

(2004-1997)

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**A Review of The Performance of The Monetary Policy in Egypt
During (1997-2004)**

Abstract

The purpose of this paper is to review the performance of the monetary policy in Egypt during (1997-2004). Many salient economic laws and decrees were promulgated, such as the law NO 88/2003 on the central bank of Egypt (CBE), the banking system and currency. Also the decree on liberalizing the L.E. exchange rate. In addition to reduce the discount rate and reserves ratio. The main finding after reviewing the monetary and banking policy and developments in monetary aggregate, the monetary authorities couldn't achieve all the objectives of the monetary policy. The Egyptian pound lost 86% of its value in 2004 compared with 97. As a reflection, the inflation rate became double although the decreasing in the monetary expansion. Moreover, the net international reserves declined by 26.7% in the same period as a result of CBE interference in the foreign exchange market as a seller of the foreign exchange. Finally, the paper makes a number of recommendations to activate the monetary policy such as, pegging the Egyptian pound to a basket of currencies, restructuring the interest rates, necessity of reducing the percent of credit provided by banks, move forward to incorporate a central authority (financial control committee) to supervise and control the financial sector, preparing and publicizing a monetary policy framework based on the principle of targeting inflation, offer more support to CBE and the Egyptian banking system, Moreover the CBE should enjoy real independence in defining monetary policy implementation tools .

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(2004-1997)

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2004 %86 -
-1997
2004 %11.1 .- -
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.1997 20.2 2004 14.8

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(2004-1997)

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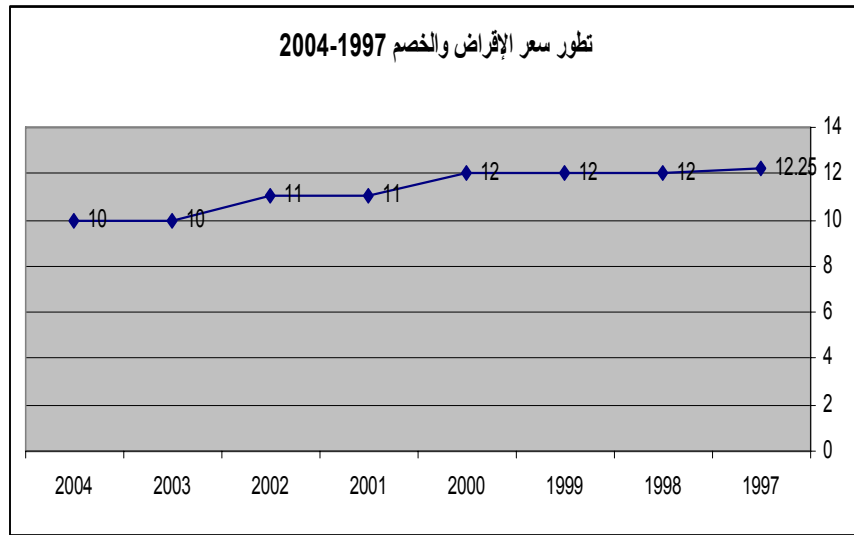
: -3

2003 88

(6)
2004 64
-:

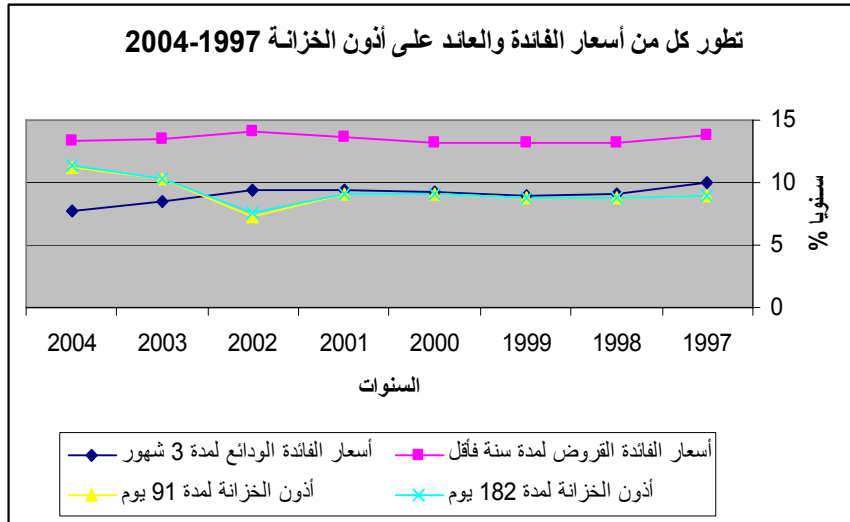
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-(2004-1997)
8 : -1
(2004-1997)
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%11 %12 1996 %13.5
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2002 4 .
1808
%10
2004 : %14 -3
1997 %9.9 2004 %7.68 3
2003/2002 %13.45
%13.27 2004/2003 1997 %13.2
%11.28 91
2004 %11.3 182 2004
.1997 %8.8



