



Central Bank of Yemen



Monetary and Financial Developments

OCTOBER
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Central Bank of Yemen



Monthly report Monetary and Financial Developments

October 2022

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INDEX

Contents	Page
Monetary and Financial Developments	1
Appendix 1: Statistical Concepts and Methodology	14
Tables	
Table 1: Monetary Survey for the Commercial Banking Sector of Yemen	5
Table 2: Survey of the Central Bank of Yemen	7
Table 3: Balance Sheet of the Central Bank of Yemen	9
Table 4: Consolidated Balance Sheet of Commercial and Islamic Banks - Assets	10
Table 5: Consolidated Balance Sheet of Commercial and Islamic Banks - Liabilities	11
Table 6: Average Market Exchange Rates	12
Figures	
Figure 1: Yemen's Money Survey	6
Figure 2: Money Created by the Central Bank of Yemen	8
Figure 3: Average Exchange Rates	13

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



Foreword

The Central Bank of Yemen (CBY) is pleased to present the Monetary and Financial Developments Report – Issue No.11. The Report provides readers and researchers interested in monetary and financial developments in the Republic of Yemen with insights into major developments across country's monetary and banking sectors.

This issue of the Monthly Report reviews key developments during October 2022. It analyses key components of CBY's balance sheet, consolidated balance sheet of the commercial and Islamic banks, as well as monetary surveys. In addition, it covers budget deficit financing and domestic debt issuances. Moreover, the report places a special focus on the exchange rate and price developments.

We trust this report will provide detailed insights to our readers.

God bless,

Ahmed Ahmed Ghaleb

Governor, Central Bank of Yemen



Monetary and Financial developments

Money supply:

The broad money supply (M2) grew by 0.8 percent (57.8 billion Rials). It reached 7,286.9 billion Rials at the end of September 2022, compared to 7,229.1 billion Rials at the end of December 2021. The actual growth rate of broad money was well below the annual target of 18 percent, considered in the annual monetary plan. Overall, monetary growth remained within the parameters established in the annual monetary plan for CY 2022.

During the first nine months of CY 2022, the narrow money supply (M1) decreased by 4,379.2 billion Rials (2.2 percent), while quasi-money rose by 5.7 percent to YER 2,907.7 billion. This decrease in narrow money represents a decrease in currency in circulation combined with an increase 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 47.5 percent of the total money supply in September 2022 - compared with 49.4 percent in 2021 - is evidence that Yemen continues to rely heavily on cash as its primary means of financial intermediation.

CBY Balance Sheet:

The CBY total balance sheet reached 8,671.8 billion Rials at the end of October 2022, an increase of 6.9 billion Rials (0.1 percent) from September

2022.

The CBY's total foreign assets decreased from 1,429.1 billion Rials in September 2022 to 1,321.9 billion Rials in October 2022, a decrease of 107.2 billion Rials (7.5 percent), attributable to a decrease in net FX inflows.

Net claims on the government increased from 5,528.2 billion Rials in September 2022 to 5,634.1 billion Rials in October 2022, an increase of 105.9 billion Rials (1.9 percent).

CBY issued currency decreased to 3,636.9 billion Rials at the end of October 2022, compared to 3,683 billion Rials at the end of the previous month - a decrease of 46.2 billion Rials (1.3 percent).

CBY Bank reserves increased by 11 billion Rials (1.5 percent) in October 2022 compared to the previous month.

Base money (the sum of currency issued and bank reserves) decreased by 0.8 percent (35.2 billion Rials) in October 2022. This decrease is well below the target set in the annual monetary plan (+15.6 percent) and is reflected in CBY's success in containing monetary emissions.

The consolidated balance sheet of commercial and Islamic banks:

The consolidated balance sheet of the commercial and Islamic banks in Yemen totaled 4,832.5 billion Rials in September 2022, an increase of 148.6

billion Rials, or about 3.2 percent relative to June 2022.

The total foreign assets of commercial and Islamic banks amounted to 963.6 billion Rials at the end of September 2022, compared to 965.5 billion Rials at the end of June 2022, a decrease of 1.9 billion Rials, or 0.2 percent.

The total CBY bank reserves increased by 78.8 billion Rials (8.1 percent) at the end of September 2022, reaching 1,053.1 billion Rials.

The total credit provided by banks to the private sector increased from 284 billion Rials in June 2022 to 285.1 billion Rials at the end of September 2022, an increase of 1.1 billion Rials, or 0.4 percent.

