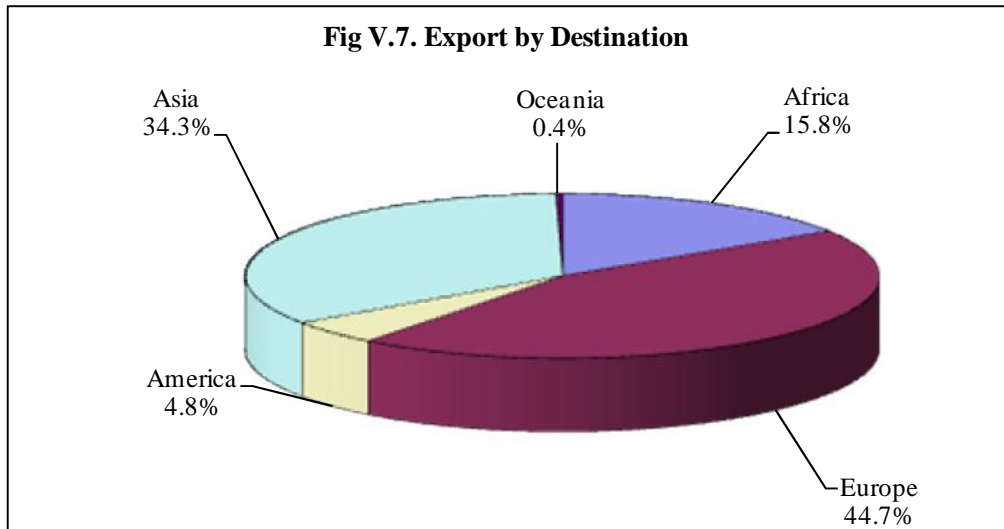
largest export market largely for gold export, followed by Germany (13.4 percent), which buys mainly coffee, textile & garments, flower vegetables, leather & leather products, bee wax, pulse and oilseeds.

The Netherland accounted for 13.1 percent of the total exports with the main export items being flower, vegetable, oilseeds and coffee.

Asia accounted for 34.3 percent of the total exports, with China (29.5 percent), Saudi Arabia (14.6 percent), Israel (14.1 percent), Japan (7.2 percent), United Arab Emirates (6.5 percent) and Pakistan (5.3 percent) being the major destinations of Ethiopia's exports. Altogether, these countries accounted for 77.2 percent of Ethiopia's total commodity exports. The main export products shipped to China were oilseeds, leather & leather products and textile & garments. Saudi Arabia imported coffee, meat & meat products, coffee, meat & meat products and live animals. Likewise, oilseeds, coffee, vegetable, spice and pulses were the major exports items to Israel, while coffee and oilseeds were sold to Japan. The principal export items to the United Arab Emirates were meat & meat products and live animals and those to Pakistan were pulses and spices.

Meanwhile, about 15.8 percent of Ethiopia's export earnings were generated from markets in Africa. Somalia (50 percent), Sudan (21.9 percent) and Djibouti (14.5 percent) together accounted for 86.3 percent of the total exports to Africa. The main export items to Somalia were vegetables, live animals, pulses, fruits, spices and animal products. Ethiopian exports to Djibouti were mainly vegetables, live animals, fruits and cotton, while live animals, coffee, pulses and spices were the main items exported to Sudan.

North American markets generated 4.8 percent of total export earnings during the third quarter of 2012/13. About 92 percent of the earnings from goods exported to the region came from the United States with the main exports being coffee, oilseeds and leather & leather products. Canada accounts for 7.3 percent of Ethiopia's total export earnings from the North American markets which largely imports coffee.



**Source:** Ethiopian Revenue and Customs Authority

### 5.2.3.2 Imports

About 73.5 percent of Ethiopia’s total imports during the third quarter of 2012/13 originated from Asian nations where China accounted for 36.8 percent, India 19.9 percent, Saudi Arabia 8.8 percent, Japan 6 percent and Indonesia 4.7 percent.

The major imports from China were electrical materials, machinery & aircraft equipment, road & motor vehicles, metals & metal manufacturing, clothing, textiles, rubber products, fertilizers, chemicals, medical & pharmaceutical products and paper & paper manufacturing products.

Petroleum products and fertilizers were the major imports from Saudi Arabia. The major import item from Kuwait was petroleum, Machinery & aircraft equipments, metals & metal manufacturing, medical & pharmaceutical products, electrical materials, grain, road & motor vehicles, rubber products, paper & paper manufacturing and chemicals were the import items from India. Imports from Japan included mainly road & motor vehicles, Machinery & aircraft equipment, and rubber products.

Imports from European countries accounted for 19.1 percent of total import bills with Italy taking up 25.7 percent, followed by Turkey (14.6 percent), Germany (12.2 percent), France (7.2 percent), the Netherlands (4.9 percent), Belgium (4.7 percent), Spain (4.6 percent), United Kingdom (4 percent), and Sweden (3.5 percent). Machinery & aircraft equipment, road & motor vehicles, electrical materials, metal & metal manufacturing, medical & pharmaceutical products, grain, and rubber products were imported from Italy. Metal & metal products, machinery & aircraft equipment, and electrical materials were the primary imports from Turkey. Imports from Germany mainly included machinery & aircraft equipment, road & motor vehicles, electrical materials, metal & metal manufacturing products, medical & pharmaceutical products, paper & paper manufacturing products and rubber products.

Machinery & aircraft equipment, electrical materials, medical & pharmaceutical products, food, fertilizer and metals & metal manufacturing products were imported from France,

while medical & pharmaceutical products, food and metals & metal manufacturing came from the Netherlands. Belgium mainly exported medical & pharmaceutical products and Machinery & aircraft equipment to Ethiopia.

