



**Press Release**  
March 28, 2019

**The Monetary Policy Committee (MPC) decided to keep the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation unchanged at 15.75 percent, 16.75 percent, and 16.25 percent, respectively. The discount rate was also kept unchanged at 16.25 percent.**

Annual headline and core inflation rose to 14.4 percent and 9.2 percent in February 2019 from 12.7 percent and 8.6 percent in January 2019, respectively. The increase was mainly due to selected food items, particularly selected fresh vegetables, while the contribution of non-food items remained broadly contained. Moreover, the increase was partly impacted by an unfavorable base effect.

Real GDP growth rose slightly to 5.5 percent in 2018 Q4 from 5.3 percent in 2018 Q3, while the unemployment rate declined to 8.9 percent from 10.0 percent, registering its lowest level since 2010 Q4. Available data indicate that net external demand continued to support economic activity, while private domestic demand remained contained during 2018 Q3.

The expansion of global economic activity weakened, and the pace of tightening financial conditions eased, while trade tensions continued to weigh on the global outlook. International oil prices recently increased and remain subject to volatility due to potential supply-side factors.

The Ministry of Finance is targeting to achieve a primary surplus of 2.0 percent of GDP in fiscal year 2018/19, up from 0.1 percent registered preliminarily in the previous year; and to maintain this surplus thereafter.

The MPC decided that keeping key policy rates unchanged is consistent with achieving the inflation target of 9 percent ( $\pm 3$  percentage points) in 2020 Q4 and price stability over the medium term.

The MPC closely monitors all economic developments and will not hesitate to adjust its stance to preserve monetary stability.

**Monetary Policy Sector**

Phone: +20227701315

E-mail: [monetary.policy@cbe.org.eg](mailto:monetary.policy@cbe.org.eg)