Total deposits amounted to 3,828.3 billion Rials at the end of September 2022, compared to 3750.7 billion Rials at the end of June 2022, an increase of 77.6 billion Rials, or 2.1 percent. This increase reflected an increase in demand for deposits by 3.5 percent, time deposits by 2.2 percent, savings deposits by 1.2 percent, foreign currency deposits by 0.2 percent, and earmarked deposits by 30.7 percent.

Clearing room:

The total number of cheques transacted in Rials in clearing rooms reached 1,176 with a value of 8.09 billion Rials in October 2022, compared with

1,096 checks totaling 11.47 billion Rials in September 2022. This represented an increase of 10 percent in quantity and a decrease of 29.5 percent in value.

Exchange rates:

The average US dollar exchange rate reached 1,146.87 Rials per dollar at the end of October 2022, compared to 1,134.89 Rials per dollar at the end of September 2022. Recall that the peak was recorded in September 2021, at an average of YER 1500.6 per dollar.

In response to the accelerating depreciation of the Rial, especially during the last quarter of 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 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 promote a

robust price-discovery mechanism. Adjudication prices were based on a marginal clearance price, for instance, 1,411 Rials per dollar for the first auction, on November 10th, 2021. So far, three to eight banks have participated in weekly auctions, with an average of three bids per bank.

From the launch of the FX auction through October 2022, CBY offered a total amount of USD 1,135 million. Total bids amounted to USD 945.48 million, representing a coverage ratio of 83.3 percent. The total amount allocated was USD 871.39 million. These auctions enabled CBY to absorb a total amount of 1,054 billion Rials, equivalent to 24 percent of the base money stock as of October 2022. This constituted an important step by CBY towards an effective liquidity management using market-based monetary policy tools.

CBY maintained the status quo for interest rate structure during the CY 2022. The policy rate (the minimum rate on rial deposits used as a benchmark) was maintained at 15 percent since the prior cut, in February 2013.

Public deficit financing:

Preliminary data related to the budget execution indicated an overall cash deficit of 329 billion Rials through October 2022, compared to 189.1 billion Rials through September 2022. As of October 2022, public revenues amounted to 1,763.3 billion Rials, while public expenditure amounted

to 2,092.3 billion Rials.

In the wake of the ongoing decline of public resources as well as foreign loans, internal public debt has increased from approximately 1.5 trillion Rials in 2018 to 3.7 trillion Rials as of December 2021. Compared to 3,689.1 billion Rials at the end of December 2021, the public debt increased by 6.2 percent (YER 227.7 billion) over the first ten months of CY 2022 to reach 3,916.8 billion Rials in October 2022.

The primary source of domestic public financing is direct borrowing from the CBY. This equaled 3,685.8 billion Rials at October-end 2022 or 94.1 percent of the total public internal debt. Wakala deposits and certificates of deposit constituted the remaining portion (5.9 percent or YER 231 billion) of the domestic debt.

Prices and inflation:

Achieving price stability is the primary objective of monetary policy. The primacy of this objective is clearly stated in CBY Law No. (14) of 2000. This has resulted in tremendous efforts being deployed by the CBY, in concert with the relevant government entities and the assistance of the international community, to face the persistent adverse macroeconomic conditions. In this regard, the CBY is proactively steering monetary policy in a manner designed to maintain macro-financial stability, while providing adequate financing to ensure that critical public fi-

nancing needs are met.

Globally, and therefore unavoidably in Yemen, inflationary conditions worsened somewhat in 2020 and 2021, after relative stability in 2019. The significant depreciation of the Rial, the global surge in food and oil prices, the lack of a foreign reserve buffer at the CBY's disposal, growing uncertainty, and increased dollarization, contributed to inflationary pressures. Market surveys indicate that average food-price inflation exceeded 30 percent in 2020. The annual inflation rate is estimated at around 25 percent in 2020, up from an estimated average rate of 10 percent in 2019. The inflation rate exceeded 30 percent in 2021, in light of the spikes in oil and food prices in international markets.

The average cost of Minimum Survival Food Basket (MFB) reached 83,591 Rials in December 2021 in the areas under IRG control compared with 47,057 Rials in December 2020. The YoY food inflation rate amounted to 77.6 percent in 2021 for the whole country, compared to 110 percent in the liberated areas.

The YoY average cost of MFB increased in the entire Republic by 27.5 percent in October 2022, and 21 percent in liberated areas. Compared to September 2022, the average food price index increased by 2.8 percent in the entire Republic and by 0.8 percent in liberated areas.

To attain low and stable inflation, the CBY attaches

great importance to controlling the money supply.

This is achieved by constructing a solid framework for targeting both, base money growth and broad money growth, as well as adopting a comprehensive toolkit of indirect and market-based instruments to manage liquidity within the Yemeni economy. 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 25-30 percent.