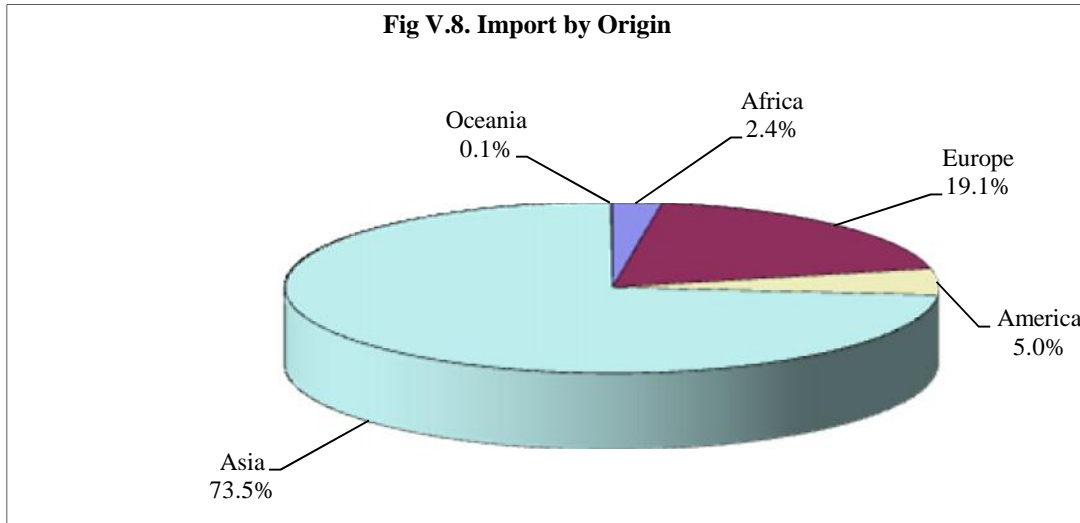
Imports from America accounted for 5 percent of the total import bill and about 77.8 and 18.6 percent were from the United States of America and Brazil. Grain, machinery & aircraft equipment, food & live animals, medical & pharmaceutical products, road & motor vehicles, metal & metal manufacturing products and electrical materials were the major imports from USA while machinery, road & motor vehicles were imported from Canada.

About 2.4 percent of Ethiopia's total imports originated from African nations mainly from South Africa (35.4 percent), Egypt (34.3 percent), Kenya (11.9 percent) and Sudan (2 percent). Road & motor vehicles, medical & pharmaceutical products, Machinery & aircraft equipment, electrical materials, and metal & metal manufacturing products were imported from South Africa, petroleum products, metals &



metal manufacturing products, rubber products, clothing, and soap & polish came from Egypt. Meanwhile, chemicals

and metal & metal manufacturing products were imported from Kenya.

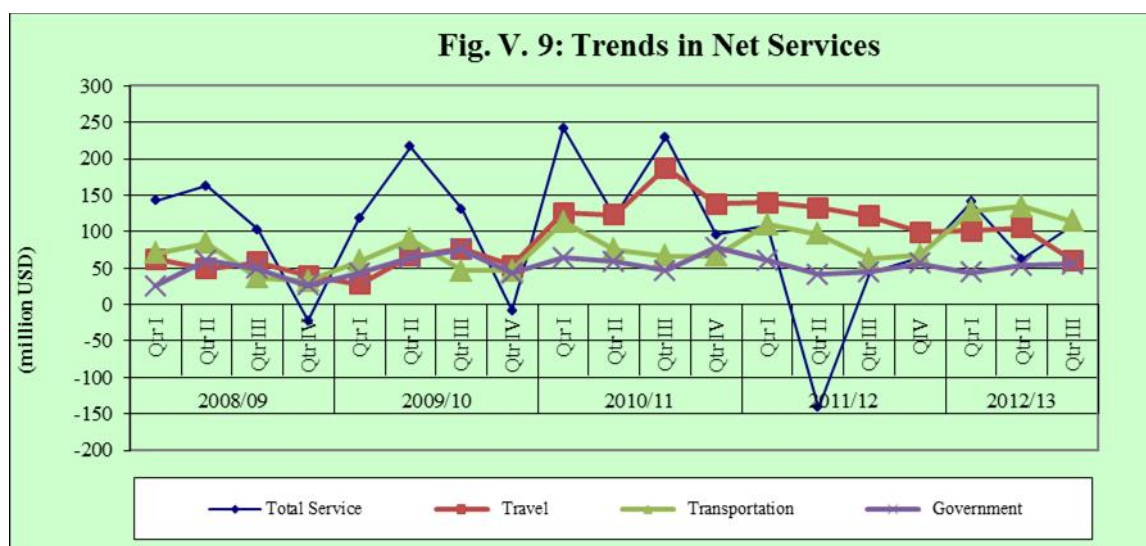


**Source:** Ethiopian Revenue and Customs Authority

### 5.3. Services and Transfers

The net receipts from export of services stood at USD 108 million, up from USD 44.1 million last year same period. This was attributed to the rise in net transport services (84.4 percent) and government services (24.5 percent), despite a fall in

net travel (50.2 percent) and nets other service payments (38.1 percent).



Source; NBE Staff Compilation

**Table 5.7: Developments in Services Accounts** (In Millions of USD)

Third Quarter 2012/13

S/N	Particulars	2011/12	2012/13		Percentage Change	
		QIII	QII	QIII	C/A	C/B
		A	B	C		
<b>1</b>	<b>Investment Income (2+5)</b>	<b>-19.6</b>	<b>-35.0</b>	<b>-20.4</b>	<b>4.3</b>	<b>-41.6</b>
2	Interest, net (3-4)	-17.4	-34.0	-20.4	17.5	-39.9
3	Credit	1.3	2.3	1.0	-23.1	-56.5
4	Debit	18.7	36.3	21.4	14.7	-40.9
5	Dividend, net	-2.2	-1.0		-100.0	-100.0
<b>6</b>	<b>Other Services, net (7-12)</b>	<b>63.7</b>	<b>97.1</b>	<b>128.4</b>	<b>101.6</b>	<b>32.3</b>
7	Exports of non-factor services	634.8	743.7	651.8	2.7	-12.4
8	Travel	167.8	153.6	108.3	-35.5	-29.5
9	Transport	378.6	472.8	444.5	17.4	-6.0
10	Gov't	45.8	54.0	55.7	21.6	3.1
11	Other	42.6	63.3	43.3	1.6	-31.6
12	Imports of non-factor services	571.1	646.6	523.4	-8.4	-19.1
13	Travel	46.6	48.5	48.0	3.0	-1.0
14	Transport	316.6	338.2	330.2	4.3	-2.4
15	Gov't	1.3	0.3	0.3	-76.9	
16	Other	206.6	259.6	144.9	-29.9	-44.2
<b>17</b>	<b>Net Services (18+19+20+21+22)</b>	<b>44.1</b>	<b>62.1</b>	<b>108.0</b>	<b>144.9</b>	<b>73.9</b>
18	Travel (8 - 13)	121.2	105.1	60.3	-50.2	-42.6
19	Transport (9 – 14)	62	134.6	114.3	84.4	-15.1
20	Gov't (10 – 15)	44.5	53.7	55.4	24.5	3.2
21	Other (11 – 16)	-164	-196.3	-101.6	-38.1	-48.3
22	Investment Income (2+5)	-19.6	-35	-20.4	4.3	-41.6

**Source:** MoFED, Transport and Telecommunication Companies, NBE- FEMRMD and Staff Compilation.

During the review period, total net transfer receipts were increased by 5.8 percent relative to last year same period.

