The Monthly Macroeconomic Indicators for the Month of December, 2007

1. Inflation

By end December 2007, the annualized headline inflation reached 17.2 percent from 17.1 percent in the preceding month and 12.3 percent in the same period of last year. Similarly, the food inflation increased to 21.9 percent from 21.3 percent in the preceding month. Component wise annual and monthly rise of food inflation was observed in 'spices' (150.9%), 'oils and fats' (32.2%), 'vegetables' (24.6%), 'bread and prepared food' (19.9%), and 'milling' (15.1%).

Meanwhile, annualized core (non-food) inflation rate declined to 11.0 percent at the end of the review month from 11.5 percent in the preceding month. Year-on-years basis, however, core inflation was 0.6 percentage points higher mainly due to the significant rise in the indexes of 'furniture'(17.6%), 'medical care'(7.8%), 'recreation, entertainment and education'(6.0%), 'clothing and foot wear'(9.7%) and 'miscellaneous'(1.8%).

In Addis Ababa, annualized headline inflation went down to 17.7 percent showing a 0.5 percentage points decline over the preceding month; but 3.7 percentage points higher than the same month of 2006. Similarly, annualized food inflation slightly dropped to 27.0 percent from 27.3 in the preceding month. Annualized core inflation rate was 10.9 percent down by 0.5 percentage points on monthly basis but 1.7 percentage points higher than that of the same period of last year.

2. Monetary Aggregates

By the end of December 2007, broad money supply (M₂) reached Birr 61.5 billion indicating annual growth rate of 23.4 percent due to 32.9 percent increase in net foreign assets and 26.5 percent surge in domestic credit. Meanwhile, all types of deposits namely time deposit, demand deposit and saving deposit tended to increase during the review period.

3. Interest rates

In the review period, the yearly average lending rate stood at 9.0 percent (up from 8.0 percent in June 2007) for public banks and 11.5 percent (up from 10.5 percent) for private banks. Similarly, the average savings deposit rate was 4.00 percent for public banks and 4.08 percent for private banks. At the same time, average time deposit rate was 4.00 percent for public banks and 5.43 percent for private banks. Average demand deposit rate was 0.22 percent showing a 0.13 percentage points decline on yearly basis. Dashen Bank, United Bank and Wegagen Bank were the only commercial banks paying interest on demand deposits.

4. Treasury bills market

T-bills worth of Birr 3149 million were supplied to the market against demand for T-bills to the tune of Birr 4159 million. The average weighted yields for 28 day T-bill rose to 0.454 percent from 0.184 percent in the preceding month. Similarly, the respective average yields for 91 and 182 day T-bills reached 0.177 and 0.100 percent from 0.095 and 0.026 percent in the month of November 2007.

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

In the review month, the average exchange rate reached Birr 9.1281/USD in the interbank market and Birr 9.5308/USD in the parallel market. Accordingly, the parallel market premium slightly went up to 4.41 percent from 3.60 percent.

The monthly and annual rates of depreciation of the Birr against USD in the inter-bank foreign exchange market were 0.9 and 4.3 percent while in the parallel market, the Birr depreciated by 1.7 and 7.3 percent on monthly and yearly basis, respectively.

8. External Trade

Total value of exports stood at USD 109.0 million, up by 30.6 and 19.4 percent against the preceding month and same period of last year. On the other hand, the total value of monthly imports went down by 7.5 percent to USD 394.68 million. The yearly decline was 6.0 percent. Hence, the merchandise trade deficit narrowed by 16.8 percent on monthly and 13.1 percent on yearly basis.

9. Composition of the Financial Sector

The total number of banks, insurance companies and MFI remained at 11, 10 and 28 respectively. Foreign exchange bureaux also stood at 220. With three new branches opened by Bank of Abyssinia and Dashen Bank, the total number of bank branches by end December 2007 reached 522. Total insurance branches were 164 during the same period.

10. Banking Operations

Newly disbursed loans during the review month reached Birr 2.35 billion; 19.3 percent higher than the preceding month and 57.6 percent greater than that of the corresponding month of last year. Meanwhile, banks collected Birr 1.7 billion in loan which was significantly higher both in terms of monthly and annual performance. Outstanding lending by the banking system also tended to increase and reached Birr 33.4 billion by end December 2007.

11. Summary and Conclusion

The available macro-economic indicators during the review period indicated a slight increase in the headline inflation rate, moderate monetary expansion, growing banking activity, continued depreciation of the Birr both in the inter-bank and parallel markets, increase in exports and slow down in imports, upward shift in the T-Bills yield and inactive money market.

