

# **The Monthly Macroeconomic Indicators for the Month of March, 2010**

## **1. Inflation**

In the review period, year-on-year headline inflation stood at 7.4 percent, significantly lower than 23.7 percent registered in the same month of last year. Food inflation also declined by 26.6 percentage points and reached -0.1 percent in March 2010. Annual core inflation, however, was 20.4 percent, slightly above 19.1 percent a year ago.

On monthly basis, headline inflation remained unchanged (0.4 percent). However, non-food inflation grew by 0.2 percentage while food inflation dropped by the same magnitude relative to preceding month. The annual average headline inflation was 3.9 percent.

On the other hand, annual headline inflation in Addis Ababa reached 12.1 percent in March 2010, showing a 8.7 percentage point slow down compared to a year earlier. Likewise, food inflation declined by 24.1 percentage point to 6.3 percent. However, core inflation rose to 17.5 percent from 12.8 percent in March, 2009. In addition, month –to- month general, food and non-food inflation stood at 1.7, 1.8 and 1.7 percent, respectively.

Inflationary pressure in Ethiopia is steadily easing in the review period, due to tight monetary policy, prudent fiscal management and other administrative measures taken by the government.

## **2. Monetary Aggregates**

During the review period, broad money supply ( $M_2$ ) reached Birr 96.1 billion indicating an annual growth rate of 19.2 percent due to 70 percent annual increase in net foreign assets and 15.7 percent rise in domestic credit. All types of deposit depicted increases both on monthly and annual basis during the review period.

### **3. Interest rates**

With regard to interest rate development, average lending rates of public banks and private banks stood at 9.0 and 12.25 percent. while, average savings deposit rates were 4.0 percent for public and 4.5 percent for private banks. At the same time, average time deposit rate was 4.0 percent for public and 4.15 percent for private banks. Average demand deposit rate stood at 0.25 percent for private banks.

### **4. Treasury bills market**

In the month of March 2010, T-bills worth Birr 6.64 billion were supplied to the auction market against demand of Birr 5.33 billion. The average weighted yields for 28day and 182 day T-bills decreased to respective level of 0.759 and 0.563 percent from 0.902 and 0.748 percent in the previous month while that of 91 day slightly increased to 1.078 from 1.065 percent.

### **5. Inter-bank money market**

No inter-bank money market dealings took place during the review month.

### **6. Re-discount window facility**

No bank applied to access this facility during the month.

### **7. Exchange rates**

Average foreign exchange rate in the inter-bank forex market reached Birr 13.38/USD in March, 2010. The monthly and annual rates of depreciation of the Birr against USD were 0.35 and 20.72 percent, respectively. Meanwhile, the parallel market rate stood at Birr 14.16/USD. As a result, the premium between the inter-bank and parallel markets slightly rose to 5.85 percent from 4.34 percent in the previous month.

## **8. External Trade**

In the review month, total value of exports amounted to USD 184.31 million, which was 18.8 percent less compared to the previous month and 35.6 percent higher than a year ago. Similarly, imports of increased by 164.6 percent to USD 2.2 billion in contrast with USD 823.0 million in a month ago and USD 606.5 million in March, 2009. Thus, monthly merchandise trade deficit widened.

## **9. Composition of the Financial Sector**

During the review month, the total number of banks, insurance companies and MFIs stood at 15, 12 and 30, respectively. The total number of bank branches increased to 673 from 617 in March, 2009. Similarly the number of insurance branches were up to 207 from 190, the number of forex bureaus also jumped from 302 last year to 331 in the review period.

## **10. Banking Operations**

The amount of new loans disbursed by the banking system reached Birr 2.9 billion, about 40.8 percent higher than last year. Similarly, loan collection by the banking system increased by 10.4 percent to Birr 2.05 billion. As a result, outstanding loans of the banking system reached Birr 53.09 billion, 15.8 percent higher than the preceding year.

## **11. Summary and Conclusion**

All in all, macroeconomic indicators variables during the month of March 2010 showed steady depreciation of the Birr in the inter-bank forex market, widen merchandise trade deficit, a decrease in inflation, moderate growth rate of money supply, in active money market, increased loan disbursement by the banking system and moderate T-bills market.

