



Central Bank of Yemen



# Monetary and Financial Developments

**March**  
**2022**



Central Bank of Yemen



# **Monthly report Monetary and Financial Developments**

**March 2022**

**Issue No.4(March 2022)**

**Issued by  
General Department of Research and Statistics  
Central Bank of Yemen  
Head Office – Aden**



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Note: In this report “YER” stands for Yemeni rials and “USD” stands for United States dollars.

# Foreword

The Central Bank of Yemen is pleased to present the fourth Monetary and Financial Developments report covering recent developments through march 2022. The report will appear on a monthly basis, providing readers and researchers interested in monetary and financial developments in the Republic of Yemen with insights into major developments across the country's monetary and banking sectors. It will analyze key components of the Central Bank's balance sheet, the consolidated balance sheet of the commercial and Islamic banks, as well as monetary surveys. Budget deficit financing and domestic debt issuances will also be covered. Finally, there will be a special focus on exchange-rate and price developments.

We hope that this report will prove to be helpful for our readers.

God bless,

Ahmed Bin Ahmed Ghaleb

Governor, Central Bank of Yemen





# Monetary and Financial developments

## Money supply:

The broad money supply (M2) increased to YER 7,229 billion in 2021, compared with YER 6,701 billion in 2020, a year-on-year (YoY) increase of YER 528 billion (7.9 percent). The actual growth rate of broad money was well below the annual target of 18.3 percent, as noted in the annual monetary plan. This indicates that monetary expansion in 2021 remained within the economy's absorptive capacity.

The narrow money supply (M1) increased by YER 443.4 billion YoY (11 percent), while quasi-money rose by YER 84.6 billion (3.2 percent) in 2021. The rise in narrow money reflected an increase in the currency in circulation and in demand deposits. The upward trend in quasi-money was due to the increases in time and foreign deposits.

The predominance of currency in circulation, which accounted for 49.4 percent of the total money supply in 2021, compared with 47.5 percent in 2020, is evidence that Yemen continued to rely heavily on cash as its primary means of financial intermediation.

## Balance sheet of the Central Bank of Yemen (CBY):

The total balance sheet of the CBY reached YER 8,958 billion at the end of March 2022, showing an increase of YER 47.8 billion, or 0.5 percent relative

to the previous month.

The total foreign assets of the CBY rose from YER 1823.2 billion as of February 2022 to YER 2055.9 billion in March 2022, an increase of YER 232.7 billion (12.8 percent), mainly due to the oil receipts increase and the revaluation effect of the exchange rate.

Net credit to the government decreased from YER 5,382.9 billion at the end of February 2022 to YER 5,220.8 billion at end of March 2022, a decrease of YER 162.1 billion (3 percent).

The stock of currency issued by the CBY amounted to YER 3,701.5 billion at the end of March 2022, compared with YER 3,758.3 billion at the end of the previous month, a decrease of YER 56.9 billion (1.5 percent).

Bank reserves held at the CBY increased by YER 14 billion (2 percent) from February to March 2022.

Thus, base money (the sum of currency issued and bank reserves) decreased by one percent (YER 42.9 billion) in March 2022 compared to the previous month, well below the target set in the annual monetary plan (15.6 percent), reflecting the CBY's success in limiting the expansion of its balance sheet and avoiding excessive monetary creation.

## Consolidated balance sheet of commercial and Islamic banks:

The consolidated balance sheet of commercial and

Islamic banks in Yemen totaled YER 4,594.8 billion in 2021, an increase of 165.1 billion Rials, or about 3.7 percent, over 2020.

Bank loans and advances decreased slightly by 1.7 billion Rials, or 0.1 percent, in 2021, reaching YER 2,303.7 billion.

Total deposits increased in 2021 by YER 222 billion (7.3 percent) YoY to YER 3,249.3 billion. This increase reflected the growth in several deposit categories: Time deposits rose by over 2 percent YoY; demand deposits increased by 7 percent YoY; saving accounts increased by 3.8 percent YoY; deposits denominated in foreign currencies recorded an increase of 3.7 percent.

### Clearing room:

The total number of checks transacted in rials in clearing rooms reached 1,224 in March 2022, representing a total value of YER 10.1 billion, compared with 820 checks totaling YER 8.6 billion during February 2021, an increase of 49.3 percent in quantity and 17.4 percent in value.

### Exchange rates:

The average exchange rate between the Yemeni rial and the United States (U.S.) dollar reached YER 1,246.52 per dollar at the end of March 2022, up from YER 1125.71 per dollar at the end of February 2022. Recall that the peak was recorded in November 2021, at YER 1,614 per dollar.

In response to the accelerating depreciation of the rial, especially during the last quarter of the CY 2021, the CBY made a series of regulatory and institutional adjustments designed to help restore stability in the foreign exchange (FX) market and enhance FX management guidelines and capacity. This process culminated in the launch of a best practice-aligned FX auction mechanism, and in the subsequent live weekly FX auctions, beginning in November 2021, using the Refinitiv electronic platform.

A single price system was used to allocate a maximum envelope of USD 15 million for each auction at the beginning, then gradually raised to USD 20 and 30 million. This system enabled the CBY to conduct a competitive FX management process designed to ensure transparency and to promote a robust price-discovery mechanism. Adjudication prices were based on a marginal clearance price, for instance YER 1,411 per dollar for the first auction, on November 10. So far, three to eight banks have participated in the auctions each week, with an average of three bids per bank.

From the launch of the FX auction through March 2022, the CBY offered a total amount of USD 405 million. Total bids amounted to USD 367.8 million, representing a coverage ratio of 90.8 percent. The total amount allocated was USD 321 million.



These auctions enabled the CBY to absorb a total amount of YER 368.2 billion, equivalent to 8.3 percent of base money stock as of March 2022. This constituted an important step by the CBY towards effective liquidity management using market-based monetary policy tools.

The CBY maintained the status quo for interest rate structures during CY 2021. In fact, the policy rate (the minimum rate on rial deposits used as a benchmark) was maintained at 15 percent since prior cut, in February 2013.