Net transfers stood at USD 1.3 billion as official and private transfers increased by 18.1 percent and 2.5 percent, respectively.

million during the review period showing a 2.5 percent growth mainly owing to the 40.8 percent rise in cash remittances from private individuals counter balancing the slowdown from NGO's.

Relative to last year same period, net private transfers reached USD 967.7

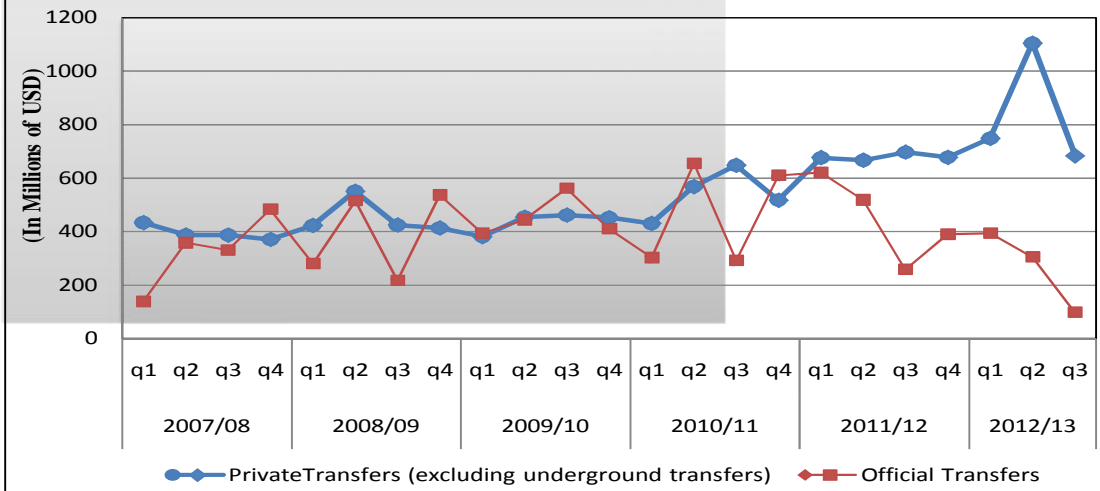
**Table 5.9: Developments in Transfer Accounts** (In millions of USD)

S/N		2011/12	2012/13	Percentage
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	Particulars	QIII	%	Q II	%	Q III	%	Change	
		A	share	B	share	C	share	C/A	C/B
<b>1</b>	<b>Private Transfers (net) (2-11)</b>	<b>944.3</b>	<b>78.5</b>	<b>1,222.8</b>	<b>61.7</b>	<b>967.7</b>	<b>76.0</b>	<b>2.5</b>	<b>-20.9</b>
2	Credit (3+7)	964.8	78.6	1243.5	62.1	990.2	76.3	2.6	-20.4
<b>3</b>	<b>NGO's (4+5+6)</b>	<b>358.3</b>	<b>29.2</b>	<b>648.3</b>	<b>32.4</b>	<b>253.6</b>	<b>19.5</b>	<b>-29.2</b>	<b>-60.9</b>
4	Cash	286.9	23.4	302.3	15.1	217.0	16.7	-24.4	-28.2
5	Other	0.0	0.0	0.0	0.0	0.0	0.0		
6	Food	71.5	5.8	346.0	17.3	36.7	2.8	<b>-48.7</b>	<b>-89.4</b>
<b>7</b>	<b>Private individuals (8+9+10)</b>	<b>606.5</b>	<b>49.4</b>	<b>595.2</b>	<b>29.7</b>	<b>736.5</b>	<b>56.8</b>	<b>21.4</b>	<b>23.7</b>
8	Cash	317.8	25.9	465.0	23.2	447.5	34.5	40.8	-3.8
9	In kind	41.6	3.4	10.8	0.5	4.2	0.3	-89.9	-61.2
10	Underground Private Transfers	247.1	20.1	119.4	6.0	284.8	21.9	15.3	138.5
11	Debit	-20.5	83.6	-20.7	93.7	-22.4	91.5	9.4	8.1
<b>12</b>	<b>Official Transfers (net) (13-17)</b>	<b>258.6</b>	<b>21.5</b>	<b>758.1</b>	<b>38.3</b>	<b>305.4</b>	<b>24.0</b>	<b>18.1</b>	<b>-59.7</b>
13	Credit (14+15+16)	262.6	21.4	759.5	37.9	307.5	23.7	17.1	-59.5
14	Cash	262.6	21.4	759.5	37.9	307.5	23.7	17.1	-59.5
15	Other	0.0	0.0	0.0	0.0	0.0	0.0		
16	Food	0.0	0.0	0.0	0.0	0.0	0.0		
17	Debit	-4.0	16.4	-1.4	6.3	-2.1	8.5	-48.0	49.1
18	Total Receipts (2+13)	1,227.4	102.0	2,003.0	101.1	1,297.7	101.9	5.7	-35.2
19	Total Payments (11+17)	-24.5	-2.0	-22.1	-1.1	-24.5	-1.9	0.0	10.7
<b>20</b>	<b>Net Transfers (18+19)</b>	<b>1,202.9</b>	<b>100.0</b>	<b>1,980.9</b>	<b>100.0</b>	<b>1,273.2</b>	<b>100.0</b>	<b>5.8</b>	<b>-35.7</b>

**Source:** Staff Computation

**Fig. V.10 Trends in Private and Official Transfers**



#### **5.4. Current Account**

The current account balance (including official transfers) registered USD 796.6 million in deficit during the third quarter of 2012/13, which was lower than USD 1.1 billion deficit, recorded a year ago. The rise in net services (144.9 percent) private transfers (2.5 percent) and official transfers (18.1 percent) coupled with the narrowing trade deficit (6 percent) contributed to this effect.

#### **5.5. Capital account**

In the review period, the capital account recorded USD 968.8 million in surplus; about 42.6 percent higher than last year

same period. This was due to the rise in official long term disbursement net (204.2 percent) and foreign direct investment (7.8 percent).

#### **5.6. Changes in Reserve Position**

During the review period, the significant decline in trade deficit, the rise in net receipts from services, private transfers, and net capital inflows resulted in a surplus of USD 369.1 million the overall balance of payments. Hence, the gross reserves as at end March 2013 was sufficient to cover 2.2 months of payments for import of goods and non-factor services.

