

Monetary and Financial Developments

March 2024

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.28. The Report provides 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. This issue of the Monthly Report reviews key developments during March 2024 . It analyses key components of CBY's balance sheet, the 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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Note: In this Report, “YER” stands for Yemeni Rials, and “USD” stands for United States Dollars.

YER: Yemeni Rials (National Currency).

USD: United States Dollars.

Monetary and Financial Developments

Money Supply:

The broad money supply (M2) increased by 0.7% (YER 92.9 billion). It reached YER 12,675.2 billion at the end of March 2024, compared to YER 12,582.3 billion at the end of February 2024.

This increase is primarily due to an increase in Quasi-money by YER 54.2 billion, or 0.7%, accounting for 61.4% of money supply. Narrow money supply (M1) increased by YER 38.7 billion, or 0.8%, accounting for 38.6% of money supply.

The currency in circulation totaled YER 3,650.7 billion at the end of March 2024, an increase of YER 39.8 billion, or 1.1%, compared to YER 3,610.9 billion at the end of February 2024.

CBY Balance Sheet:

At the end of March 2024, the total balance sheet of the central bank amounted to YER 11,742.4 billion, a decrease

of YER 20.8 billion or 0.2% compared to YER 11,763.2 billion at the end of February 2024.

The central bank's foreign assets recorded a balance of YER 2,646.1 billion at the end of March 2024, compared to YER 2,797.1 billion at the end of February 2024, a decrease of YER 151 billion or 5.4%.

Net claims on the government increased from YER 7,506.5 billion in February 2024 to YER 7,642.2 billion in March 2024, an increase of YER 135.7 billion or 1.8%.

The balance of issued currency in reached YER 3,909.6 billion March 2024, compared to YER 3,904.9 billion at the end of February 2024, an increase of YER 4.7 billion or 0.1%.

The monetary base (currency in circulation + banks' reserves with the CBY) recorded an increase of YER 47.1 billion or 1%, recording YER 4,931.0 billion at the end of March 2024, compared to YER 4,883.9 billion at the end of February 2024.

The Consolidated Balance Sheet of Commercial and Islami Banks:

The total consolidated balance sheet of commercial and Islamic banks decreased by YER 621.7 billion or 5% at the end of March 2024 compared to February 2024, reaching YER 11,733 billion. The foreign assets of commercial and Islamic banks amounted to YER 3,627.2 billion at the end of March 2024 compared to YER 3,492.7 billion at the end of February 2024, an increase of YER 134.5 billion or 3.8%. The total credit provided by banks to the private sector was YER 1,825.2 billion at the end of March 2024 compared to YER 1,846.9 billion at the end of February 2024, a decrease of YER 21.7 billion or 1.2%.

Total deposits at banks amounted to YER 9,024.5 billion at the end of March 2024, compared to YER 8,971.5 billion at the end of February 2024, an increase of YER 53 billion or 0.6%. The increase in total banks deposits at the end of March 2024 is mainly attributed to an increase in foreign currency deposits by YER 49.6 billion or 0.8%.

Time deposits increased by YER 1.0 billion or 0.2%, saving deposits by 0.2 billion or 0.04% and earmarked deposits by 3.3 billion or 7.3%. On the other hand, there was a decrease in demand deposits by YER 1.1 billion or 0.1%.

Clearing House:

The total number of cheques traded in Yemeni Rials through the clearing room at the CBY's head office and its branches (Al-Mukalla, Taiz) was 945 cheques worth YER 11.4 billion during March 2024, compared to 936 cheques worth YER 12.2 billion in February 2024, a decrease of 6.6% in value and an increase of 1% in number.

Exchange Rates and Interest Rate:

The average exchange rate of the Yemeni rial against the US dollar in the parallel market was 1,662.50 YER/USD in March 2024, compared to 1,667.75 YER/USD in February 2024.

In response to the accelerating depreciation of the Yemeni 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. This system enabled the CBY to conduct a competitive FX management process designed to ensure transparency and promote a robust price-discovery mechanism.

The total offers provided by the CBY from the start of the auctions until the end of March 2024 amounted to USD 2,915 million, while the total value of bids reached USD 2,028.5 million, representing 69.6% of the total value of offers. The allocated amounts reached USD 1,894.7 million by the end of March 2024, representing 93.4% of the total value of bids.

The CBY was able to absorb a total amount of YER 2,365.2

billion by the end of March 2024, representing 48% of the monetary base.