Monetary Survey of Yemen

(In billions Rials, unless otherwise indicated)

Items	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Sept 2022
<u>Broad money supply (M2)</u>	<u>2,756.8</u>	<u>3,101.6</u>	<u>3,106.2</u>	<u>3,238.9</u>	<u>3,697.5</u>	<u>4,282.3</u>	<u>5,504.2</u>	<u>5,973.7</u>	<u>6,701.0</u>	<u>7,229.1</u>	<u>7,286.9</u>
Broad money annual change (%)	21.5	12.5	0.2	4.3	14.2	15.8	28.5	8.5	12.2	7.9	...
<u>Quasi-money</u>	<u>1,651.9</u>	<u>1,985.0</u>	<u>1,976.7</u>	<u>1,736.5</u>	<u>1,907.8</u>	<u>1,965.9</u>	<u>2,420.2</u>	<u>2,562.6</u>	<u>2,665.1</u>	<u>2,749.7</u>	<u>2,907.7</u>
Quasi-money annual change (%)	29.5	20.2	-0.4	-12.2	9.9	3.0	23.1	5.9	4.0	3.2	...
Quasi-money/broad money (%)	59.9	64.0	63.6	53.6	51.6	45.9	44.0	42.9	39.8	38.0	39.9
Foreign currency deposits	736.5	868.4	842.7	770.5	850.8	890.2	1,358.0	1,436.1	1496.9	1,552.7	1,635.9
Foreign currency deposits annual change (%)	22.3	17.9	-3.0	-8.6	10.4	4.6	52.5	5.8	4.2	3.7	...
Foreign currency deposits/total deposits (%)	37.7	37.5	36.7	35.5	36.2	36.3	45.2	44.6	42.6	42.4	42.7
<u>Narrow money supply (M1)</u>	<u>1,104.8</u>	<u>1,116.6</u>	<u>1,129.5</u>	<u>1,502.4</u>	<u>1,789.6</u>	<u>2,316.5</u>	<u>3,084.0</u>	<u>3,411.1</u>	<u>4,035.9</u>	<u>4,479.3</u>	<u>4,379.2</u>
Narrow money annual change (%)	11.3	1.1	1.2	33.0	19.1	29.4	33.1	10.6	18.3	11.0	...
Narrow money/broad money (%)	40.1	36.0	36.4	46.4	48.4	54.1	56.0	57.1	60.2	62.0	60.1
Demand deposits	301.5	331.8	318.7	433.5	441.1	486.4	584.2	653.9	850.9	910.5	920.6
Demand deposits annual change (%)	39.8	10.1	-4.0	36.0	1.7	10.3	20.1	11.9	30.1	7.0	...
Demand deposits/broad money (%)	10.9	10.7	10.3	13.4	11.9	11.4	10.6	10.9	12.7	12.6	12.6
Currency in circulation	803.3	784.8	810.9	1,068.9	1,348.6	1,830.1	2,499.8	2,757.2	3185.0	3,568.8	3,458.7
Currency in circulation/broad money (%)	3.3	-2.3	3.3	31.8	36.5	42.7	45.4	46.2	47.5	49.4	47.5

YER = Yemeni rials (national currency).

Source: Central Bank of Yemen.