### Public deficit financing:

The overall budgetary balance in 2021 revealed a public deficit of YER 531.8 billion, or approximately 3 percent of Yemen's gross domestic product (GDP), compared with the deficit in 2020 of about 6 percent of GDP.

The preliminary data on budget execution during the first quarter of CY 2022 showed an overall surplus of YER 70 billion compared to an overall deficit of YER 77.1 billion through February 2022.

In wake of the ongoing decline in public resources and foreign loans, the internal public debt has increased from approximately YER 1.5 trillion in 2018 to YER 3.7 trillion as of December 2021. However, it slightly decreased to YER 3.5 trillion as of end March 2022.

The primary source of domestic public financing is direct borrowing from the CBY. This equaled

YER 3.3 trillion as of end March 2022, or about 94 percent of the total public internal debt. Wakala deposits and certificates of deposit constituted the remaining portion of the domestic debt (about 4 percent).

### Prices and inflation:

Achieving price stability is the primary objective of monetary policy. The primacy of this objective is clearly stated in Law No. 14 of 2000 on the Central Bank of Yemen. That is why the CBY is making a tremendous effort, in concert with the relevant government bodies and the assistance of the international community, to face Yemen's persistent adverse macroeconomic conditions. In this regard, the CBY is proactively steering monetary policy with the aim of maintaining macro-financial stability, while providing adequate funds to ensure that critical public financing needs are met.

Inflationary conditions worsened somewhat in 2020 and 2021, after relative stability in 2019. The significant depreciation of the rial, global surge in food and oil prices, lack of a foreign reserve buffer at the CBY's disposal, growing uncertainty, and increased dollarization all contributed to rising inflationary pressures. Market surveys indicate that average food-price inflation exceeded 30 percent in 2020. The annual inflation rate was estimated at around 25 percent in 2020, up from an estimated average rate of 10 percent in 2019. Inflation rate

exceeded 30 percent in 2021, in light of the spikes in oil and food prices in international markets.

The average cost of the national minimum food basket (MFB) in Yemen — an indicator of the cost of living — reached YER 99,238 in December 2021, compared with YER 47,057 in December 2020. Thus, the YoY food inflation rate amounted to 110.9 percent in 2021. Food prices continued their upward trend during the first quarter of the current year to reach 96,414 in March 2022 against 76,823 in February of the same year.

To attain low and stable inflation, the CBY attaches great importance to controlling the money supply. This can be achieved by constructing a solid framework for monetary targeting and adopting a comprehensive toolkit of indirect and market-based instruments for the purposes of liquidity management. Within this context, the monetary plan for 2022 projects broad and base money growth at 18 percent and 15.6 percent, respectively. Money emission is expected to grow by 18.4 percent. These values are consistent with an inflation rate target of 20 percent.

## Monetary Survey of Yemen

(In billions Rials, unless otherwise indicated)

Items	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>1- Broad money (M2)</u></b>	<b><u>2,268.2</u></b>	<b><u>2,756.8</u></b>	<b><u>3,101.6</u></b>	<b><u>3,106.2</u></b>	<b><u>3,238.9</u></b>	<b><u>3,697.5</u></b>	<b><u>4,282.3</u></b>	<b><u>5,504.2</u></b>	<b><u>5,973.7</u></b>	<b><u>6,701.0</u></b>	<b><u>7,229.1</u></b>
Broad money, annual change	0.1	21.5	12.5	0.2	4.3	14.2	15.8	28.5	8.5	12.2	7.9
<b><u>2- Quasi-money</u></b>	<b><u>1,275.2</u></b>	<b><u>1,651.9</u></b>	<b><u>1,985.0</u></b>	<b><u>1,976.7</u></b>	<b><u>1,736.5</u></b>	<b><u>1,907.8</u></b>	<b><u>1,965.9</u></b>	<b><u>2,420.2</u></b>	<b><u>2,562.6</u></b>	<b><u>2,665.1</u></b>	<b><u>2,749.8</u></b>
Quasi-money, annual change	-13.9	29.5	20.2	-0.4	-12.2	9.9	3.0	23.1	5.9	4.0	3.2
Quasi-money to broad money	56.2	59.9	64.0	63.6	53.6	51.6	45.9	44.0	42.9	39.8	38.0
Foreign currency deposits	602.2	736.5	868.4	842.7	770.5	850.8	890.2	1,358.0	1,436.1	1,496.9	1,552.7
Foreign currency deposits, annual change	-22.6	22.3	17.9	-3.0	-8.6	10.4	4.6	52.5	5.8	4.2	3.7
Foreign currency deposits to total deposits	40.4	37.7	37.5	36.7	35.5	36.2	36.3	45.2	44.6	42.6	42.4
<b><u>3- Narrow money (M1)</u></b>	<b><u>993.0</u></b>	<b><u>1,104.8</u></b>	<b><u>1,116.6</u></b>	<b><u>1,129.5</u></b>	<b><u>1,502.4</u></b>	<b><u>1,789.6</u></b>	<b><u>2,316.5</u></b>	<b><u>3,084.0</u></b>	<b><u>3,411.1</u></b>	<b><u>4,035.9</u></b>	<b><u>4,479.3</u></b>
Narrow money, annual change	26.3	11.3	1.1	1.2	33.0	19.1	29.4	33.1	10.6	18.3	11.0
Narrow money (M1) to broad money M2	43.8	40.1	36.0	36.4	46.4	48.4	54.1	56.0	57.1	60.2	62.0
Demand deposits	215.6	301.5	331.8	318.7	433.5	441.1	486.4	584.2	653.9	850.9	910.5
Demand deposits, annual change	-9.9	39.8	10.1	-4.0	36.0	1.7	10.3	20.1	11.9	30.1	7.0
Demand deposits to broad money (M2)	9.5	10.9	10.7	10.3	13.4	11.9	11.4	10.6	10.9	12.7	12.6
Currency in circulation	777.4	803.3	784.8	810.9	1,068.9	1,348.6	1,830.1	2,499.8	2,757.2	3,185.0	3,568.8
Currency in circulation, annual change	42.2	3.3	-2.3	3.3	31.8	26.2	35.7	36.6	10.3	15.5	12.1
Currency in circulation to broad money (M2)	34.3	29.1	25.3	26.1	33.0	36.5	42.7	45.4	46.2	47.5	49.4

YER = Yemeni rials (national currency).