-4 :

2004/2003 - 1997/1996

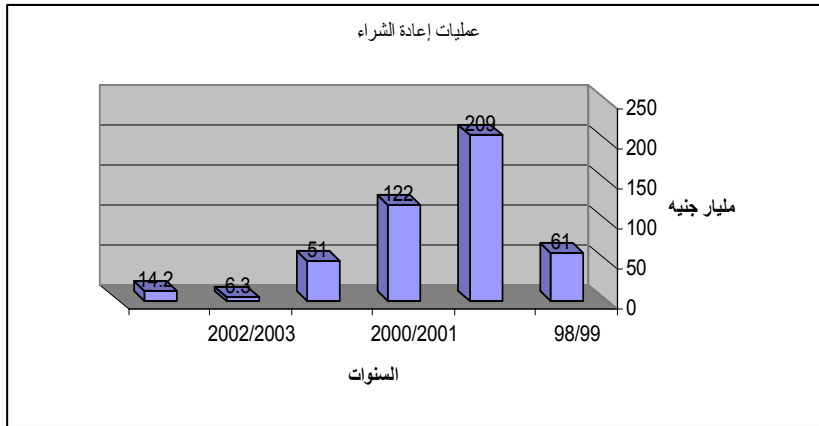
61 2000/1999 209

. 1999/1998

122

14.2 .2003/2002 6.3 2001/2000

.2004/2003



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9

.2004

10.9

20

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5.5

¹⁰2004

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-5

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/ 333
%1.8

1999

/ 339 1991

5

136

2001 .¹²

(/)
 . 2000 / 344.6 2001 / 385
 2003 29 %1
¹³

2003 / 603.23 (/)
 %2.7 .¹⁴2002 %23.3
 .2004 / 620.23
 -2003 506

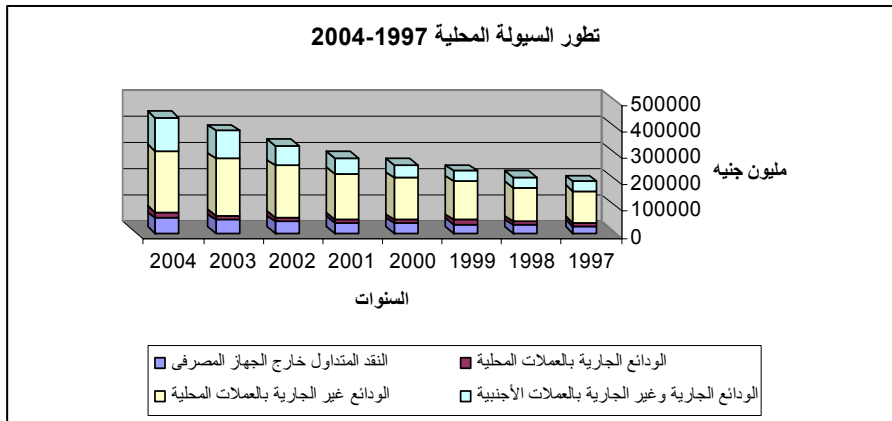
%75
¹⁵

14.1
 1998 20.2 2002
 (2003-1997)
 12 .2003 14.8
 0.5 2003/2002 6

14.8 .16 0.2
 . 10 2004
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2002 14 1975 120
 80 2003 88