Regarding the interest rate, the minimum benchmark interest rate on deposits in the local currency remained at 15%, which was the rate that the central bank reduced in February 2013. Meanwhile, the lending interest rate remained unregulated and determined by the banks according to their business requirements.

Budget Deficit Financing:

Preliminary data related to the public budget execution in March 2024 indicated an overall surplus of YER 3.9 billion, with public revenues amounting to YER 472.1 billion and public expenditures reaching YER 468.2 billion, compared to a surplus of YER 109.7 billion in February 2024. This improvement is mainly attributed to the positive impact of the disbursement of the second batch of budget support. Domestic public debt increased by YER 118.7 billion or 2% in March 2024, reaching YER 5,976.9 billion, compared

to YER 5,858.2 billion at the end of February 2024. Direct borrowing from the central bank was the main source of financing, reaching YER 5,813.9 billion in March 2024, representing 97.3% of the total domestic public debt.

Meanwhile, domestic market instruments (Treasury Bills) constituted the second source of financing, with a value of YER 163 billion at the end of March 2024, representing 2.7% of the total domestic public 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 international community's assistance, to face the persistent adverse macroeconomic conditions.

To achieve price stability and control inflation, the Central

Bank of Yemen places great importance on the growth of monetary aggregates. For this purpose, a solid framework has been built to target the growth of monetary aggregates from both narrow and broad money concepts, in addition to adopting a comprehensive set of indirect and market-based instruments to manage liquidity within the Yemeni economy. In this context, the monetary plan for 2024 projects growth in broad money and narrow money at 13.8% and 7.7%, respectively. These rates are consistent with the objective of achieving an annual inflation rate ranging from 15% to 20%.

According to the monthly report issued by the Central Statistical Organization, the Yemeni Republic's consumer price index (CPI) recorded a value of 103.12 in March 2024 compared to 101.99 in February 2024, indicating an increase in the monthly inflation rate of 1.11%.

It should be noted that the Central Bank of Yemen CBY has intensified its efforts during the past period to enhance the performance of its monetary policy through the

following measures:

- Achieving relative stability in the value of the national currency.
- Reducing the size of excess liquidity in the market through auctions and deciding not to finance the general budget deficit from inflationary sources.
- Working on issuing Sukuk (Islamic-compliant bonds) and other Islamic products.
- Introducing, since September 2023, of competitive auctions to issue treasury bills and government debt bonds through the Refinitiv electronic platform.
- Unifying the interest rates on domestic debt.
- Activating the mandatory reserve on banks with main centers in the temporary capital of Aden.
- Unifying the exchange rates to reflect actual market rates according to the adopted standards, with regard to the general budget, the sale rates of currencies through auctions, and banks' financial statements evaluation.