## **5.7. Developments in the Foreign Exchange Market**

### **5.7.1. Exchange Rate Movements**

In the inter-bank foreign exchange market, the weighted average exchange rate of the Birr depreciated by 5.7 percent compared to last year same period and reached Birr 18.2971/USD.

Likewise, the parallel market average exchange rate depreciated by 8.8

percent relative to a year ago and stood at Birr 19.8367/USD.

Consequently, the premium between the two foreign exchange markets rose to 8.4 percent from 5.4 percent a year ago (Table 5.10).

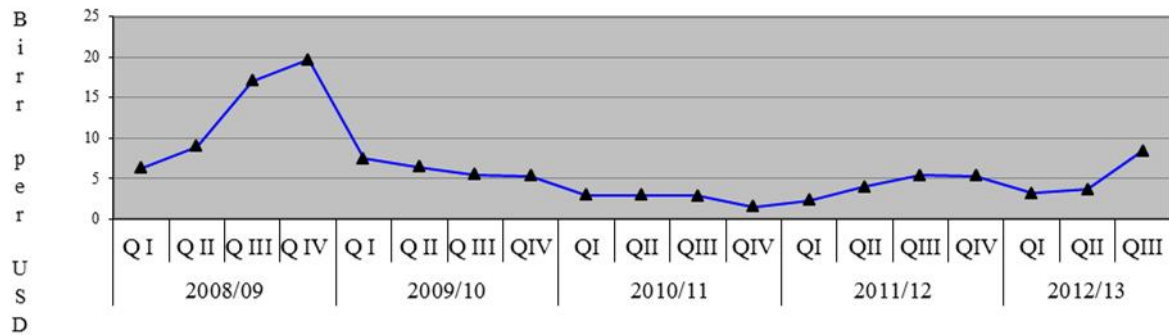


**Table 5.10: Developments in Inter-bank and Parallel Market Exchange Rates**

S/N	Period	Inter-bank market				Rates in Birr per USD in Parallel Market		Premium
		Rates in Birr per USD		Amount Traded in millions of USD		End Period	Average	
		End Period	Weighted Average	Total	o/w among CBs			
<b>A</b>	<b>2011/12</b>	<b>17.7305</b>	<b>17.2536</b>	<b>152.2</b>	<b>90.9</b>	<b>18.2750</b>	<b>17.9883</b>	<b>4.26</b>
<b>B</b>	<b>Qtr. III</b>	<b>17.3902</b>	<b>17.3107</b>	<b>41.4</b>	<b>38.2</b>	<b>18.9800</b>	<b>18.2400</b>	<b>5.37</b>
	January	17.2782	17.2534	32.30	31.2	17.9800	17.9300	3.92
	February	17.3355	17.3113	5.05	4.0	18.3750	18.1600	4.90
	March	17.3902	17.3673	4.1	3.0	18.9800	18.6300	7.27
<b>C</b>	<b>2012/13</b>							
<b>D</b>	<b>Qtr. II</b>	<b>18.1843</b>	<b>18.0782</b>	<b>3.3</b>	<b>0.0</b>	<b>19.4300</b>	<b>18.7333</b>	<b>3.62</b>
	October	18.0346	18.0038	1.10	0.0	18.4300	18.4700	2.59
	November	18.1109	18.0780	1.10	0.0	18.8750	18.6700	3.27
	December	18.1843	18.1527	1.1	0.0	19.4300	19.0600	5.00
<b>E</b>	<b>Qtr. III</b>	<b>18.4086</b>	<b>18.2971</b>	<b>3.1</b>	<b>0.0</b>	<b>20.2800</b>	<b>19.8367</b>	<b>8.41</b>
	January	18.2589	18.2233	1.05	0.0	19.7300	19.5600	7.34
	February	18.3305	18.2962	1.00	0.0	19.9750	19.8800	8.66
	March	18.4086	18.3718	1.00	0.0	20.2800	20.0700	9.24
<b>F</b>	<b>% Changes (C/A)</b>	<b>5.86</b>	<b>5.70</b>	<b>-92.63</b>	<b>-</b>	<b>6.85</b>	<b>8.75</b>	<b>56.73</b>
	<b>% Changes (C/B)</b>	<b>1.23</b>	<b>1.21</b>	<b>-6.15</b>	<b>-</b>	<b>4.37</b>	<b>5.89</b>	<b>132.18</b>