 29 2002
 2003
 (2004-1997)
 (2) : 1
 434.9 1997 193.9
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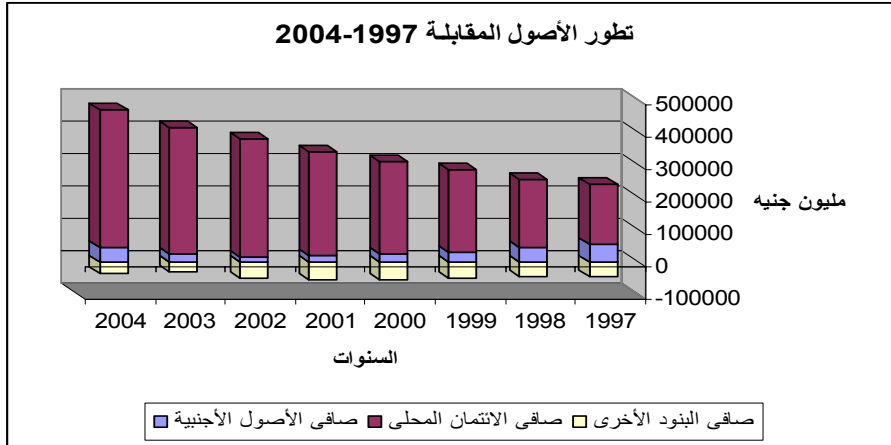


: (2004-1997)

(2)	:	()	-
77.6				
39.1	2004		% 17.9	
	1997		% 20.2	
		(2004-1997)	%10.3	
	%7.4	%11.7		
				.
				.
	(2)	:)	-
154.8	2004	357.3	1997	(
			%12.7	
%79.8		.2004	%82.1	1997
116.8	2004	233.6	1997	
	%10.3			
	%18.4			
	38.1	2004	123.7	.1997
	%5.8	%12.5		
%1.6			(2004-1997)	
			:	-2
			:	-
17.3	2002			

: (2004-1997)

1997 56.1
 45.2 2004
 %77.9



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-

%12.6

.1997 183.5 2004 422

%16

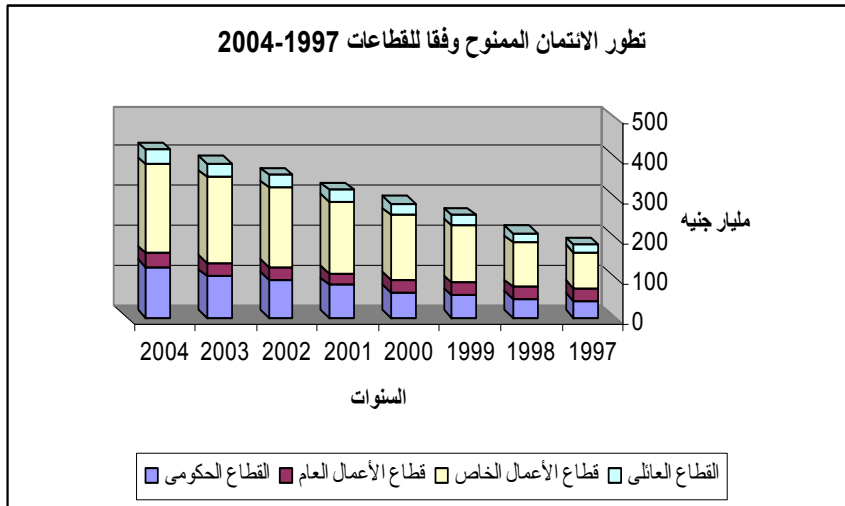
%52.8 1997 %47.9

) .2004

%29.9 126.3 (

%23.8 43.7 2004

%16.4 .1997



()

2003 28.61 17.1

%7.51 1997 45.71

2004 32.3

(2004-1997)

(3)