Source: Central Bank of Yemen.

Table 1: Monetary Survey for the Commercial Banking Sector of Yemen

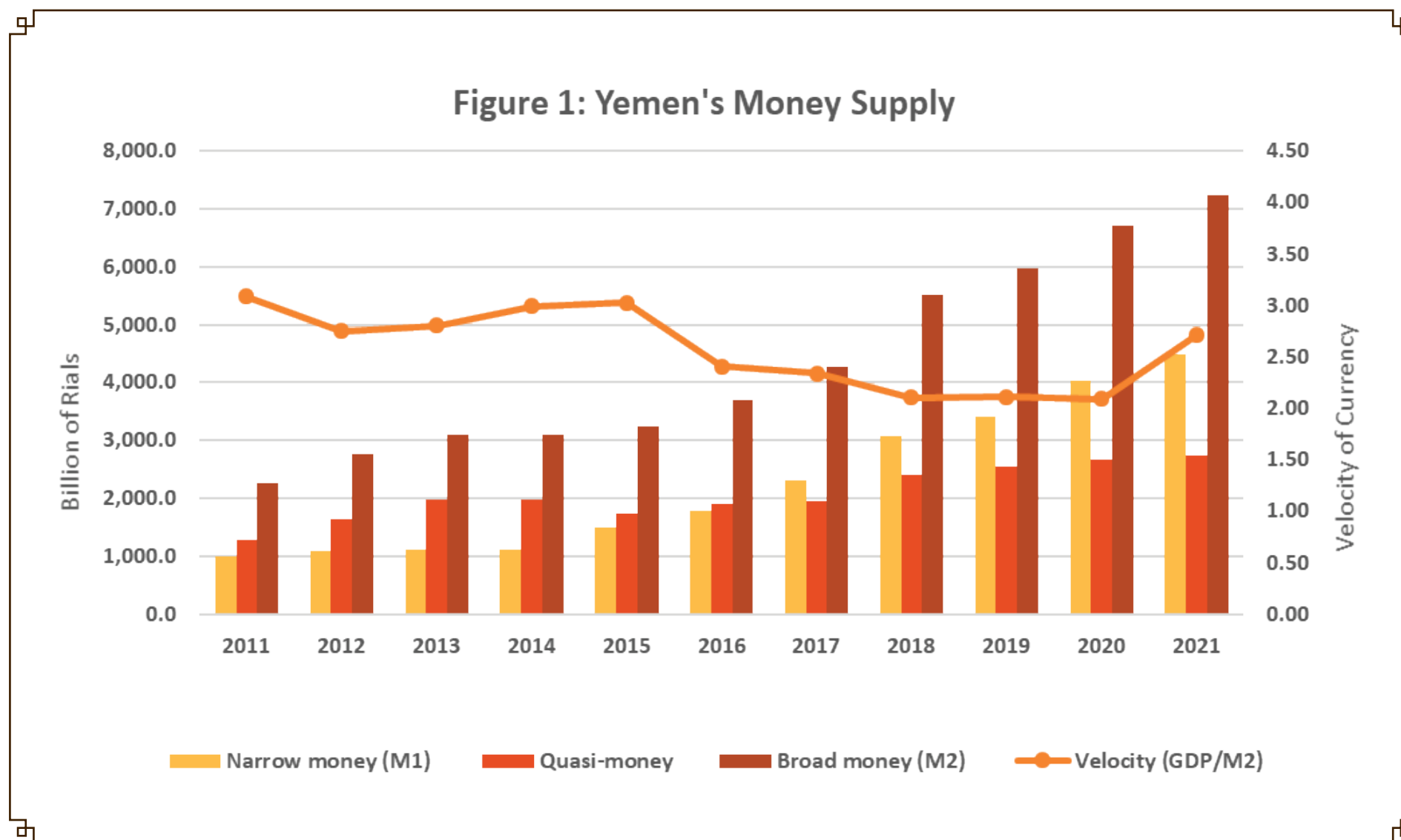


Figure 1: Yemen's Money Survey

## Central bank survey

(In billions Rials)

Items	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	mar-22
<b><u>Monetary base</u></b>	<b><u>954.5</u></b>	<b><u>1077.5</u></b>	<b><u>1097.6</u></b>	<b><u>1112.8</u></b>	<b><u>1452.7</u></b>	<b><u>1,795.9</u></b>	<b><u>2,435.8</u></b>	<b><u>3,125.9</u></b>	<b><u>3,484.7</u></b>	<b><u>3,948.1</u></b>	<b><u>4,490.7</u></b>	<b><u>4,429.0</u></b>
<b><u>Monetary base, annual change</u></b>	<b><u>15.9</u></b>	<b><u>12.9</u></b>	<b><u>1.9</u></b>	<b><u>1.4</u></b>	<b><u>30.5</u></b>	<b><u>23.6</u></b>	<b><u>35.6</u></b>	<b><u>28.3</u></b>	<b><u>11.5</u></b>	<b><u>13.3</u></b>	<b><u>13.7</u></b>	<b><u>-</u></b>
<b><u>Currency issued</u></b>	<b><u>800.3</u></b>	<b><u>832.7</u></b>	<b><u>821.6</u></b>	<b><u>854.9</u></b>	<b><u>1099.5</u></b>	<b><u>1375.8</u></b>	<b><u>1893.5</u></b>	<b><u>2571.6</u></b>	<b><u>2890.5</u></b>	<b><u>3327.5</u></b>	<b><u>3,802.7</u></b>	<b><u>3,701.5</u></b>
Currency issued, annual change	40.2	4.1	-1.3	4.1	28.6	25.1	37.6	35.8	12.4	15.1	14.3	-
<b><u>Banks reserves held at the CBY</u></b>	<b><u>154.2</u></b>	<b><u>244.8</u></b>	<b><u>276.1</u></b>	<b><u>257.9</u></b>	<b><u>353.2</u></b>	<b><u>420.2</u></b>	<b><u>549.3</u></b>	<b><u>554.3</u></b>	<b><u>594.2</u></b>	<b><u>620.6</u></b>	<b><u>688.0</u></b>	<b><u>727.5</u></b>
Banks reserves held at the CBY, annual change	-39.0	58.7	12.8	-6.6	37.0	19.0	30.7	0.9	7.2	4.4	10.9	-
<b><u>Money multiplier (M2/Monetary base)</u></b>	<b><u>2.4</u></b>	<b><u>2.6</u></b>	<b><u>2.8</u></b>	<b><u>2.8</u></b>	<b><u>2.2</u></b>	<b><u>2.1</u></b>	<b><u>1.8</u></b>	<b><u>1.8</u></b>	<b><u>1.7</u></b>	<b><u>1.7</u></b>	<b><u>1.7</u></b>	<b><u>1.7</u></b>