**Source:** NBE, Foreign Exchange Monitoring & Reserve Management Directorate and staff compilation

**Fig.V. 11: Average Premium Between the Inter-Bank and Parallel Market Exchange Rates**



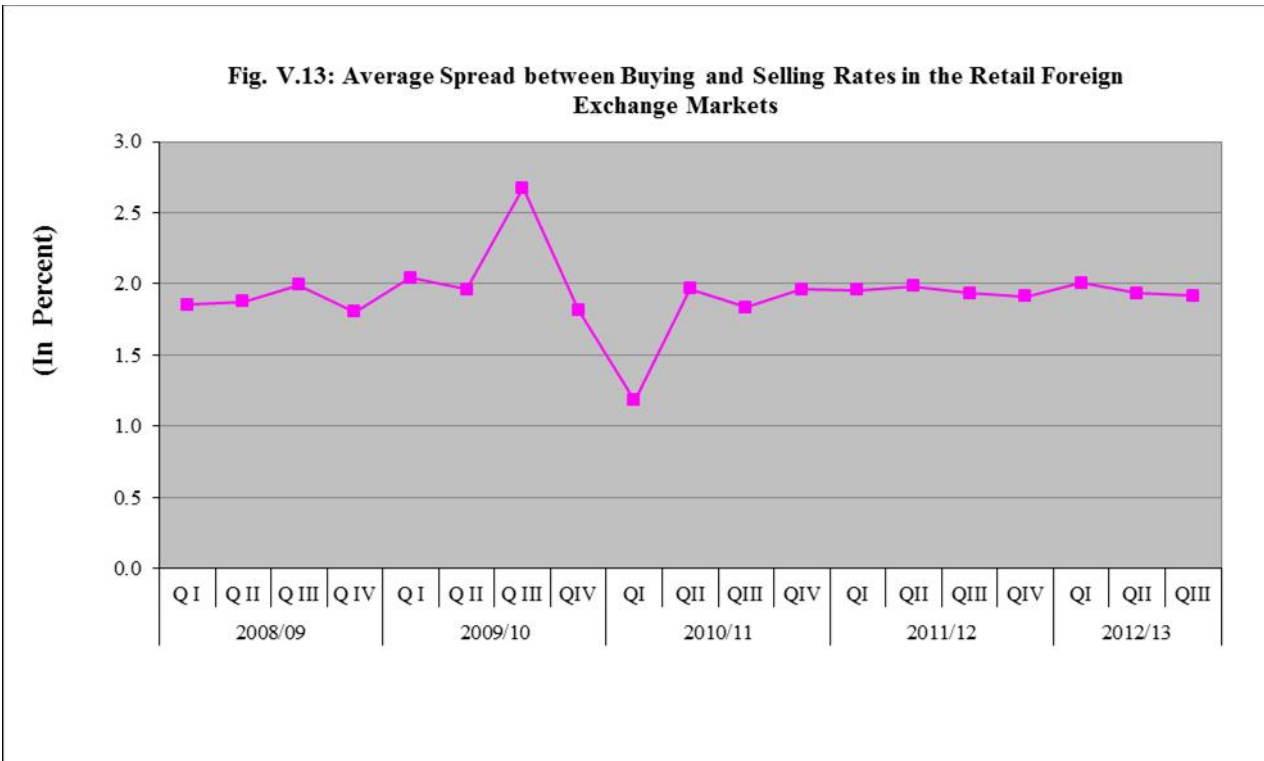
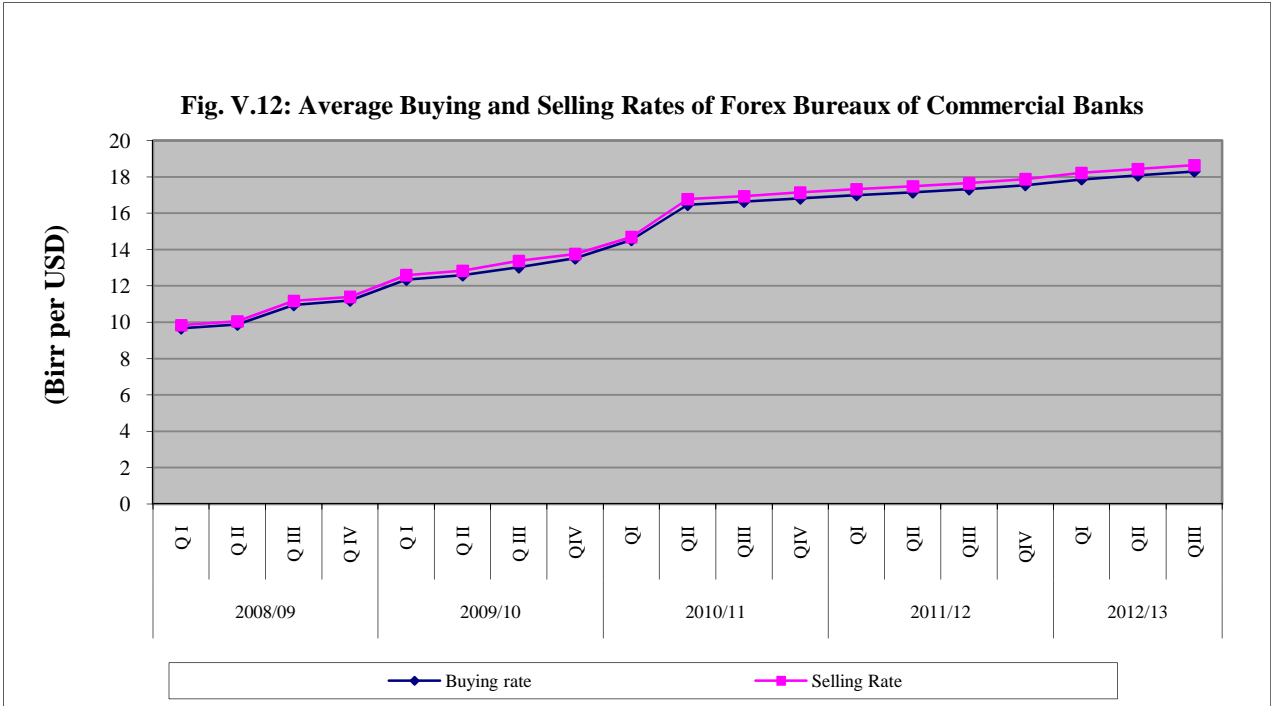
With regard to the retail foreign exchange market, the average buying rate in foreign exchange bureau of commercial banks was Birr 18.2967/USD, while the selling rate stood at Birr 18.6470/USD, both showing 1.2 percent & 5.6 percent depreciation, against the preceding quarter and the same quarter last year, respectively (Table 5.11).

Thus, the average spread between the buying and the selling rates marginally narrowed to 1.91 percent from 1.93 percent in the same period last year.

**Table 5.11: Amount of Foreign Exchange Purchased and Sold by Forex Bureaux of Commercial Banks (In '000 of USD)**

No.	Name of Forex Bureaux	2011/12		2012/13				Percentage change			
		Quarter III		Quarter II		Quarter III		C/A		C/B	
		A		B		C					
		Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
1	Commercial Bank of Ethiopia	12,634.6	307.4	15,203.81	580.71	13,307.81	485.97	5.3	58.0	-12.5	-16.3
2	Bank of Abyssinia	1,500.0	1,866.3	1,275.44	1685.03	1,129.15	2119.15	-24.7	13.5	-11.5	25.8
3	Dashen Bank	4,059.1	8,427.7	7,485.28	9888.03	6,647.37	11155.67	63.8	32.4	-11.2	12.8
4	Awash International Bank	1,851.2	3,882.6	1,913.29	3154.71	1,681.07	3361.55	-9.2	-13.4	-12.1	6.6
5	Construction & Business Bank	1038.5	161.85	1,495.94	78.90	875.80	396.19	-15.7	144.8	-41.5	402.1
6	Wegagen Bank	643.35	1,214.8	2,123.23	903.14	1,023.57	906.99	59.1	-25.3	-51.8	0.4
7	United Bank	7,130.4	3,314.9	5,854.22	2229.40	4,970.51	4242.54	-30.3	28.0	-15.1	90.3
8	Development Bank	0	0	0.00	0.00	1,805.22	116.06	0.0	0.0	0.0	0.0
9	Nib International Bank	1,056.0	1,563.7	1,671.67	1678.39	1,666.10	1300.96	57.7	-16.8	-0.3	-22.5
10	Lion International Bank	449.4	398.63	1,328.48	153.72	691.39	278.11	53.9	-30.2	-48.0	80.9
11	Oromia International Bank	496.5	282.2	572.78	400.21	502.34	487.94	1.1	72.9	-12.3	21.9
12	Zemen Bank	598.6	742.7	286.32	551.57	196.51	548.41	-67.2	-26.2	-31.4	-0.6
13	Cooperative Bank of Oromia	190.35	161.1	135.37	207.82	64.13	214.43	-66.3	33.1	-52.6	3.2
14	Buna International Bank	311.6	19.1	970.68	73.01	208.27	219.77	-33.2	5	-78.5	201.0
15	Birhan International Bank	214.7	370.4	128.29	31.40	137.27	142.76	-36.1	-61.5	7.0	354.6
16	Abay Bank	162.9	55.9	276.36	154.93	277.77	236.32	-	-	0.5	52.5
17	Addis International Bank	77.2	20.9	509.60	42.70	1,103.39	50.99	-	-	116.5	19.4
18	Debub Global Bank					34.10	10.50	-	-	-	-
	<b>Total</b>	<b>32,415.63</b>	<b>22,790.80</b>	<b>41,230.75</b>	<b>21813.65</b>	<b>36,321.78</b>	<b>26,274.31</b>	<b>12.05</b>	<b>15.28</b>	<b>-11.91</b>	<b>20.45</b>
	<b>Average Exchange Rate</b>	<b>17.3204</b>	<b>17.6554</b>	<b>18.074</b>	<b>18.4291</b>	<b>18.2967</b>	<b>18.6470</b>	<b>5.64</b>	<b>5.62</b>	<b>1.23</b>	<b>1.18</b>