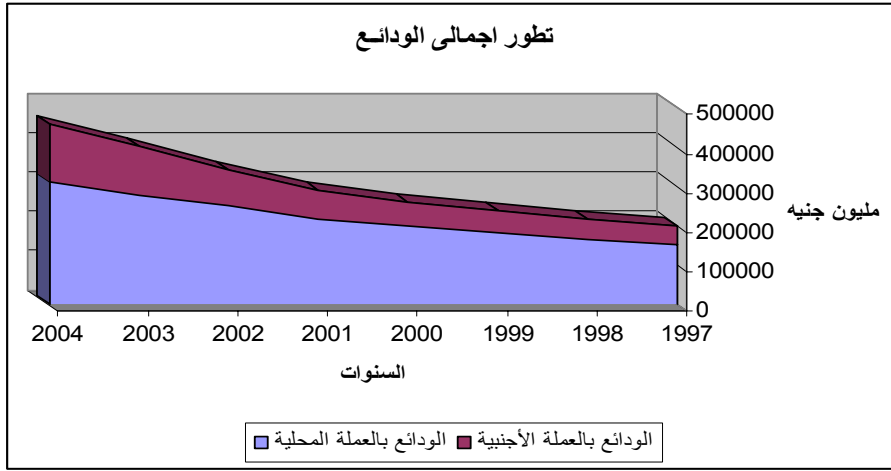
633.4 1997 302

%11.1 2004

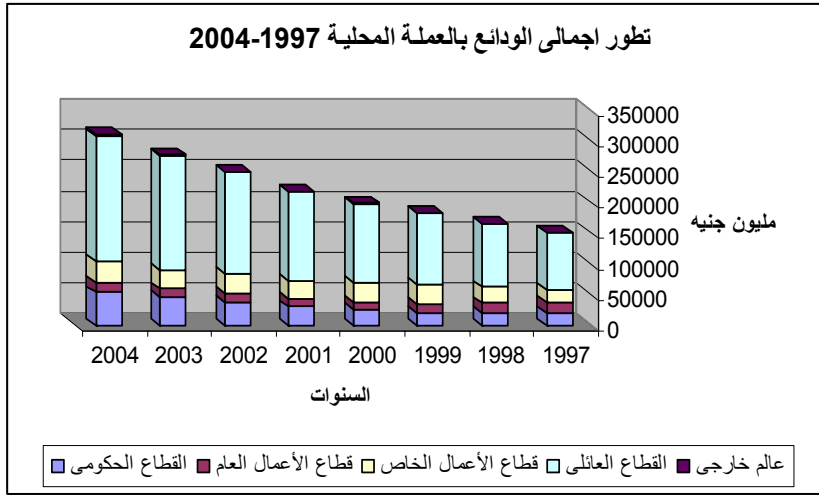
461.6 200.6 2004 %72.9

.1997 %66.4

	-:		
	116.3		-
	1997	42.6	2004
			%15.4
%46.8	296.2		-
%50.4	152.2		2004
%10			1997
%19.6	124.1		-
	53.1		2004
			1997
			%17.6
			%12.9
	%47.3	58.7	
%54.5		28.96	2004
		.1997	
	%28		2004
	%8.1		%12.8
		¹⁷ .%3.5	
			: -2
)2004	461.7		%12.7
124.97		%67.3	310.9
200.6	(%32.7	¹⁸
	%75.6	151.7) 1997
.(%24.4		48.9



2004	66.1%	205.4	12.7%
2004	60.3%	91.4	
1997			
2004	22.4	54.1	35.2
1997			20.1
			15.4%
2004	742		15.4
1997			17
		687	



