

Monetary and Financial Developments

February 2023

Monthly Report Monetary and Financial Developments

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Foreword

The Central Bank of Yemen (CBY) is pleased to present the Monetary and Financial Developments Report – Issue No.15. 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 February 2023. 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 Ghalib
Governor, Central Bank of Yemen

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Monetary and Financial Developments

Monetary Supply:

The broad money supply decreased by YER 25.1 billion, or 0.2%, to reach YER 10,489.5 billion at the end of February 2023, compared to YER 10,514.6 billion at the end of last month (January 2023). This decrease is mainly attributed to a decline in quasi-money by YER 54.2 billion, or 0.9%, which represented 57.9% of the money supply. Meanwhile, cash increased by YER 29.1 billion, or 0.7%, and represented 42.1% of the money supply.

Outside of banks, the circulating currency decreased by YER 5.4 billion, or 0.2%, to reach YER 3,420.9 billion at the end of February 2023, compared to YER 3,426.3 billion at the end of January 2023.

CBY Balance Sheet:

The total balance sheet of the central bank reached YER 9,643.9 billion at the end of February 2023, an increase of YER 48.1 billion, or 0.5%, compared to January 2023.

The central bank's external assets balance recorded YER 1,521 billion at the end of February 2023, compared to

YER 1,587.7 billion at the end of January 2023, a decrease of YER 66.7 billion, or 4.2%.

The government's net position with the central bank increased from a debit balance of YER 6,266.6 billion in January 2023 to a debit balance of YER 6,328.1 billion in February 2023, an increase of YER 61.5 billion, or 1.0%. The balance of exported currency reached YER 3,705.2 billion at the end of February 2023, compared to YER 3,680.4 billion at the end of January 2023, an increase of YER 24.8 billion, or 0.7%.

Bank reserves decreased by YER 10.1 billion, or 1.2%, at the end of February 2023, compared to a decrease of YER 136.3 billion, or 13.9%, at the end of January 2023. The monetary base (currency in circulation and bank reserves at the central bank) increased by YER 14.7 billion, or 0.3%, at the end of February 2023, compared to a decrease of YER 163.1 billion, or 3.5%, at the end of January 2023.

The Consolidated Balance Sheet of Commercial and Islamic Banks:

The total consolidated balance sheet of commercial and Islamic banks increased by YER 31.2 billion, or 0.3%, to reach YER 9,108.1 billion at the end of February 2023, compared to January 2023. The external assets of commercial and Islamic banks reached YER 2,706.3 billion at the end of February 2023, compared to YER 2,704.4 billion at the end of January 2023, an increase of YER 1.9 billion, or 0.1%.

The total reserves of banks at the central bank decreased by YER 29.7 billion, or 1.7%, to reach YER 1,744.6 billion at the end of February 2023. The total credit extended by banks to the private sector increased from YER 1,342.2 billion at the end of January 2023 to YER 1,347.9 billion at the end of February 2023, an increase of YER 5.7 billion, or 0.4%.

The total deposits in banks reached YER 7,068.6 billion at the end of February 2023, compared to YER 7,088.3 billion at the end of January 2023, a decrease of YER 19.7 billion,

or 0.3%. This is primarily due to a decrease in the value of deposits in foreign currencies by YER 63.8 billion, or 1.3%, while demand deposits increased by YER 34.5 billion, or 3.6%, and earmarked deposits increased by YER 7 billion, or 12.0%.

Clearing Room:

The total number of Rial checks circulated through the clearing room at the main center and its branches (Al Mukalla, Taiz) was 974 checks worth YER 9 billion during February 2023, compared to 766 checks worth YER 9.6 billion in January 2023, a decrease of YER 0.6 billion, or 6.2% in value, and an increase of 27.2% in the number of checks.

Exchange Rates:

The average exchange rate of the Rial against the US dollar in the parallel market was YER 1,243.95 per USD in February 2023, compared to YER 1,239.03 per USD in January 2023, indicating a decrease in the value of the Rial against the dollar by 0.4%.

The Central Bank of Yemen has taken a series of measures and reforms to help restore stability in the foreign exchange market. These measures culminated in the launch of a weekly auction mechanism for currency sales, starting in November 2021, through the (Refinitiv) platform to ensure transparency and competitiveness in line with the principles and standards governing free financial markets.