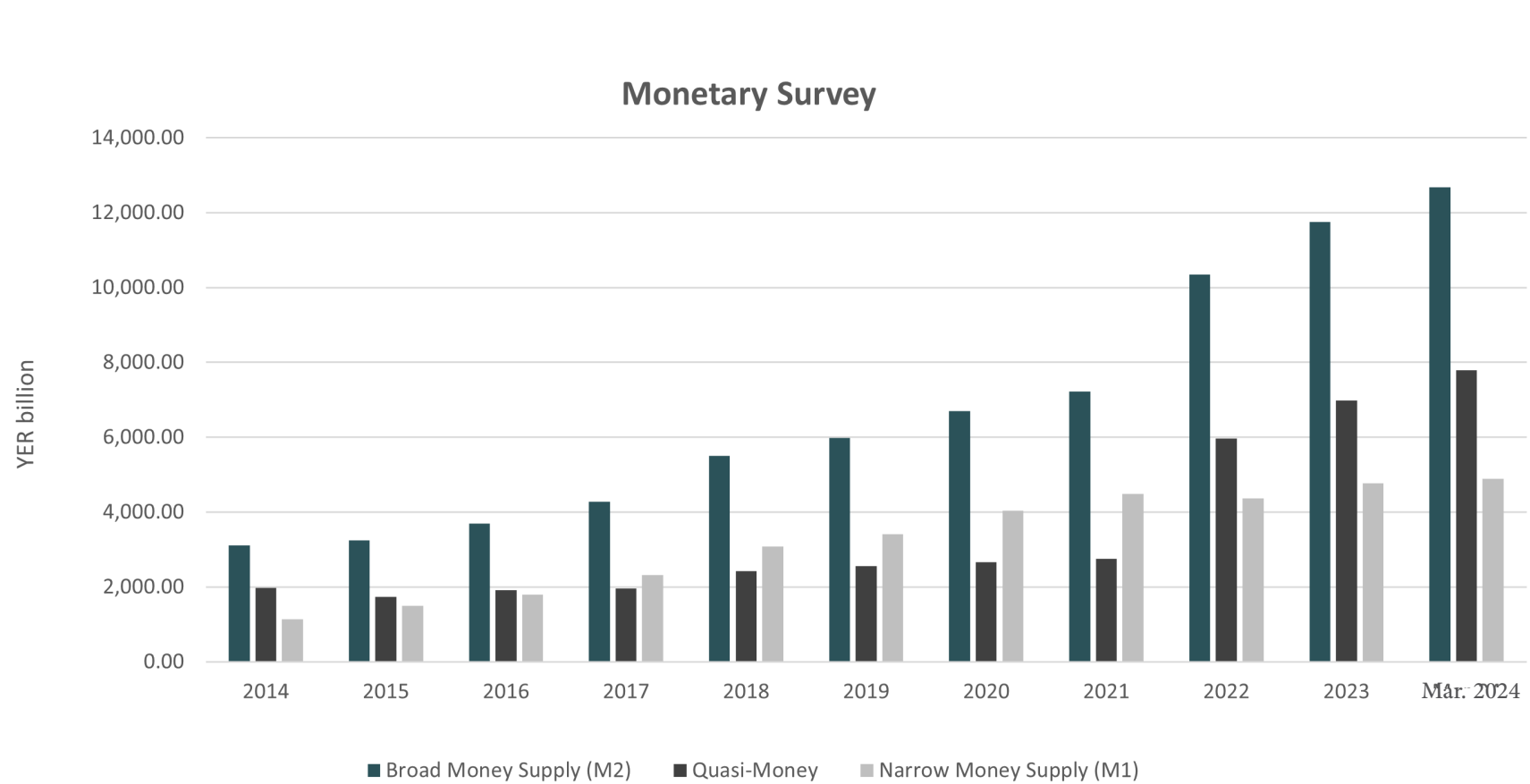
Table 1: Monetary Survey of Yemen

(YER, Billions, unless otherwise noted)

Items	2014	2015	2016	2017	2018	2019	2020	2021	2022	Des. *2022	2023	Feb. 2024	Mar. 2024
Broad Money Supply (M2)	3,106.2	3,238.9	3,697.5	4,282.3	5,504.2	5,973.7	6,701.0	7,229.1	7,253.5	10,342.4	11,750.5	12,582.3	12,675.2
Broad Money Annual Change (%)	0.2	4.3	14.2	15.8	28.5	8.5	12.2	7.9	0.3	-	13.6	-	...
Quasi-Money	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	5,970.0	6,979.4	7,731.1	7,785.3
Quasi-Money Annual Change (%)	-0.4	-12.2	9.9	3.0	23.1	5.9	4.0	3.2	4.6	-	16.9	-	...
Quasi-Money/Broad Money (%)	63.6	53.6	51.6	45.9	44.0	42.9	39.8	38.0	39.6	57.7	59.4	61.4	61.4
Foreign Currency Deposits	842.7	770.5	850.8	890.2	1,358.0	1,436.1	1,496.9	1,552.7	1,555.3	4,650.1	5,818.6	6,569.5	6,619.1
Foreign Currency Deposits Annual Change (%)	-3.0	-8.6	10.4	4.6	52.5	5.8	4.2	3.7	0.2	-	25.1	-	...
Foreign Currency Deposits/Total Deposits (%)	36.7	35.5	36.2	36.3	45.2	44.6	42.6	42.4	40.8	67.3	71.4	73.2	73.3
Narrow Money Supply (M1)	1,129.5	1,502.4	1,789.6	2,316.5	3,084.0	3,411.1		4,479.3	4,378.4	4,372.4	4,771.1	4,851.2	4,889.9
Narrow Money Annual Change (%)	1.2	33.0	19.1	29.4	33.1	10.6	18.3	11.0	-2.3	-	9.1	-	...
Narrow Money/Broad Money (%)	36.4	46.4	48.4	54.1	56.0	57.1	60.2	62.0	60.4	42.3	40.6	38.6	38.6
Demand Deposits	318.7	433.5	441.1	486.4	584.2	653.9	850.9	910.5	935.9	940.6	1,174.2	1,240.3	1,239.2
Demand Deposits Annual Change (%)	-4.0	36.0	1.7	10.3	20.1	11.9	30.1	7.0	2.8	-	24.8	-	...
Demand Deposits/Broad Money (%)	10.3	13.4	11.9	11.4	10.6	10.9	12.7	12.6	12.9	9.1	10.0	9.9	9.8
Currency in Circulation	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	3,431.8	3,596.9	3,610.9	3,650.7
Currency in Circulation Annual Change (%)	3.3	31.8	26.2	35.7	36.6	10.3	15.5	12.1	-2.2	-	4.8	-	...
Currency in Circulation/Broad Money (%)	26.1	33.0	36.5	42.7	45.4	46.2	47.5	49.4	47.5	33.2	30.6	28.7	28.8

Source: Central Bank of Yemen (CBY).