Table 2: Survey of the Central Bank of Yemen

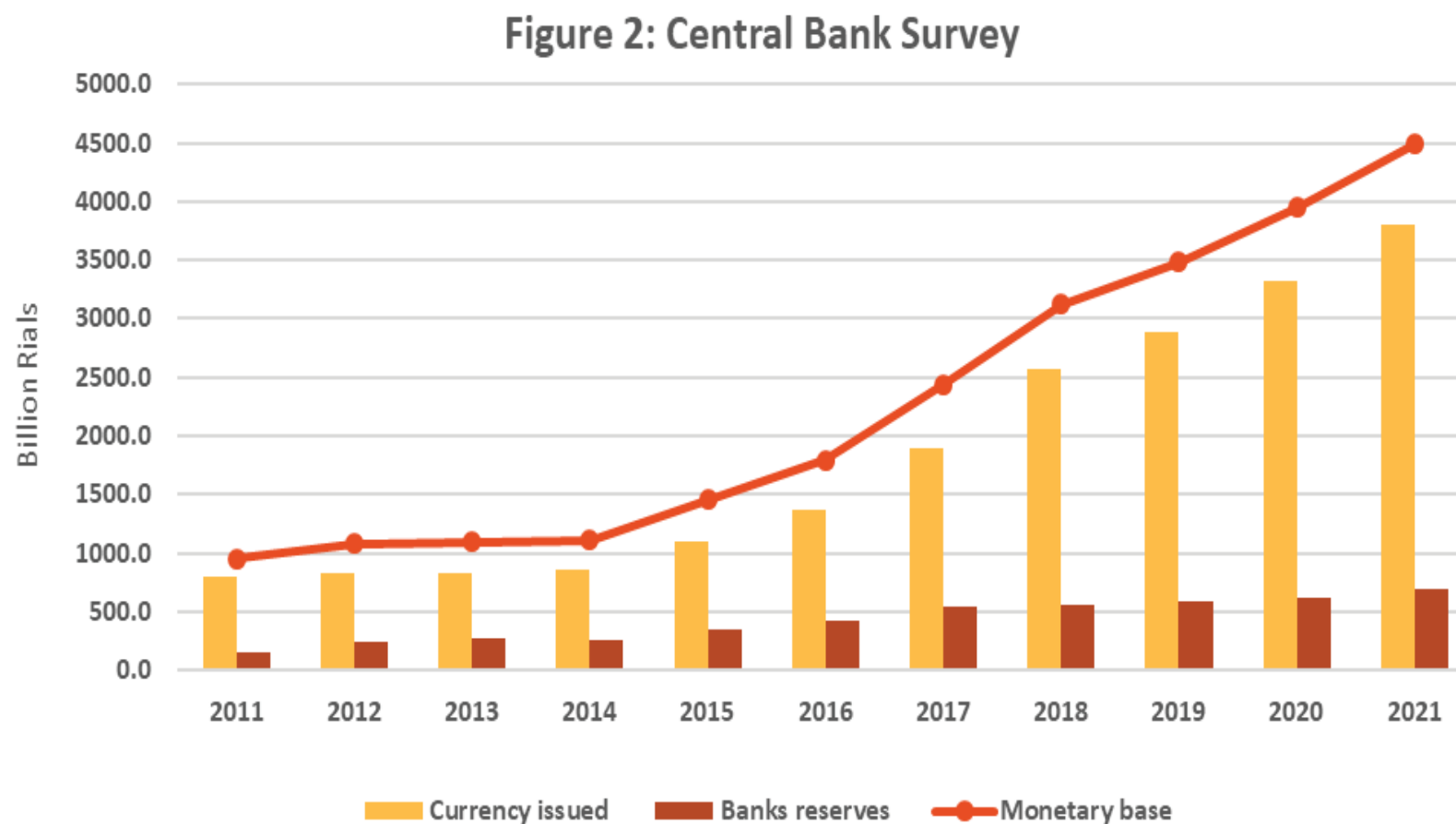


Figure 2: central bank survey

## Balance Sheet of the Central Bank of Yemen

(In billion Rials)