## 12.SELECTED MONTHLY MACROECONOMIC INDICATORS

Sr. No	Indicators	Mar-09	Jun-09	Sept-09	Dec-09	Feb-10	Mar-10
1	Inflation						
	a) Addis Ababa						
	- Month on month	1.1	0.2	3.6	-0.5	1.1	1.7
	- Year-on- year	20.8	7.3	9.1	10.9	11.3	12.1
	- Average annual	34.5	29.4	20.4	13.4	10.9	10.3
	b) National						
	- Month on month	0.1	1.4	0.9	0.3	0.4	0.4
	- Year-on- year	23.7	2.7	-4.1	7.1	7.0	7.4
	- Average annual	45.2	36.4	18.7	8.5	5.0	3.9
2	Investment <sup>1</sup>						
	a) Projects approved	1761	1712	1701	1678	N.A	N.A
	b) Capital investment (in mn. Birr)	28,420.2	142249.98	28047	21,213.4	N.A	N.A
	c) Potential employment creation						
	- Permanent	135271	82418	69136	49864.00	N.A	N.A
	- Temporary	131457	184071	112174	120766	N.A	N.A
3	Average Lending Rates (%)						
	- Public banks	9.0	9.0	9.0	9.0	9.0	9.0
	- Private banks	12.25	12.25	12.25	12.25	12.25	12.25
4	Average Deposit Rates (%)**						
	a) Saving deposit						
	- Public banks	4.00	4.00	4.00	4.00	4.00	4.00
	- Private banks	4.50	4.50	4.50	4.50	4.50	4.50
	b) Time deposit						
	- Public banks	4.00	4.00	4.00	4.00	4.00	4.00
	- Private banks	5.39	4.95	5.13	4.65	4.43	4.15
	c) Demand deposit						

	-Public banks	0.00	0.00	0.00	0.00	0.00	0.00
	-Private banks	0.23	0.23	0.25	0.26	0.26	0.25
5	Inter- bank Money Market Rate (in%)						
6	Treasury Bill						
	a) 28 day						
	- Average weighted price (for 100 Birr)	99.95	99.93	99.95	99.958	99.93	99.94
	- Average weighted yield (%)	0.68	0.92	0.68	0.546	0.90	0.76
	-Amount Sold	330.0	130.0	330.0	930	1140.00	1180.00
	b) 91 day						0
	- Average weighted price (for 100 Birr)	99.75	99.75	99.74	99.794	99.74	99.73
	- Average weighted yield (%)	1.01	1.00	1.03	0.830	1.06	1.08
	-Amount Sold	1886.4	2560.0	1866.4	4366.04	1998.33	2131.04
	c) 182 day						
	- Average weighted price (for 100 Birr)	99.72	99.65	99.72	99.642	99.63	99.72
	- Average weighted yield (%)	0.56	0.70	0.56	0.720	0.75	0.56
	-Amount Sold	1120.0	1100.0	1120.0	206.42	100.00	1120.00
							0

Sr. No	Indicators	Mar-09	Jun-09	Sept-09	Dec-09	Feb-10	Mar-10
7	Budget Deficit (in mn. Birr) <sup>1</sup>	-5039.0	1344.0	-2472.8	111.9	N.A	- 3306.2 5
	a) Revenue and grants	7188.0	12989	10161.4	14,968. 5	N.A	11,137. 74
	b) Expenditure*	12227.0	11645	12634.2	14,856. 62	N.A	14,443. 99
	- Recurrent	2073.0	3227	2434.3	3075.85	N.A	2581.7 9
	- Capital	6003.0	4212	6275.5	6177.59	N.A	6680.4 6
	- Regional transfers	4151.0	4206	3924.4	5603.17	N.A	5181.7 3
8	Monetary Aggregates (in mn. Birr)						
	8.1 Broad Money	80563.5	82,509. 75	87,155. 52	91,189. 29	93,120. 99	96,047. 32
	a) Monthly change (%)	2.5	0.2	1.3	3.4	0.33	3.14
	b) Annual change (%)	22.6	21.0	22.0	20.1	18.44	19.22
	8.2 Narrow Money Supply	42,853. 18	42,112. 66	43,838. 94	45,876. 36	46,637. 45	48,116. 20
	- Currency outside banks	19,264. 00	19,715. 01	18,547. 21	21,755. 84	22,069. 47	23,068. 09
	a) Monthly change (%)	1.4	1.5	-1.8	7.9	-1.96	4.52
	b) Annual change (%)	14.9	11.7	13.5	24.8	16.16	19.75
	- Demand deposits (net)	23,589. 18	22,397. 64	25,291. 73	24,120. 52	24,567. 98	25,048. 11
	a) Monthly change (%)	2.7	-2.9	3.2	2.1	1.07	1.95
	b) Annual change (%)	35.1	26.6	22.6	5.1	6.91	6.18
	8.3 Quasi-Money	37,710. 34	40,397. 09	43,316. 58	45,312. 93	46,483. 54	47,931. 11
	- Saving deposit	34,659. 04	37,148. 72	39,814. 53	41,814. 13	42,973. 16	44,362. 45
	a) Monthly change (%)	3.3	1.7	1.7	2.1	0.99	3.23
	b) Annual change (%)	24.5	26.0	26.5	28.5	28.11	28.00
	- Time deposit	3,051.3 1	3,248.3 7	3,502.0 6	3,498.8 0	3,510.3 8	3,568.6 6
	a) Monthly change (%)	-1.6	-1.2	2.4	1.3	2.02	1.66
	b) Annual change (%)	-16.4	-3.2	16.7	17.5	13.17	16.96
	8.4 Reserve Money (in mn.	41,331.	45,107.	46,894.	46,184.	47,096.	50,349.

