



**Press Release**  
September 26, 2019

**The Monetary Policy Committee (MPC) decided to cut the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 100 basis points to 13.25 percent, 14.25 percent, and 13.75 percent, respectively. The discount rate was also cut by 100 basis points to 13.75 percent.**

Annual headline and core inflation continued to decline to record 7.5 percent and 4.9 percent in August 2019, respectively, the lowest rates in more than six years. The decline continued to be supported by the containment of inflationary pressures as well as favorable base effects, as monthly inflation recorded 0.7 percent in August 2019 compared to 1.8 percent in August 2018.

Real GDP growth continued to increase slightly to record a preliminary estimate of 5.7 percent in 2019 Q2 and 5.6 percent in fiscal year 2018/19, the highest in eleven years. Meanwhile, the unemployment rate continued to decline to record 7.5 percent in 2019 Q2, thereby narrowing by almost 6 percentage points from its peak in 2013 Q4.

Globally, the expansion of economic activity continued to weaken, financial conditions eased, and trade tensions continued to weigh on the outlook. International oil prices remain subject to volatility due to potential supply-side factors that include geopolitical risks.

As incoming data continued to confirm the moderation of underlying inflationary pressures, the MPC decided to cut key policy rates by 100 basis points. This remains consistent with achieving the inflation target of 9 percent ( $\pm 3$  percentage points) in 2020 Q4 and price stability over the medium term.

The path for future policy rates remains a function of inflation expectations. Accordingly, the pace and magnitude of future policy rates adjustment will continue to be subject to confirmation that inflation expectations are anchored at target levels that are consistent with disinflation 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)