The total offers made by the Central Bank since the start of the auctions until the end of February 2023 amounted to USD 1,725 million. The total value of bids was USD 1,219.4 million, representing 70.7% of the total value of offers. The allocated amounts reached USD 1,123.1 million by the end of February 2023, representing 92.1% of the total value of bids.

The Central Bank was able to absorb a total amount of YER 1,275.3 billion by the end of February 2023, which is approximately 28.1% of the monetary base. This is an important step towards effective liquidity management us-

ing open market policy tools.

Regarding interest rates, the minimum benchmark deposit rate remained at 15% in Yemeni rials, which the Central Bank reduced during February 2023, while the lending rate remained free, determined by the banks according to their business requirements.

Public Deficit Financing:

Actual execution data of the state's general budget until the end of February 2023 shows a deficit of YER 69.6 billion, with general revenues reaching YER 140.2 billion and general expenditures reaching YER 209.8 billion, compared to a cash surplus of YER 23.2 billion in January 2023. Domestic public debt increased by YER 279.3 billion, or 6.3%, in February 2023, reaching a total of YER 4,698.1 billion, compared to YER 4,418.8 billion at the end of January 2023. Direct borrowing from the Central Bank was the primary source of domestic public debt financing, reaching YER 4,369.8 billion in February 2023, accounting for 93% of the total domestic public debt.

Meanwhile, domestic public debt instruments (deposit certificates) were the second source of domestic public debt, with a value of YER 328.3 billion at the end of February 2023, representing 7.0% of the total domestic public debt.

Prices and Inflation:

Achieving and maintaining price stability is the primary objective of monetary policy, as clearly stated in Yemen's Central Bank Law No. 14 of 2000. This requires the cooperation and coordination of all relevant parties to achieve the necessary harmony and consistency between macro-economic policies to maintain monetary and financial stability.

As a result of the widening gap of structural imbalances in the Yemeni economy, which has been exacerbated by the ongoing war and political instability, the aforementioned factors, along with other factors, have hindered the achievement of sustainable relative stability in inflation rates.

It is worth noting that the Central Bank has made significant efforts over the past year to enhance the performance of its monetary policy, including the following measures:

1. Achieving relative stability in the value of the national currency.
2. Reducing excess liquidity in the market through auctions and deciding not to finance the government's budget deficit from inflationary sources.
3. Issuing Islamic bonds.
4. Completing arrangements to issue government bonds (value guaranteed) through the Refinitiv platform.
5. Unifying interest rates on domestic debt.
6. Activating mandatory reserves in banks (banks with main centers in the temporary capital of Aden).
7. Unifying exchange rates to reflect actual market rates in accordance with the recommendations of the International Monetary Fund regarding:
 - The general budget exchange rate of the state.
 - Currency selling prices through auctions.

- Financial center evaluation rates for banks.

Regarding the cost-of-living index for the food basket in the Republic of Yemen, it increased from 87,387 in January 2023 to 88,797 in February 2023, an increase of 1.6%.