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

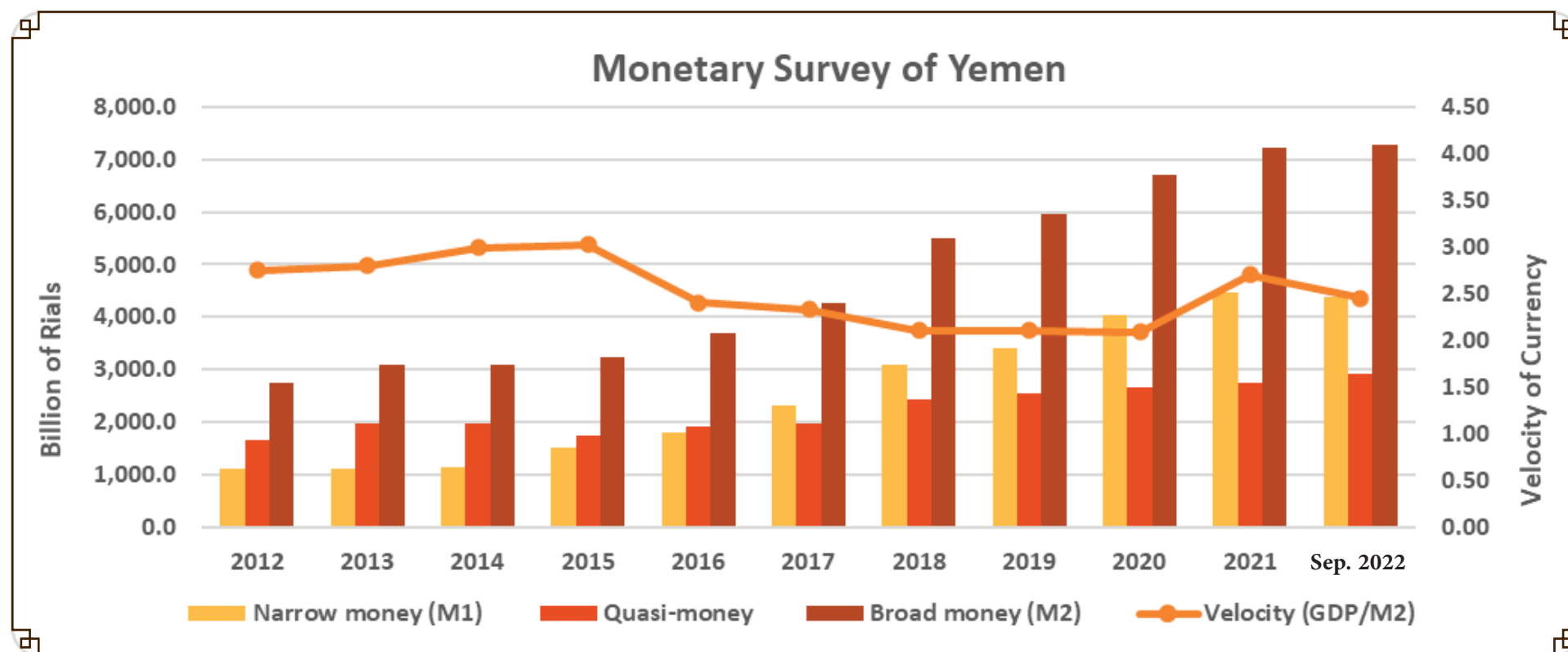


Figure 1: Yemen's Money Survey

Survey of the Central Bank of Yemen

(In billions Rials)

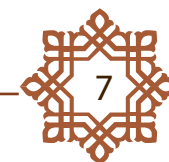
Items	2013	2014	2015	2016	2017	2018	2019	2020	2021	oct 2022
<u>Monetary base</u>	<u>1097.6</u>	<u>1112.8</u>	<u>1452.7</u>	<u>1,795.9</u>	<u>2,435.8</u>	<u>3,125.9</u>	<u>3,484.7</u>	<u>3,948.1</u>	<u>4,490.7</u>	<u>4,393.3</u>
<u>Monetary base, annual change</u>	<u>1.9</u>	<u>1.4</u>	<u>30.5</u>	<u>23.6</u>	<u>35.6</u>	<u>28.3</u>	<u>11.5</u>	<u>13.3</u>	<u>13.7</u>	...
<u>Currency issued</u>	<u>821.6</u>	<u>854.9</u>	<u>1099.5</u>	<u>1,375.8</u>	<u>1,893.5</u>	<u>2,571.6</u>	<u>2,890.5</u>	<u>3,327.5</u>	<u>3,802.7</u>	<u>3,636.9</u>
Currency issued, annual change	-1.3	4.1	28.6	25.1	37.6	35.8	12.4	15.1	14.3	...
<u>Banks reserves held at the CBY</u>	<u>276.1</u>	<u>257.9</u>	<u>353.2</u>	<u>420.2</u>	<u>549.3</u>	<u>554.3</u>	<u>594.2</u>	<u>620.6</u>	<u>688.0</u>	<u>756.4</u>
Banks reserves held at the CBY, annual change	12.8	-6.6	37.0	19.0	30.7	0.9	7.2	4.4	10.8	...
<u>Money multiplier (M2/Monetary base)</u>	<u>2.8</u>	<u>2.8</u>	<u>2.2</u>	<u>2.1</u>	<u>1.8</u>	<u>1.8</u>	<u>1.7</u>	<u>1.7</u>	<u>1.7</u>	...

CBY = Central Bank of Yemen, YER = Yemeni rials (national currency).

as the money multiplier is defined as the broad money supply (M2) divided by the monetary base.

Source: CBY.