SELECTED MONTHLY MACROECONOMIC INDICATORS

Indicators	Oct. 2006	Nov. 2006	Dec. 2006	August 2007	Sept. 2007	Oct. 2007	Nov. 2007	Dec. 2007
1.7.0								
1. Inflation ¹ 1.1. Addis Ababa								
1.1. Addis Ababa								
- Month on month	1.3	0.1	0.5	1.8	1.8	-0.3	-0.9	3.1
-Average Annual	11.6	12.8	14.0	19.8	19.5	18.9	18.2	17.2
1.2. National								
- Month on month	0.7	0.5	0.8	2.9	2.4	1.6	0.1	1.0
- Average annual	11.3	11.7	12.3	16.1	16.5	16.9	17.1	17.2
2. Investment ²								
2.1 Project approval	NA	NA	931.0	NA	1793	NA	NA	NA
2.2. Capital investment size (in mn.	NA	NA	23,687.7	NA	23,050.14	NA	NA	NA
Birr)								
2.3. Potential employment creation								
- Permanent	NA	NA	91,671.0	NA	84,332	NA	NA	NA
- Temporary	NA	NA	45,060.0	NA	187,179	NA	NA	NA
3. Interest rate								
3.1 Average Lending Rates (%)								
- Public banks	8.0	8.0	8.0	9.0	9.0	9.0	9.0	9.0
- Private banks	10.50	10.50	10.50	11.50	11.50	11.50	11.50	11.50
3.2. Average Deposit Rates (%)								
- Saving deposit								
a) Public banks	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
b)Private banks	3.03	3.03	3.03	4.08	4.08	4.08	4.08	4.08
- Time deposit	2.00	2.00	2.00	4.00	4.00	4.00	4.00	1.00
a) Public banks	3.00 4.29	3.00 4.30	3.00 4.29	5.39	4.00	4.00 5.39	4.00	4.00
b) Private banks - Demand deposit	4.29	4.30	4.29	3.39	5.39	3.39	5.42	5.43
- Demand deposit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
a)Public banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b)Private banks	0.37	0.36	0.35	0.22	0.22	0.22	0.22	0.22
3.3. Inter- bank money market rate (%)								
3.4. Treasury Bill								
- 28 day								
a) Average weighted price (for	99.996	99.950	99.933	99.934	99.920	99.918	99.986	99.965
100 Birr)								
1) 4	0.052	0.652	0.871	0.866	1.040	1.069	0.184	0.454
b) Average weighted yield (%) c)Supply (min. birr)	2476.5	500.0	2691.5	3000.0	1500.0	1000.0	2691.5	600.0
c)supply (min. birr)	2882.5	1174.0	2862.5	4233.0	2105.0	2023.0	2941.5	1150.0
d)Demand (min. birr)	2002.3	1174.0	2002.3	4233.0	2103.0	2023.0	2941.3	1130.0
e) Satisfied demand (%)	85.90	42.59	94.00	70.87	71.26	49.43	91.50	52.17
c, 2002-12 200-10 (/-)		12.07	,	7,414.	, , , , ,		7 - 10 - 1	
- 91 day								
a) Average weighted price (for 100 Birr)	99.988	99.950	99.881	99.720	99.702	99.689	99.976	99.956
b) A	0.048	0.201	0.478	1.127	1.199	1.252	0.095	0.177
b) Average weighted yield (%) c)Supply (min. birr)	2807.5	350	1300.0	3550	1400	1300	2407.5	1000
d)Demand (min. birr)	3007.5	370	1530.0	3640	1500	1300	2732.5	1200
e) Satisfied demand (%)	93.35	94.59	84.97	97.53	93.33	100.00	88.11	83.33
-182 day	73.33	74.37	04.71	71.33	75.55	100.00	00.11	05.55
a) Average weighted price (for 100 Birr)	99.987	99.950	99.000	99.482	99.456	99.376	99.987	99.950