Table 1: Monetary Survey of Yemen

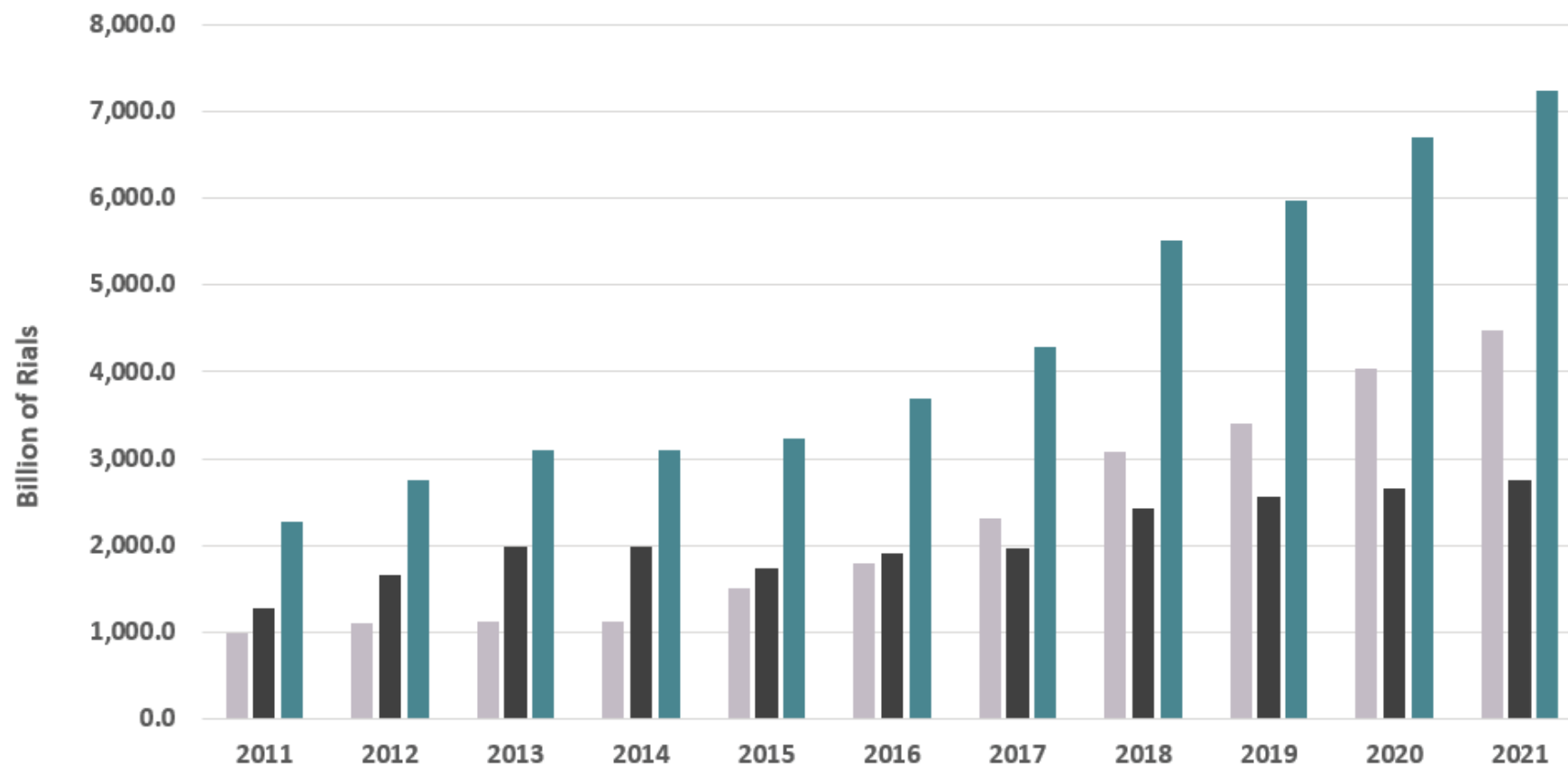
(YER, Billions, unless otherwise noted)

Items	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Feb-2023
Broad Money Supply (M2)	3,101.6	3,106.2	3,238.9	3,697.5	4,282.3	5,504.2	5,973.7	6,701.0	7,229.0	7,253.5	10,489.5
Broad Money Annual Change (%)	12.5	0.2	4.3	14.2	15.8	28.5	8.5	12.2	7.9	0.3	0.0
Quasi-Money	1,985.0	1,976.7	1,736.5	1,907.8	1,965.9	2,420.2	2,562.6	2,665.1	2,749.7	2,875.0	6,071.3
Quasi-Money Annual Change (%)	20.2	-0.4	-12.2	9.9	3.0	23.1	5.9	4.0	3.2	4.6	0.0
Quasi-Money/Broad Money (%)	64.0	63.6	53.6	51.6	45.9	44.0	42.9	39.8	38.0	39.6	57.9
Foreign Currency Deposits	868.4	842.7	770.5	850.8	890.2	1,358.0	1,436.1	1,496.9	1,552.7	1,555.3	4,747.6
Foreign Currency Deposits Annual Change (%)	17.9	-3.0	-8.6	10.4	4.6	52.5	5.8	4.2	3.7	0.2	0.0
Foreign Currency Deposits/Total Deposits (%)	37.5	36.7	35.5	36.2	36.3	45.2	44.6	42.6	42.4	40.8	67.9
Narrow Money Supply (M1)	1,116.6	1,129.5	1,502.4	1,789.6	2,316.5	3,084.0	3,411.1	4,035.9	4,479.3	4,378.4	4,418.1
Narrow Money Annual Change (%)	1.1	1.2	33.0	19.1	29.4	33.1	10.6	18.3	11.0	-2.3	0.0
Narrow Money/Broad Money (%)	36.0	36.4	46.4	48.4	54.1	56.0	57.1	60.2	62.0	60.4	42.1
Demand Deposits	331.8	318.7	433.5	441.1	486.4	584.2	653.9	850.9	910.5	935.9	997.3
Demand Deposits Annual Change (%)	10.1	-4.0	36.0	1.7	10.3	20.1	11.9	30.1	7.0	2.8	0.0
Demand Deposits/Broad Money (%)	10.7	10.3	13.4	11.9	11.4	10.6	10.9	12.7	12.6	12.9	9.2
Currency in Circulation	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	3,442.5	3,420.9
Currency in Circulation/Broad Money (%)	25.3	26.1	33.0	36.5	42.7	45.4	46.2	47.5	49.4	47.5	32.6