**Source:** NBE, Foreign Exchange Monitoring & Reserve Management Directorate and staff compilation



Concerning the exchange rate between USD and major international currencies, the average exchange rate of the US dollar appreciated against Japanese Yen (14 percent), SDR (1.2 percent), Pound Sterling (1.1 percent) and Swiss Frank (0.8 percent), but depreciated by 1.2 percent against Euro (Table 5.12).

**Table 5.12: Period Average Exchange Rates (USD per Other Major International Currencies)**

Period		EURO			JAPANESE YEN			SDR			POUND STERLING			SWISS FRANK		
		Buying	Selling	Mid Rate	Buying	Selling	Mid Rate	Buying	Selling	Mid Rate	Buying	Selling	Mid Rate	Buying	Selling	Mid Rate
<b>2011/12</b>																
<b>Qtr. III</b>	<b>A</b>	<b>1.3108</b>	<b>1.3108</b>	<b>1.3108</b>	<b>0.0126</b>	<b>0.0126</b>	<b>0.0126</b>	<b>1.5412</b>	<b>1.5403</b>	<b>1.5407</b>	<b>1.5703</b>	<b>1.5703</b>	<b>1.5703</b>	<b>1.0848</b>	<b>1.0848</b>	<b>1.0848</b>
January		1.2901	1.2901	1.2901	0.0130	0.0130	0.0130	1.5341	1.5341	1.5341	1.5501	1.5501	1.5501	1.0646	1.0646	1.0646
February		1.3218	1.3218	1.3218	0.0128	0.0128	0.0128	1.5484	1.5457	1.5470	1.5796	1.5796	1.5796	1.0949	1.0949	1.0949
March		1.3206	1.3206	1.3206	0.0121	0.0121	0.0121	1.5411	1.5411	1.5411	1.5812	1.5812	1.5812	1.0948	1.0948	1.0948
<b>2012/13</b>																
<b>Qtr. II</b>	<b>B</b>	<b>1.2969</b>	<b>1.2969</b>	<b>1.2969</b>	<b>0.0123</b>	<b>0.0123</b>	<b>0.0123</b>	<b>1.5364</b>	<b>1.5364</b>	<b>1.5364</b>	<b>1.6062</b>	<b>1.6062</b>	<b>1.6062</b>	<b>1.0735</b>	<b>1.0820</b>	<b>1.0778</b>
October		1.2969	1.2969	1.2969	0.0127	0.0127	0.0127	1.5407	1.5407	1.5407	1.6084	1.6084	1.6084	1.0719	1.0719	1.0719
November		1.2826	1.2826	1.2826	0.0124	0.0124	0.0124	1.5294	1.5293	1.5293	1.5963	1.5963	1.5963	1.0640	1.0640	1.0640
December		1.3113	1.3113	1.3113	0.0120	0.0120	0.0120	1.5390	1.5390	1.5390	1.6140	1.6140	1.6140	1.0846	1.1103	1.0974
<b>Qtr. III</b>	<b>C</b>	<b>1.3261</b>	<b>1.3261</b>	<b>1.3261</b>	<b>0.0109</b>	<b>0.0109</b>	<b>0.0109</b>	<b>1.5233</b>	<b>1.5199</b>	<b>1.5216</b>	<b>1.5534</b>	<b>1.5534</b>	<b>1.5534</b>	<b>1.0759</b>	<b>1.0759</b>	<b>1.0759</b>
January		1.3418	1.3418	1.3418	0.0113	0.0113	0.0113	1.5356	1.5356	1.5356	1.5999	1.5999	1.5999	1.0824	1.0824	1.0824
February		1.3391	1.3391	1.3391	0.0107	0.0107	0.0107	1.5300	1.5199	1.5250	1.5520	1.5520	1.5520	1.0878	1.0878	1.0878
March		1.2974	1.2974	1.2974	0.0106	0.0106	0.0106	1.5042	1.5042	1.5042	1.5082	1.5082	1.5082	1.0575	1.0575	1.0575
<b>Percentage Changes</b>	<b>C/A</b>	<b>1.16</b>	<b>1.16</b>	<b>1.16</b>	<b>-14.06</b>	<b>-14.00</b>	<b>-14.03</b>	<b>-1.16</b>	<b>-1.33</b>	<b>-1.24</b>	<b>-1.08</b>	<b>-1.08</b>	<b>-1.08</b>	<b>-0.82</b>	<b>-0.82</b>	<b>-0.82</b>
	<b>C/B</b>	<b>2.25</b>	<b>2.25</b>	<b>2.25</b>	<b>-12.02</b>	<b>-11.95</b>	<b>-11.99</b>	<b>-0.85</b>	<b>-1.07</b>	<b>-0.96</b>	<b>-3.29</b>	<b>-3.29</b>	<b>-3.29</b>	<b>0.22</b>	<b>-0.57</b>	<b>-0.17</b>

**Source:** NBE, Foreign Exchange Monitoring & Reserve Management Directorate and staff compilation

Following the movements of the US dollar, the Birr also depreciated against most major currencies except against Japanese Yen. Year-on-year basis, the annual depreciation of Birr vis-à-vis Euro was 6.9 percent and vis-à-vis USD

5.7 percent. With respect to Swiss Frank, Pound Sterling and SDR, the Birr depreciated by 4.8 percent, 4.6 percent and 4.4 percent, respectively (Table 5.12).