Items	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	mar-22
<b><u>Assets</u></b>	<b><u>1,930.0</u></b>	<b><u>2,372.9</u></b>	<b><u>2,185.0</u></b>	<b><u>2,036.6</u></b>	<b><u>2,252.8</u></b>	<b><u>2,829.7</u></b>	<b><u>3,983.9</u></b>	<b><u>5,750.3</u></b>	<b><u>6,558.8</u></b>	<b><u>7,286.3</u></b>	<b><u>8,090.3</u></b>	<b><u>8,958.4</u></b>
<b><u>Foreign Assets</u></b>	<b><u>968.8</u></b>	<b><u>1,323.2</u></b>	<b><u>1,149.4</u></b>	<b><u>1,002.6</u></b>	<b><u>450.5</u></b>	<b><u>250.3</u></b>	<b><u>361.8</u></b>	<b><u>1,133.6</u></b>	<b><u>628.4</u></b>	<b><u>387.8</u></b>	<b><u>684.0</u></b>	2,055.9
<b><u>Loans &amp; Advances</u></b>	<b><u>940.5</u></b>	<b><u>1,032.4</u></b>	<b><u>1,022.3</u></b>	<b><u>1,020.5</u></b>	<b><u>1,788.2</u></b>	<b><u>2,536.8</u></b>	<b><u>3,170.3</u></b>	<b><u>4,065.8</u></b>	<b><u>4,841.8</u></b>	<b><u>5,708.4</u></b>	<b><u>6,125.9</u></b>	5,955.0
Government	783.1	772.7	756.6	761.3	1,524.7	2,228.6	2,860.8	3,756.3	4,532.3	5,398.9	5,816.4	5,645.5
Public Enterprises	157.4	259.7	265.7	259.2	263.5	308.2	309.5	309.5	309.5	309.5	309.5	309.5
Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b><u>Fixed &amp; Other Assets</u></b>	<b><u>20.8</u></b>	<b><u>17.3</u></b>	<b><u>13.3</u></b>	<b><u>13.5</u></b>	<b><u>14.1</u></b>	<b><u>42.6</u></b>	<b><u>451.8</u></b>	<b><u>550.9</u></b>	<b><u>1,088.5</u></b>	<b><u>1,190.1</u></b>	<b><u>1,280.5</u></b>	947.2
Exchange Valuation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b><u>Liabilities</u></b>	<b><u>1,930.0</u></b>	<b><u>2,372.9</u></b>	<b><u>2,185.0</u></b>	<b><u>2,036.6</u></b>	<b><u>2,252.8</u></b>	<b><u>2,829.7</u></b>	<b><u>3,983.9</u></b>	<b><u>5,750.3</u></b>	<b><u>6,558.8</u></b>	<b><u>7,286.3</u></b>	<b><u>8,090.3</u></b>	8,958.0
<b><u>Banknotes Issued</u></b>	<b><u>800.3</u></b>	<b><u>832.7</u></b>	<b><u>821.6</u></b>	<b><u>854.9</u></b>	<b><u>1,099.5</u></b>	<b><u>1,375.8</u></b>	<b><u>1,893.5</u></b>	<b><u>2,571.6</u></b>	<b><u>2,890.5</u></b>	<b><u>3,327.5</u></b>	<b><u>3,802.7</u></b>	3,701.5
<b><u>Sight Liabilities</u></b>	<b><u>533.4</u></b>	<b><u>645.2</u></b>	<b><u>496.7</u></b>	<b><u>414.3</u></b>	<b><u>453.8</u></b>	<b><u>592.4</u></b>	<b><u>756.8</u></b>	<b><u>961.9</u></b>	<b><u>1,032.0</u></b>	<b><u>1,169.4</u></b>	<b><u>1,151.2</u></b>	1,301.3
Government	236.4	150.5	121.3	76.1	50.6	75.4	100.6	243.6	330.6	429.7	342.7	424.7
Social Security Fund	59.4	57.7	18.0	13.6	18.7	58.7	58.7	58.7	58.7	58.7	58.7	58.7
Public Enterprises	83.3	100.3	81.4	66.8	31.3	38.1	48.1	105.4	48.5	60.3	61.9	90.4
Demand Deposits	53.3	69.9	70.2	49.3	26.6	32.8	38.2	93.7	34.2	45.3	45.7	54.2
Time Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign Currency	30.0	30.3	11.2	17.5	4.7	5.3	9.9	11.7	14.3	15.0	16.2	36.1
<b><u>Banks</u></b>	<b><u>154.2</u></b>	<b><u>244.8</u></b>	<b><u>276.1</u></b>	<b><u>257.9</u></b>	<b><u>353.2</u></b>	<b><u>420.2</u></b>	<b><u>549.3</u></b>	<b><u>554.3</u></b>	<b><u>594.2</u></b>	<b><u>620.6</u></b>	<b><u>688.0</u></b>	727.5
Certificates of Deposits	0.0	91.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury Bills sold to Banks (repos)	64.1	64.8	50.6	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign Liabilities	50.2	266.6	267.9	268.0	268.4	311.4	486.8	1,231.9	1,231.9	1,306.0	1,699.1	4,219.2
<b><u>Other Liabilities</u></b>	<b><u>482.1</u></b>	<b><u>563.7</u></b>	<b><u>548.2</u></b>	<b><u>497.6</u></b>	<b><u>431.1</u></b>	<b><u>550.1</u></b>	<b><u>846.9</u></b>	<b><u>984.9</u></b>	<b><u>1,404.4</u></b>	<b><u>1,483.4</u></b>	<b><u>1,437.3</u></b>	-263.9

Table 3: Balance Sheet of the Central Bank of Yemen

## Consolidated Balance Sheet of Commercial & Islamic Banks - Assets

(In Billions Rials)