YER = Yemeni Rials (National Currency).

Source: Central Bank of Yemen.

Figure 1: Yemen's Money Supply



GDP = gross domestic product, YER = Yemeni rials (National currency).

Source: Central Bank of Yemen.

Table 2: Survey of the Central Bank of Yemen

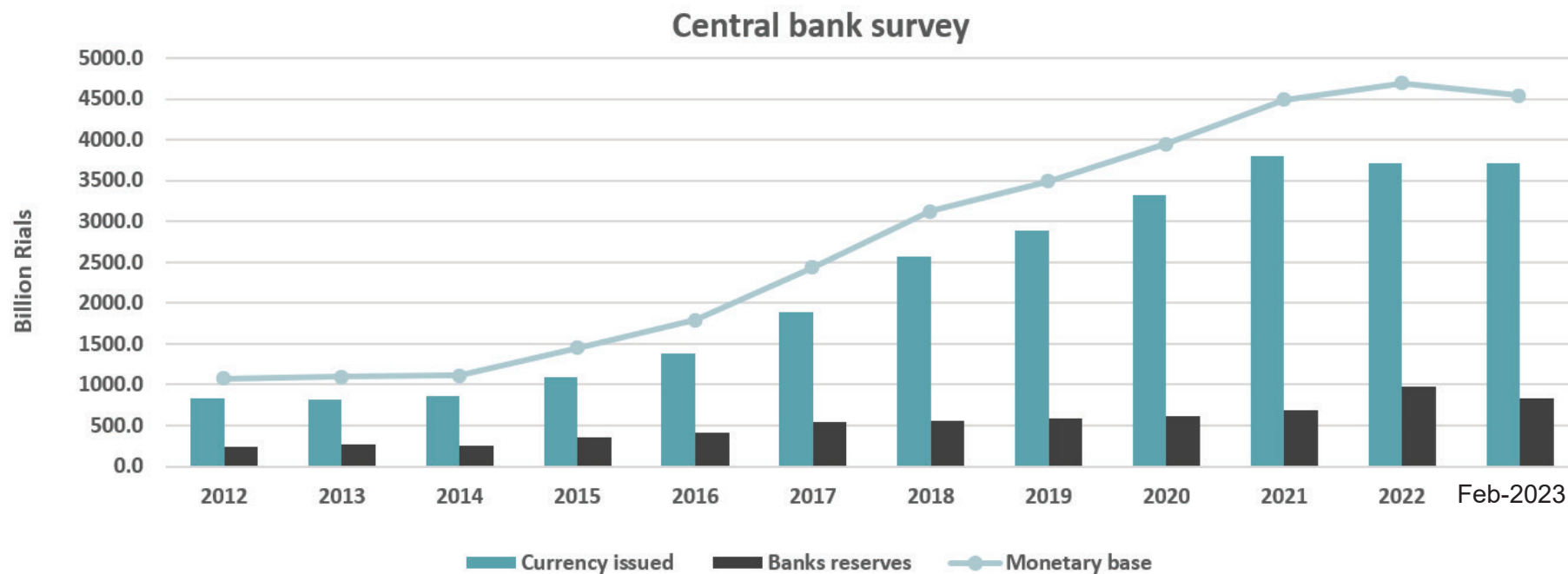
(YER, Billions, unless otherwise noted)

