

The Monthly Macroeconomic Indicators for the Month of January, 2009

1. Inflation

The annual average headline inflation stood at 45.6 percent as of January which was 28.1 and 1.2 percentage points up from its level of same month last fiscal year and in December 2008, respectively. This was largely driven by a continuous rise in both food and non food inflation. Food inflation reached 60.9 percent in January 2009, compared to 22.8 percent last year and 60.0 percent in the previous month. Similarly, annualized core inflation rose to 23.4 percent during the review month compared to 10.5 percent a year ago. On monthly basis, inflation increased breaking the downward trend since August 2008. Accordingly, the monthly general, food and non-food inflation stood at respective rates of 0.4, 0.5 and 0.3 percent by end January 2009, while annual inflation continued to subside.

In Addis Ababa, annualized headline inflation reached 34.7 percent showing a 1.2 percentage points increase over the preceding month. Food inflation in Addis Ababa surged to 51.1 percent in January 2009 from 49.6 percent a month earlier. Similarly, annualized core inflation rate was 22.0 percent, up by 0.9 percentage point from its level of the preceding month. At the same time, monthly general, food and non-food inflation were down -1.4, -1.9 and -0.9, respectively.

2. Monetary Aggregates

By the end of January 2009, broad money supply (M₂) reached Birr 76.7 billion indicating annual growth rate of 21.5 percent due to 46.2 percent increase in net foreign assets in spite of 2.4 percent decline in domestic credit. Meanwhile, all types of deposits tended to increase annually during the review period with the exception of time deposit which registered a decline of 19.4 percent on annual basis.

3. Interest rates

During the month of January 2009, average lending rate of public banks stood at 9.0 percent and that of private banks at 11.5 percent. Similarly, the average savings deposit rate was 4.0 percent for both public and private banks. At the same time, average time deposit rate was 4.0 percent for

public banks and 5.69 percent for private banks. Average demand deposit rate was 0.23 percent. Currently, Dashen, United and Wegagen Banks pay interest on demand deposits.

4. Treasury bills market

In the month of January 2009, T-bills worth Birr 1052 million were supplied to the auction market against demand of Birr 1442 million. T-bills worth Birr 1.1 billion were sold during the review month. The average weighted yields for 28 day and 91 day T-bills increased to 0.69 and 1.05 percent compared to 0.63 and 0.87 percent in the preceding month. There was no demand for 182 day T-bills

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 inter-bank market reached Birr 10.738/USD in January 2009. The monthly and annual rates of depreciation of the Birr against USD were 8 and 16.6 percent, respectively. The parallel market rate stood at Birr 12.264/USD bringing the premium between the inter-bank and parallel markets to 14.2 percent.

8. External Trade

In the review month, total value of exports amounted to USD 130.8 million, about 58 and 1.2 percent higher than USD 82.8 million in the previous month and USD 129.2 million a year ago. On the other hand, imports went down by 15 and 17.5 percent to reach USD 527 million compared to USD 621.2 million last month and USD 638.6 million in January 2008. As a result, the monthly merchandise trade deficit narrowed by 26.4 percent.

9. Composition of the Financial Sector

The total number of banks stood at 13 and that of insurance companies and MFIs 12 and 29 respectively. The total number of bank branches was 597 and that of insurance companies 175. Total number of forex bureaus reached 307.

10. Banking Operations

Newly disbursed loans during the review month were Birr 1.8 billion, 22.8 and 37.8 percent lower than the preceding month and the corresponding month of last year, respectively. Meanwhile, banks collected Birr 1.4 billion, 19.7 percent less compared to the previous month although the loan collection went up by 17.6 percent vis-à-vis a year earlier. Outstanding loans by the banking system increased to Birr 44.2 billion by end of the review month, in contrast to Birr 35.3 billion last year same period.

11. Summary and Conclusion

The available macro-economic indicators during the review period indicated a rising average annual inflation (but slowdown in annual terms), slowdown in the annual and monthly growth rates of money supply, continued depreciation of the Birr both in the inter-bank and parallel markets, an increase in exports and slight decline in imports, upward shift in the T-bills yield and inactive money market.