* According to December 2022 market exchange rates.



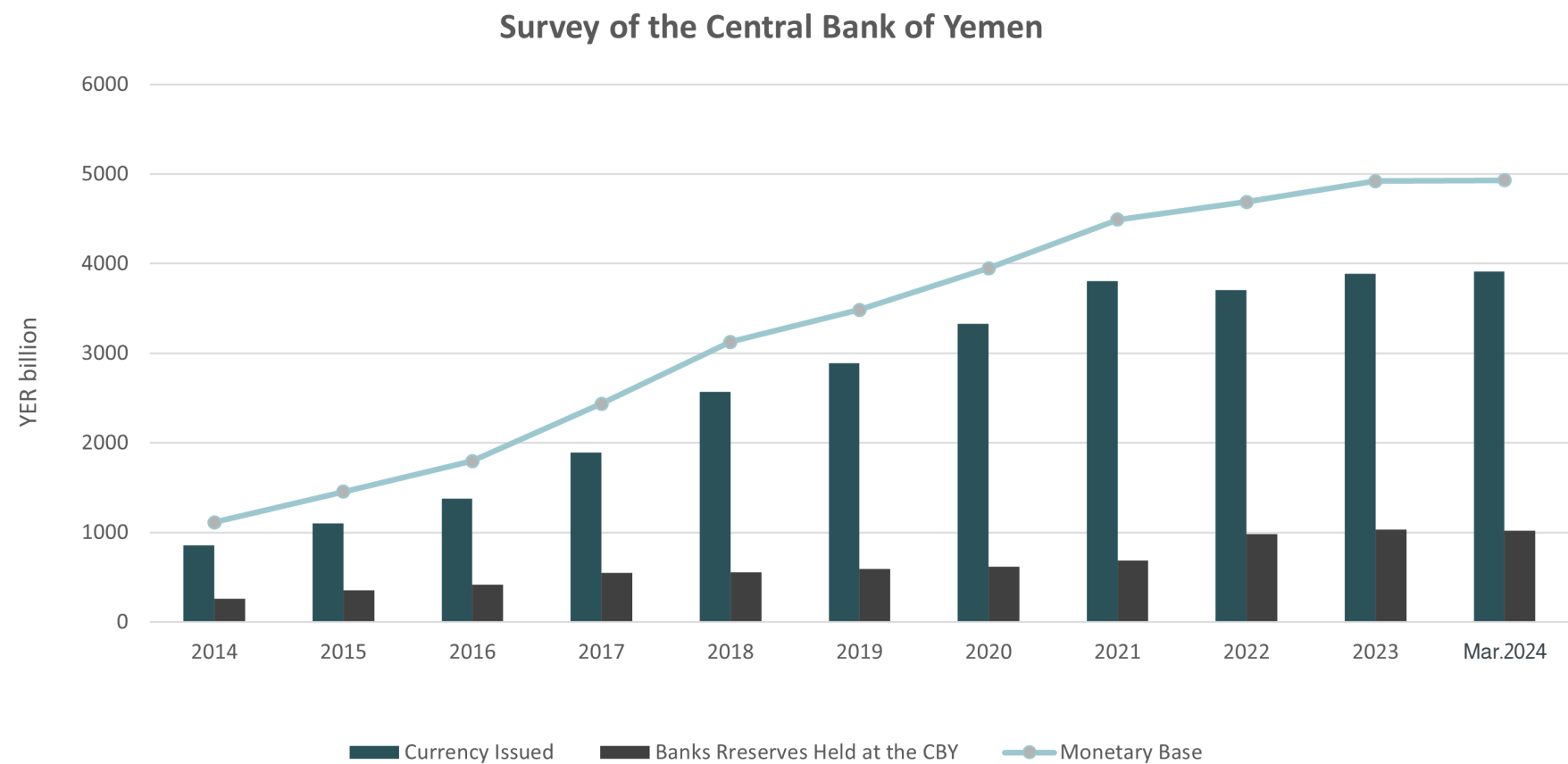
Source: Central Bank of Yemen.