Items	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>Assets</u></b>	<b><u>1765.8</u></b>	<b><u>2276.1</u></b>	<b><u>2776.1</u></b>	<b><u>2810.0</u></b>	<b><u>2768.5</u></b>	<b><u>2961.6</u></b>	<b><u>3183.1</u></b>	<b><u>4034.2</u></b>	<b><u>4408.9</u></b>	<b><u>4,429.7</u></b>	<b><u>4,594.9</u></b>
<b><u>Foreign Assets</u></b>	<b><u>477.5</u></b>	<b><u>541.6</u></b>	<b><u>549.8</u></b>	<b><u>504.3</u></b>	<b><u>506.3</u></b>	<b><u>581.6</u></b>	<b><u>532.0</u></b>	<b><u>822.6</u></b>	<b><u>909.8</u></b>	<b><u>916.2</u></b>	<b><u>971.1</u></b>
Foreign Currency	55.7	49.9	51.6	49.0	90.9	83.5	44.6	66.8	97.4	116.4	135.1
Banks Abroad	213.7	260.0	230.7	243.0	210.5	256.6	254	414.3	470.9	468.1	486.8
Non-residents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign Investment	208.0	231.7	267.5	212.3	204.9	241.5	233.4	341.5	341.5	331.7	349.2
<b><u>Reserves</u></b>	<b><u>175.0</u></b>	<b><u>276.8</u></b>	<b><u>321.9</u></b>	<b><u>302.2</u></b>	<b><u>383.9</u></b>	<b><u>440.4</u></b>	<b><u>571.8</u></b>	<b><u>713.6</u></b>	<b><u>774.5</u></b>	<b><u>821.2</u></b>	<b><u>938.3</u></b>
Local Currency	22.9	29.4	36.8	44.0	30.6	27.2	63.4	71.8	133.2	142.5	233.9
Deposits with CBY	152.1	247.4	285.1	258.2	353.3	413.2	508.4	641.8	641.3	678.6	704.4
<b><u>Loans &amp; Advances</u></b>	<b><u>933.7</u></b>	<b><u>1179.6</u></b>	<b><u>1722.5</u></b>	<b><u>1844.8</u></b>	<b><u>1692.6</u></b>	<b><u>1725.7</u></b>	<b><u>1817.3</u></b>	<b><u>2157.8</u></b>	<b><u>2319.4</u></b>	<b><u>2,305.4</u></b>	<b><u>2,303.7</u></b>
Government	546.3	788.5	1182.5	1287.3	1264.2	1301.9	1387.3	1554.8	1720.8	1,963.7	1,798.0
Public Enterprises	20.4	17.3	30.0	34.2	18.0	19.5	13.7	19.8	20.4	57.5	61.0
Private Sector	366.9	373.8	510.0	523.2	410.5	404.3	416.3	583.2	578.2	284.2	444.6
Certificate of Deposits	0.0	91.9	0.0	0.0	0.0	0.0	0.0	1	1	0.0	0.0
Treasury bills purchased from CBY	64.1	64.8	50.6	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b><u>Other Assets</u></b>	<b><u>115.6</u></b>	<b><u>121.3</u></b>	<b><u>131.3</u></b>	<b><u>156.9</u></b>	<b><u>185.8</u></b>	<b><u>213.9</u></b>	<b><u>262</u></b>	<b><u>339.2</u></b>	<b><u>404.2</u></b>	<b><u>387.0</u></b>	<b><u>381.8</u></b>

Table 4: Consolidated Balance Sheet of Commercial and Islamic Banks - Assets



### Consolidated Balance Sheet of Commercial & Islamic Banks - Liabilities

(In Billions Rials)

Items	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>Liabilities</u></b>	<b><u>1765.8</u></b>	<b><u>2276.1</u></b>	<b><u>2776.1</u></b>	<b><u>2810.0</u></b>	<b><u>2768.5</u></b>	<b><u>2961.6</u></b>	<b><u>3183.1</u></b>	<b><u>4034.2</u></b>	<b><u>4408.9</u></b>	<b><u>4,429.7</u></b>	<b><u>4,594.9</u></b>
<b><u>Deposits</u></b>	<b><u>1348.6</u></b>	<b><u>1799.5</u></b>	<b><u>2225.3</u></b>	<b><u>2225.7</u></b>	<b><u>2150.0</u></b>	<b><u>2271.4</u></b>	<b><u>2374.4</u></b>	<b><u>3027.4</u></b>	<b><u>3249.3</u></b>	<b><u>3,516.0</u></b>	<b><u>3,660.3</u></b>
Government	0.5	4.0	7.9	10.7	30.1	19.3	28.9	23	32.8	0.0	0.0
Demand	162.3	231.5	261.6	269.4	406.9	408.3	448.2	584.2	653.9	850.9	910.5
Time	452.0	643.5	837.3	862.0	704.1	732.5	751.1	774	815.7	838.8	859.2
Saving	127.1	168.0	194.9	205.4	191.3	215.9	221.1	242	260.9	276.3	286.9
Foreign Currency	572.3	706.2	857.3	825.2	765.9	845.5	880.3	1358	1436.1	1,496.9	1,552.7
Earmarked	34.4	46.1	66.4	53.1	51.8	49.9	44.8	46.2	49.9	53.1	50.9
<b><u>Foreign Liabilities</u></b>	<b><u>16.8</u></b>	<b><u>28.5</u></b>	<b><u>38.2</u></b>	<b><u>39.3</u></b>	<b><u>29.2</u></b>	<b><u>29.3</u></b>	<b><u>27.0</u></b>	<b><u>62.7</u></b>	<b><u>36.6</u></b>	<b><u>35.0</u></b>	<b><u>32.5</u></b>
Banks Abroad	15.0	25.9	35.7	37.0	27.5	27.4	25.3	59.8	33.6	35.0	32.5
Non-residents	1.9	2.6	2.5	2.3	1.6	1.9	1.7	2.9	3	0.0	0.0
Borrowing from bks	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0.0	0.0
<b><u>Other Liabilities</u></b>	<b><u>400.3</u></b>	<b><u>448.2</u></b>	<b><u>512.6</u></b>	<b><u>545.0</u></b>	<b><u>589.3</u></b>	<b><u>660.9</u></b>	<b><u>781.7</u></b>	<b><u>944.1</u></b>	<b><u>1123.0</u></b>	<b><u>878.8</u></b>	<b><u>902.1</u></b>
Loans from CBY	0.0	0.8	0.9	1.6	2.9	3.9	4.3	5.6	13.5	6.8	6.8
Capital & Reserves	181.6	194.1	216.7	227.8	237.6	239.9	267.8	291.1	333.7	358.0	368.2
Other Liabilities	218.8	253.2	295.0	315.7	348.9	417.1	509.6	647.4	775.8	513.9	527.1