12.SELECTED MONTHLY MACROECONOMIC INDICATORS

Sr. No	Indicators	Jan- 08	Mar- 08	Jun- 08	Sept- 08	Dec- 08	Jan- 09
1	Inflation						
	a) Addis Ababa						
	- Month on month	0.6	6.2	7.0	0.8	-2.9	-1.4
	- Average annual	17.3	17.8	20.8	27.0	33.5	34.7
	b) National						
	- Month on month	1.5	7.5	12.7	1.0	-5.8	0.4
	- Average annual	17.5	19	25.3	37.2	44.4	45.6
2	Investment¹						
	a) Projects approved	..	2100	3256	2951	1966	..
	b) Capital investment size (in mn. Birr)	..	45,026.9	61333.2	31,497.3	28,510.3	..
	c) Potential employment creation						
	- Permanent	..	139613	218822	112076	73702	..
	- Temporary	..	223299	453667	279918	167258	..
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	11.50	11.50	11.50
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	4.08	4.08	4.08
	b) Time deposit						
	- Public banks	4.00	4.00	4.00	4.00	4.00	4.00
	- Private banks	5.42	5.65	5.64	5.59	5.60	5.69
	c) Demand deposit						
	-Public banks	0.00	0.00	0.00	0.00	0.00	0.00
	-Private banks	0.22	0.21	0.21	0.18	0.23	0.23
5	Inter- bank Money Market Rate (in%)						
6	Treasury Bill						
	a) 28 day						
	- Average weighted price (for 100 Birr)	99.96	99.96	99.89	99.96	99.95	99.95
	- Average weighted yield (%)	0.49	0.48	1.45	0.57	0.63	0.69
	.-Supply	900	600	560	280	340	340
	.-Demand	1790	560	493	860	1560	340
	Satisfied demand	50.28	107.14	113.70	32.56	21.79	100.00
	b) 91 day						
	- Average weighted price (for 100 Birr)	99.88	99.86	99.82	99.78	99.78	99.74
	- Average weighted yield (%)	0.46	0.57	0.72	0.90	0.87	1.05
	.-Supply	1150	800	1070	1457	2432	652

	.-Demand	1780	1070	1575	2319	4789	1102
	Satisfied demand	64.61	74.77	67.94	62.83	50.78	59.17
	c) 182 day						
	- Average weighted price (for 100 Birr)	99.73	99.81	99.66	99.69	99.67	0.00
	- Average weighted yield (%)	0.55	0.38	0.68	0.63	1.01	0.00
	.-Supply	2157	1706	1742	1533	1216	60
Sr. No	Indicators	Jan-08	Mar-08	Jun-08	Sept-08	Dec-08	Jan-09
	.-Demand	2292	1533	1164	1255.00	1140	0.00
	Satisfied demand	94.11	111.29	149.66	122.15	106.67	0.00
7	Budget Deficit (in mn. Birr)¹	291.8	-686.0	-1691.0	-1221.8	NA	NA
	a) Revenue and grants	2600.4	8534	9236	8966	NA	NA
	b) Expenditure*	2308.6	7848	10927	10187.8	NA	NA
	- Recurrent	691.7	2018	2254	2412.4	NA	NA
	- Capital	230.2	2270	5198	4158.4	NA	NA
	- Regional transfers	1386.7	3560	3475	3617	NA	NA
8	Monetary Aggregates (in mn. Birr)						
	8.1 Broad Money	63,138.9	65,714.4	68,182.14	71,436.34	75,904.03	76,696.23
	a) Monthly change (%)	3.3	2.1	0.4	1.2	2.2	1.0
	b) Annual change (%)	24.5	23.3	20.4	22.2	24.1	21.5
	8.2 Narrow Money Supply	32,412.9	34,235.3	35,350.36	36,971.49	40,382.41	40,737.60
	- Currency outside banks	14,973.4	16,772.6	17,654.10	16,337.59	17,432.87	18,474.02
	a) Monthly change (%)	3.7	2.7	0.4	-1.2	7.1	6.0
	b) Annual change (%)	23.2	31.3	28.8	25.7	20.7	23.4
	- Demand deposits (net)	17,439.5	17,462.8	17,696.26	20,633.90	22,949.54	22,263.58
	a) Monthly change (%)	4.7	2.5	-1.5	2.3	0.7	-3.0
	b) Annual change (%)	24.3	15.4	11.2	21.6	37.8	27.7
	8.3 Quasi-Money	30,726.0	31,479.1	32,831.78	34,464.85	35,521.62	35,958.63
	- Saving deposit	26,925.9	27,829.8	29,477.65	31,463.68	32,543.78	32,896.90
	a) Monthly change (%)	2.4	2.3	2.2	1.7	0.9	1.1
	b) Annual change (%)	23.0	24.3	24.3	25.9	23.7	22.2
	- Time deposit	3,800.1	3,649.3	3,354.13	3,001.17	2,977.84	3,061.72
	a) Monthly change (%)	1.3	-4.6	-3.6	0.9	1.7	2.8
	b) Annual change (%)	43.2	21.3	1.1	-14.7	-20.6	-19.4
	8.4 Reserve Money (in mn. Birr)	29,198.0	29,909.7	35,551.09	35,783.12	39,803.43	39,005.13
	a) Monthly change (%)	1.3	7.0	1.5	-0.9	4.9	-2.0
	b) Annual change (%)	27.5	21.3	30.2	32.3	38.1	33.6
	8.5 Net Foreign Assets	14,109.9	13,000.1	11,665.63	10,387.77	9,000.98	13,160.89
	a) National Bank of Ethiopia	8,808.2	7,254.7	5,940.65	4,976.66	6,137.41	8,839.06
	b) Commercial banks	5,301.7	5,745.4	5,724.98	5,411.11	2,863.57	4,321.83
	8.6 Banking statistics(in million.Birr) ⁴						
	a) Disbursement	2903.493	2223.9	2879.0	1391.7	2339.4	1806.0
	b) Collection	1175.874	1389.573	2388.6	1296.7	1723.9	1383.3
	c) Outstanding credit of the banking system	35299.2	39444.62	41339.8	42243.8	44193.4	44233.5
9	Total Net Domestic Credit (in mn. Birr)	71064.06	73476.09	79,969.25	84,088.59	85,327.66	83,281.20
	a) Government	32873.29	30718.38	33,075.7	34,872.4	31,944.4	29,250.4
	b) Other sectors	38190.77	42757.71	46,893.6	49,216.2	53,383.3	54,030.8
10	Structure of Financial System						