Chart 1: Monetary Survey

Table 2: Survey of the Central Bank of Yemen
(YER, Billions, unless otherwise noted)

Items	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Feb. 2024	Mar. 2024
Monetary Base	1,112.8	1,452.7	1,795.9	2,435.8	3,125.9	3,484.7	3,948.1	4,490.7	4,688.6	4,919.1	4,883.9	<u>4,931.0</u>
Monetary Base Annual Change (%)	1.4	30.5	23.6	35.6	28.3	11.5	13.3	13.7	4.4	4.9	-	...
Currency Issued	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	3,889.8	3,904.9	<u>3,909.6</u>
Currency Issued Annual Change (%)	4.1	28.6	25.1	37.6	35.8	12.4	15.1	14.3	-2.5	4.9	-	...
Bank Reserves Held at the CBY	257.9	353.2	420.2	549.3	554.3	594.2	620.6	688.0	981.3	1,029.3	978.9	<u>1,021.4</u>

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



YER = Yemeni Rials (National Currency).
Source: Central Bank of Yemen.

Chart 2: Survey of the Central Bank of Yemen.

Table 3: Balance Sheet of the Central Bank of Yemen

(YER Billions)

Items	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Feb. 2024	Mar. 2024
Total Assets	<u>2,036.6</u>	<u>2,252.8</u>	<u>2,829.7</u>	<u>3,983.9</u>	<u>5,750.3</u>	<u>6,558.8</u>	<u>6,817.5</u>	<u>7,621.5</u>	<u>9,149.0</u>	<u>11,597.2</u>	<u>11,763.2</u>	<u>11,742.4</u>
Foreign Assets	<u>1,002.6</u>	<u>450.5</u>	<u>250.3</u>	<u>361.8</u>	<u>1,133.6</u>	<u>628.4</u>	<u>387.8</u>	<u>684.0</u>	<u>1,574.4</u>	<u>2,486.8</u>	<u>2,797.2</u>	<u>2,646.1</u>
Loans and Advances	<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>4,841.8</u>	<u>5,708.4</u>	<u>6,125.9</u>	<u>6,935.0</u>	<u>8,437.3</u>	<u>8,329.2</u>	<u>8,435.6</u>
Government	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	8,127.8	8,019.7	8,126.1
Public Enterprises	259.2	263.5	308.2	309.5	309.5	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	0.0
Fixed and other Assets	<u>13.5</u>	<u>14.1</u>	<u>42.6</u>	<u>451.8</u>	<u>550.9</u>	<u>1,088.5</u>	<u>721.3</u>	<u>811.7</u>	<u>639.5</u>	<u>673.0</u>	<u>636.9</u>	<u>660.6</u>
Exchange Valuations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities	<u>2,036.6</u>	<u>2,252.8</u>	<u>2,829.7</u>	<u>3,983.9</u>	<u>5,750.3</u>	<u>6,558.8</u>	<u>6,817.5</u>	<u>7,621.5</u>	<u>9,149.0</u>	<u>11,597.2</u>	<u>11,763.2</u>	<u>11,742.4</u>
Banknotes Issued	<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>2,890.5</u>	<u>3,327.5</u>	<u>3,802.7</u>	<u>3,707.2</u>	<u>3,889.8</u>	<u>3,904.9</u>	<u>3,909.6</u>
Sight Liabilities	<u>414.3</u>	<u>453.8</u>	<u>592.4</u>	<u>756.8</u>	<u>961.9</u>	<u>1,032.0</u>	<u>1,169.4</u>	<u>1,151.2</u>	<u>1,497.3</u>	<u>1,545.1</u>	<u>1,684.9</u>	<u>1,687.8</u>
Government	76.1	50.6	75.4	100.6	243.6	330.6	429.7	342.7	352.4	329.1	513.2	483.9
Social Security Fund	13.6	18.7	58.7	58.7	58.7	58.7	58.7	58.7	58.7	58.7	58.7	58.7
Public Enterprises	66.8	31.3	38.1	48.1	105.4	48.5	60.3	61.9	104.9	128.0	134.1	123.8
Demand Deposits	49.3	26.6	32.8	38.2	93.7	34.2	45.3	45.7	59.0	71.9	77.0	69.7
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 Currencies	17.5	4.7	5.3	9.9	11.7	14.3	15.0	16.2	45.9	56.1	57.1	54.1
Banks	<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>981.3</u>	<u>1,029.3</u>	<u>978.9</u>	<u>1,021.4</u>
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	0.0
Treasury Bills Sold to Banks (Repos)	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign Liabilities	<u>268.0</u>	<u>268.4</u>	<u>311.4</u>	<u>486.8</u>	<u>1,231.9</u>	<u>1,231.9</u>	<u>1,306.0</u>	<u>1,306.8</u>	<u>266.9</u>	<u>5,575.9</u>	<u>6,032.7</u>	<u>6,015.4</u>
Other Liabilities	<u>497.6</u>	<u>431.1</u>	<u>550.1</u>	<u>846.9</u>	<u>984.9</u>	<u>1,404.4</u>	<u>1,014.6</u>	<u>1,360.9</u>	<u>677.5</u>	<u>586.36</u>	<u>140.7</u>	<u>129.7</u>