Table 2: Survey of the Central Bank of Yemen



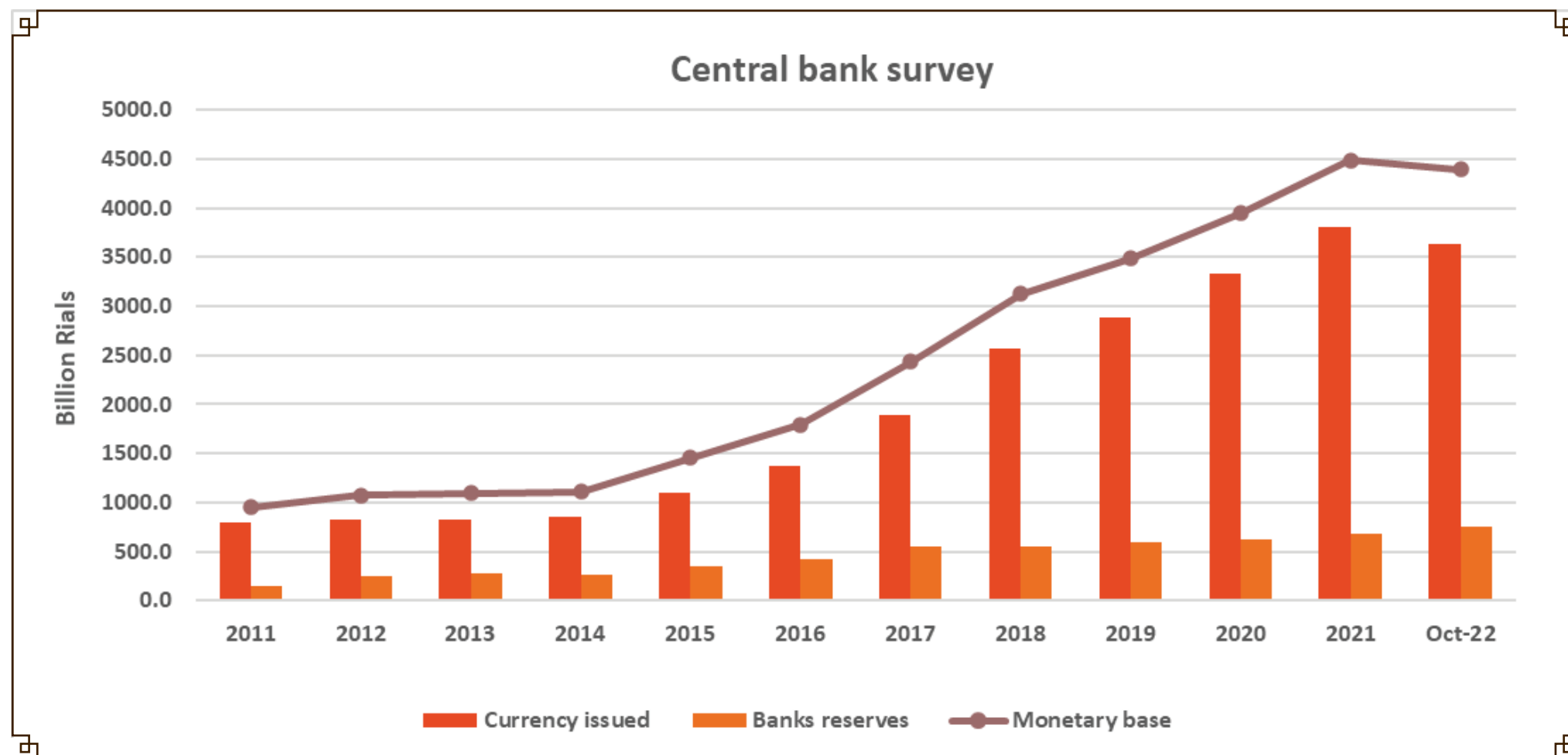


Figure 2: central bank survey

Balance Sheet of the Central Bank of Yemen

(In billion Rials)