	Birr)	40	02	41	41	15	09
	a) Monthly change (%)	0.4	4.4	3.6	1.3	0.79	6.91
	b) Annual change (%)	38.2	26.9	31.1	16.0	14.43	21.82
	8.5 Net Foreign Assets	14,863.6	17,976.8	19,529.0	20,793.0	24,432.0	25,278.6
	a) National Bank of Ethiopia	9,571.6	11,833.66	14,212.6	14,752.6	16,672.2	16,290.4
	b) Commercial banks	5,292.0	6,143.1	5,316.3	6,040.4	7,759.8	8,988.2
	8.6 Banking statistics(in million.Birr)4						
	a) Disbursement	2,047.8	1,624.1	1,982.8	2,411.6	2,004.70	2,883.80
	b) Collection	1,858.3	2,879.0	1,816.4	2,023.0	1,795.10	2,051.40
	c) Outstanding credit of the banking system	4,583.68	4,600.47	4,672.57	5,079.68	5,146.870	5,309.60
9	Total Net Domestic Credit (in mn. Birr)	8,528.16	8,920.304	9,198.369	9,294.5208	9,554.483	9,863.929
	a) Government	2,934.91	3,278.65	3,250.4	2,855.8	2,838.08	3,003.816
	b) Other sectors	5,593.25	5,641.65	5,948.33	6,438.94	6,716.475	6,860.113
10	Structure of Financial System						
	10.1 Number of banks	13	13	14	15	15	15
	- Public	3	3	3	3	3	3
	- Private	10	10	11	12	12	12
	10.2 Total number of bank branches	617	636	656	663	670	673
	10.3 Number of forex bureaux	302	309	310	323	330.00	331.00

Sr. No	Indicators	Mar-09	Jun-09	Sept-09	Dec-09	Feb-10	Mar-10
	10.4 Number of insurance companies	12	12	12	12	12	12
	- Public	1	1	1	1	1	1
	- Private	11	11	11	11	11	11
	10.5 Total number of insurance branches	190	194	196	202	205	207
	10.6 Number of micro-financing institutions	29	30	30	30	30	30
11	Reserve and liquidity ratio of the Banking System(in mn.Birr)						
	11.1 Actual reserves	17,846.8	19,569.4	22,893.0	20,464.3	19211.92	22711.23
	11.2 Excess reserves	6553.0	8,386.0	10,660.3	7,826.0	6182.01	9229.10
	11.3 Liquidity ratio (in percent)	39.5	42.4	44.5	41.7	43.50	46.55
12	Export and Import (In mill.USD)						
	12.1 Total Import	606.46	718.48	552.26	717.49	823.00	2177.85
	12.2 Total Export	135.90	139.37	92.65	138.6	227.10	184.31
	12.3 Coffee Export						
	12.3.1 Sales value (in mn. USD)	NA	NA	NA	NA	NA	NA
	a) Dry coffee sales value	NA	NA	NA	NA	NA	NA
	b) Washed coffee sales value	NA	NA	NA	NA	NA	NA
	12.3.2. Sales volume (in Mn Kg)	NA	NA	NA	NA	NA	NA
	a) Dry coffee sales volume (in Mn Kg)	NA	NA	NA	NA	NA	NA
	b) Washed coffee sales volume (in Mn Kg)	NA	NA	NA	NA	NA	NA
	12.4 ICO 1976 composite USC/LB	105.87	119.05	116.4	124.96	123.37	125.30
13	Exchange Rates						
	14.1 Average official exchange rate (Birr/US Dollar)	11.082	11.2654	12.5227	12.6207	13.33	13.38



	14.2 Average parallel market exchange rate (Birr/US Dollar)	13.2350	13.1531	13.1800	13.46	13.91	14.16
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Note:

<sup>1</sup> Since monthly data is not available figures are quarterly

<sup>2</sup> Includes DBE

<sup>3</sup> Includes lending to central government in the form of treasury bills and government bonds and excluding DBE

<sup>4</sup> The figure for the last month is estimate for DBE

\* Data are available on quarterly basis

\*\* Rate for time and demand deposits is weighted mean after September 2003.