**Table 5.13: Period Average Exchange Rates (Birr per Major Currencies)**

Period		Currency																	
		USD			EURO			JAPANESE YEN			SDR			POUND STERLING			SWISS FRANK		
		Buying	Selling	Mid Rate	Buying	Selling	Mid Rate	Buying	Selling	Mid Rate	Buying	Selling	Mid Rate	Buying	Selling	Mid Rate	Buying	Selling	Mid Rate
<b>2011/12</b>																			
<b>Qtr. III</b>	<b>A</b>	<b>17.3080</b>	<b>17.4231</b>	<b>17.3945</b>	<b>22.6884</b>	<b>22.9152</b>	<b>22.8018</b>	<b>0.2186</b>	<b>0.2208</b>	<b>0.2197</b>	<b>26.6749</b>	<b>26.9258</b>	<b>26.8004</b>	<b>27.1795</b>	<b>27.4513</b>	<b>27.3154</b>	<b>18.7757</b>	<b>18.9635</b>	<b>18.8696</b>
January		17.2506	17.4231	17.3369	22.2546	22.4771	22.3659	0.2240	0.2263	0.2252	26.4642	26.7288	26.5965	26.7410	27.0084	26.8747	18.3649	18.5488	18.4569
February		17.3086	17.4231	17.3951	22.8779	23.1066	22.9923	0.2212	0.2234	0.2223	26.8007	27.0211	26.9109	27.3410	27.6144	27.4777	18.9512	19.1407	19.0460
March		17.3647	17.4231	17.4515	22.9326	23.1620	23.0473	0.2107	0.2128	0.2117	26.7599	27.0275	26.8937	27.4566	27.7312	27.5939	19.0108	19.2010	19.1059
<b>2012/13</b>																			
<b>Qtr. II</b>	<b>B</b>	<b>18.0746</b>	<b>18.2554</b>	<b>18.1650</b>	<b>23.4423</b>	<b>23.6767</b>	<b>23.5595</b>	<b>0.2230</b>	<b>0.2253</b>	<b>0.2241</b>	<b>27.7693</b>	<b>28.0470</b>	<b>27.9082</b>	<b>29.0320</b>	<b>29.3222</b>	<b>29.1771</b>	<b>19.4032</b>	<b>19.7539</b>	<b>19.5786</b>
October		18.0005	18.1805	18.0905	23.3449	23.5783	23.4616	0.2284	0.2307	0.2295	27.7339	28.0112	27.8725	28.9514	29.2409	29.0961	19.2943	19.4872	19.3908
November		18.0742	18.2551	18.1646	23.1818	23.4136	23.2977	0.2235	0.2258	0.2247	27.6417	27.9181	27.7799	28.8518	29.1400	28.9959	19.2303	19.4226	19.3264
December		18.1492	18.3307	18.2400	23.8001	24.0381	23.9191	0.2171	0.2193	0.2182	27.9324	28.2117	28.0721	29.2928	29.5857	29.4392	19.6850	20.3520	20.0185
<b>Qtr. III</b>	<b>C</b>	<b>18.2971</b>	<b>18.4801</b>	<b>18.3886</b>	<b>24.2598</b>	<b>24.5025</b>	<b>24.3811</b>	<b>0.1987</b>	<b>0.2008</b>	<b>0.1997</b>	<b>27.8682</b>	<b>28.0854</b>	<b>27.9815</b>	<b>28.4156</b>	<b>28.6998</b>	<b>28.5577</b>	<b>19.6835</b>	<b>19.8803</b>	<b>19.7819</b>
January		18.2233	18.4055	18.3144	24.4513	24.6959	24.5736	0.2055	0.2080	0.2068	27.9828	28.2626	28.1227	29.1547	29.4463	29.3005	19.7248	19.9220	19.8234
February		18.2962	18.4792	18.3877	24.4923	24.7372	24.6148	0.1966	0.1986	0.1976	27.9874	28.0826	28.0491	28.3837	28.6676	28.5257	19.8978	20.0968	19.9973
March		18.3718	18.5555	18.4637	23.8359	24.0742	23.9551	0.1939	0.1958	0.1948	27.6345	27.9108	27.7727	27.7084	27.9855	27.8470	19.4279	19.6222	19.5251
<b>Percentage Change</b>	<b>C/A</b>	<b>5.71</b>	<b>6.07</b>	<b>5.71</b>	<b>6.93</b>	<b>6.93</b>	<b>6.93</b>	<b>-9.14</b>	<b>-9.07</b>	<b>-9.11</b>	<b>4.47</b>	<b>4.31</b>	<b>4.41</b>	<b>4.55</b>	<b>4.55</b>	<b>4.55</b>	<b>4.84</b>	<b>4.83</b>	<b>4.83</b>
	<b>C/B</b>	<b>1.23</b>	<b>1.23</b>	<b>1.23</b>	<b>3.49</b>	<b>3.49</b>	<b>3.49</b>	<b>-10.92</b>	<b>-10.86</b>	<b>-10.89</b>	<b>0.36</b>	<b>0.14</b>	<b>0.26</b>	<b>-2.12</b>	<b>-2.12</b>	<b>-2.12</b>	<b>1.44</b>	<b>0.64</b>	<b>1.04</b>

**Source:** Staff Compilation



**Table 5.14: Birr per Unit of Currency End Period mid Market Rate**

Currency	Mar-12	Dec-12	Mar-13	Percentage change	
	A	B	C	A/C	A/B
USD	17.4772	18.2752	18.5007	5.9	1.2
Pound	27.7380	29.4195	28.0304	1.1	-4.7
Swedish Kroner	2.6225	2.8045	2.8359	8.1	1.1
Djibouti Frank	0.0981	0.1026	0.1038	5.9	1.2
Swiss Frank	19.2543	19.9207	19.4009	0.8	-2.6
Saudi Riyal	4.6600	4.8721	4.9332	5.9	1.3
UAE Dirhams	4.7582	4.9753	5.0368	5.9	1.2
Canadian Dollar	17.4684	18.3597	18.2040	4.2	-0.8
Japanese Yen	0.2125	0.2117	0.1966	-7.5	-7.1
Euro	23.2062	24.0722	23.6623	2.0	-1.7
SDR	27.0375	28.1709	27.6801	2.4	-1.7

**Source:** Staff Compilation

### 5.7.2. Movements in the Real Effective Exchange Rate

After continuous appreciation during the first half of 2012/13, the real effective exchange rate (REER) depreciated by 2.2 percent in the third quarter of the fiscal year as domestic inflation drastically declined to 5.9 percent from 19 percent in the first quarter and 12.9 percent in the second quarter of the

fiscal year. Hence, the REER depreciated by 0.5 percent in the third quarter and 4.9 percent in the preceding quarter.