Items	2013	2014	2015	2016	2017	2018	2019	2020	2021	Oct 2022
<u>Assets</u>	<u>2,185.0</u>	<u>2,036.6</u>	<u>2,252.8</u>	<u>2,829.6</u>	<u>3,983.9</u>	<u>5,750.3</u>	<u>7,286.3</u>	<u>8,090.4</u>	<u>8819.8</u>	<u>8,671.8</u>
<u>Foreign Assets</u>	<u>1,149.4</u>	<u>1,002.6</u>	<u>450.5</u>	<u>250.3</u>	<u>361.8</u>	<u>1,133.6</u>	<u>387.8</u>	<u>684.0</u>	<u>1693.9</u>	<u>1,321.9</u>
<u>Loans & Advances</u>	<u>1,022.3</u>	<u>1,020.5</u>	<u>1,788.2</u>	<u>2,536.8</u>	<u>3,170.3</u>	<u>4,065.8</u>	<u>5,708.4</u>	<u>6,125.9</u>	<u>6112.9</u>	<u>6,308.5</u>
Government	756.6	761.3	1,524.7	2,228.6	2,860.8	3,756.3	5,398.9	5,816.4	5803.4	5,999.0
Public Enterprises	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
<u>Fixed & Other Assets</u>	<u>13.3</u>	<u>13.5</u>	<u>14.1</u>	<u>42.6</u>	<u>451.8</u>	<u>550.9</u>	<u>1,190.1</u>	<u>1,280.5</u>	<u>1013.0</u>	<u>1,041.4</u>
Exchange Valuation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Liabilities</u>	<u>2,185.0</u>	<u>2,036.6</u>	<u>2,252.8</u>	<u>2,829.6</u>	<u>3,983.9</u>	<u>5,750.3</u>	<u>7,286.3</u>	<u>8,090.4</u>	<u>8819.8</u>	<u>8,671.8</u>
<u>Banknotes Issued</u>	<u>821.6</u>	<u>854.9</u>	<u>1,099.5</u>	<u>1,375.8</u>	<u>1,893.5</u>	<u>2,571.6</u>	<u>3,327.5</u>	<u>3,802.7</u>	<u>3711.2</u>	<u>3,636.9</u>
<u>Sight Liabilities</u>	<u>496.7</u>	<u>414.3</u>	<u>453.8</u>	<u>592.3</u>	<u>756.8</u>	<u>961.9</u>	<u>1,169.4</u>	<u>1,151.2</u>	<u>1323.9</u>	<u>1,275.3</u>
Government	121.3	76.1	50.6	75.4	100.6	243.6	429.7	342.7	369.7	364.9
Social Security Fund	18.0	13.6	18.7	58.7	58.7	58.7	58.7	58.7	58.7	58.7
Public Enterprises	81.4	66.8	31.3	38.1	48.1	105.4	60.3	61.9	85.5	95.3
Demand Deposits	70.2	49.3	26.6	32.8	38.2	93.7	45.3	45.7	47.2	53.0
Time Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign Currency	11.2	17.5	4.7	5.3	9.9	11.7	15.0	16.2	38.3	42.2
<u>Banks</u>	<u>276.1</u>	<u>257.9</u>	<u>353.2</u>	<u>420.2</u>	<u>549.3</u>	<u>554.3</u>	<u>620.6</u>	<u>688.0</u>	<u>810.1</u>	<u>756.5</u>
Certificates of Deposits	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)	50.6	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Foreign Liabilities</u>	<u>267.9</u>	<u>268.0</u>	<u>268.4</u>	<u>311.4</u>	<u>486.8</u>	<u>1,230.9</u>	<u>1,295.3</u>	<u>1,699.1</u>	<u>2832.8</u>	<u>2,807.6</u>
<u>Other Liabilities</u>	<u>548.2</u>	<u>497.6</u>	<u>431.1</u>	<u>550.1</u>	<u>846.9</u>	<u>985.9</u>	<u>1,494.1</u>	<u>1,437.3</u>	<u>951.9</u>	<u>952.1</u>

Table 3: Balance Sheet of the Central Bank of Yemen

Consolidated Balance Sheet of Commercial & Islamic Banks - Assets

(In Billions Rials)