Items	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Feb-2023
Monetary Base	1097.6	1112.8	1452.7	1,795.9	2,435.8	3,125.9	3,484.7	3,948.1	4,490.7	4,688.6	4,540.1
Monetary Base Annual Change (%)	1.9	1.4	30.5	23.6	35.6	28.3	11.5	13.3	13.7	4.4	0.0
Currency Issued	821.6	854.9	1099.5	1,375.8	1,893.5	2,571.6	2,890.5	3,327.5	3,802.7	3,707.2	3,705.2
Currency Issued Annual Change (%)	-1.3	4.1	28.6	25.1	37.6	35.8	12.4	15.1	14.3	-2.5	0.0
Bank Reserves Held at the CBY	276.1	257.9	353.2	420.2	549.3	554.3	594.2	620.6	688.0	981.3	834.9
Banks Reserve Annual Change (%)	12.8	-6.6	37.0	19.0	30.7	0.9	7.2	4.4	10.8	42.6	0.0
Money Multiplier ^a	2.8	2.8	2.2	2.1	1.8	1.8	1.7	1.7	1.6	1.5	0.0

CBY = Central Bank of Yemen, YER = Yemeni Rials (National Currency).

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

Source: CBY.



YER = Yemeni Rials (National Currency).

Source: Central Bank of Yemen.

Table 3: Balance Sheet of the Central Bank of Yemen

(YER Billions)

Items	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Feb-2023
Total Assets	2,185.0	2,036.6	2,252.8	2,829.6	3,983.9	5,750.3	6,558.8	7,286.3	8,090.3	9,617.8	9,643.9
Foreign Assets	1,149.4	1,002.6	450.5	250.3	361.8	1,133.6	628.4	387.8	684.0	1,574.4	1,521.0
Loans and Advances	1,022.3	1,020.5	1,788.2	2,536.8	3,170.3	4,065.8	4,841.8	5,708.4	6,125.9	6,935.0	7,006.5
Government	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	6,625.5	6,697.0
Public Enterprises	265.7	259.2	263.5	308.2	309.5	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
Fixed and other Assets	13.3	13.5	14.1	42.6	451.8	550.9	1,088.5	1,190.1	1,280.5	1,108.3	1,116.4
Exchange Valuations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities	2,185.0	2,036.6	2,252.8	2,829.6	3,983.9	5,750.3	6,558.8	7,286.3	8,090.3	9,617.8	9,643.9
Banknotes Issued	821.6	854.9	1,099.5	1,375.8	1,893.5	2,571.6	2,890.5	3,327.5	3,802.7	3,707.2	3,705.2
Sight Liabilities	496.7	414.3	453.8	592.3	756.8	961.9	1,032.0	1,169.4	1,151.2	1,497.3	1,538.2
Government	121.3	76.1	50.6	75.4	100.6	243.6	330.6	429.7	342.7	352.4	368.9
Social Security Fund	18.0	13.6	18.7	58.7	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	48.5	60.3	61.9	104.9	275.6
Demand Deposits	70.2	49.3	26.6	32.8	38.2	93.7	34.2	45.3	45.7	59.0	232.7
Time Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0
Foreign Currencies	11.2	17.5	4.7	5.3	9.9	11.7	14.3	15.0	16.2	45.9	42.9
Banks	276.1	257.9	353.2	420.2	549.3	554.3	594.2	620.6	688.0	981.3	834.9
Certificates of Deposit	0.0	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	0.0
Foreign Liabilities	267.9	268.0	268.4	311.4	486.8	1,231.9	1,231.9	1,306.0	1,699.1	3,266.9	3,349.4
Other Liabilities	548.2	497.6	431.1	550.1	846.9	984.9	1,404.4	1,483.4	1,437.3	1,146.3	1,051.1