	Oct.	Nov.	Dec.	Angust	Sept.	Oct.	Nov.	Dec.
	2006	2006	2006	August 2007	2007	2007	2007	2007
Indicators	2000	2000	2000	2007	2007	2007	2007	2007
b) Average weighted yield (%)	0.026	0.100	2.026	1.044	1.097	1.260	0.026	0.100
c)Supply (min. birr)	641.0	800.0	200.0	2307.0	1,706.0	2534.0	200.0	1549.0
d)Demand (min. birr)	110.0	900.0	125.0	3072.0	2,456.0	2604.0	100.0	1809.0
e) Satisfied demand (%)	582.73	88.89	160.00	75.1	69.46	97.31	200.00	85.63
4. Public Finance ³								
4.1 Budget Deficit (in mn. Birr)	NA	NA	-475.2	NA	-574	NA	NA	NA
4.2. Revenue and grants(in mn Birr)	NA	NA	6223.2	NA	7039	NA	NA	NA
4.3 Expenditure(in mn Birr)	NA	NA	6698.5	NA	7613	NA	NA	NA
- Recurrent	NA	NA	1396.6	NA	1760	NA	NA	NA
- Capital	NA	NA	2526	NA	2813	NA	NA	NA
- Regional transfers	NA	NA	2759.4	NA	3041	NA	NA	NA
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5. Monetary Aggregates (in mn. Birr)								
5.1 Broad Money	49,526.9	48,829.24	49,811.3	57,990.42	58,479.36	59,397.96	60,427.39	61,458.78
- Monthly change (%)	1.5	-1.4	2.0	0.3	0.8	1.6	1.7	1.7
- Annual change (%)	19.5	18.1	18.3	19.5	19.8	19.9	23.8	23.4
5.2 Narrow Money Supply	25,679.94	24,821.96	25,592.7	29,686.57	29,965.97	30,026.37	30,518.37	31,407.78
- Currency outside banks	10,867.1	11,313.13	11,606.4	13,146.84	12,997.43	12,813.84	13,675.07	14,446.95
a) Monthly change (%)	-0.5	4.1	2.6	-2.9	-1.1	-1.4	6.7	5.6
b) Annual change (%)	17.5	19.8	20.6	16.2	19.1	17.9	20.9	24.5
- Demand deposits (net)	14,812.9	13,508.83	13,986.4	16,539.72	16,968.54	17,212.54	16,843.30	16,960.84
a) Monthly change (%)	5.6	-8.8	3.5	-0.4	2.6	1.4	-2.1	0.7
b) Annual change (%)	26.4	19.6	20.8	20.5	20.9	16.2	24.7	21.3
5.3 Quasi-Money	23.846.9	24,007.28	24,218.6	28,303.85	28,513.39	29.371.59	29,909.03	30,051.00
- Saving deposit	21,472.8	21,592.66	21,677.1	24,761.62	24,994.42	25,651.15	25,997.20	26,300.64
a) Monthly change (%)	-0.3	0.6	0.4	1.9	0.9	2.6	1.3	1.2
b) Annual change (%)	14.5	14.5	13.4	17.1	16.1	19.5	20.4	21.3
- Time deposit	2,374.16	2,414.62	2,541.47	3,542,24	3,518.97	3.720.44	3,911.83	3750.4
a) Monthly change (%)	2,374.10	1.7	5.3	5.9	-0.7	5.7	5.1	-4.1
b) Annual change (%)	39.1	38.4	43.6	52.1	51.4	56.7	62.0	47.6
5.4 Reserve Money (in mn. Birr)	20,868.5	22,683.08	22,222.8	24,801.50	27054.02	27,710.97	27,228.06	28,830.99
a) Monthly change (%)	-1.4	8.7	-2.0	-7.3	9.1	2.4	-1.7	5.9
b) Annual change (%)	-15.0	-5.5	-8.4	24.4	27.8	32.8	20.0	29.7
5.5 Net Foreign Assets	9,935.20	9,672.01	10,696.7	13,524.97	13,996.77	13,666.45	13260.69	14,211.71
a) National Bank of Ethiopia	5,216.45	4,960.02	5,807.28	9,784.9	10,347.81	10,628.52	9934.54	10,067.38
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b) Commercial banks	4,718.75	4,711.99	4,889.43	3,740.05	3,648.96	3,037.93	3326.15	4,144.33
5 (Nat Danastia Condit (in ma Dim)	53,144.0	53,931.82	53,739.4	60,785.65	61,447.66	62,645.04	64,965.45	67,999.96
5.6 Net Domestic Credit (in mn. Birr)	26.244.4	26 720 4	25.065.2	20 174 2	20 110 0	20.702.0	21 202 1	22.245.2
a) Government	26,344.4	26,730.4	25,065.3	30,174.2	30,118.0	30,792.9	31,293.1	32,245.3
b) Other sectors	26,799.6	27,201.4	28,674.1	30,611.5	31,329.6	31,852.2	33,672.3	35,754.6
5.7 Banking statistics	1 100 0	12.12.7	1 100 1	007.01	1 020 00	4 424 41	1071.5	2252 -
a) Disbursement	1,482.0	1343.5	1,492.4	997.01	1,838.08	1,464.41	1971.5	2352.3
b) Collection	815.2	1183.0	1,110.7	1278.09	2,267.89	1,104.98	1078.0	1661.2
c) Outstanding borrowing of the banking system ⁴	2,042.5		2,066.5	2409.73	2,409.73	2450.0	2449.6	NA
d) Outstanding lending by the banking system	28,374.8	28542.5	29,449.7	30786.64	30,587.21	30,910.23	32311.6	33365.8
6. Structure of Financial System								
6.1 Number of commercial banks ⁵	11	11	11	11	11	11	11	11