Items	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Sept 2022
<u>Assets</u>	<u>2276.1</u>	<u>2776.1</u>	<u>2810.0</u>	<u>2768.5</u>	<u>2,961.6</u>	<u>3,183.2</u>	<u>4,034.2</u>	<u>4,409.0</u>	<u>4,429.7</u>	<u>4,594.8</u>	<u>4,832.5</u>
<u>Foreign Assets</u>	<u>541.6</u>	<u>549.8</u>	<u>504.3</u>	<u>506.3</u>	<u>581.6</u>	<u>532.0</u>	<u>822.6</u>	<u>909.8</u>	<u>916.2</u>	<u>971.0</u>	<u>963.6</u>
Foreign Currency	49.9	51.6	49.0	90.9	83.5	44.6	66.8	97.4	116.4	135.0	148.6
Banks Abroad	260.0	230.7	243.0	210.5	256.6	254.0	414.3	470.9	468.1	486.8	471.3
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	231.7	267.5	212.3	204.9	241.5	233.4	341.5	341.5	331.7	349.2	343.8
<u>Reserves</u>	<u>276.8</u>	<u>321.9</u>	<u>302.2</u>	<u>383.9</u>	<u>440.4</u>	<u>571.8</u>	<u>713.6</u>	<u>774.6</u>	<u>821.1</u>	<u>938.3</u>	<u>1,053.0</u>
Local Currency	29.4	36.8	44.0	30.6	27.2	63.4	71.8	133.3	142.5	233.9	224.4
Deposits with CBY	247.4	285.1	258.2	353.3	413.2	508.4	641.8	641.3	678.6	704.4	828.7
<u>Loans & Advances</u>	<u>1179.6</u>	<u>1722.5</u>	<u>1844.8</u>	<u>1692.6</u>	<u>1,725.7</u>	<u>1,817.4</u>	<u>2,158.8</u>	<u>2,320.4</u>	<u>2,305.4</u>	<u>2,303.7</u>	<u>2,196.1</u>
Government	788.5	1182.5	1287.3	1264.2	1,301.9	1,387.4	1,554.8	1,720.8	1,963.7	1,798.1	1852.7
Public Enterprises	17.3	30.0	34.2	18.0	19.5	13.7	19.8	20.4	57.5	61.0	58.3
Private Sector	373.8	510.0	523.2	410.5	404.3	416.3	583.2	578.2	284.2	444.6	285.1
Certificate of Deposits	91.9	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0
Treasury bills purchased from CBY	64.8	50.6	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Other Assets</u>	<u>121.3</u>	<u>131.3</u>	<u>156.9</u>	<u>185.8</u>	<u>213.9</u>	<u>262.0</u>	<u>339.2</u>	<u>404.2</u>	<u>387.0</u>	<u>381.8</u>	<u>619.7</u>

CBY = Central Bank of Yemen, YER = Yemeni rials (national currency).

Source: CBY.

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

Consolidated Balance Sheet of Commercial & Islamic Banks - Liabilities

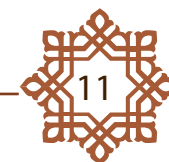
(In Billions Rials)

Items	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Sept 2022
<u>Liabilities</u>	<u>2276.1</u>	<u>2776.1</u>	<u>2810.0</u>	<u>2768.5</u>	<u>2,961.6</u>	<u>3,183.0</u>	<u>4,034.1</u>	<u>4,408.9</u>	<u>4,429.7</u>	<u>4,594.8</u>	<u>4,832.5</u>
<u>Deposits</u>	<u>1799.5</u>	<u>2225.3</u>	<u>2225.7</u>	<u>2150.0</u>	<u>2,271.4</u>	<u>2,374.3</u>	<u>3,027.4</u>	<u>3,249.3</u>	<u>3,516.0</u>	<u>3,660.2</u>	<u>3,828.3</u>
Government	4.0	7.9	10.7	30.1	19.3	28.9	23.0	32.8	0.0	0.0	0.0
Demand	231.5	261.6	269.4	406.9	408.3	448.2	584.2	653.9	850.9	910.5	920.6
Time	643.5	837.3	862.0	704.1	732.5	751.0	774.0	815.7	838.8	859.2	893.7
Saving	168.0	194.9	205.4	191.3	215.9	221.1	242.0	260.9	276.3	286.9	296.0
Foreign Currency	706.2	857.3	825.2	765.9	845.5	880.3	1,358.0	1,436.1	1496.9	1,552.7	1,635.9
Earmarked	46.1	66.4	53.1	51.8	49.9	44.8	46.2	49.9	53.1	50.9	82.1
<u>Foreign Liabilities</u>	<u>28.5</u>	<u>38.2</u>	<u>39.3</u>	<u>29.2</u>	<u>29.3</u>	<u>27.0</u>	<u>62.7</u>	<u>36.6</u>	<u>35.0</u>	<u>32.5</u>	<u>38.9</u>
Banks Abroad	25.9	35.7	37.0	27.5	27.4	25.3	59.8	33.6	35.0	32.5	38.9
Non-residents	2.6	2.5	2.3	1.6	1.9	1.7	2.9	3.0	0.0	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	0.0	0.0
<u>Other Liabilities</u>	<u>448.2</u>	<u>512.6</u>	<u>545.0</u>	<u>589.3</u>	<u>660.9</u>	<u>781.7</u>	<u>944.0</u>	<u>1,123.0</u>	<u>878.8</u>	<u>902.1</u>	<u>965.3</u>
Loans from CBY	0.8	0.9	1.6	2.9	3.9	4.3	5.6	13.5	6.8	6.8	6.8
Capital & Reserves	194.1	216.7	227.8	237.6	239.9	267.8	291.1	333.7	358.0	494.9	416.7
Other Liabilities	253.2	295.0	315.7	348.9	417.1	509.6	647.3	775.8	513.9	400.4	541.8

CBY = Central Bank of Yemen, YER = Yemeni rials (national currency).