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

(YER Billions)											
Items	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Feb - 2023
Total Assets	2776.1	2810.0	2768.5	2,961.6	3,183.2	4,034.2	4,409.0	4,429.7	4,594.8	5,243.5	9,108.1
Foreign Assets	549.8	504.3	506.3	581.6	532.0	822.6	909.8	916.2	971.0	904.5	2,706.3
Foreign Currency	51.6	49.0	90.9	83.5	44.6	66.8	97.4	116.4	135.0	132.9	413.4
Bank Deposits Abroad	230.7	243.0	210.5	256.6	254.0	414.3	470.9	468.1	486.8	359.5	955.0
Nonresidents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign Investment	267.5	212.3	204.9	241.5	233.4	341.5	341.5	331.7	349.2	412.0	1,337.9
Reserves	321.9	302.2	383.9	440.4	571.8	713.6	774.6	821.1	938.3	1,399.3	2,028.9
Local Currency	36.8	44.0	30.6	27.2	63.4	71.8	133.3	142.5	233.9	264.7	284.3
Deposits at the CBY	285.1	258.2	353.3	413.2	508.4	641.8	641.3	678.6	704.4	1,134.6	1,744.6
Loans and advances	1722.5	1844.8	1692.6	1,725.7	1,817.4	2,158.8	2,320.4	2,305.4	2,303.7	2,264.8	3,354.0
Government	1182.5	1287.3	1264.2	1,301.9	1,387.4	1,554.8	1,720.8	1,963.7	1,798.1	1,926.8	2,006.1
Public Enterprises	30.0	34.2	18.0	19.5	13.7	19.8	20.4	57.5	61.0	0.0	0.0
Private Sector	510.0	523.2	410.5	404.3	416.3	583.2	578.2	284.2	444.6	338.0	1,347.9
Certificates of Deposit	0.0	0.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	0.0
Treasury Bills	50.6	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Assets	131.3	156.9	185.8	213.9	262.0	339.2	404.2	387.0	381.8	674.9	1,018.9

CBY = Central Bank of Yemen, YER = Yemeni Rial (National Currency).

Source: CBY.

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

(YER Billions)											
Items	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Feb- 2023
Total Liabilities	2776.1	2810.0	2768.5	2,961.6	3,183.0	4,034.1	4,408.9	4,429.7	4,594.8	5,243.5	9,108.1
Deposits	2225.3	2225.7	2150.0	2,271.4	2,374.3	3,027.4	3,249.3	3,516.0	3,660.2	3,811.0	7,068.6
Government	7.9	10.7	30.1	19.3	28.9	23.0	32.8	0.0	0.0	0.0	0.0
Demand	261.6	269.4	406.9	408.3	448.2	584.2	653.9	850.9	910.5	935.9	997.3
Time	837.3	862.0	704.1	732.5	751.0	774.0	815.7	838.8	859.2	908.4	889.4
Saving	194.9	205.4	191.3	215.9	221.1	242.0	260.9	276.3	286.9	329.2	369.1
Foreign Currencies	857.3	825.2	765.9	845.5	880.3	1,358.0	1,436.1	1496.9	1,552.7	1,555.3	4,747.6
Earmarked	66.4	53.1	51.8	49.9	44.8	46.2	49.9	53.1	50.9	82.2	65.3
Foreign Liabilities	38.2	39.3	29.2	29.3	27.0	62.7	36.6	35.0	32.5	22.4	51.4
Banks Abroad	35.7	37.0	27.5	27.4	25.3	59.8	33.6	35.0	32.5	22.4	51.4
Nonresidents	2.5	2.3	1.6	1.9	1.7	2.9	3.0	0.0	0.0	0.0	0.0
Loans from Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Liabilities	512.6	545.0	589.3	660.9	781.7	944.0	1,123.0	878.8	902.1	1,410.2	1,988.2
Loans from the CBY	0.9	1.6	2.9	3.9	4.3	5.6	13.5	6.8	6.8	6.8	7.6
Capital and Reserves	216.7	227.8	237.6	239.9	267.8	291.1	333.7	358.0	494.9	520.9	567.9
Other Liabilities	295.0	315.7	348.9	417.1	509.6	647.3	775.8	513.9	400.4	882.5	1,412.7

CBY = Central Bank of Yemen, YER = Yemeni Rials (National Currency).

