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NATIONAL BANK OF ETHIOPIA

ANNOUNCEMENT OF FOREIGN EXCHANGE AUCTION

24 February 2025 | Addis Ababa, Ethiopia

The National Bank of Ethiopia hereby announces that it will be conducting a Special Foreign Exchange Auction on February 25, 2025. The auction will be in the amount of \$60 million and is open for participation by all banks.

Following the comprehensive macroeconomic reform program launched in July 2024, Ethiopia's balance of payments position has been showing steady and significant improvement, thanks to rising exports, remittances, and capital inflows. In recent months, in particular, the delivery of record high gold supplies to the NBE (which is the sole authorized gold exporter in the country) has boosted the central bank's gold stocks and increased the level of foreign exchange reserves above NBE's initial expectations.

While higher-than-expected foreign exchange inflows are a welcome and positive outcome of the reform, it is important that they do not undermine the central bank's targets for monetary growth and inflation. Accordingly, in order to help offset what could potentially become excessive monetary growth and considering also the central bank's higher-than-expected foreign exchange position, the NBE has decided to conduct a sale of foreign exchange funds to the banking system. This operation will ensure that the current prudent monetary stance is maintained and improve FX market liquidity by providing the private sector with some portion of the higher-than-expected foreign exchange accumulation currently taking place at the central bank.

The NBE will closely monitor market developments over the coming weeks and may, if warranted, conduct additional foreign exchange sales as part of meeting its price and external stability objectives.

Interested banks are invited to submit their bids in the time frame and manner specified below.

FX Auction Date: Tuesday, February 25, 2025
Email submission: fxauction@nbe.gov.et
Bid Submission Period: 10:00 AM — 12:00 NOON
Bid Results Announcement: 3:00PM
Settlement: End of day, February 25, 2025