90.9

%19.4

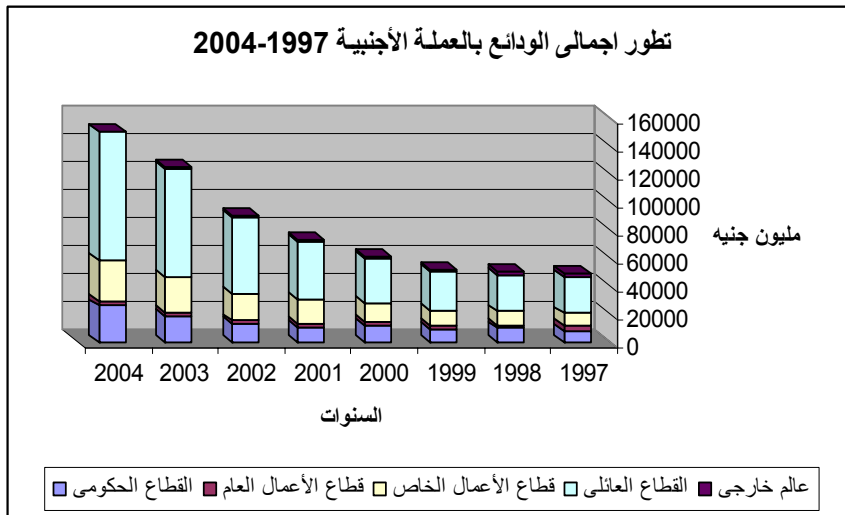
2004

%60

.1997

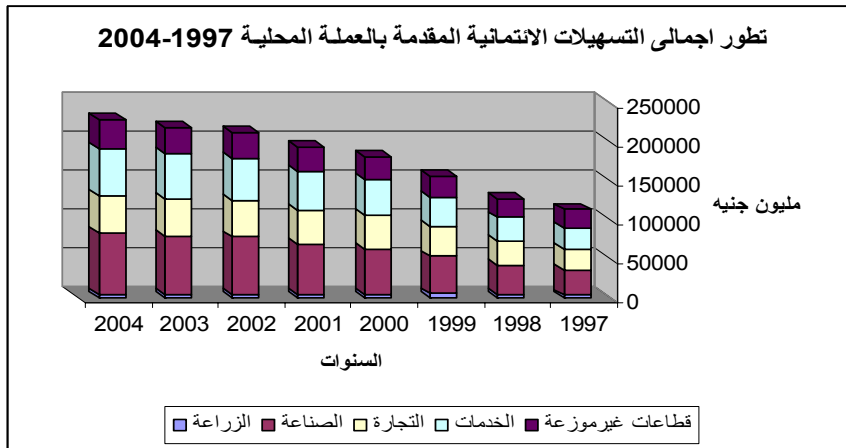
%53.6

26.2



-3) (:

296.2	152.2	2004	2004	%46.8
		. 1997		%50.3
%34	77.7			
32.9	2004			%29
2004	60.5	%26.5	.1997	25.6
	.1997	%22.5		
48.5	26.97	2004	36.4	5
	.1997		24.8	3.3
%23.8	2004	%16	%2.2	%21.3
		.1997	%21.8	%2.9



%42

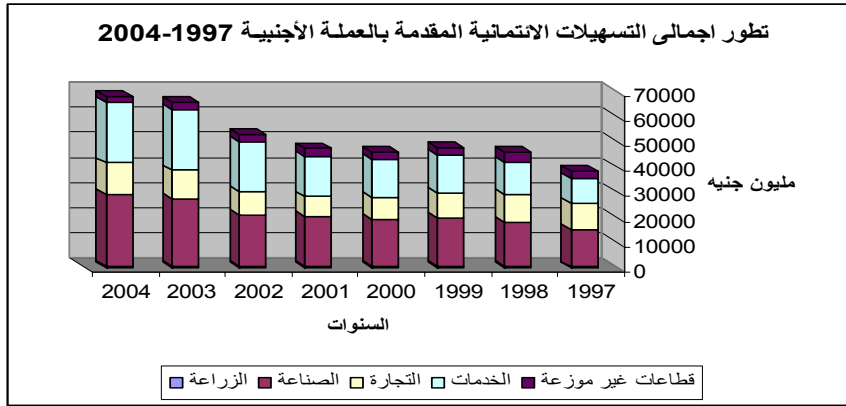
1997

%38.3

2004

(2004-1997)

% 27.2 %17.5 % 25.6 %35.6
%0.9 %0.8



-1997)

(2004

-1997

2004

%86

14.8 %26.7
.1997 20.2 2004
:
- -
%69 1997 %75.6
2003 %31 2003
.1997 %24.4
2001 11

19 .

1999/1998 %1.5
2003/2002 %19.5
20 . %25.2 %6.4

2003 88 71

%30

%89

21

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(2004-1997)

(1)

2004	2003	2002	2001	2000	1999	1998	1997	
10	10	11	11	12	12	12	12.25	:
								-
								:
7.68	8.46	9.42	9.43	9.29	9.00	9.10	10	3
13.27	13.45	14.10	13.57	13.11	13.20	13.20	13.80	.
								:
11.279	10.270	7.198	9.059	9.094	8.84	8.80	8.90	91
11.3	10.228	7.651	9.077	9.095	8.84	8.80	8.90	182

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(2004-1997)

(2)

2004	2003	2002	2001	2000	1999	1998	
434911	384262	328728	284873	255272	234568	210487	:
77606	67212	59805	53448	49738	48838	43588	.
55933	48258	42299	38161	35042	32875	29518	
21673	18954	17506	15287	14696	15963	14070	
357305	317050	268923	231425	205534	185730	166899	.
233610	212010	192718	170681	157602	145199	128668	
123695	105040	76205	60744	47932	40531	38231	
							:
45241	25429	17285	18957	23393	29385	44836	
422040	387446	360090	321870	286639	256830	211827	
-32370	-28613	-48647	-55954	-54760	-51647	-46176	

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(2004-1997)

(3)