Indicators	Oct.	Nov.	Dec.	August	Sept.	Oct.	Nov.	Dec.
indicators	2006	2006	2006	2007	2007	2007	2007	2007
- Public	3	3	3	3	3	3	3	3
- Private	8	8	8	8	8	8	8	8
- Total number of bank branches	434	434	454	501	504	514	519	522
6.2 Number of forex bureaux	46	46	46	75	200	218	220	220
6.3 Number of insurance companies	9	9	9	10	10	10	10	10
- Public	1	1	1	1	1	1	1	1
- Private	8	8	8	9	9	9	9	9
- Total number of insurance	141	143	143	146	148	148	149	164
branches								
6.4 Number of micro-financing institutions	27	27	27	28	28	28	28	28
7. Reserve and liquidity ratio of the Banking System (in mn.Birr)								
7.1 Actual reserves	8,516.3	9,740.1	8,839.6	9,935.8	12,014.8	12,531.9	11,047.4	12,445.8
7.2 Excess reserves	6,179.0	7,424.2	6,471.7	4,645.1	6,529.3	6,874.5	5,351.9	6,678.3
7.3 Liquidity ratio (in percent)	60.3	60.7	57.3	58.6	59.3	57.9	56.5	57.0
7.4 Outstanding loan of the banking system (in mn.Birr)	36,793.3	36,061.42	36,632.0	41,590.83	41,049.28	41,280.13	42,939.35	43,917.59
-Public banks	23,843.0	22,505.67	22,657.4	26,796.37	26,024.73	26,184.10	27,113.81	27,211.06
-Private banks	12,950.3	13,555.75	13,974.6	14,794.46	15,024.55	15,096.04	15,825.54	16,706.53
8. Import and Export (in mn.USD)								
8.1 Total Import	553.80	428.88	419.90	428.780	414.37	459.63	426.72	394.68
8.2 Total Export	63.29	77.56	91.31	111.481	66.64	75.21	83.5	109.02
8.3 Coffee Export								
8.3.1 Sales value (in mn. USD)	18.5	18.2	26.1	26.4	42.1	24.7	17.2	NA
- Dry coffee sales value	4.1	15.3	18.2	13.7	27.1	16.1	8.4	NA
- Washed coffee sales value	14.4	2.9	7.9	12.7	15	8.6	8.8	NA
8.3.2 Sales volume (in mn Kg)	8.52	8.54	11.50	9.8	15.6	9.2	6.0	NA
- Dry coffee sales volume (in mn Kg)	6.96	7.47	14.388	5.9	15.6	9.2	3.08	NA
- Washed coffee sales volume (in mn Kg)	1.56	1.07	2.853	3.9	4.8	3.0	2.92	NA
8.4 ICO 1976 composite USC/LB	95.53	103.48	108.01	107.98	113.20	115.71	114.43	118.16
9. Exchange Rates			İ					
9.1 Average official exchange rate (Birr/USD)	8.7032	8.7056	8.7504	9.0344	9.0371	9.0400	9.0431	9.1281
9.2 Average parallel market exchange rate (Birr/USD)	8.9305	8.9068	8.8805	9.3052	9.2769	9.2905	9.3691	9.5308

- Note:
 1 The base year has been changed to 2006 since October 2007.
 2 Since monthly data is not available, figures are quarterly.
 3 Since monthly data is not available, figures are quarterly.
 4 The figures included borrowing of DBE.
 5 Includes Development Bank of Ethiopia.