YER = Yemeni Rials (National Currency).

Source: Central Bank of Yemen.

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

(YER Billions)

Items	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Feb. 2024	Mar. 2024
Total Assets	2,810.0	2,768.5	2,961.6	3,183.1	4,034.2	4,408.9	<u>4,429.7</u>	<u>4,594.9</u>	<u>5,243.5</u>	<u>10,731.6</u>	<u>12,354.7</u>	<u>11,733.0</u>
Foreign Assets	504.3	506.3	581.6	532.0	822.6	909.8	<u>916.2</u>	<u>971.0</u>	<u>904.5</u>	<u>3,140.0</u>	<u>3,492.7</u>	<u>3,627.2</u>
Foreign Currency	49.0	90.9	83.5	44.6	66.8	97.4	116.4	135.0	132.9	547.0	591.0	534.9
Bank Deposits Abroad	243.0	210.5	256.6	254.0	414.3	470.9	468.1	486.8	359.5	1,286.5	1,473.1	1,668.2
Nonresidents	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 Investment	212.3	204.9	241.5	233.4	341.5	341.5	331.7	349.2	412.0	1,306.4	1,428.6	1,424.1
Reserves	302.2	383.9	440.4	571.8	713.6	774.6	<u>821.2</u>	<u>938.3</u>	<u>1,399.3</u>	<u>2,381.8</u>	<u>2,468.1</u>	<u>2,470.6</u>
Local Currency	44.0	30.6	27.2	63.4	71.8	133.3	142.5	233.9	264.7	292.9	294.1	258.9
Deposits at the CBY	258.2	353.3	413.2	508.4	641.8	641.3	678.6	704.4	1,134.6	2,088.9	2,174.0	2,211.7
Loans and advances	1,844.8	1,692.6	1,725.7	1,817.3	2,158.8	2,319.4	<u>2,305.4</u>	<u>2,303.7</u>	<u>2,264.8</u>	<u>3,719.4</u>	<u>3,876.6</u>	<u>3,761.1</u>
Government	1,287.3	1,264.2	1,301.9	1,387.3	1,554.8	1,720.8	1,963.7	1,798.1	1,926.8	2,040.3	2,029.7	1,936.0
Public Enterprises	34.2	18.0	19.5	13.7	19.8	20.4	57.5	61.0	0.0	0.0	0.0	0.0
Private Sector	523.2	410.5	404.3	416.3	583.2	578.2	284.2	444.6	338.0	1,679.0	1,846.9	1,825.2
Certificates of Deposit	0.0	0.0	0.0	0.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury Bills	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Assets	156.9	185.8	213.9	262.0	339.2	404.2	<u>387.0</u>	<u>381.8</u>	<u>674.9</u>	<u>1,490.4</u>	<u>2,517.3</u>	<u>1,874.1</u>

Source: Central Bank of Yemen (CBY).

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

Since the beginning of January 2023, the assessment of the position of foreign currencies in the financial centers of banks operating in the Republic of Yemen has been approved based on market exchange rates, according to the Central Bank of Aden's exchange rates bulletin. (A circular issued by the CBY on January 31, 2023).