Table 5: Consolidated Balance Sheet of Commercial and Islamic Banks - Liabilities

## Market exchange rates

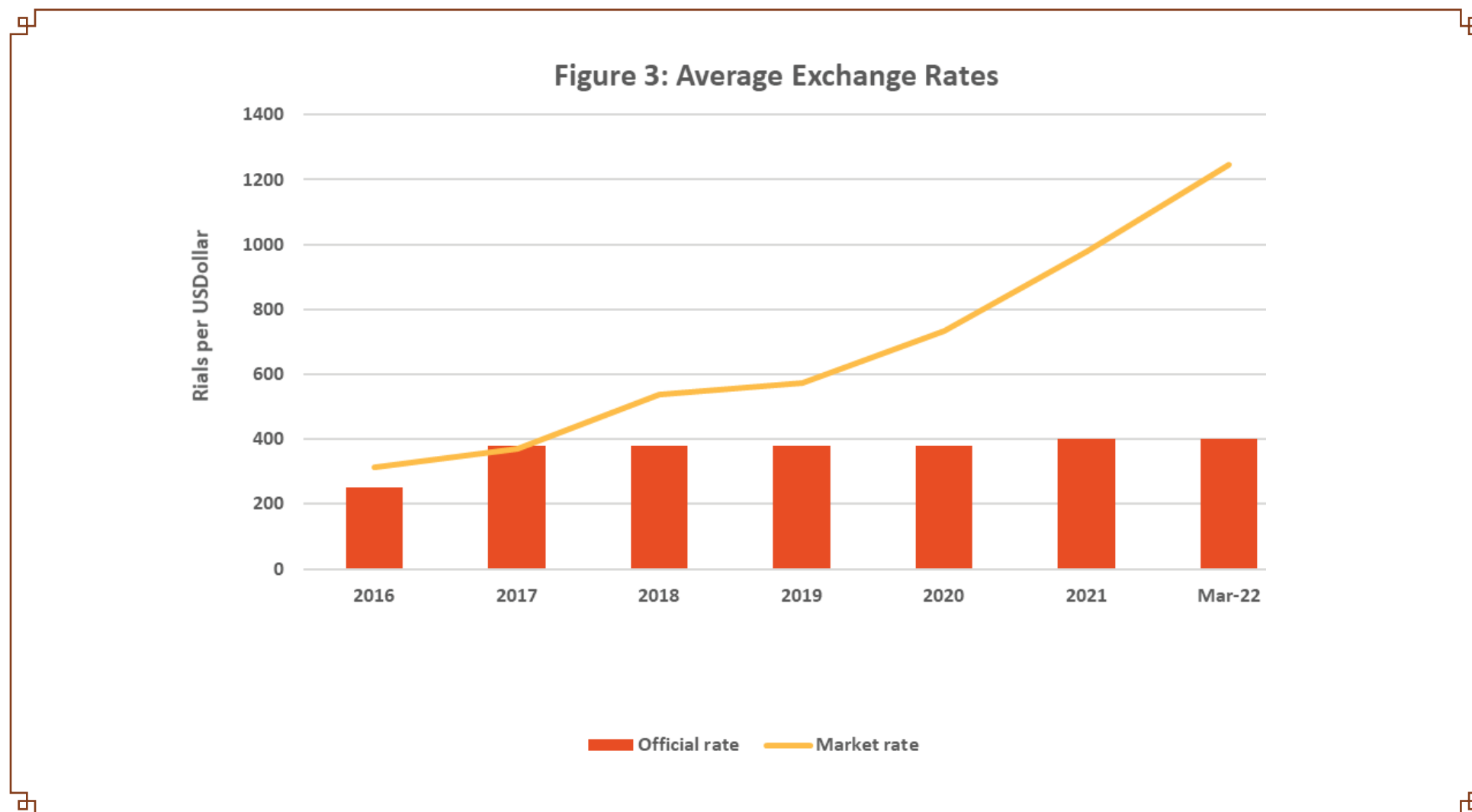
(Yemeni Rial / US dollar)

Months	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Average	Average	Average	Average	Average	Average	Average	Average	Average	Average	Average	Average
February	214.89	214.89	214.89	213.80	213.80	214.89	315.64	477.50	536.00	645.29	787.39	1102.7
February	214.89	214.89	214.89	213.80	213.80	214.89	330.68	481.50	581.50	655.69	865.38	1125.1
March	214.89	214.89	214.89	213.80	213.80	214.89	348.02	488.00	579.75	656.33	891.52	1246.5
April	214.89	214.89	214.89	213.80	213.80	250.25	362.86	488.00	513.40	669.36	867.83	
May	214.89	214.89	214.89	213.80	213.80	250.25	362.03	494.50	538.75	698.85	908.66	
June	214.89	214.89	214.89	213.80	213.80	250.25	356.05	522.50	560.20	735.39	933.90	
July	214.89	214.89	214.89	214.94	213.80	250.25	368.48	567.00	578.13	753.09	981.90	
August	214.89	214.89	214.89	214.91	213.80	250.25	372.08	644.50	597.00	778.26	1022.58	
September	214.89	214.89	214.89	214.89	213.80	250.25	375.26	625.00	610.50	815.91	1105.88	
November	214.89	214.89	214.89	214.89	213.80	250.25	381.33	622.00	596.00	799.92	1269.26	
November	214.89	214.89	214.89	214.89	213.80	250.25	416.30	550.50	574.00	821.71	1500.60	
December	214.89	214.89	214.89	214.89	213.80	250.25	444.65	499.50	601.00	792.69	1255.26	
<b>Annual average</b>	<b>214.89</b>	<b>214.89</b>	<b>214.89</b>	<b>214.35</b>	<b>213.80</b>	<b>241.41</b>	<b>369.45</b>	<b>538.38</b>	<b>572.19</b>	<b>735.21</b>	<b>1032.51</b>	<b>1114.20</b>

USD = United States dollars, YER = Yemeni rials (national currency), YER/USD = Yemeni rials per United States dollar.