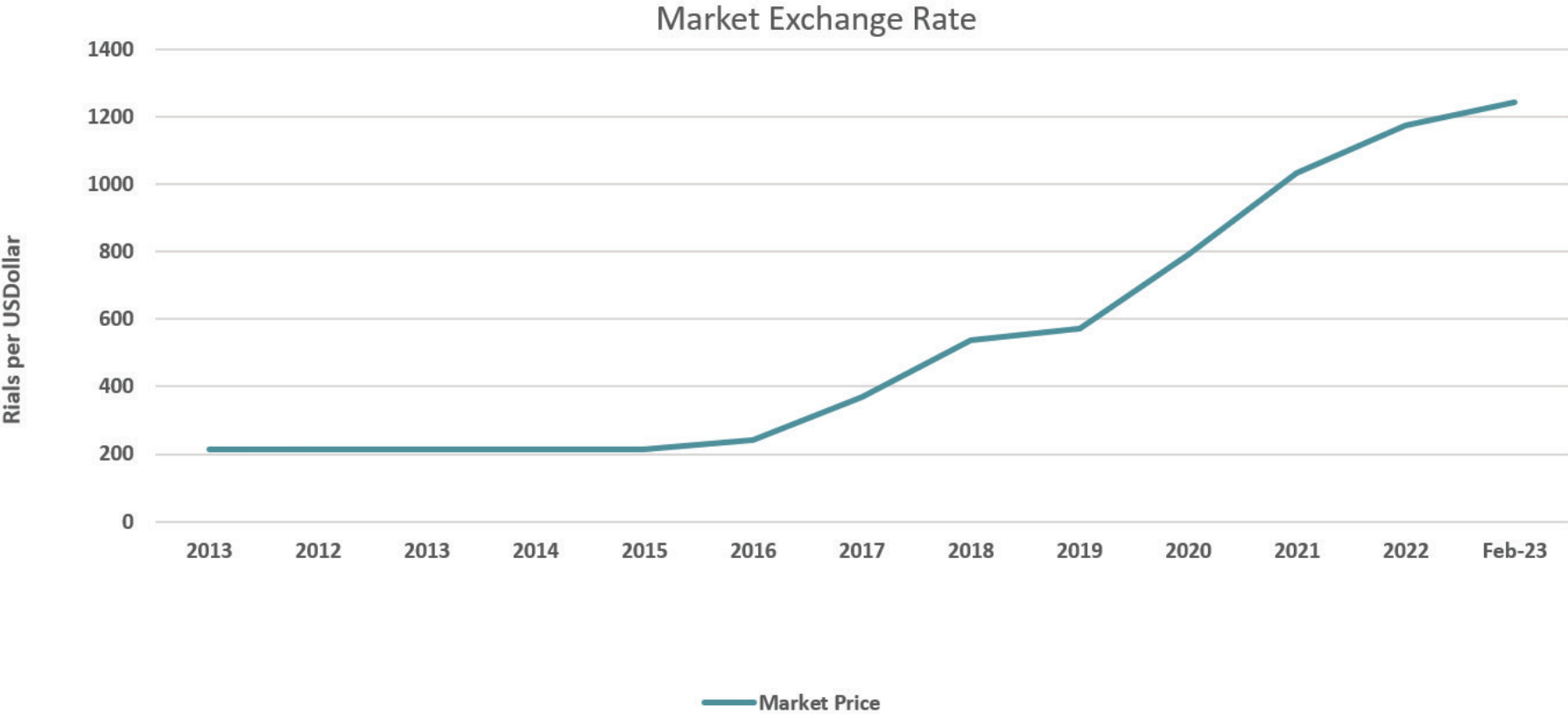
Source: CBY.

Table 6: Average Market Exchange Rates

(YER/ USD)													
MONTH	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
January	213.80	213.80	214.89	214.89	214.89	213.89	315.6	477.5	536.0	645.3	787.4	1,102.69	1239.03
February	213.80	213.80	214.89	214.89	214.89	213.89	330.7	481.5	581.5	655.7	865.4	1,125.11	1243.95
March	213.80	213.80	214.89	214.89	214.89	213.89	348.0	488.0	579.8	656.3	891.5	1,246.52	
April	213.80	213.80	214.89	214.89	214.89	250.25	362.9	488.0	513.4	669.4	867.8	963.65	
May	213.80	213.80	214.89	214.89	214.89	250.25	362.0	494.5	538.8	698.9	908.7	999.99	
June	213.80	213.80	214.89	214.89	214.89	250.25	356.1	522.5	560.2	735.4	933.9	1,094.87	
July	213.80	214.94	214.89	214.89	214.89	250.25	368.5	567.0	578.1	753.1	981.9	1,137.07	
August	213.80	214.91	214.89	214.89	214.89	250.25	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	250.25	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	250.25	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	250.25	416.3	550.5	574.0	821.7	1,500.6	1,151.03	
December	213.80	214.89	214.89	214.89	214.89	250.25	444.7	499.5	601.0	792.7	1,255.3	1172.48	
Annual Average	213.80	214.89	214.89	214.89	214.89	241.41	369.5	538.4	572.2	735.2	1,032.5	1119.14	