Table 5: Consolidated Balance Sheet of Commercial and Islamic Banks – Liabilities												
(YER Billions)												
Items	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Feb. 2024	Mar. 2024
Total Liabilities	2,810.0	2,768.5	2,961.6	3,183.1	4,034.2	4,408.9	4,429.7	4,594.9	5,243.5	10,731.6	12,354.7	11,733.0
Deposits	2,225.7	2,150.0	2,271.4	2,374.3	3,027.4	3,249.3	3,516.0	3,660.2	3,811.0	8,153.7	8,971.5	9,024.5
Government	10.7	30.1	19.3	28.9	23.0	32.8	0.0	0.0	0.0	0.0	0.0	-
Demand	269.4	406.9	408.3	448.2	584.2	653.9	850.9	910.5	935.9	1,174.2	1,240.3	1,239.2
Time	862.0	704.1	732.5	751.1	774.0	815.7	838.8	859.2	908.4	651.4	656.2	657.2
Saving	205.4	191.3	215.9	221.1	242.0	260.9	276.3	286.9	329.2	449.4	460.1	460.3
Foreign Currencies	825.2	765.9	845.5	880.3	1,358.0	1,436.1	1496.9	1,552.7	1,555.3	5,818.6	6,569.5	6,619.1
Earmarked	53.1	51.8	49.9	44.8	46.2	49.9	53.1	50.9	82.2	60.0	45.4	48.7
Foreign Liabilities	39.3	29.2	29.3	27.0	62.7	36.6	35.0	32.5	22.4	61.9	54.7	75.1
Banks Abroad	37.0	27.5	27.4	25.3	59.8	33.6	35.0	32.5	22.4	61.9	54.7	75.1
Nonresidents	2.3	1.6	1.9	1.7	2.9	3.0	0.0	0.0	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	0.0
Other Liabilities	545.0	589.3	660.9	781.7	944.1	1,123.0	878.8	902.1	1,410.2	2,516.1	3,328.5	2,633.4
Loans from the CBY	1.6	2.9	3.9	4.3	5.6	13.5	6.8	6.8	6.8	7.6	7.6	10.4
Capital and Reserves	227.8	237.6	239.9	267.8	291.1	333.7	358.0	494.9	520.9	667.2	689.8	706.0
Other Liabilities	315.7	348.9	417.1	509.6	647.3	775.8	513.9	400.4	882.5	1,841.2	2,631.1	1,917.0

Source: Central Bank of Yemen (CBY).

Since the beginning of January 2023, the assessment of the position of foreign currencies in the financial centers of banks operating in the Republic of Yemen has been approved based on market exchange rates, according to the Central Bank of Aden's exchange rates bulletin. (A circular issued by the CBY on January 31, 2023).

Table 6: Average Market Exchange Rates

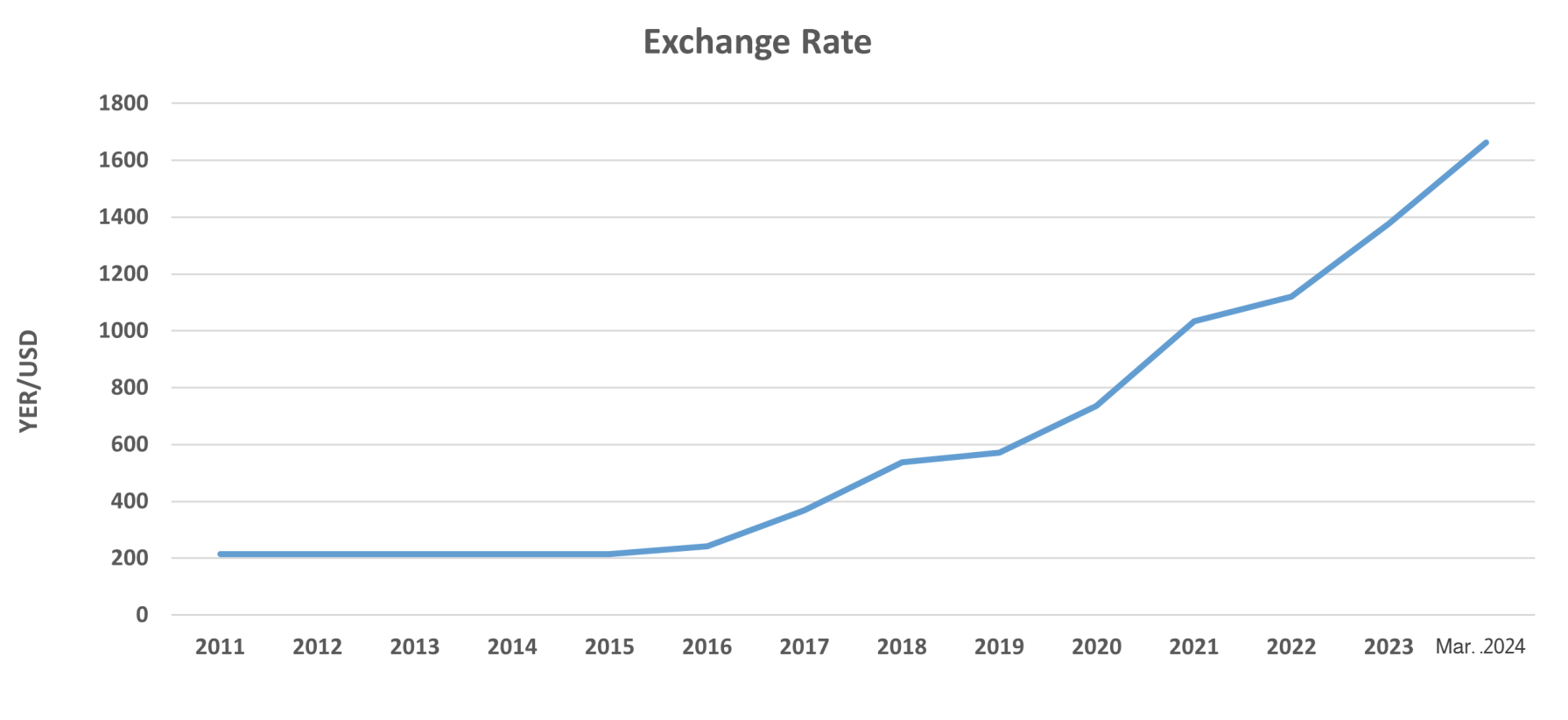
(YER/ USD)