2004	2003	2002	2001	2000	1999	
5412	5557	4453	3485	3431	3220	
124099	111337	87726	71142	60818	60114	:
58699	53651	39740	28442	20601	21342	
35120	33666	24423	20899	19888	19187	
116290	110873	83245	67047	49400	45098	
43290	29799	20002	16252	17776	16106	
296199	284721	266100	241470	226776	204132	
34814	35650	33939	28966	24137	22956	
633436	577937	495465	428362	382338	351626	=
20346	18155	12531	12038	11764	11373	
11454	11805	11238	10156	9226	8132	
44584	40099	35869	31200	27554	25984	
15012	14866	14057	11922	10579	9147	
29933	35580	35094	28158	24210	21413	
10332	16246	11831	11486	9970	11306	
461697	403145	340868	291224	260429	237343	
40078	38041	33977	32178	28606	26928	

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(4)

(2004-1997)

2004	2003	2002	2001	2000	1999	
461697	403145	340868	291224	260429	237343	
310870	278180	250106	218237	199619	184756	
54120	46071	38578	31064	26201	21936	
15414	13929	13930	12814	12811	14135	
35219	30087	31594	29079	30976	31385	
205375	187595	165648	144986	129320	116470	
742	498	356	294	311	830	
150827	124965	90762	72987	60810	52587	
26187	18977	13328	10943	11898	9906	
3432	2878	2194	2580	2514	2049	
29550	25179	19426	17565	13703	11151	
90899	77111	54775	40782	31844	27998	
759	820	1039	1117	851	1483	

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-1997)

(5)

(2004

2004	2003	2002	2001	2000	1999	1998	1997	
5015	4521	5166	4749	4828	5515	4217	3299	
77722	74269	73178	64950	58410	47698	37789	32928	
48479	47530	47251	42797	42919	37997	31021	26986	
60505	58546	54325	50260	45706	38277	30246	25568	
36438	33830	33088	31226	28810	26800	23266	24799	
228159	218696	213008	193982	180673	156287	126539	113580	
550	447	550	554	526	499	506	351	
28569	26782	20561	19772	18817	19277	17378	14796	
12552	11557	9175	7983	8790	10197	11189	10543	
23941	24341	20097	16124	14800	14856	13111	9873	
2428	2899	2709	3055	3170	3016	3656	3046	
68040	66026	53092	47488	46103	47845	45840	38609	

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(6)
(2004-1997)

									24	4	
الإجمالي							11				
2325	64	976	22	2	14	42	21	90	298	883	1997
2391	63	994	23	2	14	42	20	98	312	908	1998
2434	63	1004	25	2	14	45	20	105	323	918	1999
2481	62	1029	26	1	14	47	20	112	340	913	2000
2536	62	1031	26	1	14	51	20	126	367	921	2001
2561	62	1033	26	1	14	58	20	136	375	919	2002
2582	62	1034	27	1	14	59	20	148	383	917	2003
2783	61	1189	27	1	14	59	19	162	409	923	2004

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1974	355		"				"		1
									49
				"		:	"		2
	2-1	2001	"				"		3
				3		.1	92/91		
Money									
								Anchor	
								M2	
28-27	2003	78							
			2002	14		1975	120		4
24	2783	61	2004	30					
	30	923					409		
	(59			19	162		11)		
	27			14					
-			-			1189			
							(6)		5
				155	3-2	2002			
		(2003-1994)							-
	20-13	2004		79					

				13-12	2004/2/23	126	1833
			1	"...	"		6
							7
-255	1996		:		"		-
							267
			62-58	"...	"		-
-391			"		"		-
					27-26	1983	392
2003/2002	97/96	%4.8	2002/2001	%2.7			8
			%4				
				2003	29		
	.22	2003/2002					
				(100=2000/99)			
	%4	2004/2003		/	%11.1		
	.19	2004/2003					9
			-:				
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			()				
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-)					
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		.2004					
			90-89	2004/2003			
			19	2004/2003			10
25	1984	396	"		"		11

	37	2003	4	56			12
72-71	2001/2000	41	4		:		13
		24	2003/2002				14
	.65-64						15
/	5.72				/		
					.2005		
		32	2003/2002		.		16
	48	2004/2003			:		17
55				29.1	"		18
	149	"			"		19
%82	-39	56	4				20
				1997		2003	21
					:		
				www.ndp.org.eg:			

		:							
"									-1
			2001						
			2003/2002	98/97					-2
			2003	4	56				-3
									-4
							www.ndp.org.eg:		
		"					"		-5
								2002	
		(2003-1994)							--6
			2004		79				
		"					"		-7
							2004/2/23	126	1833
.197	355	"					"		-8
	1996	"					"		-9
-391		"					"		-10
								1983	392
		"					"		-11
								92/91	
									-12
							2003	78	
396		"					"		-13
									1984