Source: CBY.

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
January	213.80	213.80	214.89	214.89	214.89	213.8	315.6	477.5	536.0	645.3	787.4	1,102.69
February	213.80	213.80	214.89	214.89	214.89	213.8	330.7	481.5	581.5	655.7	865.4	1,125.11
March	213.80	213.80	214.89	214.89	214.89	213.8	348.0	488.0	579.8	656.3	891.5	1,246.52
April	213.80	213.80	214.89	214.89	214.89	213.8	362.9	488.0	513.4	669.4	867.8	963.65
May	213.80	213.80	214.89	214.89	214.89	213.8	362.0	494.5	538.8	698.9	908.7	999.99
June	213.80	213.80	214.89	214.89	214.89	213.8	356.1	522.5	560.2	735.4	933.9	1,094.87
July	213.80	214.94	214.89	214.89	214.89	214.9	368.5	567.0	578.1	753.1	981.9	1,137.07
August	213.80	214.91	214.89	214.89	214.89	214.9	372.1	644.5	597.0	778.3	1,022.6	1,154.47
September	213.80	214.89	214.89	214.89	214.89	214.9	375.3	625.0	610.5	815.9	1,105.9	1,134.89
October	213.80	214.89	214.89	214.89	214.89	214.9	381.3	622.0	596.0	799.9	1,269.3	1,146.87
November	213.80	214.89	214.89	214.89	214.89	214.9	416.3	550.5	574.0	821.7	1,500.6	
December	213.80	214.89	214.89	214.89	214.89	214.9	444.7	499.5	601.0	792.7	1,255.3	
Annual average	213.80	214.89	214.89	214.89	214.89	214.4	369.5	538.4	572.2	735.2	1,032.5	...

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

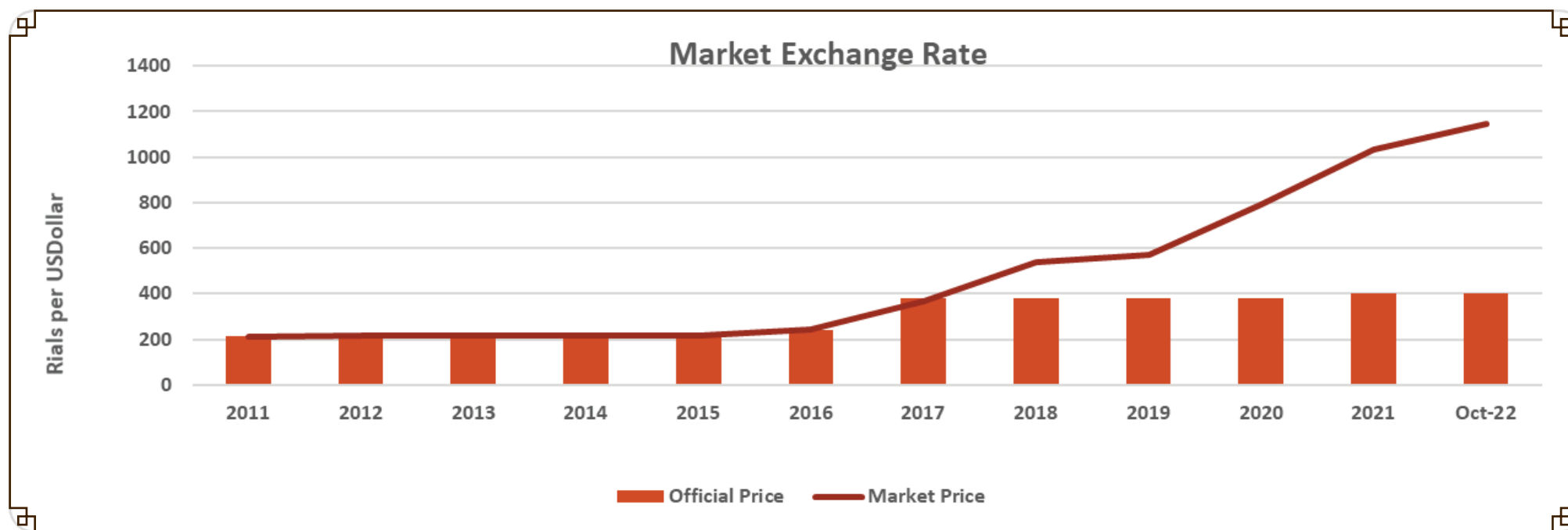


Figure 3: Average Exchange Rates



Statistical Concepts and Methodology

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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