MONTH	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Feb. 2024
January	213.80	213.80	214.89	214.89	214.89	214.89	315.6	477.5	536.0	645.3	787.4	1,102.69	1,239.03	1,621.1
February	213.80	213.80	214.89	214.89	214.89	214.89	330.7	481.5	581.5	655.7	865.4	1,125.11	1,243.95	1,667.75
March	213.80	213.80	214.89	214.89	214.89	214.89	348.0	488.0	579.8	656.3	891.5	1,246.52	1,248.05	1,662.50
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	1,225.50	
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	1,316.30	
June	213.80	213.80	214.89	214.89	214.89	250.25	356.1	522.5	560.2	735.4	933.9	1,094.85	1,379.30	
July	214.94	214.94	214.89	214.89	214.89	250.25	368.5	567.0	578.1	753.1	981.9	1,137.07	1,431.25	
August	214.94	214.91	214.89	214.89	214.89	250.25	372.1	644.5	597.0	778.3	1,022.6	1,154.47	1,453.85	
September	214.94	214.89	214.89	214.89	214.89	250.25	375.3	625.0	610.5	815.9	1,105.9	1,134.89	1,440.05	
October	214.94	214.89	214.89	214.89	214.89	250.25	381.3	622.0	596.0	799.9	1,269.3	1,146.87	1,513.25	
November	214.94	214.89	214.89	214.89	214.89	250.25	416.3	550.5	574.0	821.7	1,500.6	1,151.03	1,518.3	
December	214.94	214.89	214.89	214.89	214.89	250.25	444.7	499.5	601.0	792.7	1,255.3	1,172.48	1,529.40	
Annual Average	214.35	214.89	214.89	214.89	214.89	241.41	369.5	538.4	572.2	735.2	1,032.5	1,119.14	1,378.19	

Source: Central Bank of Yemen.

USD = United States Dollars, YER = Yemeni Rials (National Currency),

YER/ USD = Yemeni Rials per United States dollar.



USD = United States Dollars, YER = Yemeni Rials (National Currency), YER/ USD = Yemeni Rials per United States Dollar.
Source: Central Bank of Yemen.

Chart 3: Average Market Exchange Rates

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.

Consumer Price Index:

This index is calculated by the Central Statistical Organization (CSO) based on the prices of a fixed basket of goods and services typically consumed by families in Yemen. The CSO uses data from the family budget survey for 2005-2006, and assigns the value of 100 to December 2008, to determine the general level of prices in the country. A modified Laspeyres index is used to derive the values.

Disclaimer

Beginning in August 2008, monetary and banking data were amended and updated by the 2000 Monetary and Financial Statistics Manual, issued by the International Monetary Fund (IMF).

By Article 45 of Law No. 14 of 2000 on the Central Bank of Yemen (CBY), all institutional and individual data and/or information provided to the CBY is strictly confidential, to be used only for statistical purposes; and no information may be published that reveals the financial condition of any bank or other financial institution.

The data in this report that came from government ministries and agencies are preliminary and thus subject to change.

The authors used projections by the IMF when the relevant information and/or data were not available from national sources.

This monthly report is published by the General Department of Research and Statistics at the CBY – Head Office - Aden.

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