USD = United States Dollars, YER = Yemeni Rials (National Currency), YER/ USD = Yemeni Rials per United States dollar.

Source: Central Bank of Yemen.



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Source: Central Bank of Yemen.

Appendix I: Statistical Concepts and Methodology

This monthly report, issued by CBY, focuses on the developments in and projections for global economic conditions, as well as on local economic and financial/ monetary developments. This issue of the Report highlighted the following topics:

Money Aggregates and Monetary Policy Developments:

Within the CBY, the General Department of Research and Statistics collects data and periodically prepares them for publication by the 2000 Monetary Financial Statistics Manual, issued by the International Monetary Fund (IMF).

The following is an introduction to the most important terms included in the monetary tables:

- **Banks:** All commercial and Islamic financial institutions operating in the Republic of Yemen that accept deposits.
- **Banking System:** The CBY 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 social security and military retirement institutions.

- **Public Institutions:** Public non-financial institutions and companies in which the government has an interest and/or voting power.
- **Nongovernmental Sectors:** All local sectors except government and social security institutions.
- **Resident:** A person who legally resides in Yemen for at least one year, regardless of nationality, except for employees of international bodies and institutions and international students who reside in Yemen for more than one year.
- **Nonresident:** A person who usually resides outside Yemen and/or who has not completed a one-year residency in Yemen, regardless of nationality, except for a family or individual that has an economic base 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. These are calculated for the CBY, and the other banks based on the external assets and liabilities listed on their balance sheets.
- **Net Government Borrowing:** The sum of the claims of the banking sys-

tem on the central government and local councils, minus the total government deposits in the banking system.

- **Claims on the Nongovernmental 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 the other liabilities of the banking system, representing items that are not included in the definition of net foreign assets, net government borrowing, or claims on the nongovernmental sector on the CBY balance sheet and on the consolidated balance sheet of the country's commercial and Islamic banks.

- **Currency Issued:** The cash issued by the CBY, consists of cash circulating outside the banks plus cash in banks' vaults.

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

- **Quasi-money:** Both savings and time deposits in Rials and deposits in foreign currencies in the banking system belonging to all sectors mentioned in the definition of money, in addition to the deposits from social 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 nongovernmental sector, and other net items.

- **Banks' Deposits at the CBY, comprising the following:**

- 1) Reserve requirement: The minimum value that banks must keep at the CBY to meet the mandatory reserve ratio imposed on bank deposits.

- 2) Current accounts: Accounts opened by banks at the CBY in local and foreign currencies (certificates of deposit in Rials are not considered part of 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 are granted by banks to the private sector, as well as the banks' investments in these companies.

- **Loans and Advances Granted to the Government by Banks:** Agency deposits (alternatives to Islamic bonds), certificates of deposit, and government bonds.

- **Exchange Rate and Monetary Policy:** The CBY strives to stabilize the

national currency exchange rate – a monetary anchor point - against major foreign currencies through effective monetary policies aimed at achieving a macroeconomic balance between supply and demand and at curbing price inflation. The CBY's General Department of Foreign Exchange and Exchange Affairs is the source of the relevant data and procedures.

- **Public Finance:** The Ministry of Finance is the source of the state's general budget data. In addition to these data, we rely on data from the ministry's General Budget Department, which includes budget data on the following:

- **Public Revenues:** Oil and gas revenues; direct and indirect tax revenues, including customs duties; and nontax revenues.
- **Grants:** All sums obtained as donations free of charge from allies and friendly countries.
- **Public Expenditures:** Current expenditures of the economic classification of the budget and development and capital expenditures.
- **Total Balance:** This represents the state's general budget and indicates the relationship between public revenues and overall public spending.

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