In the review period, the NEER depreciated by 0.4 percent and 2.5 percent on quarterly and on annual basis, respectively (Table 5.15).

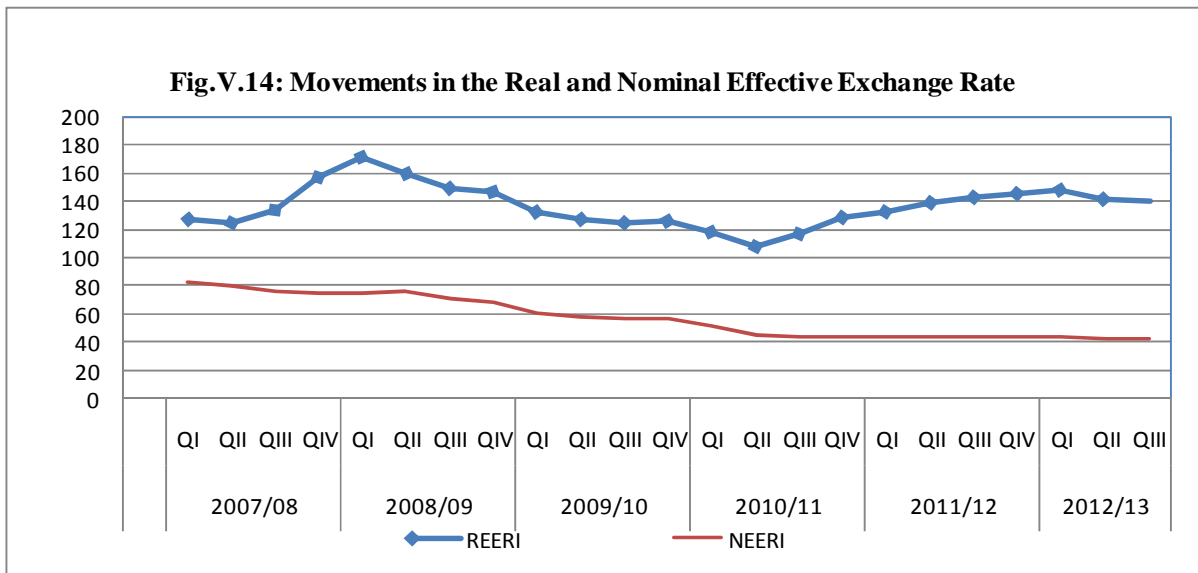
**Table 5.15 Trends in the Real and Nominal Effective Exchange Rates**

Items	2011/12	2012/13		Percentage Change	
	QIII	QII	QIII		
	A	B	C	C/A	C/B
REERI	143.4	141.1	140.3	-2.2	-0.5
NEERI	43.2	42.3	42.1	-2.5	-0.4

Source: Staff Compilation

**NB:**

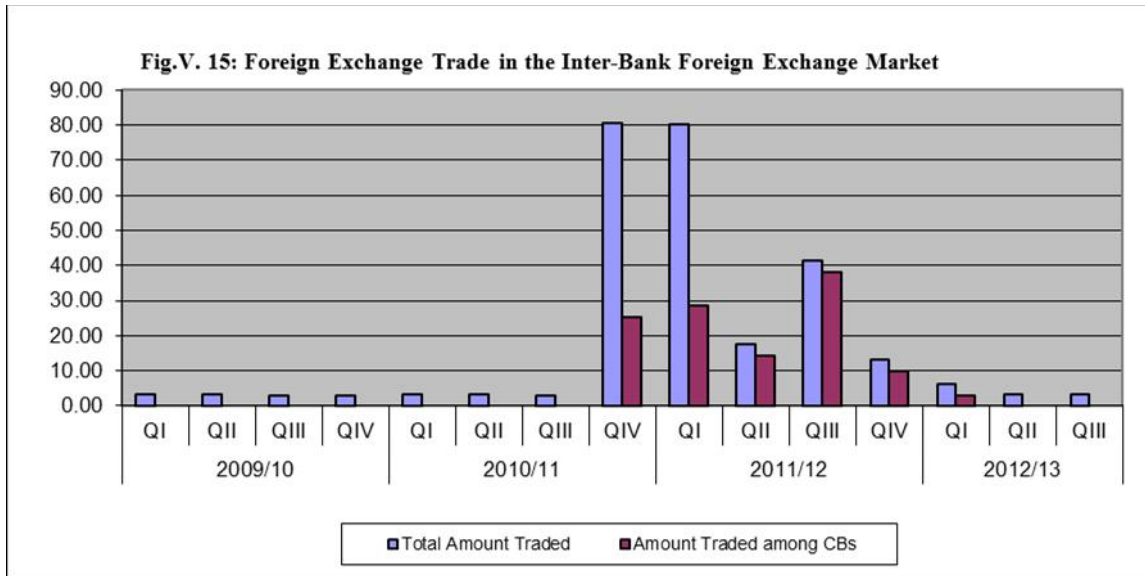
- REERI = Real Effective Exchange Rate Index, NEERI = Nominal Effective Exchange Rate Index
- A decrease in the REERI and NEERI implies depreciation and vice versa.



### **5.7.3 Volume of Transactions**

In the third quarter of 2012/13, the total amount of foreign exchange traded in the inter-bank foreign exchange market was USD 3.1 million, which was 92.6 percent lower than the transaction made in the same quarter last year.

The whole amount of foreign exchange traded during the review period was supplied by NBE as there was no transaction made among commercial banks (Table 5.10)



During the review period, forex bureau of commercial banks purchased USD 36.3 million from clients and sold USD 26.3 million foreign exchange to their customers, depicting 12.1 percent and 15.3 percent growth, respectively, compared last year.

In the meantime, the average buying and selling exchange rates stood at Birr 18.2967/USD and Birr 18.6470/USD respectively, resulting in 1.91 percent spread between the two rates (Table 5.11).