Source: Central Bank of Yemen.

Table 6: Average Market Exchange Rates



**Figure 3: Average Exchange Rates**



## **Statistical Concepts and Methodology**

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The monthly report on the most important financial, monetary and banking developments issued by the Central Bank of Yemen, starting from November 2021, focuses on the developments of the local financial and monetary economic conditions.

Here are the highlights of the report:

## Money Aggregates and Monetary

### Policy Developments:

The General Department for Research and Statistics collects these data and periodically prepares them for publication in accordance with the 2000 Monetary and Financial Statistics Manual issued by the IMF. The Central Bank treats the data it collected separately on the concerned institutions with strict confidentiality. The monetary data should be published in their final form, and these data are reviewed when any amendment is made related to the methodology used and the classification of the monetary data. The following is an introduction to the content of the most prominent terms included in the monetary tables:

- **Banks:** All commercial and Islamic banks operating in the Republic of Yemen that accept deposits.
- **Banking system:** The Central Bank of Yemen and the commercial and Islamic banks operating in Yemen.
- **Government:** The central government and the

local councils.

- **Social Security institutions:** The General Authority for Insurance and Pensions, the General Organization for Insurance and Pensions, and the security and military retirement Institutions.

- **Public institutions:** Public (non-financial) institutions and companies in which the government has an interest and/or voting power.

- **Non-governmental sector:** All local sectors except the government and social security institutions.

- **Resident:** A natural or legal person who usually resides in Yemen or has been in Yemen for one year or more, regardless of the nationality of this person, with the exception of international bodies and institutions and foreign students who reside for more than one year.

- **Non-resident:** A natural or legal person who usually resides outside Yemen and/or who has not completed one year of residency in Yemen, regardless of the nationality of this person, except for a family or individual who has an economic center or interest in Yemen and has permanent housing even if this family or individual resides in Yemen intermittently.

- **Net foreign assets:** The external assets of the banking system minus the external liabilities of the banking system, based on the concept of residen-

cy. These are calculated for the Central Bank and each other bank from the external assets and liabilities included in their balance sheets.

- **Net government borrowing:** The sum of the claims on the central government and local councils of the banking system, minus the total government deposits with the banking system.

- **Claims on the non-governmental sector:** The total claims on public institutions and the local private sector.

- **Other items net:** The sum of the other assets of the banking system minus the sum of other liabilities of the banking system, representing items that are not included in the definition of net foreign assets, net of government borrowing, and claims on the non-governmental sector from the Central Bank balance sheet and the consolidated balance sheet of commercial and Islamic banks.

- **Currency issued:** The cash issued by the Central Bank, consisting of cash circulating outside banks plus cash in banks' vaults.

- **Money:** Currency in circulation plus demand deposits in Rials with the banking system for both the (local) private sector and public institutions.

- **Quasi-money:** Both savings and time deposits in Rials and deposits in foreign currencies for all sectors mentioned in the definition of money with the banking system, in addition to deposits of so-

cial security institutions.

- **Money supply:** The sum of money plus quasi-money as well as the sum of net foreign assets, net government borrowing, claims on the non-governmental sector, and other items net.

- **Banks' deposits with the Central Bank include the following:**

- 1) **Reserve requirement:** The minimum value that banks must keep with the Central Bank to meet the mandatory reserve ratio imposed on deposits with banks.

- 2) **Current accounts:** Current accounts opened by banks with the Central Bank of Yemen in local and foreign currencies by banks. Certificates of deposit in Rials are not considered within these accounts.

- **Bank advances:** Credit granted by commercial banks in the form of loans, facilities, and discounted securities in addition to financing provided to Islamic banks for their investment operations.

- **Loans and advances granted to the private sector by banks:** Among others, direct loans and facilities granted by banks to the private sector and banks' investments in the shares of companies.

- **Loans and advances granted to the government by banks:** Agency deposits (alternatives to Islamic bonds), certificates of deposit gov-

ernment bonds.

• **Exchange rate and monetary policy:** The axis of the national currency exchange rates against the main foreign currencies is one of the axes that the Central Bank strives for its stability through effective monetary policy measures to achieve a macroeconomic balance between supply and demand and to curb price inflation. The General Administration of Foreign Exchange and Exchange Affairs is the source of these statements and procedures.

#### **Public Finance:**

The General Budget Department of the Central Bank of Yemen is the source of the state's general budget data, which is actual preliminary data. The budget data includes the following:

- **Total balance:** This represents the state's general budget and indicates the relationship between public revenues and overall public spending.
- **Internal public debt:** includes the financing provided by the banking system to the government to fill the deficit in the state's general budget.

#### **Prices and Inflation:**

The Food Security Secretariat of the Ministry of Planning and International Cooperation prepares the price index to measure the inflation rate based on (the cost of a food basket for an average family

of 7 to survive) with the help of its local and international partners. The food basket consists of 75 kg of flour, 10 kg of broad beans or red beans, 8 liters of imported vegetable oil, 2.5 kg of sugar, and 1 kg of iodized salt.

### Disclaimer

- Starting in August 2008, monetary and banking data were modified and updated in accordance with the Monetary and Financial Statistics Manual issued by the International Monetary Fund for the year 2000. This note was developed to make it easier for researchers, observers and those interested to know the reasons for the change in numbers.
- According to Article (45) of the Central Bank Law No. (14) of 2000, all information and individual data provided to the Central Bank are strictly confidential and used only for statistical purposes, and no information that reveals the financial conditions of any bank or financial institution is published.
- The data contained in the report that we receive from its sources, such as ministries and government agencies, is preliminary data subject to change in the event that it is modified from its source.
- If it is not possible to obtain statistical data from ministries and government agencies, we are forced to take into account the expectations of the International Monetary Fund.
- This report is issued by the General Department for Research and Statistics in the Central Bank of Yemen - Headquarters Aden - Republic of Yemen.

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