	10.1 Number banks ²	11	11	11	13	13	13
	- Public	3	3	3	3	3	3
	- Private	8	8	8	10	10	10
	Total number of bank branches	531	546	562	568	596	597
	10.2 Number of forex bureaux	220	228	253	286	293	307
Sr. No	Indicators	Jan-08	Mar-08	Jun-08	Sept-08	Dec-08	Jan-09
	10.3 Number of insurance companies	10	10	10	10	11	12
	- Public	1	1	1	1	1	1
	- Private	9	9	9	9	10	11
	Total number of insurance branches	165	169	172	177	175	175
	10.4 Number of micro-financing institutions	28	28	28	30	29	29
11	Reserve and liquidity ratio of the Banking System(in mn.Birr)						
	11.1 Actual reserves	11675.6	10277.6	15,233.0	14,371.4	17,221.8	15,217.7
	11.2 Excess reserves	5713.8	4324.8	6,120.1	4,651.5	6,609.8	4,769.7
	11.3 Liquidity ratio (in percent)	55.2	46.7	45.3	40.9	39.6	38.4
12	Export and Import (In mill.USD)						
	12.1 Total Import	638.61	583.0	683.28	662.86	621.18	526.96
	12.2 Total Export	129.20	173.4	160.94	104.24	82.76	130.8
	12.3 Coffee Export						
	12.3.1 Sales value (in mn. USD)	24.6	60.9	68.1	30.8	NA	NA
	a) Dry coffee sales value	12.5	37	45.4	21.3	NA	NA
	b) Washed coffee sales value	12.1	23.9	22.7	9.5	NA	NA
	12.3.2. Sales volume (in Mn Kg)	7.584	19.2	21.32	9.85	NA	NA
	a) Dry coffee sales volume (in Mn Kg)	4.049	12.9	15.62	7.81	NA	NA
	b) Washed coffee sales volume (in Mn Kg)	3.535	6.2	5.7	2.04	NA	NA
	12.4 ICO 1976 composite USC/LB	122.33	136.17	130.51	126.69	103.07	108.39
13	Exchange Rates						
	14.1 Average official exchange rate (Birr/US Dollar)	9.2113	9.4526	9.6100	9.6838	9.9409	10.738
	14.2 Average parallel market exchange rate (Birr/US Dollar)	9.6773	NA	NA	10.380	11.083	12.264

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.